

# Readiness Proposal

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**With CND for the Oriental Republic of Uruguay**

16 February 2023



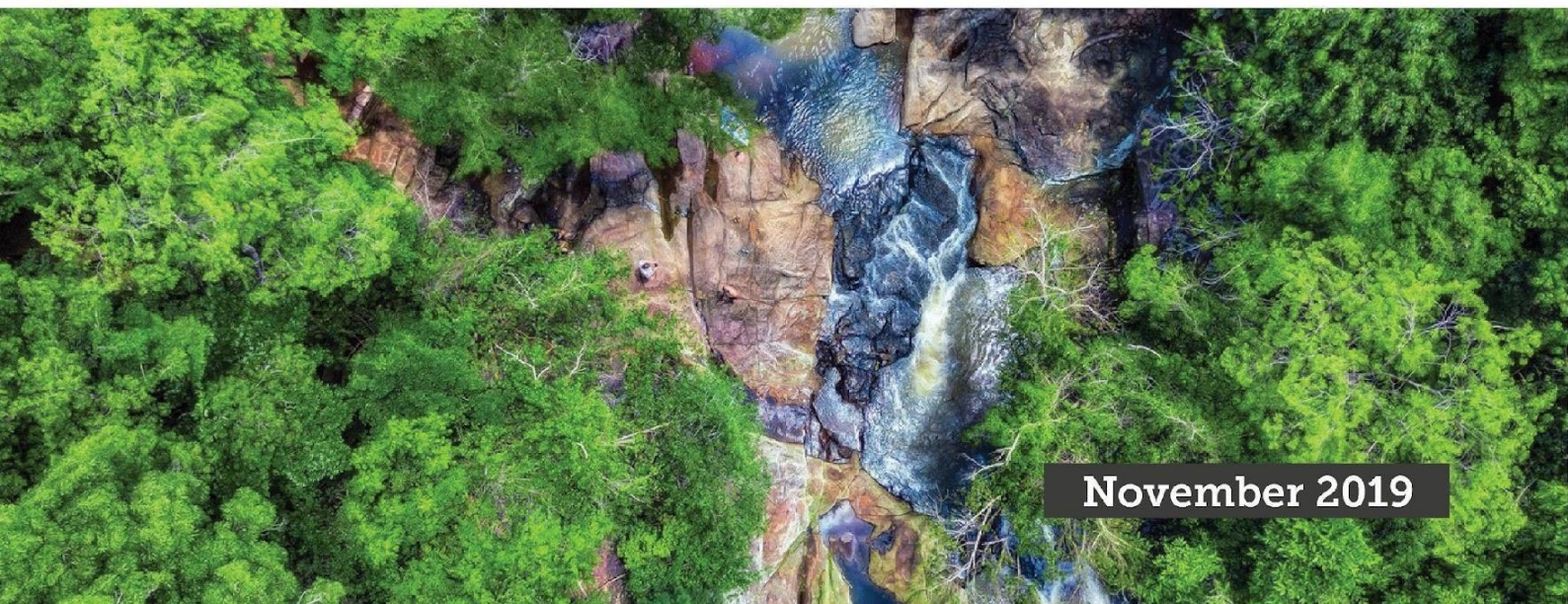
**GREEN  
CLIMATE  
FUND**

# READINESS & PREPARATORY SUPPORT

## PROPOSAL TEMPLATE



<b>Proposal title:</b>	“URU+CLIMA” Enhancing capacities, information and tools in Uruguay’s public and private sector to increase private investment in climate change
<b>Country:</b>	Uruguay
<b>National designated authority:</b>	Ministry of Environment (Ministerio de Ambiente)
<b>Implementing Institution:</b>	Corporación Nacional para el Desarrollo
<b>Date of first submission:</b>	18 <sup>th</sup> October 2022
<b>Date of current submission / version number</b>	3rd February 2023 / v.5



November 2019

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Please be concise. If you need to include any additional information, please attach it to the proposal.

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### Note: Environmental and Social Safeguards and Gender

Throughout this document, when answering questions and providing details, please make sure to pay special attention to environmental, social and gender issues, particularly to the situation of vulnerable populations, including women and men. Please be specific about proposed actions to address these issues. Consult Annex IV of the Readiness Guidebook for more information.

## Please visit the Country Portal on the GCF website to submit this proposal via the **online system**.

When submitting the proposal, please name the file:  
GCF Readiness -[Country]-[yyymmdd]

## List of Abbreviations and Acronyms

ANDE	National Economic Development Agency
ANII	Innovation and Investigation National Agency
BCU	Central Bank of Uruguay
CND	Corporación Nacional para el Desarrollo
CP	Country Programme
CSO	Civil Society Organization
DP	Delivery partner
DINACC	National Directorate of Climate Change
EbA	Ecosystem-based-adaptation
GCF	Green Climate Fund
GHG	Greenhouse gas
GoU	Government of Uruguay
LTS	Long-Term low-emissions development and climate resilient Strategy
MA	Ministry of Environment
MEF	Ministry of Economy and Finance
MSMEs	Micro, small and medium-sized enterprises
MRV	Measurement, Report and Verification
NAP	National Adaptation Plan
NbS	Nature-based solutions
NDA	National Designated Authority
NDC	Nationally Determined Contribution
OPP	Budget and Planning Office
PNCC	National Climate Change Policy
SNRCC	National Climate Change Response System
SMEs	Small and medium-sized enterprises
SSLB	Sovereign sustainability-linked bonds
ToRs	Terms of reference
UdelaR	University of the Republic
UNFCCC	United Nations Framework Convention on Climate Change
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UTEC	Technological University of Uruguay

## 1. SUMMARY

<b>1.1 Country submitting the proposal</b>	Country name: Uruguay Name of institution representing NDA or Focal Point: Ministry of Environment (Ministerio de Ambiente) Name of contact person: Natalie Pareja Contact person's position: Director, Climate Change National Directorate Telephone number: +598 150 ext. 2011 Email: <a href="mailto:natalie.pareja@ambiente.gub.uy">natalie.pareja@ambiente.gub.uy</a> Full office address: Torre Ejecutiva Sur, piso 6. Liniers 1324, Montevideo-URUGUAY Additional email addresses that need to be copied on correspondences: <a href="mailto:nda.gcf.uruguay@ambiente.gub.uy">nda.gcf.uruguay@ambiente.gub.uy</a>
<b>1.2 Date of initial submission</b>	18 <sup>th</sup> October 2022
<b>1.3 Last date of resubmission</b>	3rd February 2023
<b>1.4 Which institution will implement the Readiness and Preparatory Support project?</b>	<div style="display: flex; align-items: flex-start;"> <div style="margin-right: 20px;"> <input type="checkbox"/> National designated authority  <input type="checkbox"/> Accredited entity  <input checked="" type="checkbox"/> Delivery partner         </div> <div style="margin-top: 10px;"> <b>Version number</b> v.5         </div> </div> Name of institution: Corporación Nacional para el Desarrollo Name of official: Luciana López Position: Coordinator of Environment and Climate Programs Telephone number: +598-2916 2800 Email: <a href="mailto:llopez@cnd.org.uy">llopez@cnd.org.uy</a> Full office address: Rincón 528, Montevideo, Uruguay Additional email addresses that need to be copied on correspondences: <a href="mailto:rlaureiro@cnd.org.uy">rlaureiro@cnd.org.uy</a>
<b>1.5 Title of the Readiness support proposal</b>	“URU+CLIMA” Enhancing capacities, information and tools in Uruguay’s public and private sector to increase private investment in climate change
<b>1.6 Type of Readiness support sought</b>	<input type="checkbox"/> I. Capacity building <input checked="" type="checkbox"/> II. Strategic frameworks <input type="checkbox"/> III. Adaptation planning <input type="checkbox"/> IV. Pipeline development <input type="checkbox"/> V. Knowledge sharing and learning

**1.7 Brief summary of the request**

Since beginning its strategic engagement with the GCF, Uruguay has undertaken a path of continuously increasing national stakeholders' capacities that included submitting a solid Country Programme to GCF that was endorsed by the Secretariat in October 2021. The country has progressed in establishing strategic frameworks involving the public and private sectors to access climate finance, aiming to scale up its low-emissions, climate-resilient development in line with the National Climate Change Policy (PNCC), nationally determined contributions (NDCs) and national adaptation plans (NAPs). This has allowed to develop a country-driven projects pipeline with a strong science basis to access GCF funding. However, there are remaining challenges to reach a paradigm-shift in business models and for private financing strategies to pursue low-carbon and climate-resilient development. Reduced capacities and tools of key national institutions to incorporate climate change considerations as well as recognizing and promoting good practices in productive activities, and limited understanding of the underlying opportunities to do so by the private and financial sectors in Uruguay, are slowing down the implementation of NDCs and NAPs as well as the access to GCF funding.

The goal of the current Readiness request is to improve capacities and available information for key public and private organizations and to enhance strategic frameworks for increasing private investment in climate change in Uruguay.

This will be achieved by (i) providing information and tools to public institutions with roles in promoting sustainable, climate-smart and resilient businesses, to increase awareness of the urgency and opportunities for private sector action on climate change and provide guidance to include climate change considerations in private sector decision-making processes; (ii) supporting the private sector (including the financial sector) with information, tools, and guidance to include climate change considerations in their investments criteria, decision-making processes and operations.

The expected direct beneficiaries of the request are:

- the Ministry of Environment (MA), in particular the Climate Change National Directorate (DINACC), as NDA to the GCF (Output 2.2.1.);
- two agencies with roles on innovation and private sector competitiveness: the Uruguayan Economic Development Agency (ANDE) and the Innovation and Investigation National Agency (ANII) as well as innovation centers at private and public universities (Output 2.2.2.);
- financial institutions participating in the Sustainable Finance roundtable led by the Central Bank of Uruguay (BCU) and the Ministry of Economy and Finance (MEF) (Output 2.4.1.); and,
- private companies and Micro, small and medium-sized enterprises (MSMEs), private sector chambers, B System community in Uruguay, and the Corporación Nacional para el Desarrollo (CND) (Outputs 2.4.2. and 2.4.3.).

The indirect beneficiaries of the request are:

- the National Climate Change Response System (SNRCC), which will increase its reach to private sector counterparts, and be strengthened to implement its strategies and actions lines; and,
- the public in general, since the request will allow to increase good practices among national companies which provide services and products to Uruguayan citizens.

