

TC DOCUMENT

I. BASIC PROJECT INFORMATION

▪ Country / Region:	Brazil / Southern Cone
▪ TC name:	Instituto INHOTIM: Strengthening regional development, climate change and biodiversity adaptation strategies
▪ TC number:	BR-T1313
▪ Team leader/members:	Thiago de Araújo Mendes (CCS/CBR) team leader; César Leyva Muñoz (CSC/CBR) alternate team leader; David Wilk (INE/WSA); Vicente J. Moles (CSC/CBR); Anne Gander (CCS/CBR); Karisa Ribeiro (TPS/CBR); Gloria Visconti (INE/CCS); Vanderleia Radaelli (CTI/CBR); Mauricio Bouskela (IFD/FMM); Janína Goulart (CMG/CBR); Elena Suarez (EXR/CSO); Daniel Hincapie (ORP/PTR); Edwin Tachlian (FMP/CBR); German Zappani (FMP/CBR); Cristina Celeste Marzo (LEG/SGO)
▪ Taxonomy	Client Support
▪ Reference to request:	IDBDocs #: 39468966
▪ Date of Abstract authorization:	May 20th 2015
▪ Beneficiary:	Instituto Inhotim
▪ Executing agency and contact:	Inter-American Development Bank; Thiago Mendes (CCS/CBR)
▪ Funding	Fund for the Sustainable Energy and Climate Change IDB Special Program (SCI) (Ordinary capital)
▪ IDB funding requested:	US\$700,000.00
▪ Local counterpart funding:	US\$175,000.00 (in kind)
▪ Disbursement period:	30 months (execution: 24 months)
▪ Required start date:	October, 2015
▪ Types of consultants:	Firms and Individuals
▪ Prepared by Unit:	CCS/CBR; CSC/CBR; TPS/CBR
▪ UDR:	CBR
▪ Included in Country Strategy:	Yes (GN-2662-1)
▪ Included in CPD:	No
▪ GCI-9 Sector Priority:	Protect the environment, respond to climate change, and promote renewable energy.

II. OBJECTIVE AND JUSTIFICATION

- 2.1 The objective of this technical cooperation (TC) is to strengthen the innovative concept of Inhotim as a model that combines the protection of an area with a high bioclimatic value, with sustainable development, involving both the public and private sectors. The TC will support *Instituto Inhotim* to develop strategies to: (i) establish a global outreach climate change strategy based on connections with private sector partners that strengthens Inhotim's brand, as well as its work on climate change awareness; (ii) improve its sustainability; and (iii) support the region's local economic development through exchanges of pilot initiatives and best practices in sustainable tourism, transport-related climate change mitigation and cultural and creative industries.
- 2.2 Inhotim is the only Brazilian Institute with a world-class collection of contemporary art continuously on [display](#). The institute is a private sector entity, established as a public interest civil society organization that receives around four hundred thousand visitors annually. Visiting Inhotim is an experience that involves a spatial relationship between art and nature, which allows artists to showcase their work in unique conditions. Audiences are invited to stroll through gardens, forest landscapes and rural settings and roam among lakes, trails, mountains and valleys. Due to its size, outreach potential and singularities, this innovative site can be considered as an important ally in the promotion of sustainable development strategies, cultural and creative industries

and climate change awareness¹.

