

## Draft TC ABSTRACT

### I. Basic project data

▪ Country/Region:	Regional
▪ TC Name:	Fostering Green Growth in Latin America and the Caribbean
▪ TC Number:	RG-T2281
▪ Team Leader/Members:	Team Leader: Susana Cárdenas (INE/CCS); Team Members: Christiaan Gischler (INE/ENE), Carlos de Paco (ORP), Patrick Doyle (SCF), Walter Vergara, Claudio Alatorre, Christoph Tagwerker, Wesly Ureña-Vargas, Juan Carlos Gómez Sandoval (INE/CCS)
▪ Indicate if: Operational Support, Client Support, or Research & Dissemination.	Client Support
▪ If Operational Support TC, give number and name of Operation Supported by the TC:	
▪ Reference to Request <sup>1</sup> : (IDB docs #)	
▪ Date of TC Abstract:	11 January 2013
▪ Beneficiary (countries or entities which are the recipient of the technical assistance):	Regional borrowing members
▪ Executing Agency and contact name (Organization or entity responsible for executing the TC Program) {If Bank: Contracting entity} {If the same as Beneficiary, please indicate}	IDB, Infrastructure and Environment Sector
▪ IDB Funding Requested:	US\$250,000
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes execution period):	8 months
▪ Required start date:	1 February 2013
▪ Types of consultants (firm or individual consultants):	Individual consultants
▪ Prepared by Unit:	INE/CCS
▪ Unit of Disbursement Responsibility:	INE
▪ Included in Country Strategy (y/n);	n/a
▪ TC included in CPD (y/n):	
▪ GCI-9 Sector Priority:	Priority Area 5: Protecting the Environment, Promoting Renewable Energy, Responding to Climate Change and Enhancing Food Security

### II. Objective and Justification

<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.

The *IDB's Climate Change Action Plan 2012-2015* proposes that the region's rapidly growing demand for energy be met by adding zero-carbon sources to the current energy matrix and gradually replacing high-cost, high-emitting sources with clean ones. Such a proposal is feasible and timely due to several regional factors. First and foremost, the current energy matrix is unsustainable due to high electricity prices, changing watershed patterns that feed the region's dominant hydroelectric source, and a harmful level of greenhouse gas emissions from fossil fuels which are causing climate destabilization. Furthermore, the region's vast wind, solar, geothermal and marine energy sources are infinite while the know-how and resources to harness these are available. Nonetheless, regulatory and financial barriers to deployment of clean, renewable sources persist. The necessary acceleration of renewable energy deployment in the region requires joint action from the public and private sectors to overcome current hurdles and pave the way to LAC's clean energy future.

Having reached consensus on the unsustainable character of the current economic growth model, a small group of countries –Denmark, Korea, Mexico, China, Kenya and Qatar- has come together at the **Global Green Growth Forum** (3GF) to promote a new approach to tackling global sustainability challenges, including the challenge of stabilizing climate. The 3GF promotes public-private partnerships that may contribute to green growth at scale and at speed. Two global forums in Copenhagen (2011 and 2012) have dealt with key elements of a green industrial revolution -energy, transport, trade, finance, water and public procurement,- with a particular emphasis on creating an enabling environment and seizing growth opportunities embedded in the green transition. With the backdrop of a fragile global economy, 3GF concluded that economic recovery cannot be a return to business as usual, and that sustainable, inclusive growth patterns must be rapidly established to ensure that prosperity can be sustained in the long run.

During his participation in the 3GF 2012, IDB President Moreno proposed IDB partner with 3GF to host a first LAC regional forum in June 2013. The forum will focus the attention of public policy-makers, energy operators and private finance institutions, among others, on the promotion of large-scale renewable energy deployment and significant efforts on energy efficiency. Such high-level forum will be hosted by the Colombian Government and is designed to bolster current and potential public-private partnerships.

The IDB, via its relations with member governments and private clients, is in an ideal position to convene the leading, high-level decision-makers required to meet green growth targets. [TBD: if we set a target of xx GW new renewable energy installed in the next five? years, to which 3gflac participants can commit]. In addition, the initiative is in line with the **IDB's Integrated Strategy on Climate Change Adaptation and Mitigation, and Sustainable and Renewable Energy** which organizes IDB action to support LAC countries' introduction of low-carbon and clean energy alternatives to reduce GHG emissions while keeping pace with demands for economic growth and better quality of life. To date, several Country Strategy Papers incorporate climate change mitigation and adaptation approaches to their overarching sustainable development goals. Loan approvals of roughly US\$2.8 billion over the last three years indicate the growing capacity of the Bank to respond to public and private client demand for renewable energy and energy efficiency finance.