**1.8 Total requested amount and currency**

USD 442,146

**1.9 Implementation period**

24 months

**1.10 Is this request a multiple-year strategic Readiness implementation request?**

- Yes  
 No

**1.11 Complementarity and coherence of existing readiness support**

- Yes  
 No

**Existing funding (GCF Readiness support) with complementarity with the current Readiness request:**

Title of the existing funding	Current status	Objective and alignment with the current Readiness request
<p>“Enhancing the governance of gender-responsive climate change adaptation and mitigation planning and financing in key sectors and territories in Uruguay” (\$ 235,713) URY-RS-008</p>	<p>In legal processing Delivery partner: UN Women</p>	<p>The Readiness grant supports the engagement of key actors in the governance of gender-responsive climate planning and finance. The request strengthens the capacity of key national and sector institutions and non-government actors, including the private sector, and enhances the engagement of these stakeholders in the governance of gender and climate change.</p> <p>The current Readiness request will make synergies with the following outputs of URY-RS-008 to mainstream gender in the promotion of private and financial engagement in the climate agenda:</p> <p><i>Output 1.3.3: the public and private financial institutions are informed and effectively engaged in a dialogue on opportunities for integrating gender and climate change in their services and products, will inform Output 2.4.1;</i></p> <p><i>Output 1.3.4: three prioritized sectors have comprehensive climate gender-sensitive vulnerability and opportunities profiles, and gender-responsive climate actions plans, aligned with methodological approaches included in the Gender and Climate Change Strategy, will provide inputs for Outputs 2.2.2 and 2.4.3;</i></p> <p><i>Output 1.3.5: Women-led productive associations and businesses have the knowledge and capacity to access climate finance, will make synergies with Outputs 2.4.2 and 2.4.3.</i></p>
<p>“Enhancing Uruguay’s technical capacities and pipeline robustness to access GCF funding” (\$ 428,703) URY-RS-007</p>	<p>Under implementation since August 2022 Delivery partner: CND</p>	<p>This Readiness request aims to catalyze Uruguay’s access to climate finance, in particular GCF funding, towards achieving low-emission, climate-resilient pathways in the framework of the PNCC, NDC, NAPs and LTS.</p> <p>URY-RS-007’s <i>Output 2.2.2.: Construction sector trained and advised in low-GHG emissions construction processes and infrastructure</i> will provide inputs for Output 2.4.2 of the current Readiness request.</p>
<p>“Strengthening strategic frameworks and stakeholders’ engagement to scale up climate financing and enhance NDC implementation in Uruguay” (\$590,000) URY-RS-006</p>	<p>Completed in June 2022. Delivery partner: United Nations Development Programme (UNDP)</p>	<p>This Readiness grant aimed at strengthening capacities to scale up climate financing and enhance NDC implementation and ambition in Uruguay through continuing the development of the country’s strategic framework and Country Programme (CP) projects pipeline to engage with GCF, implementing the country’s Climate Change and Gender Strategy, and promoting key stakeholders’ engagement in the national climate agenda, especially the financial system and the private sector.</p> <p>The current Readiness request will build on several results of UY-RS-006’s outputs and will address gaps detected while engaging with stakeholders of those activities:</p> <p><i>Output 2.2.2. Tools and analysis on economic and market mechanisms for promoting climate investment developed, informed and promoted exchanges within the MA and the SNRCC on carbon markets, especially under Article 6 of Paris Agreement, which resulted in</i></p>

		<p>the design of activities 2.2.1.4 and 2.2.1.5 under Output 2.2.1 of the current Readiness request;</p> <p><i>Output 2.2.1. Financial Institutions engaged in Country programming and NDCs process, and roadmap for sustainable finance developed</i>, established the background and engagement with the Sustainable Finance Roundtable, BCU and MEF, as well as the roadmap for sustainable finance, to be implemented with Output 2.4.1 of the current Readiness request;</p> <p><i>Output 2.4.2. Climate Change integrated in business models with the support of appropriate innovative mechanisms</i>, allowed to engage with B System and ANDE, and provided support at a pilot level to companies for GHG emissions estimation, which provide the background as well as inputs for Outputs 2.2.2 and 2.4.2 of the current Readiness request.</p>
<p>“CND capacity strengthening for direct access to GCF in Uruguay II” (\$ 150,000) URY-RS-005</p>	<p>Completed Delivery partner: CND</p>	<p>These Readiness grants supported the accreditation progress of CND as one of Uruguay’s nominated DAEs. They have developed the entity’s policies and procedures, increased its engagement in climate change projects pipeline, and completed the first versions of the form in the Online Accreditation System. CND has entered Stage II of the GCF accreditation process in March 2021 and has begun to collaborate with the NDA in structuring climate change projects. CND staff has received an introductory training in environmental and social (E&amp;S) responsibility and standards; and on Environmental and Social Management System (ESMS) policy.</p>
<p>“CND capacity strengthening for direct access to GCF in Uruguay I” (\$ 91,810) URY-RS-004</p>	<p>Completed Delivery partner: CND</p>	<p>The current Readiness request will build on the experience gained by CND as delivery partner for those two Readiness grants in terms of management of GCF support, URY-RS-004’s outputs were focused on implementing the Accreditation Action Plan and developing the required documents and capacities for GCF accreditation. URY-RS-005’s activities 3.2.8 and 3.2.9. developed a tool for GHG emissions measurement in the construction sector, which was implemented in one company supplier of CND and was made available to all construction companies through a workshop and CND’s website. These activities were the precedent for URY-RS-007’s Output 2.2.2 (see above) and for Output 2.4.2 of the current Readiness request. URY-RS-005’s activity 3.3.1 supported CND’s participation in the preparation of the financial structuring and economic aspects of the Concept Note “Increasing resilience in cities, ecosystems and communities of Uruguay’s coastal zone” sent by the NDA to the GCF Secretariat in June 2021. A lesson learnt was the relevance of private sector engagement from the beginning of climate change projects structuring to access GCF financing. Identifying private sector vulnerabilities and potential engagement in adaptation measures in the coastal zone will be tackled through Output 2.4.3 of the current Readiness request.</p>
<p>“Green Climate Fund Readiness and Preparatory Support – Uruguay – Second</p>	<p>Completed Delivery partner: UNDP</p>	<p>These two consecutive Readiness grants allowed the Uruguayan NDA to strengthen its capacities and develop the country’s strategic framework and CP with the initial pipeline to engage with GCF, develop the</p>



phase" (\$510,000) URY-RS-003		country's Climate Change and Gender Strategy, design and begin implementation of a roadmap for engaging private sector in climate action, among other results. URY-RS-003 identified sectors with potential to crowd-in private investments and established initial coordination with mentoring programs for business models, including in ANDE. The roadmap included a specific line related to "communication, sensitization and dissemination" and a communication piece was designed on challenges and opportunities for the private sector in the national climate change agenda.
"Green Climate Fund Readiness and Preparatory Support – Uruguay – First phase" (\$370,000) URY-RS-001	Completed Delivery partner: UNDP	URY-RS-006 was consecutive to these Readiness grants, and its outputs 2.2.1, 2.2.2 and 2.4.2 were designed and implemented Building on the mentioned private sector engagement roadmap.  In that sense, the current Readiness request continues building on results and stakeholders detected and engaged under these two Readiness grants for all its Outputs, being more specific in developing strategic frameworks where opportunities have been detected.
"Integrating adaptation into cities, infrastructure and local planning in Uruguay" (\$ 2,735,615) URY-RS-002	Completed Delivery partner: UNDP	The Readiness grant supported the Government of Uruguay to advance its NAP process in cities and local governments (NAP-Cities).  The current Readiness request will take into account results and stakeholders engaged through the NAP-Cities for implementing its activity 2.2.1.3. as well as activities under Output 2.4.3.
GCF Regional Readiness support: "Enhancing Climate Finance within the Banking Sector in LAC Region" LAC-RS-015	Under implementation Delivery partner: Latin American Association of Development Financing Institutions (ALIDE)	The objective of this Readiness grant is to generate evidence on the opportunities and challenges to implement innovative solutions for climate finance, focusing on three main lines of action: supporting DAEs to assess their portfolio and meet GCF accreditation standards; streamlining financial institutions involvement in NDCs and CP implementation; and promoting joint investments and strategic alliances.  Output 2.4.1. of the current Readiness request will be informed by LAC-RS-015's <i>Output 2.4.1: Financial Institutions effectively engaged in Country programming and NDCs enhancement process, through the establishment of appropriate coordination mechanism</i> and will detect synergies with Banco República Oriental del Uruguay (Brou)'s gap assessment and action plan for GCF accreditation developed under this regional support.
GCF Regional Readiness support: "Increasing resilience through Nature based Solutions in Latin American cities (Nature4Cities Latam)" 6	Approved, to begin implementation in December 2022 Delivery partner: UNEP	The objective of this Readiness grant is to identify and address the main barriers for nature-based adaptation solutions to ensure urban resilience to climate change in 7 LAC countries, by providing the necessary assessments, capacities and alternatives to financing schemes to accelerate adoption of these strategies. This will be achieved through examples in 13 selected secondary cities as well as deliverables at regional level.  Activity 2.2.1.3 and activities under Outputs 2.4.1 and 2.4.3 of the current Readiness request will make synergies with activities under LAC-RS-016 and be informed by its results. In particular, this regional support has an <i>Output 2.2.2: Nature-Based Urban adaptation and mitigation Plans developed and</i>

		<p><i>validated by city level stakeholders, that will provide inputs for Activity 2.4.3.4, and an Output 2.4.1: Financial guidelines to support investment in climate action developed for the 13 participating cities and incorporated into the Nature-Based Urban Development Plans, that will provide inputs for Activity 2.4.1.1 of the current Readiness request.</i></p>
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## 2. SITUATION ANALYSIS

### 2.1. Private sector context in Uruguay

Uruguay has an open economy, given its small-sized population and limited scale of the domestic market. There has been a gradual growth in the country's economy of the services sector (tourism, transport, logistics, information and communication technologies, and government services), yet primary products (meat, soy, dairy and rice) remain the main exports. Uruguay is part of the main food exporting region in the world (together with Argentina, Brazil and Paraguay). The agricultural sector represents between 6% and 7% of GDP in Uruguay (2015-2019) and, when including the subsectors and associated industries, the agro-industrial sector contributes between 14% and 16% of GDP (2015-2019). Another key sector based on natural resources is tourism, Uruguay being the first country in South America in number of tourists received compared to its population. With receipts exceeding USD 2,300 million, this sector generates more income than the country's traditionally exported products. Tourism in Uruguay accounts for around 7-8 % of Uruguay's GDP and generates nearly 110,000 jobs (MINTUR, 2018). Another key economic driver is construction, a tractor to step out of the economic crisis caused by the pandemic, which continues to grow. In July-September 2022, while the economy grew 3.7% in year-on-year terms, the construction sector did so by 8.4 % (CIU, Department of Economic Studies, 2022). This growth is largely supported by infrastructure works associated with the construction of residential housing, road works, as well as the construction of a third pulp mill and a central railway.

Regarding size and type of private companies, the growth of the country's economy for the period 2008-2020 by 2.4% in annual average was accompanied by an increase in the number of enterprises by 3% in annual rate, mainly explained by the increase in number of microenterprises. In fact, the number of active companies in the country increased significantly in the period 2008 – 2021, going from 131,000 to 197,000. This growth is also reflected in the entrepreneurship rate: while in 2008 there were 39 active MSMEs for every thousand inhabitants, in 2020 there were 54. Global entrepreneurial activity rate reached 22.61% in 2021 while it was around 12% in 2008. Furthermore, as illustrated in the diagrams below, 99.57% of the total companies in Uruguay are considered MSMEs and these account for 64,89% of total private enterprises employment and for 19,23% of sales revenue. Regarding sectoral distribution within the MSMEs universe, there is a high participation of the services sector which accounts for 89.9% of the enterprises, with the commerce sector standing out (represents a third of this proportion) (Monitor MiPYME, Ande 2021)<sup>1</sup>.