- 2.3 Open to the public since 2006, Inhotim's botanical and art collections have been used as spaces to carry out dozens of social, educational and research projects. Annually, more than 120 thousand children visit the collections, which are presented through innovative tutoring methodologies that encourage them to deepen their knowledge and complement their formal education. Integrated with its surrounding community, Inhotim engages with local stakeholders to attract tourists to the region, as well as recover the traditional cultural heritage of local communities. Because of its unique mix of [botanical and art collections](#), Inhotim has the potential to leverage and draw private sector investments in the creative and cultural sectors, and the innovative low carbon economy.
- 2.4 The creative economy is a major source of dynamism in the Americas, where rapid growth in technology access is enabling the creation of a wide range of skilled jobs in vibrant cultural and creative industries. Cultural industries include visual and performing arts, museums, architecture, audiovisual production, music and crafts, among others. Creative industries range from digital animation, software development, video games, to interactive multimedia and e-learning and scientific visualization. [Such industries](#) represent an important contribution to economic growth, employment and income generation and export earnings, while also promoting more sustainable, inclusive and climate resilient development.
- 2.5 The substantial tourist flows attracted by Inhotim's innovative cultural offer and its dynamic management performance is evoking a gradient of richness and quality standards between the institute and its surroundings. Even though this is valid for the tourism in the region, recently it has become apparent that the capacity to provide tourist services does not meet the standards of quality demanded by the visitors.
- 2.6 Because of its unique mix of botanical and art collections, Inhotim has the potential to further enhance its cultural potential and support local economic development² through products and services tied to climate change mitigation, biodiversity³ and tourism⁴ (performing arts, crafts, audiovisual production, photography, landscaping design, etc.).
- 2.7 Brumadinho is located in the iron mining production region of the metropolitan border of Belo Horizonte, the capital of the State of *Minas Gerais*. The region is considered to have the highest floristic diversity in South America. It shows a heterogeneous landscape, with a vast array of vegetation types in a transition zone between two Brazilian hotspots: the Atlantic Forest and the *Cerrado*. However, this diversity is threatened by urban expansion and intense economic exploitation activities.
- 2.8 In the context described, Inhotim is also part of a project financed by [Fundo Clima](#), a national fund that supports greenhouse gas emissions (GHG) mitigation in Brazil. The project creates innovative CO₂ removal prototypes through the recovery of vegetation

¹ The nature of the climate change issue is different from any other political issue given its future-oriented dimension and its global scale. To deal with such problem, innovative approaches are needed to create momentum to get the public's support and guide decision makers to find effective solutions to this challenge.

² The Direct economic impact of Inhotim in the region was US\$6.8 million in 2010. Considering the current scenario of 400,000 visits per year to the museum, the impact could reach US\$22.7 million. Only 1% of this impact remains in Brumadinho, 59% in Belo Horizonte and 40% in the rest of the region (Faria, D., MonteMor, R. (2012). "Um museu: O que é desde a perspectiva econômica e do desenvolvimento regional? Uma aproximação a partir do museu-parque Inhotim". XV Seminário sobre a economia Mineira).

³ This TC addresses the empowerment and visibility needed by the activities already undertaken by Inhotim related to climate change mitigation and biodiversity (Project funded by the Fundo Clima with surrounding traditional communities –See ¶2.8).

⁴ Increasing quality and diversity of these basic services according to the tourism demand could provide overnight visitors increasing consumption in Brumadinho.

and community-based development in an area heavily impacted by mining. This four year program –which started in 2011, offers technological, economic and social alternatives through a pilot project that combines GHG emission reductions and local community strengthening through mobilization and capacity building.

- 2.9 Given the magnitude and urgency of climate change challenges, in the last few years Inhotim has increased its efforts to address climate change with local mitigation actions. In 2013, the institute created, in partnership with the private sector, a GHG emissions [calculator](#) that could be used by visitors to assess their daily emissions. Regarding their emissions compensation, visitors could financially contribute to the support of Clean Development Mechanism projects in Minas Gerais⁵.
- 2.10 Inhotim is the second largest employer in Brumadinho, the city where it's based. In addition to providing access to the labor market to hundreds of people, the institution has an incentive policy that facilitates the access of its employees to continued education courses ([training and capacity building](#)). In short, Inhotim is a key vector of social, economic, cultural and environmental development with positive impact that reaches beyond Minas Gerais and Brazil's national borders, as well as a multidimensional institution that promotes cultural, environmental and social activities. The institution needs a solid and functional institutional and financial structure to enhance its sustainability and catalyze its results.
- 2.11 Although the institute has continuously carried out activities to improve local development, some management issues have been identified in areas such as financial sustainability and the accurate measurement of its activities' impacts. Improvement of these areas would provide a boost in Inhotim's self-sustainability, as well as an increment in terms of its visibility in the international arena.
- 2.12 This TC is aligned with IDB Country Strategy with Brazil (GN-2662-1)⁶ and the Ninth General Capital Increase in the Resources of the IDB (GCI-9) (AB-2764) given that its purpose is to support Inhotim –a private entity, whose multidisciplinary approach integrates environmental, social and educational initiatives involving climate change mitigation and adaptation, biodiversity protection, local cultural heritage conservation, food security and social and productive inclusion, among others.

