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REGIONAL

**REGIONAL INITIATIVE ON RESILIENT CITIES
WITH PRIVATE SECTOR PARTICIPATION**

(RG-T2939)

DONORS MEMORANDUM

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PROJECT SUMMARY
REGIONAL INITIATIVE ON RESILIENT CITIES
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The Latin America and Caribbean region has the highest rate of **urban growth** in the world. This, added to the existing **challenges of inclusion and inequality**, has overwhelmed cities' capacity to plan and project for the long term due to the speed at which changes are occurring. At the same time, the challenges involved in exploiting the natural environment and in the impacts of **climate change** are ever present.

In response to these challenges, **cities have to create a resilient future for their residents**. Urban resilience is the capacity of a city's individuals, communities, institutions, enterprises, and systems to survive, adapt, and grow regardless of the kind of chronic pressures or severe shocks they experience. Nevertheless, **in most cases, the challenge of building a resilient future for residents exceeds local capacity** to deal with the consequences of a disaster, and in such cases, the public and private sectors depend on each other during the recovery process. However, **private-sector participation in planning resilience and preparing cities for the impacts of climate change, natural risks, and other events is not common**.

The **objective** of this regional initiative is to improve urban resilience in Latin America and the Caribbean by including the private sector in the development and implementation of resilience plans in a selection of cities. Taking advantage of the fact that resilience solutions entail new **business opportunities for enterprises**, this initiative will support the development of financially sustainable solutions that are scalable and that improve the quality of several basic services, mobility, and other aspects that contribute to improving the quality of urban life.

Because many cities in the region face the same challenges when it comes to urban resilience, this initiative makes it possible to collaborate; make joint strategic investments across multiple sectors; and exchange knowledge among the various actors with an interest in urban resilience in the region (municipalities, knowledge institutions, civil society entities, and enterprises).

The initiative is expected to support eight cities with interventions along these lines. Where necessary for reasons of strategy and size, individual projects will be developed for the cities.

This is a joint initiative of the MIF, Fundación Avina, and the Rockefeller Foundation's 100 Resilient Cities (100RC) initiative. Fundación Avina will be the executing agency.

This initiative creates an opportunity for the IIC by trying to influence investment conditions by involving the private sector in resilience plans, delving into the financing of resilient infrastructure and energy efficiency, enhancing the resilience of value chains, and generating new business opportunities around resilience. At the same time, by forging a link with the cities' resilience plans and strategies, it helps expand public-private dialogue and the building of public policies that allow for scaling. Lastly, by proposing a regional component for exchanging experiences, it enables innovative initiatives to be transferred and scaled up to the regional level.

ANNEXES

Annex I	Results Matrix
Annex II	Summary Budget

APPENDICES

Proposed resolution

INFORMATION AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF THE MIF PROJECT INFORMATION SYSTEM

Annex III	Itemized budget
Annex IV	Diagnostic needs assessment (DNA) of the executing agency [includes due diligence and integrity analysis]
Annex V	Project status reports (PSRs), fulfillment of milestones, and fiduciary agreements
Annex VI	Procurement plan

ABBREVIATIONS

DNA	Diagnosis of needs of executing agency
ORP	Office of Outreach and Partnerships
PSR	Project status report
RAC	Regional advisory council
REU	Regional execution unit
UIS	Update to the Institutional Strategy

PROJECT INFORMATION

REGIONAL INITIATIVE ON RESILIENT CITIES WITH PRIVATE SECTOR PARTICIPATION (RG-T2939)