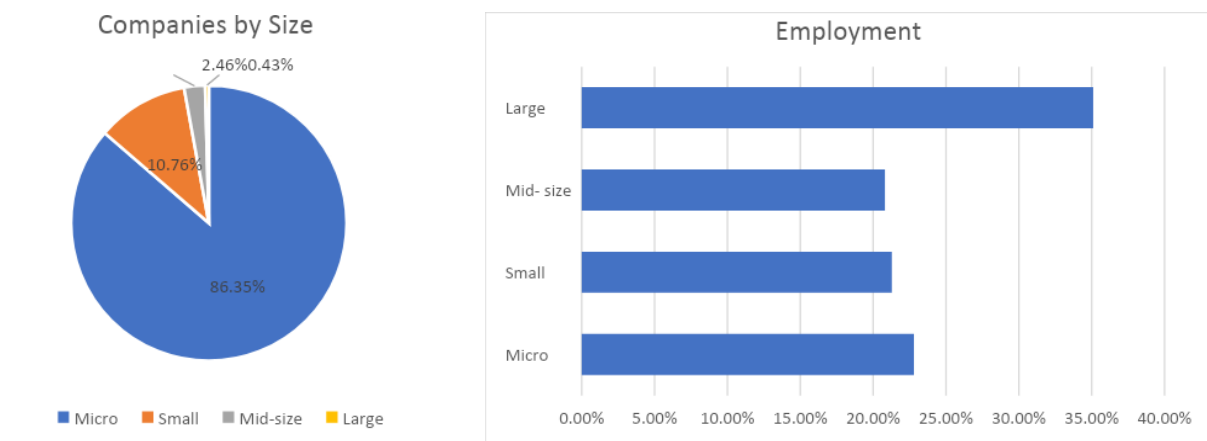


Figure 1. Private companies in Uruguay disaggregated by size and by employment rate

<sup>1</sup> Production establishments that are taxed exclusively under the rural regime are not included in this universe.

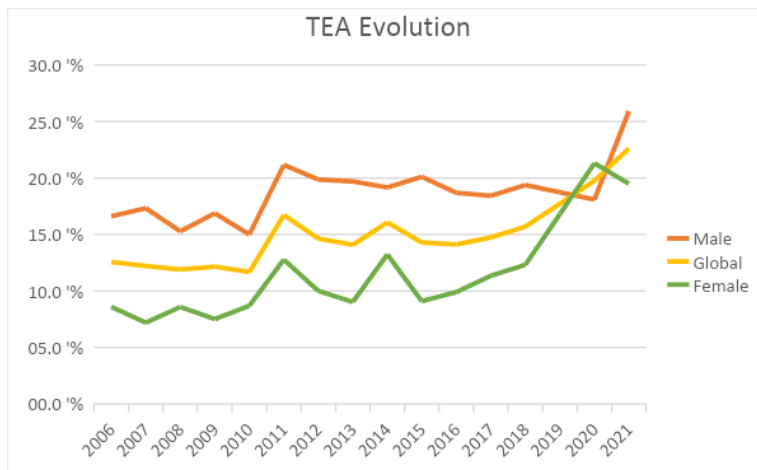


Figure 2. Entrepreneurial activity rate evolution disaggregated by gender

In terms of Uruguay's financial private sector, the financial system is composed of two public banks, nine private banks and a wide variety of non-banking institutions established in the country. One of the characteristics of Uruguay's banking system is the high participation of public banks. Deposits from the private non-financial sector are equivalent to 57% of GDP and 91.1% of them correspond to resident deposits. Current credit to the resident private sector reached the equivalent of 25.0% of GDP. It is observed that 72% of the credits in national currency are destined to households, while in foreign currency this sector only represents 3%. Within the remaining 97% of credits in foreign currency destined to private companies, the agro-industrial, manufacturing and commerce sectors stand out, receiving 75% of credits (30%, 23% and 22% respectively). The securities market operated in the rolling year for an amount equivalent to 82.2% of GDP, and 65.3% of its operations were carried out in the stock market. Insurance companies issued premiums for the equivalent of 2.9% of GDP, increasing 8.0% in real terms in the last 12 months (BCU, Financial System Report, 2<sup>nd</sup> Quarter 2022).

There are relevant public actors with key roles with the private sector that are included in the current Readiness request and its expected results:

- The National Investigation and Innovation Agency (ANII) is the public entity that promotes research and the application of new knowledge to the productive and social context of the country. ANII provides funding for research projects, national and international postgraduate scholarships and incentive programs for innovative culture and entrepreneurship, both in the private and public sectors. It has a key role in the articulation of the National Innovation System to achieve the objectives of productive and social development.
- The National Development Agency (ANDE) is the public entity in charge of improving business and territorial competitiveness, with focus on MSMEs. Because of the relevance in the economy of this universe of companies, due to its impact on employment, local development, and participation in strategic value chains, it is a key partner to scale up some of the initiatives included in this Readiness request.
- The Sustainable Finance Roundtable (MFS) is a public-private space for dialogue between the financial sector, led by the Central Bank of Uruguay (BCU) and The Ministry of Economy and Finance (MEF), with the support of the IDB, IDB Invest and the United Nations System, which aims to promote sustainable finance in Uruguay. Its adherent members are: banks associations, insurance companies, stock exchanges, fund managers, as well as consulting companies and the academia. In the working meetings of the MFS, other participants are sectoral ministries (Ministry of Industry, Energy and Mining, as well as Ministry of Livestock, Agriculture and Fishing) and Ministry of Environment. The BCU and MEF, in the framework of the MFS, are analyzing the possibility to develop a national sustainable finance taxonomy.

## 2.2. Climate change policy and institutional context

Uruguay's National Climate Change Policy to 2050 (PNCC) was published in 2017 and its first Nationally Determined Contribution (NDC) was submitted to the UNFCCC under the Paris Agreement in 2017 (National Decree N° 317). The National Climate Change Response System (SNRCC in Spanish) is the inter-institutional framework in which the national climate change policies, plans and actions are coordinated. Its Coordination Group is chaired by the Ministry of Environment (MA) through its Climate Change National Directorate (DINACC). Under the framework of the SNRCC, a gender-sensitive programming and Measurement, Report and Verification (MRV)

System for the PNCC and the NDC was developed with the categorization of all NDC measures to reduce gender gaps, and the definition of response actions in a group of them. In its progress in mainstreaming gender in its national climate change policy, Uruguay has created a Gender and Climate Change Working Group in the framework of the SNRCC, and has approved a Gender and Climate Change Strategy and a Gender and Climate Change Action Plan to 2025 which is under implementation. In December 2021, Uruguay presented its Long-Term low-emissions development and climate resilient Strategy (LTS) with an aspirational target of CO<sub>2</sub> neutrality by 2050. Uruguay has committed to present its second NDC with commitments to 2030 during 2022 (in line with its LTS) which is currently under elaboration. Being a highly vulnerable country to climate change adverse effects, Uruguay has facilitated adaptation measures in priority sectors and has advanced its public planning through the development of sectoral National Adaptation Plans (NAPs). The NAP for the agricultural sector was completed in 2019. The NAP for cities and infrastructure (developed with GCF Adaptation Planning Readiness support) and the NAP for coastal zones were completed in December 2021.

Since beginning its strategic engagement with the GCF, Uruguay has undertaken a path of continuously increasing national stakeholders' capacities, achieving a solid country programming with one of the first country programmes in Latin America endorsed by GCF Secretariat (October 2021). It has progressed in establishing strategic frameworks involving the public and private sectors to access climate finance, aiming to scale up its low-emissions, climate-resilient development in line with the PNCC, NDCs and NAPs. This has allowed a country-driven projects pipeline with a strong science basis to access GCF funding.

Engagement of the private sector in the climate change agenda and strategy to access climate finance including GCF funding has been accelerated under DINACC's strategy to reach out to companies, SMEs and the financial sector. Although the traditional productive sectors such as energy and agriculture are engaged in low-carbon strategies, diversified private stakeholders have lately increased their interest and demand for guidance to actively participate in climate action. Intersectoral and cross-cutting measures to accelerate private and financial stakeholders' engagement and participation in the national climate agenda have been included in the second NDC to 2030.

The gender-sensitive MRV system for the first NDC and the gender analysis undertaken for the three completed NAPs, have allowed to detect gender-differentiated consequences of climate change in the economy as well as the role women play in economic sectors affected by climate change impacts. On the one hand, women's economic activities in Uruguay are often concentrated in sectors that are most impacted by climate change such as the agricultural or tourism sectors. On the other hand, women have applicable knowledge in areas such as agriculture and livestock, marine-coastal zones, forest management, food preparation, administration and management of water and forest resources, among others, which makes them potential "agents of change". The second NDC is gender-sensitive and will allow to mainstream gender in DINACC's strategy to accelerate the private sector engagement in the climate change agenda.

In the last two years, and largely supported by the GCF Readiness support grant URY-RS-006 "*Strengthening strategic frameworks and stakeholders' engagement to scale up climate financing and enhance NDC implementation in Uruguay*", important steps were achieved related to engagement of the private and financial sectors in climate investment.

In terms of building capacities and synergies with the innovation and entrepreneurial networks, the climate change perspective was integrated in the innovation survey for companies which was released by the Innovation and Investigation National Agency (ANII) in 2022, which included for the first time the climate change and environmental approach. ANII also launched in 2022 the first climate fund for companies tackling innovation with the possibility of including the academy. DINACC participated in the design and evaluation committee of the fund. Additionally, the Uruguayan Economic Development Agency (ANDE) integrated for the first-time climate change in the 2021-2022 edition of its circular economy program "*Oportunidades Circulares*" (<https://uruguaycircular.org/>) and selected as beneficiaries two initiatives that integrate climate change in business models with focus on carbon footprint. This was the first step to develop a roadmap with ANDE to promote low emissions business models with entrepreneurs.

In order to improve the SNRCC information and understanding of priority areas such as challenges and opportunities for private sector engagement in climate change adaptation, the potential for public-private collaboration was analyzed, in particular regarding the infrastructure and tourism sector in the coastal zone, building on the results of the NAP coastal zone and NAP cities. This assessment provided valuable information for DINACC and CND to deepen private sector participation in the NAP coastal zone implementation strategy, including theoretical frameworks of private engagement in adaptation strategies, international and regional good practices that could be replicated in Uruguay, as well as national legal frameworks and inputs from private and subnational key stakeholders. Also, the country advanced in understanding economic and market mechanisms for promoting climate investment, in particular related to Article 6 of the Paris Agreement. Implications and potential opportunities for Uruguay in international negotiations as well as main international initiatives on economic mechanisms were assessed and presented in the framework of the SNRCC.

Strategic frameworks have been facilitated for attracting low carbon and resilient investments. For example, the Ministry of Economy and Finance (MEF), with the collaboration of DINACC and sectoral Ministries, launched in September 2022 the first sovereign sustainability-linked bonds (SSLB) framework (<http://sslburuguay.mef.gub.uy/>).

Important progress has been achieved in terms of approaching the climate agenda to the financial public and private institutions. DINACC has been a key partner to provide inputs and technical guidance to the Sustainable Finance Roundtable<sup>2</sup> (Mesa de Finanzas Sostenibles, MFS in Spanish) launched in mid-2021 by the MEF and the Central Bank of Uruguay (BCU). DINACC presented key economic sectors and activities aligned with the national climate commitments in the first NDC. A roadmap for promoting climate finance in Uruguay's financial sector was agreed based on detected opportunities and challenges, including the role that MA should have.