III. DESCRIPTION OF ACTIVITIES AND OUTPUTS

- 3.1 **Component 1. Establishment of a global outreach strategy and climate change awareness for Inhotim (US\$365,000):** This component will promote the establishment of partnerships with stakeholders from public and private sectors, as well as an expansion of Inhotim's network base and its visibility around the world through exchanges and climate change awareness.
- 3.2 Subcomponent 1. This component will finance the project launch at Inhotim, in order to present the proposal to key stakeholders.
- 3.3 Subcomponent 2. Organization of a virtual exhibition based on Inhotim's botanical and art collections, and social activities broadcasted virtually, which will address the topic of climate change. Activities will focus on the promotion of climate change awareness and the mobilization of private sector partners to set up a network of touring exhibitions with cultural centers and botanical gardens from other IDB member countries. The IDB will work together with Inhotim to create the concept and content of the exhibition. The

⁵ The United Nations Framework Convention on Climate Change (UNFCCC) had provided the voluntary cancellation Attestation of the [Certified Emissions Reductions](#) used in the program.

⁶ The operation is aligned with the strategic priorities (i), (v) and (vi) of the Country Strategy (GN-2662-1).

IDB team will also be responsible for contacting and mobilizing potential partners for this intervention.

- 3.4 Subcomponent 3. Explore the potentiality of Inhotim's brand in the international arena as an additional source of funds for the institution and as a climate change reference institution. Inhotim's brand and external perception will be evaluated. A market analysis will be prepared to identify possibilities to improve its value added for different stakeholders and potential partners. The analysis will take into consideration the brand's potential use for climate change awareness and to consolidate Inhotim as a world icon for sustainable development strategies⁷.
- 3.5 Subcomponent 4. Exchange on biodiversity adaptation. In addition, Component 1 will also finance a workshop to gather national and international experts and stakeholders from Latin America and the Caribbean to discuss biodiversity adaptation, the role of botanical gardens to gather best practices and determine exchange opportunities. This workshop will open a space for debate and knowledge exchange between institutions having complementary proposals and structure in Latin America and the Caribbean, Europe and Africa.
- 3.6 **Component 2. Improvement of management tools for the development of Inhotim's sustainability strategy (US\$130,000).** In order to catalyze Inhotim's positive impact, this component will focus on the development of a strategy to enhance Inhotim's self-sustainability and guarantee its monitoring and evaluation capacity.
- 3.7 Subcomponent 1. Inhotim's operational aspects. A sustainability tool-box will be developed. This entails an assessment and an action plan to improve the self-sustainability of Inhotim's operations in: (i) its institutional structure and governance; and (ii) its financial model in a comprehensive way, assessing current and potential activities, performance efficiency, and the identification of additional sources of funds. The assessment will establish Inhotim's current status and point out its institutional and financial conditions, gaps and alternatives. Based on its findings, a strategy for Inhotim's continuous monitoring and an action plan for its institutional strengthening and financial sustainability will be developed.
- 3.8 Subcomponent 2. Inhotim's impacts on its public and local communities. This entails an assessment, a strategy and the development of tools to monitor Inhotim's impacts on its public and neighboring communities. Indicators will be established to create a tool-box that Inhotim will use in the long term to monitor and improve its activities. The assessment will reveal the effects and gaps of implemented activities, which will lead to the formulation of a strategy to outline potential interventions and improve existing actions. Inhotim will be able to apply the results of this assessment strategically. The related information will be updated over time.
- 3.9 Subcomponent 3: Fundraising platform and training. This subcomponent will finance the creation of a performance monitoring and fundraising platform as a tool to synthesize and operationalize the information listed in the strategies/action plans developed in Subcomponents 1 and 2, and more specifically to attract and manage external resources from private sector partners. The platform will bring together sustainable alternatives, key stakeholders and funding possibilities. Resources will be allocated to train a team that will use and maintain the platform for fundraising and management of external resources.

⁷ This is a key analysis given the size of the proposed awareness approach this TC's resources would be used to leverage private sector partners to finance virtual touring exhibitions in cultural centers and botanical gardens in other IDB member countries.