Country and geographic location	Regional: Ecuador and other countries in Latin America and the Caribbean.		
Executing agency:	Fundación Avina		
Focus area:	Inclusive Cities		
Coordination with other donors/IDB Group operations:	<p>IDB cities program (led by the Housing and Urban Development Division (HUD) and benefitting from the experience of the Emerging and Sustainable Cities Initiative (ESCI)).</p> <p>Inter-American Investment Corporation (advisory services team), since the initiative generates new business opportunities around resilience.</p> <p>Depending on the cities where the initiative is implemented, synergies will be sought with other programs in execution that address issues of resilience, natural disasters, and climate change adaptation. For example, actions will be coordinated with the operation "Support to ensure the resilience of public infrastructure and service systems after the earthquake in Ecuador" (EC-T1354).</p>		
Project beneficiaries:	Eight thousand direct beneficiary families (also, the residents of the cities where the initiative is applied will benefit from its activities). At least 20 beneficiary enterprises developing new solutions to improve the resilience of cities.		
Financing for the regional initiative RG-T2939:	Technical cooperation funding: ¹	US\$1,000,000	33%
	Counterpart: ²	US\$2,006,400	67%
	Total budget:	US\$3,006,400	100%
Financing for other individual projects:³	MIF contribution:	US\$ 5,000,000	33%
	Counterpart:	US\$10,000,000	67%
	Total budget:	US\$15,000,000	100%
Total of the initiative and the individual projects:	Total	US\$18,006,400	

¹ The Donors Committee is being asked to approve US\$1 million. The remaining amount indicated as MIF financing for individual projects (US\$5 million) corresponds to projects that will be submitted separately for Donors Committee approval.

² Counterpart resources will be the responsibility of Fundación Avina in its capacity as executing agency.

³ These other individual projects will follow the applicable MIF approval process depending on the type of instrument and the amount of the operation, as indicated in Component III. The total value of the individual projects in terms of the MIF and counterpart contributions are contingent upon the total amount approved for those projects (see paragraphs 2.14 to 2.19).

Execution and disbursement periods:	48 months for execution, and 54 months for disbursement. Individual projects may be executed either during or after the initiative's term.
Special contractual conditions:	Conditions precedent to the first disbursement: (i) selection of the initiative's coordinator; and (ii) signing of an agreement between 100 Resilient Cities (100RC) and Avina.
Environmental and social impact review:	This operation was prescreened and classified in accordance with the IDB's Environment and Safeguards Compliance Policy (Operational Policy OP-703) on 16 March 2017. Since its impacts and risks are limited, the initiative has been proposed as a category C operation.
Unit responsible for disbursements:	MIF/CEC

I. THE PROBLEM

A. Description of the problem

- 1.1 The Latin America and Caribbean region has the highest rate of **urban growth** in the world. This, added to the existing **challenges of inclusion and inequality**, has overwhelmed cities' capacity to plan and project for the long term due to the speed at which changes are occurring. In particular, 75% of Latin American cities have relatively or extremely high inequality indices, with 24% of the urban population living in **informal neighborhoods** that are generally located in risk areas (UN-Habitat).
- 1.2 At the same time, the challenges involved in exploiting the natural environment and in the impacts from **climate change** are ever present. The relationship between cities and climate change is thus increasing in importance on the international agenda. However, this relationship cuts two ways. On one hand, the greenhouse gas emissions from cities account for 67% of global emissions. Cities also consume 80% of total energy demand (ECLAC, 2013). At the same time, climate change and increasing weather volatility have a particular effect on cities and put the well-being of their population at risk. According to the Economic Commission for Latin America and the Caribbean, the cost for the region of the impact of climate change is estimated at between 1.5% and 5% of regional GDP (assuming a 2.5°C temperature increase).
- 1.3 There have been numerous verifiable examples of the impact of climate change on our region's cities:
 - a. 60 of the 77 most dense cities are located in coastal areas (Intergovernmental Panel on Climate Change (IPCC));
 - b. Cities account for 80% of the impact of disasters in the region, especially among the poorest populations (Soluciones Prácticas, 2015).
 - c. The continent's inland cities have suffered from extremely high temperatures, possibly as a result of changes in ground cover due to the regional expansion of agriculture.
 - d. In the western part of Latin America, the El Niño weather phenomenon is causing a precipitation deficit and increasing the frequency of fires, while the effects of La Niña include increasing rains, floods, and landslides;
 - e. In the southeastern part of the continent, the frequency and intensity of precipitation associated with "*sudestada*" storms are causing disastrous floods;
 - f. Central American and the Caribbean are exposed to increasingly strong and frequent hurricanes.
- 1.4 In response to these challenges, most of the region's governments have drafted laws on the management of natural resources or, in the case of Ecuador, have added the priorities of the Sendai agreement to their constitutional mandate, including: (i) ensuring that disaster risk reduction is a national and a local priority with a strong institutional basis for implementation; (ii) identifying, assess and monitor disaster risks and enhance early warning; (iii) using knowledge, innovation and education to build a culture of safety and resilience at all levels; (iv) reducing the underlying risk factors; and (v) strengthening disaster preparedness for effective