Specific tools to guide and support companies and SMEs towards a low-carbon economy were drafted by the MA. A pilot support mechanism for greenhouse gas (GHG) emissions estimation and reduction opportunities in SMEs was co-designed in partnership with B System<sup>3</sup> in the first semester of 2022. The strong engagement and interest from private companies and the valuable lessons learned are a precedent to design and implement a more robust program from 2022 onwards to support companies to mainstream climate change in their business models. An activity of the Readiness support grant URY-RS-007 "*Enhancing Uruguay's technical capacities and pipeline robustness to access GCF funding*" with CNDC as delivery partner, aims to promote during 2023 the incorporation of climate change mitigation and adaptation practices in the infrastructure and construction supply chain. Finally, during this period, MA began to evaluate the design of a recognition/certificate on environmental and climate change performance addressed to SMEs and large companies.

DINACC's strategy to accelerate the private sector engagement in the climate change agenda also plans to mainstream gender at different levels. The approved Readiness support grant URY-RS-008 "*Enhancing the governance of gender-responsive climate change adaptation and mitigation planning and financing in key sectors and territories in Uruguay*" with UN Women as delivery partner, is expected to begin in the first quarter of 2023 and includes activities that will:

- identify gender-responsive adaptation and mitigation solutions for three sectors / territories to reduce gender gaps in: (i) agriculture and fishing, (ii) cities, and (iii) coastal zones, incorporating the cross-cutting approach of tourism and disaster risk management;
- detect gaps, needs and opportunities for mainstreaming gender into climate private investments and financial services and products in Uruguay;
- map women-led productive associations and businesses interested in opportunities to engage with Uruguay's CP and NDC processes;
- train women-led productive associations and businesses relevant for climate resilience on climate finance (financial services, products and mechanisms).

Despite this progress, through the activities mentioned above developed during years 2021 and 2022, in particular dialogues and joint training and awareness-raising activities between the NDA and B System, public agencies (i.e. ANDE and ANII), the CNDC and sectoral chambers, several gaps, barriers and needs have been detected in order to reach a paradigm-shift in business models and for private financing strategies to consider low-carbon and resilient development. In this framework, key stakeholders were part of the detected barriers and the solutions and pathways proposed in the current Readiness request.

### 2.3. Problem statement

Reduced capacities and tools of key national institutions to incorporate climate change considerations as well as recognizing and promoting good practices in productive activities, and limited understanding of the underlying

<sup>2</sup> The Sustainable Finance Roundtable (MFS) is a public-private space for dialogue between the financial sector, led by the BCU and MEF, with the support of the IDB, IDB Invest and the United Nations System, which aims to promote sustainable finance in Uruguay. Its adherent members are: banks associations, insurance companies, stock exchanges, fund managers, as well as consulting companies and the academia. In the working meetings of the MFS, other participants are sectoral ministries (Ministry of Industry, Energy and Mining, as well as Ministry of Livestock, Agriculture and Fishing) and Ministry of Environment. There is no overlap between the MFS activities and the current Readiness proposal. The MFS brings together several financial sector stakeholders which will rather be beneficiaries of some of the proposal activities, which will make synergies with the MFS roadmap.

<sup>3</sup> B System is an international non-profit organization that gathers companies interested in getting closer and promote a "new economy", in which environmental and social benefits are taken into account additionally to financial benefits. They define themselves as "using the force of the market to provide solutions to social and environmental problems". In Uruguay, the B System Business Council is integrated by more than 35 leaders of national companies with different economic activities, value chains and potential GHG emissions as well as risks associated to climate change effects.

opportunities to do so by the private and financial sector in Uruguay, are slowing down the implementation of NDCs and NAPs as well as Uruguay's access to GCF funding.

#### **2.4. Barriers that this proposal aims to address**

The current Readiness request will seek to address the following barriers:

1. Reduced capacities and tools of MA for communicating, guiding and promoting climate action in the private sector.

The MA is traditionally the national authority that regulates and oversees the environmental management in private sector activities. However, it lacks legal or institutional frameworks and tools to promote sustainable productive practices, including low-carbon and resilient activities. There is not enough technical knowledge on alternatives and their implications for the MA to decide and develop specific legal frameworks and incentives for scaling private sector engagement in climate action.

2. Lack of knowledge and capacities of national institutions with roles on innovation and private sector competitiveness for integrating climate action in their tools to support SMEs.

Despite the progress integrating climate change considerations, public agencies (i.e. ANDE, ANII) and innovation centers of public and private universities have significant limitations to adequately promote climate action in enterprises or business models. An important driver for this is the weak knowledge and technical skills on the topic. Similarly, there is a limited engagement of these agencies and universities in the research, planning and implementation of climate change adaptation and mitigation in Uruguay. These factors lead to missing opportunities for investing by the private sector in climate change action.

3. Difficulties for the financial sector to align its activity to national climate change objectives, measures and indicators.

The classification and language used to describe the economic activities and sectors in the objectives, measures and indicators of NDCs and NAPs are not aligned to those used by the financial sector, including public and private banking and insurance institutions. Furthermore, NDCs and NAPs processes lack a clear identification and communication of potential for private and financial sector participation. This leads to ineffective synergies between sustainable finance offer and climate change investment demand.

4. Lack of understanding and ownership by private companies of the opportunities for integrating decarbonization pathways in their business models.

The estimation of GHG emissions and emissions reduction measures are not incorporated by companies in their business operations due to limited knowledge, tools and incentives. There is not enough information on nationally validated methodologies or standards, and the need for or added value from integrating decarbonization strategies in business models are not clear yet. In the construction sector, a tool and guide for estimating GHG emissions was elaborated with the MA support, and URY-RS-007's output 2.2.2. will support its implementation and identification of GHG reduction measures, but private companies do not implement these with their own capacities because they lack experience and incentives. There are no guidelines or tools generated for sectors such as tourism or services. Furthermore, challenges and technical requirements to do so differ according to the economic activity and productive sector. Given that MA has limited capacity to reach out to private companies with tools and incentives, it is critical to partner and coordinate with public agencies and business organizations to multiply efforts and be more effective.

5. Lack of knowledge of the risks of climate change to private sector business models and value chains, and of adaptation opportunities for increasing resilience.

The NAPs have provided valuable information on the risks according to climate change scenarios in Uruguay but companies have not yet identified and assessed their own businesses' vulnerability to climate change. Private sector enterprises lack information on how climate change will impact their businesses and on how to assess this vulnerability and define strategies to reduce their risks and take advantage from potential opportunities. Adequate communication channels or platforms to share knowledge on this topic are not available to the private sector in Uruguay. In particular, there is a marked need for knowledge on potential opportunities to mainstream gender and ecosystem-based solutions in climate adaptation investments. Ecosystem-based-adaptation (EbA) appears as a possible opportunity to increase private sector resilience aligned to the NDCs and NAPs, but there is little information on Uruguayan ecosystem services related to climate change adaptation and relevant actors to promote these measures.

## 2.5. Proposed intervention

The goal of the current Readiness request is to improve capacities and available information for key public and private sector organizations and to enhance strategic frameworks for increasing private investment in climate change in Uruguay.

The request will address the detected barriers in parallel by contributing to the achievement of two main outcomes:

Outcome 2.2. GCF recipient countries have developed or enhanced strategic frameworks to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming in low-emission investment;

Outcome 2.4. Strategies for transforming and attracting private sector investment for low emissions and resilience development are being used.

Specifically, the current Readiness request will provide support to MA, in particular DINACC as NDA to the GCF, and other key stakeholders such as the ANII, ANDE, financial institutions and private companies and/or SMEs, to address the detected barriers as described in the following table:

**Table 1. Proposed Readiness activities to address barriers**

Identified barriers	Activities to address the barriers
<p>1. Reduced capacities and tools of MA for communicating, guiding and promoting climate action in the private sector</p>	<p>Output 2.2.1. The Readiness request will develop necessary analysis for informing decision-making towards establishing institutional frameworks and instruments within MA for promoting private sector engagement in the implementation of the NDCs and NAPs. Specifically, the grant will support the assessment of the legal framework, alternatives and implications of implementing a voluntary GHG emissions reporting, and will test an awards system for the private sector. Activities 2.2.1.1 and 2.2.1.2 will leverage different experiences of private sector GHG emissions quantification and reduction in the region (Peru, Costa Rica, Panama and Chile), which have different scopes, governance and legal frameworks. The design of a recognition/certificate on environmental and climate change performance (which has wider criteria than only GHG emissions) addressed to MSMEs and large enterprises will also be considered. In addition, activities will analyze and provide recommendations for the legal frameworks, policy and management instruments and/or incentives for mainstreaming adaptation in private activity, in particular those related to environmental impact assessments and the establishment of private protected areas. Furthermore, the grant will analyze economic incentives and disincentives in the context of the second NDC and LTS, including the challenges posed by existing subsidies and tariffs to the country's mitigation and adaptation objectives, and the opportunities and economic impact from the adoption of a carbon tax. Beneficiaries of this output will be the Ministry of Environment (MA), in particular the Climate Change National Directorate (DINACC), and mid-size and large companies with existing environmental and GHG emissions good practices. The analysis reports delivered through this output will provide DINACC additional knowledge on incentives/disincentives implications and recommendations to design frameworks and tools for private sector participation. DINACC will also be able to implement a pilot award for the private sector, in particular for mid-size and large companies, to test future recognitions that MA could grant to private companies. This will allow progress towards reducing public policy disincentives for private sector engagement in climate action.</p>



<p>2. Lack of knowledge and capacities of national institutions with roles on innovation and private sector competitiveness for integrating climate action in their tools to support SMEs</p>	<p>Output 2.2.2. The request will support mainstreaming climate change in the agenda of ANDE and ANII, two agencies with roles on the promotion of innovation and private sector competitiveness. Activities will facilitate the identification of opportunities to mainstream climate change in both agencies' policies, instruments, programs and projects pipelines. In consultation with both agencies, a set of criteria and indicators for incorporating climate change mitigation and/or adaptation in their existing and/or new instruments to support SMEs will be elaborated. An awareness and training program for ANDE and ANII staff and committees will be designed and implemented. The program will include tailored materials and a series of workshops. Additional beneficiaries of the training will be innovation centers of public and private universities, as well as other partners of both agencies. Beneficiaries of this output will be ANDE and ANII as well as innovation centers at private and public universities, which are allies to reach all sizes of companies in all economic sectors. While ANDE focuses on MSMEs, ANII reaches all sizes of enterprises, including the agriculture, tourism and construction sector. The reports planned under this output will reflect the institutionalization and capacity-transfer of climate change criteria and indicators within these agencies' tools, strategies and human resources.</p>
<p>3. Difficulties for the financial sector to align its activity to national climate change objectives, measures and indicators</p>	<p>Output 2.4.1. The request will implement some of the activities recommended in the roadmap for promoting climate finance in Uruguay's financial sector that was prepared with support from the Readiness grant URY-RS-006. The request will elaborate inputs for a private sector Climate Investment Plan for the NDCs and NAPs. The NDCs and NAPs measures with private sector investment potential will be identified. For at least two selected economic activities related to those measures, an analysis will identify: technology options, vendors and suppliers, costs for implementation, financing needs and existing or potential financing sources, market barriers including existing legal and economic incentives and disincentives for implementing the identified measures. Recommendations will be provided on green finance policy and/or innovative financial mechanisms to be developed. This will increase available information towards reducing market barriers for private sector engagement in climate action. This output will leverage results of the GCF Regional Readiness support "<i>Enhancing Climate Finance within the Banking Sector in LAC Region</i>", in particular its output 2.4.1. A presentation of the results will be shared with the public and private financial institutions in Uruguay through meetings with the Sustainable Finance roundtable (MFS). Since sustainable finance offer is increasing in the private financial sector in Uruguay, the expected results of these presentations are to connect private investment offers from the participants of the MFS to the detected funding needs to implement activities under the NDCs and NAPs. Another expected result is to provide inputs for a potential sustainable finance taxonomy, in case the BCU and MEF, in the framework of the MFS, decide to develop one in the future. Beneficiaries of this output are expected to be the financial institutions participating in the MFS, which will gain knowledge and data to easily align their investment portfolio to the national climate change objectives, and all sizes private companies that are engaged in economic activities aligned to the NDCs and NAPs measures because they may acquire access to better financing conditions.</p>
<p>4. Lack of understanding and ownership by private companies of the opportunities for integrating</p>	<p>Output 2.4.2. The request will develop guidance and provide technical support for private companies to incorporate low carbon practices in their businesses. Based on the results and lessons learned from the implemented pilot programme for financing and supporting climate change integration in business models under the Readiness grant URY-RS-006, this request will develop and disseminate</p>