- 3.10 **Component 3. Local economic development and climate change awareness and mitigation. (US\$175,000):** This component aims at deepening and strengthening Inhotim's capability as a driving force for regional development, as well as providing continuity on its initiatives on climate change mitigation actions.
- 3.11 Subcomponent 1. Local economic development. The analysis of Inhotim as a driving force for regional development will focus on: (i) cultural industries and sustainable tourism in the region in collaboration with key local and global stakeholders⁸; and (ii) the development of a creative economy knowledge platform to exchange best practices identified in Inhotim and other institutions, and to engage local communities, the private sector and the academia in the use of innovative technologies to support local economic development⁹.
- a. **Tourism and cultural industries:** An assessment will be prepared to find ways to determine cultural and tourism related assets, products, and services that can be developed or enhanced to contribute to the local economy. Cultural and creative industries represent business opportunities that can improve Inhotim's financial sustainability. The assessment will identify strategies, programs and actions to increase the quantity, quality and category of basic tourism services¹⁰ and cultural products in Brumadinho. Inhotim could create synergies with the local tourist trade, public authorities, the private sector, universities and other institutions in order to propel this process. An action plan will be prepared to connect Inhotim with additional local and global stakeholders from the tourism and cultural industries to contribute to Brumadinho's sustainable development. A workshop will be carried out to gather relevant stakeholders, Minas Gerais' Government representatives and other private sector partners. The workshop's findings will point out tourism development opportunities, as well as trends in cultural and creative industries and their contribution to economic growth, employment generation, offering a new menu of products and services for Inhotim. The Information obtained will be used as input to develop the mentioned action plan. Both could be used in the future to support a regional tourism and creative economy development plan.
- b. **Creative economy:** The creation of a knowledge platform for the creative economy will be financed, where best practices and innovative initiatives will be exchanged between different institutions/communities. Experiences and lessons learned from initiatives involving social, environmental, educational and cultural activities will be disseminated and exchanged by Inhotim and other organizations with similar goals to consolidate the integration of sustainable development practices¹¹. The platform will constitute a tool to enhance: (i) the institution's role as a world hot spot for good practices (locally and globally); (ii) the creation of partnerships and opportunities for new sources of income; and (iii) employment generation for surrounding communities.
- 3.12 Subcomponent 2. Climate change mitigation. This will focus on the development of tools to offer climate change basic information to visitors, as well as the opportunity to offset their transport related GHG emissions by financing Inhotim's climate change mitigation projects. The following applications will be developed: (i) an interactive platform to create awareness, address basic climate change concepts and provide suggestions for a

⁸ The IDB's action plan on climate change emphasizes the protection of forests and biodiversity. In this context, the Bank promotes sustainable tourism for ecosystems and biodiversity conservation.

⁹ It is expected that TC resources are used to leverage private sector and other sources of financial support to fully implement the knowledge platform.

¹⁰ Basic tourism services include accommodations, the food and beverage sector and transportation.

¹¹ The creative economy related activities will adopt an approach focused on gender and youth.

sustainable lifestyle. It will offer visitors the possibility to calculate their own GHG emissions based on the means of transportation they use daily; (ii) a mobile application visitors can download to calculate their emissions; and (iii) a link in Inhotim's webpage, where people from all over the world can calculate their GHG emissions and compensate them by contributing to climate change mitigation projects. The platform and mobile application will be based on the same principles of the calculator developed by Inhotim, made available to visitors during special events. As for Inhotim's initiative, visitors will also have the opportunity to compensate their emissions by making a financial contribution to climate change mitigation projects certified by the UNFCCC in Brazil.

- 3.13 **Component 4. Project evaluation (US\$30,000).** This component will finance the project's results evaluation.
- 3.14 In addition to the matrix below, an extended version of the [Results Matrix](#) that includes indicators, outcomes and means of verification has been prepared.

Indicative Results Matrix

Component	Indicator	Baseline	Year 1	Year 2	End
Component 1. Global outreach strategy and climate change awareness					
Launch	Number of articles announcing the event	0	1	0	1
	Number of attendants to the event	0	100	0	100
Climate Change virtual exhibition and private sector partnerships	Visits/ feedback to exhibition	0	0	1000	1000
	Additional virtual exhibitions scheduled	0	0	2	2
	Media outputs repercussion	0	0	5	5
Exchange workshop	Countries represented in workshop on biodiversity adaptation.	0	0	3	3
Component 2. Management tools to develop a sustainability strategy					
Assessment of impacts	Assessments prepared	0	1	0	1
	Visitors and people from surrounding communities interviewed	0	50	50	100
Component 3. Local economic development and climate change awareness and mitigation					
Action plan for creative industries	Action plans prepared	0	1	0	1
	Tourist demand/offer comparative analysis	0	1	0	1
	Participation in workshop	0	50	0	50
Creative Economy knowledge platform	Platforms created	0	0	1	1
Climate change interactive platform	Platforms created	0	0	1	1
Climate change mobile tool for transport related GHG emissions	Mobile tools created	0	0	1	1
Climate change link in Inhotim's website	Links created	0	0	1	1