response at all levels.⁴ Nevertheless, in most cases, the local challenge exceeds the capacity to address it.

- 1.5 **Cities have to build a resilient future for their residents.** Urban resilience is the capacity of a city's individuals, communities, institutions, enterprises, and systems to survive, adapt, and grow regardless of the kind of chronic pressures or severe shocks they experience. Severe shocks are sudden events that threaten cities. They include earthquakes, floods, epidemics, and terrorist attacks. Chronic pressures, meanwhile, can weaken the fabric of a city daily or cyclically. For example, they can include high unemployment, overburdened or inefficient public transportation, endemic violence, migratory pressures, and shortages of food or water.
- 1.6 Risks to cities are also risks to the continuity of economic activity, and when it comes time to deal with the consequences of a disaster, the public and private sectors depend on each other during the recovery process. For example, when urban transportation is not working or communication systems fail, the first to feel the effects are businesses whose activities and those of their value chains (clients and suppliers) are interrupted. It is therefore in the interest of the private sector to work with municipal authorities and others with an interest in a city's ability to recover.
- 1.7 However, **private-sector participation is not common in planning resilience and preparing cities for the impacts of climate change**, even though estimates are that 90% of global business leaders believe they have a role to play in this area (*Economist Intelligence Unit*).
- 1.8 The resilience of small and medium-sized enterprises (SMEs) is crucial during the first days following a disaster for communities to recover, and they become the driving force of the reconstruction process. However, small businesses also tend to be more vulnerable to the impacts of a disaster and generally do not have business continuity plans.
- 1.9 Because many of the region's cities face the same urban resilience challenges together, the search for solutions can and should be a shared one, involving not only different cities but also different actors within the cities. In addition, the development of resilient solutions entails new **business opportunities for enterprises** reflected in the growing demand for products and services to provide protection from a variety of climate and other risks.

II. INNOVATION PROPOSAL

A. Description of the project

- 2.1 The **objective** of this regional initiative is to improve urban resilience in Latin America and the Caribbean by including the private sector in the development and implementation of resilience plans in a select group of cities in the region. This initiative is expected to support the development of financially sustainable solutions

⁴ The Sendai Framework for Disaster Risk Reduction 2015-2030 was adopted at the Third United Nations World Conference on Disaster Risk Reduction held in Sendai, Japan, on 18 March 2015. The Sendai Framework is the successor agreement to the Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters.