decarbonization pathways in their business models.	<p>guidelines on GHG emissions accounting and identification of emissions reduction opportunities to be used by private sector companies. The guidelines will be developed under international standards for GHG emissions inventories and will be disseminated through MA's institutional website and through presentations and workshops with different stakeholders (ANDE, ANII, business associations, B System community, etc.).</p> <p>A technical assistance program will be implemented for SMEs to estimate GHG emissions and identify and implement emissions reductions measures. This program will support at least 10 companies. Under this output, a proposal for institutionalizing a companies' support program will be developed with the same objective, including budget and key partners.</p> <p>Beneficiaries of this output are expected to be large and medium-size companies from different economic sectors and activities. This output will contribute to remove a key market barrier for private sector engagement in GHG emissions reporting and reduction, which is availability of technical information and good practices implementation. Some of the prioritized sectors for this output are tourism and services, and to continue working with the construction sector throughout its whole lifecycle.</p>
5. Lack of knowledge of the risks of climate change to private sector business models and value chains, and of adaptation opportunities for increasing resilience.	<p>Output 2.4.3.</p> <p>The request will develop guidance and provide technical support for the private sector to identify climate change risks in their business models and value chains, as well as innovative solutions to increase resilience. A guideline for assessing climate vulnerability and risks will be elaborated, incorporating gender considerations and recommendations for identifying adaptation measures. The guideline will be disseminated among key stakeholders (ANDE, ANII, private sector chambers, B System community) and implemented in a pilot that will provide technical assistance to at least three companies.</p> <p>Ecosystem-based-adaptation (EbA) and nature-based solutions (NbS) for private sector adaptation will be promoted, including the assessment of the state-of-the-art of EbA and NbS for adaptation in Uruguay, mapping existing actors and initiatives that can provide EbA and NbS solutions, elaborating a needs and opportunities assessment among private stakeholders, and adopting an action plan.</p> <p>The request will draft a proposal with recommendations to ensure continuity of support to companies to identify and scale business opportunities and innovative solutions to increase their resilience to climate change.</p> <p>Beneficiaries of this output are expected to be MSMEs of different economic activity sectors, based on their vulnerabilities to climate change and potential to implement adaptation measures. This output will contribute to remove a key market barrier for private sector engagement in adopting adaptation strategies, which is availability of technical information and good practices implementation.</p>

## 2.6. Direct and indirect beneficiaries

The intended direct beneficiaries of the request are:

- the MA, in particular DINACC as NDA to the GCF (Output 2.2.1.)
- two agencies with roles on innovation and private sector competitiveness: the ANDE and the ANII, as well as innovation centers at private and public universities (Output 2.2.2.)
- financial institutions participating in the MFS led by the BCU and the MEF (Output 2.4.1.)
- large private companies and MSMEs, private sector chambers, B System community in Uruguay, the CND (all outputs, but in particular Outputs 2.4.2. and 2.4.3.).

The indirect beneficiaries of the request are:

- the SNRCC, which will increase its reach to private sector counterparts, and be strengthened to implement its strategies and actions lines;
- the public in general, since the request will allow to increase good practices among national companies which provide services and products to Uruguayan citizens.

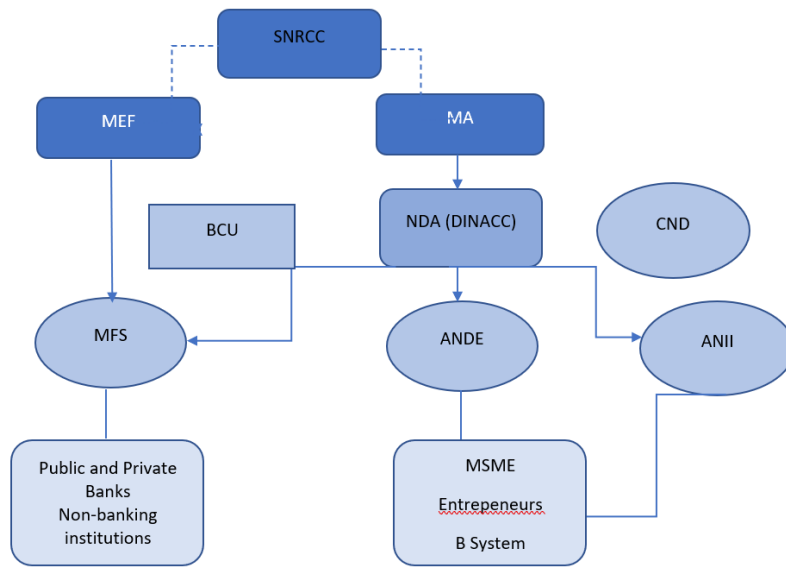


Figure 3. Relevant actors with roles and benefits in the Readiness proposal

### 3. LOGICAL FRAMEWORK

Outcomes	Baseline <sup>4</sup>	Targets	Outputs	Activities (brief description)	Deliverables <sup>5</sup>
<b>Outcome 2.2.</b> GCF recipient countries have developed or enhanced strategic frameworks to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming in low-emission investment	MA plays a role in assessing and controlling environmental impact from private sector activity but the policy instruments and tools available to environmental and sectoral public institutions are inadequate to effectively promote awareness of the urgency and opportunities for private sector action on climate change.	Public institutions with roles in promoting sustainable, climate-smart and resilient businesses have information and tools to increase awareness of the urgency and opportunities for private sector action on climate change and provide guidance to include climate change considerations in private sector decision-making processes.	<b>Output 2.2.1.</b> Institutional frameworks and instruments are enhanced and developed to promote climate action by private sector with effectiveness and consistency	<b>Activity 2.2.1.1.</b> Carry out an analysis of the legal framework, alternatives and implications of implementing a voluntary GHG emissions reporting system to promote private sector engagement in the implementation of the NDCs and NAPs, under the framework of the LTS.	<b>Deliverable 2.2.1.1.</b> Analysis report on the legal framework, alternatives and implications of implementing a private sector voluntary GHG emissions reporting system, and recommendations including the role of MA.
				<b>Activity 2.2.1.2.</b> Design and implement a pilot award for private sector's efforts on GHG emissions reduction.	<b>Deliverable 2.2.1.2.</b> Report of the implementation of the pilot award for private sector action on reducing GHG emissions.
				<b>Activity 2.2.1.3.</b> Carry out an analysis of the legal framework, policy and management instruments and/or incentives for mainstreaming adaptation in private sector investments. Identify key stakeholders and collect inputs to elaborate recommendations to mainstream adaptation in existing environmental management instruments overseen by MA, such as the environmental impact assessment and private protected areas establishment.	<b>Deliverable 2.2.1.3.</b> Analysis report on the legal framework, policy and management instruments and/or incentives for mainstreaming adaptation in private sector investments and recommendations, including the role of MA.
				<b>Activity 2.2.1.4.</b> Evaluate existing subsidies and tariffs in key sectors of the second NDC to determine their tradeoffs and impacts on mitigation and adaptation objectives, and produce recommendations for decision-makers	<b>Deliverable 2.2.1.4.</b> Report on the analysis of subsidies and tariffs with regards to mitigation and adaptation objectives under the second NDC, including recommendations to decision-makers

<sup>4</sup> Please briefly elaborate on current baselines on which the proposed activities can be built on, processes that are in place that the current Readiness proposal can strengthen, or any gaps that the proposed activities would fill in. If more space is needed, please elaborate this in Section 4.

<sup>5</sup> Please include tangible and specific deliverables for each activity proposed, Please note that during implementation all deliverables should be included within the implementation reports for GCF consideration.

				<p><b>Activity 2.2.1.5</b> Conduct an analysis of sectoral, economic and social impacts of a carbon tax, and elaboration of recommendations to guide decision-making in the context of Uruguay's LTS.</p>	<p><b>Deliverable 2.2.1.5.</b> Report with analysis of sectorial, economic and social impacts from the implementation of a carbon tax and recommendations for decision-makers.</p>
			<p><b>Output 2.2.2</b> Climate change mainstreamed in the policies, instruments and programs of national institutions with roles on innovation and private sector competitiveness</p>	<p><b>Activity 2.2.2.1.</b> Carry out an analysis of policies, instruments, programs and projects pipeline of ANDE and ANII and detect links (synergies and trade-offs) with the NDCs, NAPs and LTS. The study will include recommendations to mainstream climate change in those policies, instruments, and initiatives.</p>	<p><b>Deliverable 2.2.2.1</b> Analysis report of the main linkages and opportunities to mainstream climate change within ANDE and ANII policies, instruments, programs and projects pipeline, and recommendations in the framework of the NDCs, NAPs, and LTS.</p>
				<p><b>Activity 2.2.2.2.</b> On the basis of the previous analysis and recommendations, elaborate criteria and indicators to mainstream climate change in the policies, instruments, programs and projects pipeline of ANDE and ANII.</p>	<p><b>Deliverable 2.2.2.2.</b> Report with criteria and indicators to mainstream climate change in ANDE and ANII existing and/or new policies instruments and initiatives.</p>
				<p><b>Activity 2.2.2.3.</b> Conduct four training workshops for public and private institutions that promote innovation and private sector competitiveness to foster effective climate change mainstreaming, in instruments and programs addressed to the private sector. Each workshop will have an estimated duration of a half-day and will have the participation of approximately 30 representatives from ANDE, ANII, and innovation centers of public and private universities.</p>	<p><b>Deliverable 2.2.2.3.</b> Report with workshops materials (e.g. agendas, presentations, etc.), lists of participants disaggregated by gender, and pre- and post-workshop evaluations of participants.</p>