- 3.15 The total budget for this TC is US\$875,000. US\$700,000 come from ordinary capital (SECCI Fund), and US\$175,000 correspond to non-monetary local counterpart.

Indicative Budget^a (US\$)

Component	IDB - SECCI	Local Counterpart (in kind)	Total
1. Inhotim's outreach strategy	365,000	0	365,000
2. Tools for Inhotim's sustainability strategy	130,000	0	130,000
3. Local economic development	175,000	175,000	350,000
4. Project monitoring and evaluation	30,000	0	30,000
Total	700,000	175,000	875,000

^a A detailed budget can be found in the following [link](#).

IV. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 4.1 Although Inhotim has different international partners, it does not have experience managing international funds. The institutional arrangement for implementation [proposed by the beneficiary](#) aims to favor the execution process of this TC, that includes as one of its goals to build institutional capacity at Inhotim in terms of being operationally prepared for the execution of projects in the future. As requested by the Beneficiary, the IDB, through its Climate Change and Sustainability Division in the Brazil Country Office (CBR), will execute this TC. The IDB has the appropriate systems, administrative capacity and expertise in the area, in order to be able to carry out the selection and hiring of quality consulting services. The execution of this TC by the IDB will ensure the independence of the consultancies to be hired with its funds. The project team, which includes specialists in CBR from different divisions involved, will support and provide assistance to the monitoring and coordination of the operations' activities. Members of CBR will be responsible for the technical and fiduciary aspects of the operation.
- 4.2 Contracts with consulting firms will be carried out following the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN 2350-9), and contracts with individual consultants will follow human resource standards (AM-650). For the dissemination expenses and other services, current corporate procurement policies will apply until the new Bank's policies in this area become effective.
- 4.3 The final evaluation report of the TC will be prepared once 90% of the funds have been disbursed or within 30 days after the expiration of the execution period. The purpose of the final evaluation is to assess the fulfillment of the objectives, measure the achievement of results and draw conclusions about the sustainability of the activities. The assessment should also identify and systematize the lessons learned. Specifically, the evaluation should address the results generated by the TC regarding: (i) the visibility of Inhotim and the establishment of new partnerships, both at the international level; (ii) sustainability strategies for the Institute; and (iii) the level of awareness about climate change and local economic sustainability.

V. PROJECT RISKS AND ISSUES

- 5.1 The risks associated to this TC are low. The main execution risks are related to the quality of deliverables. This will be mitigated by the identification and recruitment of skilled consultants and firms that will produce high quality deliverables, based on their broad experience and proven technical expertise. There will also be a close supervision of the activities by CCS/CBR and CSC/CBR, and the support of other partner divisions involved in this TC.

VI. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

- 6.1 The operation has been classified as category "C" based on the Environment and Safeguards Compliance Policy of the Bank (OP-703) (see the [Safeguard Screening Form and Safeguard Policy Filter Report](#)).

VII. ANNEXES

- Annex I [Letter of Request](#)
Annex II [Terms of Reference](#)
Annex III [Procurement Plan](#)

**INSTITUTO INHOTIM: STRENGTHENING REGIONAL DEVELOPMENT, CLIMATE
CHANGE AND BIODIVERSITY ADAPTATION STRATEGIES**

BR-T1313

CERTIFICATION

I hereby certify that this operation was approved for financing under the Sustainable Energy and Climate Change Initiative (SECCI-SCI) through a communication dated May 21, 2015 and signed by Felipe Caicedo (ORP/GCM). Also, I certify that resources from said fund are available for up to **US\$700,000** in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.

Original Signed

09/16/2015

Sonia M. Rivera
Chief
Grants and Cofinancing Management Unit
ORP/GCM

Date

APPROVAL

Original Signed

09/16/2015

Amal-Lee Amin
Division Chief
Climate Change and Sustainability Division
INE/CCS

Date