### III. Description of activities and outputs

The 3GFLAC will address the following themes: large-scale deployment of renewable energy; market entry of promising new technologies and innovations, removal of barriers for private sector investment; and energy demand and efficiency. 3GFLAC methodology will likely consist of:

1. An opening and closing plenary session that outlines LAC's position and potential in the international agenda for green growth, initially to frame the day's discussion and subsequently to prompt commitment to actions ahead.
2. A series of "In Conversations"- for participants to engage directly in dialogue with a high-level business or political leader on their role, experience and strategies for advancing green growth through public-private collaboration.
3. PPP Strategy Sessions –focused on furthering or launching specific public-private initiatives for green growth – related to energy efficiency, renewable energy, power system transformation, regulation and financing.
4. Country Sessions - parallel sessions focused on the experience of a select group of countries to advance green growth planning, and of engaging business in this process. Country cases are explained and explored through the eyes of their respective political leadership and leading business voices.

**Expected outputs:** This TC project will finance the following outputs for each of the 3GFLAC themes mentioned: a) a think piece or issues paper to be produced by Bank specialists and consultants; b) a dedicated session at 3GF; c) a summary of key findings/results; and, d) an action plan for the year ahead.

**Expected Results:** The Bank intends for 3GFLAC to: 1) develop among participants a shared understanding of green growth and what strategies and actions are necessary in LAC to foster sustainable growth; 2) launch new or develop existing PPP to have a transformational effect on LAC's energy production and consumption; 3) engage public sector actors in the requisite policy and regulatory actions to enable green growth; and, 4) engage private stakeholders in rapid and large-scale deployment of renewable energy and energy efficiency.

#### IV. Estimated Budget

Activity/Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding, US\$
Issues Papers (4)	Themes: RE, market entry, barriers, Energy demand mgmt.	40,000	-	40,000
3GF-LAC Forum logistics:	venue rental, meals, materials, communications	60,000	-	60,000
Participant travel	~50 participants @\$2,500 each	125,000	-	125,000
Dissemination	Web, print materials, booths, rapporteuring	25,000		25,000
<b>TOTAL</b>				<b>250,000</b>

## V. Executing agency and execution structure

**Executing agency:** IDB, in partnership with the Global Green Growth Forum Secretariat in Copenhagen, Denmark

**Host:** Ministry of Energy (tbc), Government of Colombia

The IDB, via the Climate Change and Sustainability Division (INE/CCS) will execute the proposed TC project and take supervisory and procurement responsibility. CCS will lead a 3GFLAC Steering Committee made up of INE/ENE, SCF, ORP, EXR and SEC and which will guide and take decisions on content, participants, partnerships, methodology, results and dissemination. INE will be the unit with disbursement responsibility.

## VI. Project Risks and issues

An initial risk to the success of the 3GFLAC is that the concept of *green growth* in the region is not yet fully understood nor embraced. The 3GFLAC intends precisely to promote consensus on the concept and enable policy and financial support for it.

Another risk is that with a backdrop of a fragile global economy, any signs of an economic downturn may slow down medium-term, riskier investments such as those in renewables and efficiency which 3GFLAC is designed to promote. The 3GFLAC therefore must identify and promote the benefits of a new economic growth model which may spur growth and overcome the sources of current economic woes.

A final major risk is that political leadership, and changes thereto, may favor short-term gains over strategic medium-term investments. The 3GFLAC therefore targets the highest Ministerial and CEO level to secure political commitment, as well as high-level operators and decision-makers to ensure follow-through.

Regarding methodology, the 3GFLAC is the first regional forum of its kind, and as such, will establish its own roadmap while adapting as best possible to the standards set by the global forum. This is simultaneously an opportunity for the discretion it allows and a risk given an ambitious agenda and the high-level participation sought.

## VII. Environmental and Social Classification (estimated length: ¼ page)

Classification C