<p><b>Outcome 2.4</b> Strategies for transforming and attracting private sector investment for low emissions and resilience development are being used</p>	<p>The private sector (including the financial sector) in Uruguay lacks understanding of the opportunities for private investments to integrate climate change considerations and support the NDCs and NAPs implementation.</p>	<p>The private sector (including the financial sector) includes climate change considerations in their investments criteria, decision-making processes and operations with information, tools, and guidance from relevant institutions, including MA.</p>	<p><b>Output 2.4.1.</b> Opportunities for economic activities and private sector investments to support the implementation of NDCs and NAPs have been identified and presented to the Sustainable Finance Roundtable.</p>	<p><b>Activity 2.4.1.1.</b> Elaborate an analysis that will provide inputs for a private sector Climate Investment Plan for the NDCs and NAPs, including the following: a) identify the NDCs and NAPs measures with private sector investment potential, and classification per economic activity; b) select at least two economic activities related to the identified measures, according to: limited existing financing sources and limited information and analysis available c) for those two economic activities: identify technology options, vendors and suppliers, estimate costs for implementing these, and identify the financing needs and existing or potential financing sources; d) for those two economic activities: analyze market barriers including existing legal and economic incentives and disincentives for implementing the identified measures, and provide recommendations for green finance policy and/or innovative financial mechanisms to be developed.</p>	<p><b>Deliverable 2.4.1.1</b> Report and presentation of inputs for a Private sector Investment Plan for the NDCs and NAPs, and opportunities for private sector investment, including a list of economic activities related to NDCs and NAPs measures with private sector investment potential, and a zoom-in for two selected economic activities analyzing: technology options, costs estimation, financing sources and needs, market barriers and legal and economic incentives/disincentives, and recommendations to develop green finance policy and/or innovative financial mechanisms.</p>
				<p><b>Activity 2.4.1.2</b> Present the findings and presentation elaborated under activity 2.4.1.1. in at least two working meetings of the Sustainable Finance Roundtable led by BCU and MEF in order to facilitate climate change mainstreaming in the sustainable finance agenda and governance. Participants of the Sustainable Finance Roundtable working meetings are usually around 60-70 persons and they comprise the adherent members of the Roundtable and other public stakeholders from sectoral ministries.</p>	<p><b>Deliverable 2.4.1.2</b> Two working meetings reports in the framework of the Sustainable Finance Roundtable, including meeting materials (e.g. agendas, presentations), lists of participants disaggregated by gender and results of the meeting.</p>

			<p><b>Output 2.4.2.</b> Companies supported to adopt low-carbon business models</p>	<p><b>Activity 2.4.2.1</b> Develop a guideline on GHG emissions accounting and identification of GHG emissions reduction opportunities to be used by private sector companies in Uruguay. The guidelines will include technology options, vendors and suppliers for Uruguay. The guidelines will be developed under international standards for GHG Emissions Inventories and Verification (e.g. GHG Protocol, ISO 14064, etc.).</p>	<p><b>Deliverable 2.4.2.1</b> Report with guideline on GHG emissions accounting and identification of emissions reduction opportunities, including technology options and suppliers.</p>
				<p><b>Activity 2.4.2.2.</b> Elaborate technical presentations of the guidelines elaborated in the previous activity and disseminate them on MA's website, social media, and presentations in sectoral events. The key audience for dissemination is ANDE and ANII, private sector companies and business associations, B System community.</p>	<p><b>Deliverable 2.4.2.2</b> Report summarizing the dissemination of the guidelines, including presentations, social media posts, screenshots of MA's website, etc.</p>
				<p><b>Activity 2.4.2.3</b> Provide technical assistance to ten companies to produce corporate GHG emissions inventories and to identify and implement measures to reduce GHG emissions. Systematize lessons learned to take into account for future support to the private sector. The technical assistance will target private sector companies, including SMEs, that can contribute to the goals of Uruguay's NDCs and LTS.</p>	<p><b>Deliverable 2.4.2.3</b> Report of the technical assistance provided to private companies, including corporate GHG emissions inventories, list of mitigation activities identified and implemented, training materials, etc.</p>
				<p><b>Activity 2.4.2.4</b> Elaborate a plan to ensure the sustainability and continuity of the technical support to private sector companies, including the identification of potential partners and sources of financing.</p>	<p><b>Deliverable 2.4.2.4</b> Report with the plan to ensure the sustainability of technical support to private sector companies.</p>

			<p><b>Output 2.4.3.</b> Companies supported to adopt actions to increase resilience to climate change</p>	<p><b>Activity 2.4.3.1.</b> Develop a guideline for the assessment of climate vulnerability and risks in private sector companies, and for the identification of adaptation measures. If applicable, the guideline will include technology options, vendors and suppliers for Uruguay. The guideline will include recommendations for mainstreaming a gender perspective.</p>	<p><b>Deliverable 2.4.3.1.</b> Report with a guideline on climate vulnerability and risk assessments and on the identification of adaptation measures in the private sector, with recommendations for mainstreaming a gender perspective.</p>
				<p><b>Activity 2.4.3.2.</b> Elaborate technical presentations of the guidelines elaborated in the previous activity and disseminate them via MA's website, social media, and presentations in sectoral events. The key audience for dissemination is ANDE and ANII, private sector companies and business associations, B System community.</p>	<p><b>Deliverable 2.4.3.2</b> Report summarizing the dissemination of the guidelines, including presentations, social media posts, screenshots of MA's website, etc.</p>
				<p><b>Activity 2.4.3.3.</b> Complete climate vulnerability and risk assessments in three companies and identify adaptation measures. Systematize lessons learned to take into account for future support to the private sector. The technical assistance will target private sector companies, including SMEs, that can contribute to the goals of Uruguay's NDCs, NAPs and LTS.</p>	<p><b>Deliverable 2.4.3.3.</b> Report of the technical assistance to private sector companies, including climate vulnerability and risk assessment in the private sector and list of adaptation activities identified and implemented, training materials, etc.</p>
				<p><b>Activity 2.4.3.4</b> Elaborate a state-of-the-art report on EbA and NbS for private sector adaptation in Uruguay, including mapping existing actors and initiatives in Uruguay and the LAC region, assessing the needs and opportunities of the private sector to invest in EbA and NbS for adaptation strategies, and elaborating recommendations for private and public sector decision-makers to promote EbA and NbS. The report will focus on sectors that are a priority under Uruguay's NDCs and NAPs with private sector engagement potential, including tourism, construction/ infrastructure, agroindustry, and energy.</p>	<p><b>Deliverable 2.4.3.4</b> State-of-the-art report on EbA and NbS for private sector adaptation in Uruguay, including a map of existing actors and initiatives, a needs and opportunities assessment and recommendations for decision-makers.</p>



				<b>Activity 2.4.3.5.</b> Elaborate a plan to ensure the sustainability and continuity of the technical support to private sector companies, including the identification of potential partners and sources of financing.	<b>Deliverable 2.4.3.5</b> Report with the plan to ensure the sustainability of technical support to private sector companies.
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## 4. THEORY OF CHANGE

### 4.1. Theory of change narrative

The implementation of NDCs and NAPs and the access to GCF funding in Uruguay is slowed down by limited capacities and tools of key national institutions to incorporate climate change considerations in policies and incentives directed at the private sector. On the other hand, the private sector has limited capacity to identify low-carbon, climate-resilient practices linked to productive activities, and there is a limited understanding of these opportunities by the financial sector in Uruguay.

The goal of the current Readiness request is to improve capacities and available information for key public and private organizations and to enhance strategic frameworks for increasing private investment in climate change in Uruguay. If the capacity of key national institutions and private organizations is improved and strategic frameworks are enhanced, then the country will be able to increase private investment in climate change, because capacity-building, knowledge and information about opportunities and risks will be generated and disseminated and access to financial resources will be enabled.

Specifically, the current Readiness request seeks support to MA, in particular DINACC as NDA to the GCF, and other key stakeholders such as the ANII, ANDE, innovation centers at private and public universities, financial institutions and private companies to address the following barriers:

Barrier 1: Reduced capacities and tools of MA for communicating, guiding and promoting climate action in the private sector.

Barrier 2: Lack of knowledge and capacities of national institutions with roles on innovation and private sector competitiveness for integrating climate action in their tools to support SMEs

Barrier 3: Difficulties for the financial sector to align its activity to national climate change objectives, measures and indicators.

Barrier 4: Lack of understanding and ownership by private companies of the opportunities for integrating decarbonization pathways in their business models.

Barrier 5: Lack of knowledge of the risks of climate change to private sector business models and value chains, and of adaptation opportunities for increasing resilience.

The request is designed to contribute to the achievement of Outcomes 2.2 and 2.4 through five outputs which are articulated to deliver a transformational change towards private investment in climate change.

An analysis of the legal framework, alternatives and implications of implementing a voluntary GHG emissions reporting system (activity 2.2.1.1), the design and implementation of a pilot award for private sector's efforts on GHG emissions reduction (activity 2.2.1.2), an analysis of the legal framework, policy and management instruments and/or incentives for mainstreaming adaptation in private sector investments (activity 2.2.1.3), and finally the evaluation of existing subsidies and tariffs in key sectors of the second NDC2 (activity 2.2.1.4) with an analysis of sectoral, economic and social impacts of a carbon tax (activity 2.2.1.5) will contribute to enhance and develop institutional frameworks and instruments to promote climate action by private sector with effectiveness and consistency (**Output 2.2.1**). Activities under this output will address *Barrier 1* by establishing an enabling environment for a transformative path towards adopting climate change investments.

To ensure the effectiveness and long-term sustainability of integrating climate change perspective in business models and then translate into investment, the engagement of national institutions with roles on innovation and private sector competitiveness is critical. Recommendations to mainstream climate change in the policies, instruments, and initiatives of public agencies (activities 2.2.2.1, 2.2.2.2) and training and sensitization activities (activity 2.2.2.3) with public and private institutions that promote innovation and private sector competitiveness will result (**Output 2.2.2**) in mainstreaming climate change in policies, instruments, and programs of national institutions with roles on innovation and private sector competitiveness. This is the first step to address the *Barrier 2* through effective indicators and standards for the formulation, evaluation and monitoring of policies, programs and instruments of these institutions that contribute to climate change.

The enhanced institutional frameworks and instruments, and the climate change mainstreaming in policies, instruments, and programs of national institutions with roles on innovation and competitiveness are the required prerequisites to achieve an effective approach to develop robust strategic frameworks to guide GCF investment in complementarity other climate financiers (**Outcome.2.2**)

On the other hand, sustainable and climate finance is fundamental to increasing private investment in climate change. The request will elaborate inputs for a private sector Climate Investment Plan for the NDCs and NAPs. The NDCs and NAPs measures with private sector investment potential will be identified. For at least two selected economic activities related to those measures, an analysis will identify: technology options, vendors and suppliers,

costs for implementation, financing needs and existing or potential financing sources, market barriers including existing legal and economic incentives and disincentives for implementing the identified measures. Recommendations will be provided on green finance policy and/or innovative financial mechanisms to be developed. This will increase available information towards reducing market barriers for private sector engagement in climate action.

Elaborating inputs for a private sector Climate Investment Plan to support the implementation of NDCs and NAPs by identifying measures with private sector investment potential and analyzing in-depth at least two selected economic activities in terms of technology options and suppliers, costs for implementation, financing needs and sources and market barriers for implementation, and providing recommendations on green finance policy and/or innovative financial mechanisms to be developed, and presenting these findings to the Sustainable Finance Roundtable in working meetings (activities 2.4.1.1 and 2.4.1.2), would result (**Output 2.4.1**) in a Sustainable Finance agenda, governance and key actors informed of the existing opportunities for economic activities and private sector investments in the NDCs and NAPs in a short term. This would address the *barrier 3* with a financial sector engaged with the climate agenda.

Another kind of challenge is related to providing useful information and promoting strategies for transforming and attracting private sector investment. In this context, dissemination and implementation of guidelines on GHG emissions accounting and identification of GHG emissions reduction measures, including technology options, vendors and suppliers for Uruguay (activities 2.4.2.1, 2.4.2.2), will result in new and amplified opportunities and innovative solutions to promote low carbon business models (**output 2.4.2**). These activities will address *Barrier 4* by supporting private companies with tools and technical assistant to integrate decarbonization pathways in their business models.