- that are scalable and that improve the quality of certain basic services, mobility, and other aspects that contribute to the quality of urban life.
- 2.2 To accomplish this, the proposal is to launch a regional initiative to make it possible to collaborate; make joint strategic, multisector investments; and exchange knowledge among the various actors with an interest in urban resilience in the region (such as, municipalities, academic institutions, civil society entities, knowledge institutions, and enterprises) (hereinafter, the “Initiative”).
- 2.3 This Initiative will serve as a space for action and dialogue among various actors so it can be scaled up and make an impact with specific actions including:
- a. Strengthening and consolidating the ecosystem by demonstrating what enterprises can do in cities in order for the private sector to be considered a key player in the planning and implementation of resilience actions; and
 - b. Fostering innovation to increase the number of resilience solution providers.
- 2.4 The Initiative is expected to support at least eight of our region’s cities with interventions along these lines.⁵ Where warranted for reasons of strategy and size, individual projects will be developed for cities, as described in paragraphs 2.14 and following.
- 2.5 This is a joint Initiative of the MIF, Fundación Avina, and the Rockefeller Foundation’s 100 Resilient Cities (100RC) initiative. With the objective of adequately administering and supervising the regional Initiative without losing sight of the complementary and strategic vision of its partners, Fundación Avina will be the executing agency and will sign the agreement with the Bank. Section V, Executing Agency and Implementation Structure, defines its functions and the justification for this role due to its institutional strength, alignment with its mission, and proximity to local public and private actors.
- 2.6 **Innovation.** This proposal aims to include the private sector, with its capacity for innovation, technology, and scale, in order to create a virtuous cycle of economic value creation and development of public goods, damage mitigation, and reduction in vulnerability. It proposes an intervention approach that sees the crises and chronic stress that cities experience as unique opportunities to innovate from society’s various sectors, thereby facilitating a transformation into safe, sustainable, resilient, and inclusive cities (sustainable development goal 11).
- 2.7 **Component I: Strengthening the urban resilience ecosystem.** This component will foster the inclusion of the private sector as a key player in urban resilience, through both its participation in spaces for collaboratively building local resilience strategies and as a means of implementing the measures prioritized in those strategies.
- 2.8 The activities in this component will include: (i) raising awareness in the public sector regarding the positive effects of working with the private sector in the process to increase resilience; (ii) mapping the private sector actors who are contributing or

⁵ The participating cities will be selected by agreement among the Initiative’s three partner entities, considering their needs and risks, as well as the opportunities to find flagship cases whose lessons learned will be valuable for other cities in the country and the rest of the region. The no objection process will be applied for the country prior to taking action in the selected cities.

- have the potential to contribute to building resilience in specific sectors in the selected cities; (iii) facilitating collaboration, agreements, and/or innovative local public policies that support the private sector's contribution to building resilience in cities (such as coordination committees or roundtables, tax incentives, or other policies for promoting participation); (iv) setting strategies to strengthen and consolidate the work of the actors identified; and (v) including the private sector in the process of developing resilience strategies as active participants with a representative on the organizational structure defined in that city for resilience coordination.
- 2.9 The expected outputs of this component are: (a) four resilience strategies that include coordination mechanisms, institutional arrangements, and/or policies that encourage private-sector participation in local urban resilience;^{6,7} (b) vulnerability mapping and scenarios; and (c) proposals to implement measures to prevent, manage, and respond to stress and natural and man-made disasters (such as the economic revival of affected areas, for example).
- 2.10 **Component II: Encourage resilience innovation by identifying the challenges facing the selected cities.** Specific issues will be chosen related to the cities' vulnerabilities/priorities, and competitive processes will be launched aimed at generating solutions to the main challenges that the cities face (in line with the resilience plans and strategies developed). Cocreation methodologies such as hackathons or sandpits may be used.
- 2.11 The Initiative will explore mechanisms and sources of financing. It will also conduct monitoring to ensure execution and sustainability.
- 2.12 The main activities in this component are: (i) dissemination and raising awareness on the challenges that cities face; (ii) identification of partners; (iii) organization of competitive processes; (iv) incubation of the identified solutions; (v) support for their implementation; and (vi) development of funding mechanisms.
- 2.13 The outputs expected as a result of this component are: (a) 8 competitive processes launched; (b) 20 solutions identified and supported; and (c) 10 solutions turned into sustainable business models.
- 2.14 **Component III: Individual projects under the Initiative.** This component is comprised of individual projects cofinanced by the members of the Initiative⁸ and other partners in the future. The possibility of financing project in a number of contexts of chronic pressure and extreme events is considered, with the inclusion of the private sector to contribute urban resilience solutions (adaptation to climate change, natural disasters, etc.) incorporating various structures for the participation of key organizations and actors. The projects will include: (a) identification of problems related to urban resilience, including mobility and transportation, energy, water, urban biodiversity, land use, and waste management; (b) development of new solutions and innovations for processes that contribute to the development of

⁶ For cases in which a resilience strategy has been prepared, an action plan or road map will be developed indicating how the private sector can help implement the strategies and participate in building resilience.

