

THE INTER-AMERICAN  
DEVELOPMENT BANK  
& THE CLIMATE  
INVESTMENT FUNDS

*A strategic partnership  
for sustainable development*



# THE CLIMATE

## *The climate change challenge*

Latin America and the Caribbean are highly vulnerable to the impacts of climate change. A large share of the region's population depends on climate-sensitive economic activities, such as agriculture. In coastal areas, cities, infrastructure, and economic activities are threatened by rising sea levels and salinization of aquifers. In the Andes, cities, irrigation systems, and power generation facilities use water stored in glaciers, which are gradually disappearing. In all cases, the biggest impact of climate change will be felt by the most poor and vulnerable.

Although region's greenhouse gas (GHG) emissions are low compared to global levels, they will increase as countries meet growing demands for energy and continue their pace of industrialization and urbanization. Even now, the region's per capita contribution to GHG emissions exceeds that of all other developing countries, including China and India. In addition, the high rate of deforestation in many countries contributes to GHG emissions.

# THE CHANGE

## *IDB's response*

The Inter-American Development Bank (IDB) is helping its borrowing member countries adapt to climate change impacts and reduce GHG emissions through lending operations, technical cooperation, and knowledge generation.

The IDB's response to climate change focuses on these sectors:



Land use  
and forestry



Agriculture  
and livestock



Energy  
Efficiency



Sustainable  
Urban Transport



Water resource management  
and sanitation



Renewable  
Energy

By 2015, 25% percent of total Bank lending will support operations in climate change, environmental sustainability, and sustainable energy, as stipulated by the IDB's 2010 Ninth General Capital Increase. The IDB is working to meet this goal through its Climate Change Strategy, which focuses on five main areas:

- Strengthening the Bank's knowledge base
- Strengthening institutional capacity in the private and public sector
- Developing instruments to mainstream climate change mitigation and increasing resilience of Bank-funded projects.
- Identifying and developing lending and technical assistance for climate action in key sectors.
- Scaling up investments, addressing financial gaps, and leveraging private sector investments.

In addition, the IDB also helps LAC countries by providing technical assistance to help them overcome barriers to access to the climate finance, to build the necessary capacities, and to formulate long-term climate change strategies.

# THE VALUE ADDED

## *What CIF funding means to us*

Participation in the Climate Investment Funds (CIF) strengthens the IDB's ability to help Latin America and the Caribbean adapt to potential climate change threats and mitigate greenhouse gas emissions.

As one of six CIF implementing agencies, the IDB pipeline adds up to US\$686 million in CIF grants and concessional loans. These resources finance investment programs and knowledge and capacity building activities in areas such as renewable energy development, sustainable forest management, energy efficiency, sustainable transport, and national and regional adaptation planning.

**Leveraging resources.** CIF-funded operations give the IDB an additional tool to leverage resources from other sources, including national financial institutions, governments, and international funding sources.

**Financing Instruments.** The IDB utilizes different CIF financing instruments to meet the countries' specific needs. The funds are to be disbursed as grants, concessional loans, loan guarantees, and other risk management instruments. CIF grants finance both public and private sector projects, particularly in small or low-income countries. Grants also support technical cooperation alongside or in combination with concessional loans.

**CIF grants.** The CIF finances public and private sector projects, programs that promote policy change, including initiatives to help borrowers develop the capacity to carry out investments in a given sector, and credit lines that provide financing for borrowers to draw upon as needed. CIF resources also support insurance products to reduce risks inherent in the activities being financed. These resources include guarantees that ensure that the obligations of a borrower are fulfilled in the event of non-performance or default.



## CIF FUNDS

### CLEAN TECHNOLOGY FUND (CTF)

Bank projects financed by the CTF provide middle income countries with resources to scale up and transfer low-carbon, clean technologies.

The IDB CTF pipeline includes 17 projects in Chile, Colombia, and Mexico for total of US\$483.9 million in CTF resources.

# THE PROJECTS

## *What we've achieved with CIF projects*

Each of the four CIF funds and programs in which the IDB participates addresses specific climate change issues. The IDB's CIF current pipeline includes 39 projects and programs in eight countries and the Caribbean region for a total of US\$686 million.

**Strategic impact.** IDB CIF projects are beginning to show concrete results. The Mexico CTF Investment Plan has resulted so far in an additional 1,000 MW of renewable energy capacity installed since 2011, as well as in the first built 1,000 low-carbon houses (ecocasas) in cities such as Monterrey, reducing emissions and improving the life quality of life of medium to low-income families.

**Private Sector commitment.** IDB projects pipeline demonstrate a tangible effort of the different private sector IDB windows towards low carbon development. In the forest sector, Mexico has received approval for the first private sector project to be financed under the FIP. The project, executed through the Multilateral Investment Fund (MIF), will provide technical and financial assistance, as well as loans to Community Forest Enterprises to help them create and expand financially and environmentally-sustainable businesses in forest landscapes. In Chile, CTF co-founded the construction of the first solar Concentrated Solar Power plant with Thermal Energy Storage in South America. IDB had the go ahead from CIFs Committee to present six private sector projects under the SCF program in Haiti, Honduras, Jamaica, Mexico and St Lucia.