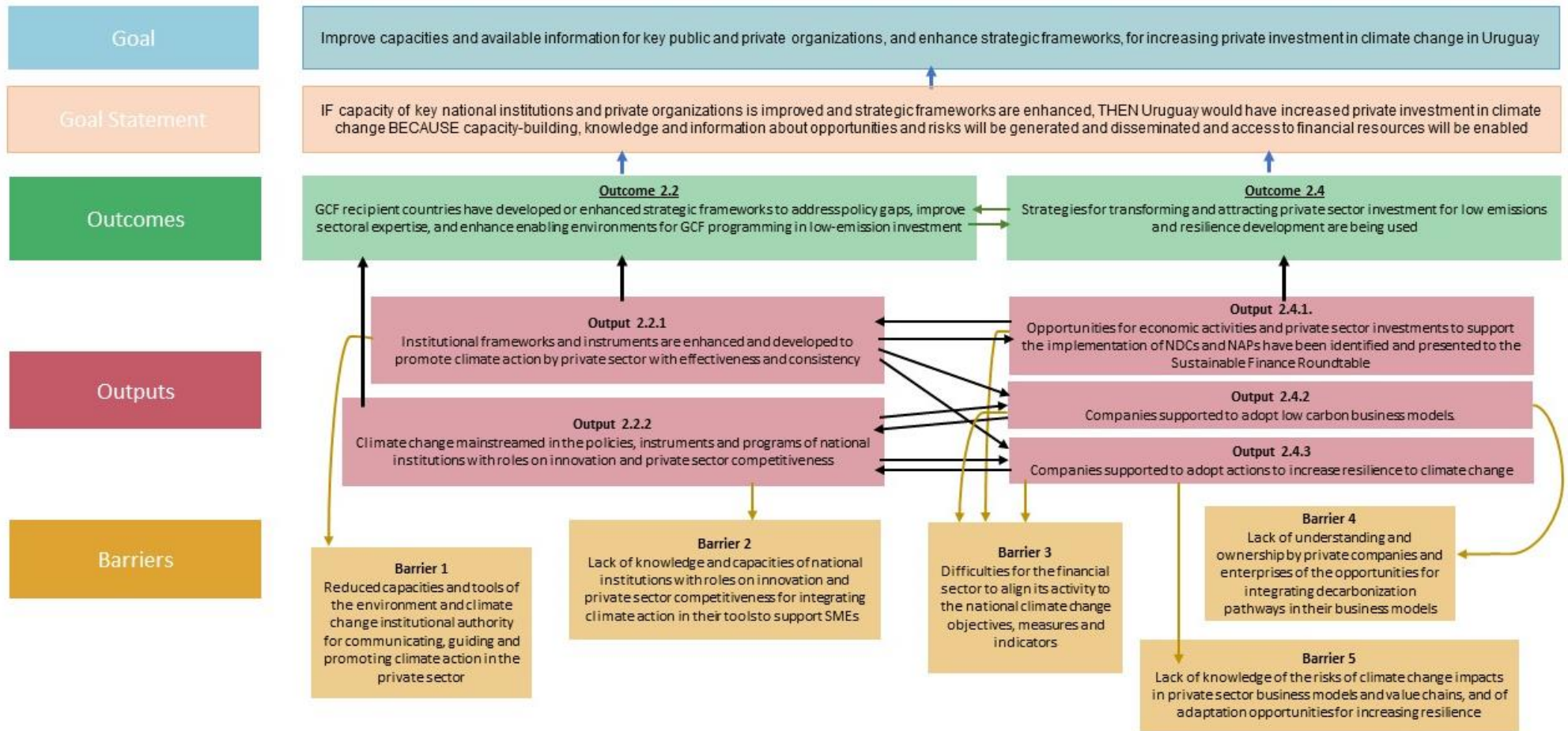
Finally, the understanding of how climate change will impact in the businesses and on how to assess this vulnerability and define strategies to reduce their risks and take advantage from potential opportunities is crucial to make informed decisions and scale climate investment. Dissemination and implementation of a guideline for the assessment of climate vulnerability and risks in private sector companies and adoption of adaptation measures, including technology options in Uruguay (activities 2.4.3.1, 2.4.3.2), and promoting EbA and NbS (activity 2.4.3.3), will result in more companies that adopt actions to increase resilience to climate change prioritizing NbS for adaptation (**output 2.4.3**). These activities will address *Barrier 5* by supporting private companies with tools and technical assistant to integrate climate vulnerability and risk assessments in business models.

A country with a robust sustainable finance with climate change investments clearly identified, and the private sector with tools and support to integrate decarbonization pathways and risks assessments of climate change in their business models, are the base for transforming and attracting private sector investment for low emissions and resilience (**outcome 2.4**)

**Assumptions and external factors:** Underlying the potential for transformational change is the combination of effective engagement with key stakeholders, capacity enhancement of financial sector for integrating climate change will directly impact in transforming and attracting climate investment, identification of relevant opportunities and risks of climate change impacts in private sector companies and future regulatory and policy frameworks will not set conflicting scenarios in relation to the project goal and approach.

Starting from these assumptions and with the implementation of the above strategies, it is expected that in the medium term, the country would be able to increase private investment in climate change.

4.2. Theory of change diagram



## Assumptions and Risks

### Assumptions:

- Improved institutional frameworks will help to promote and scale up the climate change actions in the private sector
- Increasing the capacity of financial sector for integrating climate change will directly impact in transforming and attracting climate investment
- Relevant opportunities and risks of climate change impacts in private sector companies and enterprises will be identified
- Future regulatory and policy frameworks will not set conflicting scenarios in relation to the project goal and approach

### Risks:

1) Climate investment does not increase with more appropriate financial and institutional frameworks; 2) Poor opportunities and risks of climate change impacts identified in business models and value chains; 3) Low level of stakeholder engagement.

## 5. BUDGET, PROCUREMENT, IMPLEMENTATION AND DISBURSEMENT PLAN

### 5.1 Budget plan

Please complete the Budget Plan in Excel using the template available in the [Library](#) page of the GCF website.

### 5.2 Procurement plan

Please complete the Procurement Plan in Excel using the template available in the [Library](#) page of the GCF website. For goods, services, and consultancies to be procured, please list the items, descriptions in relation to the activities in section 2, estimated cost, procurement method, relevant threshold, and the estimated dates. Please include the procurement plan for at least the first tranche of disbursement requested below and provide a full procurement plan for the entire duration of the implementation period if available at this stage.

### 5.3 Implementation Plan

Please complete the Implementation Plan in Excel using the template available in the [Library](#) page of the GCF website.

### 5.4 Disbursement schedule

Please specify the proposed schedule for requesting disbursements from the GCF. For periodicity, specify whether it's quarterly, bi-annually or annually only.

#### Readiness Proposal that requires a bilateral Grant Agreement

- The first disbursement *amounting* USD 310,000 will be transferred upon approval of the readiness request and effectiveness of the Grant Agreement;
- The second disbursement *amounting* USD 110,000 will be transferred upon submission of an interim progress report and audited financial report, in form and substance acceptable to the Fund; and
- The third disbursement *amounting* USD 22,146 will be made upon submission of a completion report and financial report, in form and substance acceptable to the Fund, including an audited expenditure statement.

## 6. IMPLEMENTATION ARRANGEMENTS AND OTHER INFORMATION

### 6.1 Implementation arrangements

The **Corporación Nacional para el Desarrollo (CND)** will be the **Delivery partner (DP)** for the current Readiness request. It will therefore be responsible for its implementation and will carry out all fiduciary and financial management, procurement of goods and services, monitoring and reporting activities under this proposal in compliance with its policies and procedures and with the Bilateral Grant Agreement to be signed with GCF or its fiduciary agent. The DP will ensure high quality control and facilitate monitoring, evaluation, and learning. CND will lead and monitor the Readiness request implementation and will report progress to the GCF Secretariat and the NDA. Procurement will be in charge of the Management of Administration and Finance of CND, in coordination with the Project Coordination Unit (PCU) and the HR management of CND. CND will open a bank account for the exclusive use of this Readiness proposal contribution.

A **Project Coordination Unit (PCU)** under CND will be responsible for the execution, implementation and final approval of the activities and deliverables. It will be integrated by one CND staff as Project Manager, two national consultants (C2 Adaptation and Private sector and C4 Mitigation, Innovation and Competitiveness) and one project consultant as administrative assistant (C7). The PCU will be in charge of elaborating the terms of reference (ToRs) for the consultancy contracting processes and ensure the technical compliance in the procurement processes.

**MA**, as the **NDA** to the GCF will provide strategic oversight, leadership and guidance to the CND and the PCU for the implementation of the Readiness grant, in order to ensure country ownership, alignment with the NDCs and NAPs, synergies with other initiatives, and high-quality results. The NDA will provide inputs to ToRs, will participate in the selection of individual consultants and consulting firms, will follow up and oversee their activities and will review and provide input to their deliverables. The NDA will contribute to technical reports produced with support from the Readiness request. The NDA will also facilitate engagements with other government ministries and agencies as well as other relevant stakeholders, as required.

Beneficiaries of the Readiness request such as **public agencies ANII and ANDE, private sector associations, B system community**, as well as **the beneficiary companies of the technical assistance activities**, will provide their technical knowledge in order to prepare ToRs and will be partners for several Readiness activities.

For the avoidance of doubt, the NDA, the other public agencies, private entities or beneficiaries, will not be implementing any activities under this proposal, they will only provide inputs, guidance and oversight. CND shall not transfer any funds, or transfer or assign any of its responsibilities for the implementation of the Readiness support, to the NDA, any beneficiaries of the Readiness support or any beneficiaries of the technical assistance activities.

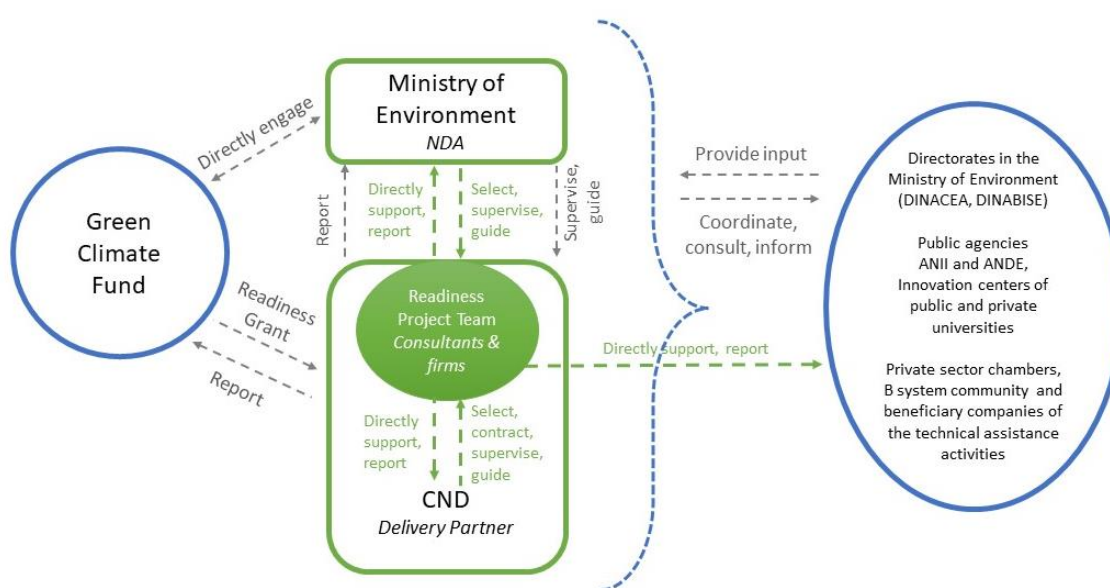


Figure 4. Implementation arrangements

## 6.2 Implementation and execution roles and responsibilities

Please briefly describe how the activities will be implemented and outputs delivered by project staff and consultants.