⁷ The strategies include proposals for prevention and warnings of shocks/pressures that affect the city.

⁸ Existing facilities within the IDB Group may be potential sources of additional financing for these projects and their solutions, as is the case with the NDC Pipeline Accelerator.

urban environments with the participation of research centers, universities, incubators, and business accelerators; (c) funding options through resources from Initiative partners or others; and (d) knowledge transfer. These projects will be developed in partnership with private sector entities and executing agencies and will be funded with additional MIF and counterpart resources. The projects will be submitted to the Bank's ordinary approval cycle, and may combine reimbursable and nonreimbursable instruments depending on need and context.⁹

- 2.15 The **criteria** proposed for selecting the projects that may be financed under this component are the following: (i) level of interest and demand in cities; (ii) actors with a certain level of organization; (iii) favorable conditions that support the vision of the Initiative (social capital, relevant public policy, etc.); (iv) analysis on how the initiative can contribute to the change it seeks; (v) potential for scaling; (vi) complementarity between the initiative and the Bank's other programs; (vii) demonstration of interest in and capacity to catalyze the initiative with local partners for greater potential impact; (viii) capacity to execute and contribute a local counterpart through efforts with local public and/or private partners in the amount of at least 50% of the total resources for the proposed project; (ix) opportunities for innovation; and (x) geographic diversity to ensure the inclusion of countries facing different resilience issues.
- 2.16 A subset of more specific criteria for selecting projects includes the following: (i) the total cost of the project in relation to its scope and impact; (ii) project contributions to the expected outcomes of Bank and MIF projects, as expressed in the Bank's Corporate Results Framework; (iii) the inclusion of best practices from other Bank-financed projects; (iv) collaboration or coordination with other Bank-financed projects; (v) local organizational capacity to promote the project; and (vi) participation of women in the project.
- 2.17 One example of these individual projects is operation EC-T1374 "Strengthening an Urban Entrepreneurship Model in Ecuador," which is currently in preparation. The project seeks to contribute to solving the challenges faced by the city of Quito in five key areas: (i) sustainable mobility; (ii) renewable energy and energy efficiency; (iii) waste management and recycling; (iv) green cities, public spaces, and sustainable agriculture; and (v) social inclusion. This will be achieved through the incubation of urban entrepreneurs and their innovations, enabling them to have an impact through viable and scalable business models.
- 2.18 The outputs expected as a result of this component are the launch of approximately eight individual projects created in the framework of the Initiative. These projects will not necessarily be limited to the cities included in the Rockefeller Foundation's 100 Resilient Cities initiative.
- 2.19 **Component IV: Building an urban resilience laboratory.** In order to expand to a regional scale, this component entails the coordination of urban resilience actors and initiatives to facilitate exchange of experiences, business models, knowledge, and technologies.

⁹ These projects will be approved by the Initiative's partners, Fundacion Avina and the Rockefeller Foundation's 100 Resilient Cities initiative.