**Monitoring and evaluation.** CIF requirements for monitoring and reporting are critical for tracking project performance, providing accountability and improving the management capacity needed to ensure results. Although the IDB applies its own monitoring and evaluation procedures for CIF-financed projects, the Bank also reports in accordance with the CIF results framework. A number of IDB-implemented projects include impact evaluations in their objectives, such as the Ecocasa program in Mexico and an energy efficiency project for hospitals and hotels in Colombia.

## PILOT PROGRAM FOR CLIMATE RESILIENCE (PPCR)

IDB projects financed by the PPCR support technical assistance and investments to help low-income and highly vulnerable countries integrate climate risk and resilience into their development planning and implementation framework.

Nine PPCR operations are in IDB's pipeline in Bolivia, Dominica, Haiti, Saint Lucia, St. Vincent and the Grenadines, Grenada, Jamaica, as well as integrated regional initiatives for the Caribbean for a total of US\$92.3 million in grants and highly concessional loans.



Mexico

- Private sector investment in **power generation plants** (CTF)
- Financing **energy-saving technologies** through financial intermediaries (CTF)
- Fostering public sector investment in **renewable power generation plants** (CTF)
- Support for financing **low-carbon houses** (CTF)
- Reducing risks for investment in **geothermal development** (CTF)
- Green Line for **energy efficiency** in agriculture (CTF)
- Line of credit** for investment in low-carbon activities in forest landscapes (FIP)
- Technical assistance and **micro-credit** for ejidos and communities (FIP)

Colombia

- Development of a market for financing **energy efficiency** (CTF)
- Development of **energy service companies** and insurance mechanisms (CTF)
- Scaling up **bus rapid transit** in medium-sized cities (CTF)
- Improving **public transport efficiency** in Bogotá (CTF)
- Non-Conventional **Renewable Energy Program** (CTF)
- Energy efficiency** in the residential sector (CTF)
- Fostering the use of **energy efficiency technologies** in the services sector (CTF)

Peru

- Integrated **forest landscape management** (FIP)
- Integrated **landscape management** (FIP)
- Strengthening of national **forest governance and innovation** (FIP)

Chile

- Concentrated **Solar Power Project** (CTF)
- Development of **photo voltaic power installations** (CTF)
- Promotion of **energy efficiency** and self-supply generation for industries (CTF)
- Risk Mitigation for **Geothermal Power** (CTF)

## FOREST INVESTMENT PROGRAM (FIP)

Bank projects financed by the FIP of the Strategic Climate Fund (SCF) helps countries reduce deforestation and promote sustainable forest management to reduce greenhouse gas emissions and increase forest carbon stocks.

FIP resources are extended as grants and near-zero interest credits to complement large-scale investments and to leverage additional resources, including funding from the private sector. The IDB FIP pipeline includes eight projects for a total of US\$80.5 million in FIP resources.

### Jamaica

Mainstreaming climate change adaptation in local and national plans and implementation (PPCR)  
Institutionalizing financing methods for climate change adaptation and disaster risk reduction (PPCR)  
Developing a Strategic Program for Climate Resilience (PPCR)

### Regional - Caribbean

Implementation of the Caribbean Strategic Program for Climate Resilience (SPCR)  
in a group of Caribbean states (PPCR)

### Honduras

Strengthening renewable energy policy and regulatory framework (SREP)  
Sustainable energy in rural areas (SREP)  
Grid-connected renewable energy generation support (SREP)  
Grid-connected renewable energy transmission support (SREP)

### Brazil

Information on sustainable use of forest resources  
for private and public sector decision-makers (FIP)

### Bolivia

Building climate resilience for the water and sanitation systems  
of the metropolitan areas of La Paz and El Alto (PPCR)

### Private Sector set-aside

Brazil- Plantation and oil/subproducts production (FIP)  
Mexico- Fund for low carbon financing (FIP)  
Haiti- Supporting climate resilient sorghum supply chain (PPCR)  
Jamaica- Financing water adaptation in new urban housing sector (PPCR)  
St. Lucia- Supporting climate resilient investments in agriculture (PPCR)  
Honduras- Self supply fund (SREP)

## SCALING-UP RENEWABLE ENERGY PROGRAM IN LOW-INCOME COUNTRIES (SREP)

The IDB pipeline includes five initiatives in Honduras with funding from SREP - the third SCF program - totaling US\$30.2 million that will help create an enabling

environment for scaling-up grid-connected, renewable energy, and for providing off-grid energy services in rural areas.

# IDB & CIFs in numbers

27% *of total  
CIF funds*

Latin America  
and the Caribbean

39 CIF  
PROJECTS

in pipeline

17 CTF

8 FIP

9 PPCR

5 SREP

*2013 total amount in CIF IDB pipeline:*

\$686 Million

\$483.9 CTF

\$92.3 PPCR

\$80.5 FIP

\$30.2 SREP

*We are working with:*

Governments

Multilateral development banks

United Nations / UN agencies

GEF

UNFCCC

Adaptation fund

Bilateral development agencies

NGOs

Indigenous peoples

Local communities

Private sector

Scientific and technical experts

*Find out more about IDB-CIF projects at:*

*[www.iadb.org/climatechange](http://www.iadb.org/climatechange)*



**IDB**