

**Project Title:** Clean Energy & Climate Change Strategy for LCR

**Project ID** (if available):

**Region/Country:** Latin America and the Caribbean

**Task Manager:** Chandra Shekhar Sinha

**ESMAP Thematic Area** (M – Main; S – Secondary (if applicable)):

Energy Security	S
Energy Markets	
Energy Poverty	
Renewable Energy	M
Energy Efficiency	M

**Brief Description:**

The Earth is warming, with most of the warming of the last 50 years attributable to human activities; precipitation patterns are changing, and the sea level is rising. The documented vulnerability of the LCR region with fragile economies with coastal ecosystems under siege makes immediate action particularly important. As the urgency of the problem of human-induced climate change has become established, the Bank has responded by playing an important role in implementing greenhouse gas mitigation measures. There is, however, a need for increased focus on adaptation given the documented vulnerability of the LCR region and irreversible nature of impacts.

A comprehensive climate strategy for the region will include;

- **Mitigation and sequestration:** While LCR continues to be the leader in mitigation and sequestration (largest mitigation and sequestration carbon finance portfolio and among the strongest GEF climate change portfolio), there is a need to scale-up mitigation activities and to mainstream carbon finance and GEF mitigation activities to Bank lending operation. The mitigation components of the strategy will focus on these aspects aiming at a close match between global objective (reduce emissions, in the context of limited albeit growing contribution to global emissions) and local objectives (maximize local environmental and social benefits, priorities). Key sectors that would be addressed under this approach would include, but not be limited to: (a) power sector investments including new low carbon options and rehabilitation of existing assets; (b) Renewable energy options; (c) energy efficiency options; (d) transport options; (e) bio-energy options; (f) industrial sector options; and (g) policy reforms.
- **Adaptation:** Integrating climate change risks and reduction of vulnerability into actions on the ground is becoming increasingly important. LCR, with 8 out of 10 adaptation projects Bank-wide in the portfolio/pipeline, is taking the lead in mainstreaming of climate concerns into national and regional policies and activities. Further work is also needed to strengthen work on the impact of climate change on water resources, which, in turn, is expected to have significant implication of hydropower resources that dominates the power systems of most of the countries in the Latin America region. It is expected that while designing adaptation strategies, there will be a need to apply common approach to disaster management to address long term risk aspects (such as the impact on water resources discussed above) and to seek synergies between the mitigation work and adaptation opportunities in the region.

- Institutional and knowledge management support: to empower the clients in the LCR to better manage and guide the international agenda particularly on mitigation.

Country counterparts: In most instances, the counterparts for climate change in LCR are in the environment ministries. LCR, however, has taken the lead in involving energy ministries in the climate change mitigation work. Bank has close contact with the relevant energy ministries and agencies in the Region and has discussed climate change mitigation opportunities with a number of these and expects to collaborate closely in identifying the strategy and in disseminating these once completed. It is also recognized that the scale of mitigation investment required in the Region needs the involvement of the finance ministries and efforts are being made to involve the finance ministries wherever possible.

Expected outcomes and output: The ESMAP funding is expected to allow the LCR to assess information gaps and, in many instances, address the information gap to then prepare a comprehensive climate change strategy for the Region. This will be achieved through a review of existing information for key countries in the Region (Argentina, Brazil, Chile, Colombia, Mexico, etc.) to identify any additional work that may be necessary to prepare the climate change strategy. The specific output, therefore, will be a status report on climate change in the Region which will enable the preparation of the climate change strategy.

Linkages with other activities: The proposed activities are closely linked to the climate change strategy studies for Brazil and Mexico. It is expected that the scenarios that will form the foundation of these studies will be consistent with the strategy for mitigation in the region as these two countries will take the lead in implementing measures for climate change mitigation in the region. The ESMAP funded work for the energy strategy in LCR has been, and will be, the key to the mitigation strategy in the region. The mitigation strategy work under this proposal will also rely heavily on the energy strategy work being carried out in Brazil, Ecuador and Honduras. These strategies incorporate the Bank's mission of addressing poverty issues through provisions for access to energy as well as welfare issues associated with the reform process in the energy sector and the mitigation strategy for the region is expected to address these issues through the relevant sectoral strategies.

### Delivery Schedule:

PCN Review	January 30, 2007
Completion draft final/formal review meeting	May 1, 2007
Final delivery to client	June 30, 2007

### Outputs expected:

	Yes?	Delivery date (Quarter, FY)
Formal AAA Report	No	
Informal AAA product (e.g., policy note) – indicate: Policy note on the Climate Change Strategy for the LCR	Yes	Q4, 2007
Workshop/Conference	No	
Training course/materials/knowledge products	Yes	Q4, 2007
Others (indicate)		



## Project Summary Form