- 2.20 To this end, a virtual laboratory/knowledge center will be created to facilitate exchange and physical and virtual spaces will be provided where peers can interact, build their capacities, and form a community of practice. The virtual center will enable the collection and standardization of the knowledge of projects that may be funded under the Initiative's umbrella as well as knowledge generated by other projects funded by partners or third parties to promote learning among key actors and increase the impact of their efforts. In this way, the solutions developed will be able to access markets beyond the city in which they were developed and tested.
- 2.21 The outcome of this component will be the creation of the virtual center. Communications materials will also be produced in this space to enable the private sector to put the resilience paradigm into practice and apply it to our regional context (through social, technological, and financial innovation). At least one regional learning and knowledge dissemination event will also be held.
- 2.22 Each of the individual projects under the Initiative's Component III will have its own knowledge outputs and disseminate its own messages, in line with the Initiative's communication strategy, underscoring the key innovation being tested or executed. For these individual projects, at a minimum, the following outputs will be developed by their executing agencies: (i) a project data sheet, and (ii) a local dissemination event with key stakeholders and local target audience segments.

B. Project outcomes, measurement, monitoring, and evaluation

- 2.23 A monitoring and evaluation system will be set up to provide service to the Initiative's different levels and audiences. Using a dynamic intervention model, it will be able to generate information on the impact, outcomes, and execution processes of the Initiative as a whole. The monitoring and evaluation system will take into account how well the interventions/activities of the components coordinate with the individual projects under Component III.
- 2.24 The agencies responsible for executing the projects to be implemented under Component III will also use the system. Each agency will report certain key indicators to the monitoring and evaluation system, in addition to developing their own systems. The system will enable relevant analysis of the Initiative's execution status. The team in charge of monitoring and evaluation will also provide ongoing monitoring and evaluation technical assistance as needed by the other agencies and actors involved.
- 2.25 In its capacity as executing agency, Avina will be responsible for submitting project status reports (PSRs) to the MIF within 30 days of the end of every six-month period, or more frequently on the dates specified by the MIF, which must be communicated to Avina at least 60 days in advance.

III. PROJECT ALIGNMENT WITH THE IDB GROUP, SCALABILITY, AND RISKS

A. Alignment with the IDB Group

- 3.1 The initiative is in line with Update to the Institutional Strategy (UIS) 2016-2020 due to its contribution to two of the three key development challenges identified for the region: (i) social exclusion and inequality; and (ii) low productivity and innovation. It also contributes directly to one of the three crosscutting themes identified in the UIS, climate change and environmental sustainability.

- 3.2 The Initiative is in line with the MIF's inclusive cities strategy in that it contributes to building safe and resilient urban environments that, together with improvements to urban services and private sector participation, enhance citizens' quality of life.
- 3.3 The Initiative provides an opportunity for the IIC, by trying to influence investment conditions with the participation of the private sector in resilience plans, to begin financing resilient infrastructure, energy efficiency, and improved value chain resilience, as well as to generate new business opportunities around resilience. At the same time, by connecting cities' resilience strategies and plans, it helps broaden the public-private dialogue and develop public policies that enable scaling. Lastly, by proposing a regional component for exchanging experiences, it enables innovative initiatives to be transferred and scaled up to the regional level.

B. Scalability

- 3.4 The objective of the scalability strategy is to disseminate the methodology of resilience planning with private-sector involvement to a greater number of cities in the region, and for the private sector solutions to find a market not only locally but also in other cities. To accomplish this, it is crucial to work with the Climate Change and Sustainable Development Sector (CSD), in particular with its Climate Change (CSD/CCS) and Housing and Urban Development (CSD/HUD) divisions.
- 3.5 To be able to scale up in the context of the Initiative, the implementation of a resilience laboratory is proposed to facilitate the exchange of experiences, business models, knowledge and technology, and spaces for peers in emerging urban processes to strengthen one another (see Component IV, paragraphs 2.19 and following).

C. Project and institutional risks

- 3.6 The risks identified include: (i) difficulty in finding adequate proposals for the subsequent stages due to challenges or lack of proper support mechanisms; (ii) changes in local priorities as a result of local elections or emergencies; (iii) discrepancy between the expectations for the Initiative and its actual response time in addressing shocks during its early stages; (iv) funding risk in the event of failure to leverage the estimated resources for the implementation of the individual projects (Component III), which would impact the achievement of the Initiative's strategic objectives; and (v) lack of alignment between the Initiative's partners.
- 3.7 To mitigate these difficulties, the following specific measures have been put in place: (i) flexible execution instruments; (ii) working with the local entrepreneurial ecosystem to ensure that both financial and nonfinancial support mechanisms are available; (iii) working closely with government entities to ensure their commitment to the Initiative; (iv) working closely with the Office of Outreach and Partnerships (ORP) to build a broad network of interested partners; and (v) development of a governance structure with strong leadership by the initial partners.