The Readiness grant team will include seven individual contracts: one individual international consultant (C1), five individual national consultants (C2, C3, C4, C5, C6) and one administrative assistant (C7). The grant will require contracts with three professional services firms.

The PCU will be integrated by one CND staff as Project Manager and an administrative assistant (C7).

Below are the main roles, responsibilities and essential skills of **individual consultants**:

### (1) Role: Mitigation legal frameworks, international consultant C1

**Responsibilities:** undertake activity 2.2.1.1 and related deliverables.

**Essential skills:** International consultant with university degree in engineering, chemistry or natural sciences, with knowledge and experience on GHG emissions reporting systems, environmental standards and certifications. Experience in working with the private sector.

**(2) Role: Adaptation and private sector, national consultant C2**

Responsibilities: lead activities related to adaptation and private sector (activities 2.2.1.3, 2.4.3.2, 2.4.3.4, 2.4.3.5) and collaborate in activities 2.2.2.1, 2.2.2.2, 2.2.2.3 and 2.4.1.1.

Related to 2.2.2.1-2-3: the role of this consultant is key to support resilience and adaptation mainstreaming in the strategies with public agencies.

Essential skills: National consultant with university degree in social sciences and humanities, natural resource management, economics. Experience in private sector engagement in environmental and resilient strategies, climate and/or environmental risks and vulnerabilities analysis, adaptation planning including ecosystem-based-adaptation.

**(3) Role: Environmental economist, national consultant C3**

Responsibilities: undertake activities 2.2.1.4 and 2.2.1.5 and related deliverables

Essential skills: National consultant with university degree in economics with experience in environmental tax schemes and related economic instruments for environmental management

**(4) Role: Mitigation, Innovation and Competitiveness, national consultant C4**

Responsibilities: lead activities related to mitigation and private sector, with focus on innovation and competitiveness (activities 2.2.2.1, 2.2.2.2, 2.2.2.3, 2.4.2.2. and 2.4.2.4) and collaborate in activity 2.4.1.1

Essential skills: National consultant with university degree in social sciences and humanities, natural resource management, economics. Experience in private sector engagement in low carbon strategies, and in promoting climate-smart innovation and competitiveness.

**(5) Role: Climate finance, national consultant C5**

Responsibilities: undertake activities 2.4.1.1 and 2.4.1.2 and related deliverables

Essential skills: National consultant with university degree in social sciences and humanities, natural resource management, economics. Experience in sustainable finance with public and private banking institutions and in green financial instruments.

**(6) Role: Gender specialist, national consultant C6**

Responsibilities: integrate gender perspective in activities 2.4.3.1 and 2.4.3.3 and related deliverables

Essential skills: National consultant with university degree in social sciences and humanities, natural resource management, economics. Experience in mainstreaming gender perspective in private sector business strategies or in environmental / climate change planning at institutional level.

**(7) Role: Administrative assistant, national consultant C7**

Responsibilities: support the grant administration and financial monitoring and reporting

Essential skills: National consultant with intermediate university studies in social sciences, economics, accounting or management. Experience in national or international project management.

Below are profiles of the **Professional services firms** required by the grant:

**(1) Role: GHG emissions reduction award, professional services firm PS1**

Service required: undertake activity 2.2.1.2. to design and implement a private sector GHG emissions reduction award

Required qualifications: Professional firm specialized in implementing communication strategies for private sector engagement in public policies; with expertise in environmental sustainability and/or climate change mitigation; and graphic design.



**(2) Role: GHG emissions accounting guidelines, professional services firm PS2**

Service required: undertake activity 2.4.2.1. to develop guidelines for GHG emissions accounting and identify GHG emissions reduction opportunities; undertake activity 2.4.2.3, to design and implement technical assistance to ten companies to produce corporate GHG emissions inventories and to identify and implement GHG emissions reductions measures.

Required qualifications: Professional team that incorporates experts in at least: GHG emissions accounting in value chains of different economic sectors and GHG emissions reduction good practices, including international standards for GHG Emissions Inventories and Verification; and experience in working with private sector stakeholders.

**(3) Role: Climate vulnerability and risks in private sector, professional services firm PS3**

Service required: undertake activities 2.4.3.1 and 2.4.3.3. to develop a guideline for the assessment of climate vulnerability and risks in private sector companies, and implement it in three companies.

Required qualifications: Professional team that incorporates experts in at least: analyzing climate vulnerability and risks in private sector business models and value chains, identifying good practices for increasing resilience; knowledge on international frameworks for implementing climate change adaptation in private sector activities; and experience in working with private sector stakeholders.

**6.3 Risks and mitigation measures**

<b>Risk category</b>	<b>Specific risk(s) / Risk(s) description</b>	<b>Probability of occurrence (low, medium, high)</b>	<b>Impact level (low, medium, high)</b>	<b>Mitigation action(s)</b>	<b>Entity(ies) responsible to manage the risk(s)</b>
Operational	Few opportunities and risks of climate change impacts identified in business models and value chains	Low	Low	Work together with business associations and sectors to identify main opportunities and risks	CND
Operational	Low level of stakeholder engagement	Low	High	The DP, together with the NDA, ANII and ANDE, will reach out to private sector stakeholders, directly and through business associations, to elicit interest in the grant activities and promote the participation of private sector entities.	CND NDA ANII ANDE
Operational	Poor coordination with ongoing relevant Readiness activities in Uruguay	Low	Low	CND, supported by the NDA, will coordinate activities with other Readiness grants.	CND NDA
Institutional/ reputational	Money laundering and terrorist financing	Low	Low	Apply the CND "Policy for the Prevention of Money Laundering and Financing of Illicit Activities", the CND "Know your Customer and Acceptance Procedure" and its Code of Ethics. Carry out adequate "Know your customer" due diligence to all the contracts signed and include clauses in order to ensure that none of the	CND

Risk category	Specific risk(s) / Risk(s) description	Probability of occurrence (low, medium, high)	Impact level (low, medium, high)	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
				project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by CND do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <a href="http://www.un.org/sc/committees/1267/aa_sanctions_list.shtml">http://www.un.org/sc/committees/1267/aa_sanctions_list.shtml</a> .	
Institutional/ reputational	Prohibited practices	Low	Low	Apply the CND "Anti-corruption Policy" and its Code of Ethics.	CND

#### 6.4 Monitoring

CND will be in charge of grant implementation, monitoring and reporting to GCF and the NDA, and will carry out the technical supervision of all consultancies, trainings and workshops.

An Interim Report will be prepared by the PCU after 6 months of approval, and CND will send it to the NDA for approval and then to the GCF.

A final Completion Report will be prepared by the PCU at the end of the implementation period, and CND will send it to the NDA for approval and then to the GCF.

Results from the monitoring and reporting process, including lessons learned, will inform the planning and implementation of remaining Readiness activities.

The NDA will provide strategic oversight, leadership and guidance to the CND and the PCU for the implementation of the Readiness grant and will provide guidance and technical supervision of the consultancies.

#### 6.5 Other Relevant Information

##### Partnership between CND (delivery partner) and MA (NDA)

Record of cooperation between CND and the NDA:

CND is the DP of the Readiness grant on "Enhancing Uruguay's technical capacities and pipeline robustness to access GCF funding" (URY-RS-007) approved in August 2022. CND was also the DP of the Readiness grant on "CND capacity strengthening for direct access to GCF in Uruguay" (URY-RS-004) approved on December 2018, and the grant on "CND capacity strengthening for direct access to GCF in Uruguay II" (URY-RS-005) approved on November 2019. MA, as Uruguay's NDA, oversaw these readiness grants.

From 2008 to 2016, 65 projects for a total budget of; EUR 10.49 million were executed by CND and the MA under the Agreement between the Spanish Agency for International Development Cooperation (AECID), Uruguay's Agency for International Cooperation (AUCI) and CND. Under this agreement, CND was in charge of fund management: financial and fiduciary management disbursements, hiring, payments, etc. The projects included:

- Environment, Sustainable Development and Fight against Climate Change Program
- MERCOSUR Environmental Information System (SIAM)
- Climate Change Program
- Institutional Strengthening of the National Climate Change Response System
- Preservation and Sustainable Use of Biodiversity, Resilience of Ecosystems and Climate Change

- Project on Climate Change and Energy
- Institutional Strengthening of the National Climate Change Response System
- Institutional Strengthening of the National Climate Change Response System
- Strengthening of Uruguay's Ability to Adapt to the Effects of Climate Change in the Coastal Area
- Program to Support Public Policies in Social, Environment, Climate Change and Governance Issues
- MERCOSUR Observatory on Health Systems (Phases I, II and III)

In 2016 – 2017, MA implemented a grant from AECID (EUR 130,000) for the project on “Strengthening of Uruguay's Ability to Adapt to the Effects of Climate Change in the Coastal Area”. The role of CND was again related to fund management, financial and fiduciary management of disbursements, hiring, payments, etc.

During 2017 and 2018, MA and CND entered into an agreement for structuring infrastructure projects for low-income housing developed under a modality of, inter alia, public private partnerships.

### **Exit strategy**

The sustainability of the results of the Readiness request will be ensured through two mechanisms: (1) capacity building and knowledge transfer, (2) planning to ensure the sustainability of tools and services.

#### **1) Capacity building and knowledge transfer**

All results under Output 2.2.1 (except for deliverable 2.2.1.2) are aimed for internal use by MA (specifically DINACC) as the NDA to the GCF. The NDA will be invited to conform a group of technical staff within MA, and invite members of the SNRCC if applicable, as counterparts of the different activities to be delivered under this output.

Output 2.2.2. includes capacity building activities that will ensure knowledge transfer to beneficiaries ANDE, ANII, and innovation centers of public and private universities.

#### **2) Proposal to ensure the sustainability of delivered tools**

The result of deliverable 2.2.1.2. \*(pilot award on decarbonization for private sector) will be assessed and, if considered successful, will be considered by MA as an instrument to promote climate action by the private sector.

Outputs 2.4.2 and 2.4.3 both include plans (2.4.2.4 and 2.4.3.5) to ensure the sustainability and continuity of technical support to companies. These could be two different programs or one single program with two lines of support: i) elaborate corporate GHG emissions inventory and identify and implement GHG emission reductions measures, ii) identify and implement solutions to increase climate resilience by the private sector.

### **Preventing financial mismanagement**

In accordance with the provisions of the Code of Ethics and CND's anti-corruption policy, all prohibited practices must be avoided, without exception. This includes bribery, corruption, or any other illegal activity.

CND expressly prohibits any act of retaliation against personnel members and/or third parties, that acting in good faith, file a complaint reporting a corrupt or forbidden practice, or that contribute to the investigation procedure of a complaint.

CND's anti-corruption policy the Code of Ethics and the Complaint procedure against corruption and/or forbidden practices and whistle-blower protection, are posted on the CND website.

Uruguay is not subjected to any United Nations Office for Project Services restrictive measures.