IV. INSTRUMENT AND BUDGET PROPOSAL

- 4.1 The total cost of the Initiative is US\$18,006,400. At this time, the Donors Committee is asked to approve the conceptual framework and US\$1,000,000 in nonreimbursable technical-cooperation funding as the MIF contribution (33%), with a counterpart contribution of US\$2,006,400 (67%) for the activities under

Components I, II, and IV, and the Initiative's management, evaluation, reviews, and contingencies.

- 4.2 The remaining amount indicated as MIF financing for US\$5,000,000 under Component III corresponds to individual projects that will be submitted separately for Donors Committee approval, following regular procedures. The total value of the individual projects in terms of the MIF and counterpart contributions will be contingent on the total amount approved for those projects. The counterpart for those projects will be made up of the counterpart contributions in cash and in kind that the executing agencies provide in the context thereof, plus any contribution that may be provided by external donors for their implementation.
- 4.3 Contributions by external donors may be channeled directly to the projects or to the Initiative. In both cases, external donors may opt to contribute resources to the Bank, in which case the Bank and the donor will sign a grant agreement (Project Specific Grant (PSG)). ORP will work with the program to establish strategic partnerships in order to attract qualified donors and partners to the Initiative.

Expense categories	MIF	Counterpart	Total
COMPONENT I: Strengthening the urban resilience ecosystem	175,000	1,456,400	1,631,400
COMPONENT II: Encouraging innovation for urban resilience	262,000	495,000	757,000
COMPONENT III: Individual projects ¹⁰	-	-	-
COMPONENT IV: Building an urban resilience laboratory	130,000	55,000	185,000
Management of the Initiative	313,200	-	313,200
Final and midterm evaluations	30,000	-	30,000
Ex post reviews and audits	50,000	-	50,000
Contingencies	39,800	-	39,800
Total	1,000,000	2,006,400	3,006,400
% of financing	33%	67%	100%

V. EXECUTING AGENCY AND IMPLEMENTATION STRUCTURE

A. Description of the executing agency

- 5.1 This is a joint Initiative of the MIF, Fundación Avina, and the Rockefeller Foundation's 100 Resilient Cities (100RC, Latin America chapter) initiative. Fundación Avina will be the Initiative's executing agency and sign the agreement with the Bank.
- 5.2 With more than 20 years of experience in Latin America, Avina defines its general expertise as orchestrating collaborative processes among multiple actors from three different sectors: the state, the market, and civil society. It has a presence in 17 countries in the region and social capital of more than 7,000 partners, and it

¹⁰ Component III will include a total MIF contribution of up to US\$5 million and US\$10 million in counterpart funds for projects that will be approved individually by the Donors Committee.

provides its own administrative, accounting, internal auditing, technical support, strategic communication, and risk management services, which effectively complement these collaborative processes. Within this framework of action, Avina signed a number of regional and local agreements with the IDB between 2008 and 2016.¹¹

- 5.3 Avina is currently running nine programs for change in the region in which building networks and platforms has been a constant factor. These include the Regional Recycling Initiative, ActionLAC (a platform for accelerating climate action in Latin America and the Caribbean), the Latin American Alliance for Civic Technology, the Sustainable Cities Network, CAMMINA (partnership on migration in Central America and Mexico), Iniciativa +AGUA, and Latin American Connections for Political Innovation, to name a few. Avina is currently in the process of launching the Meaningful Innovation Platform, a strategic open partnership among organizations offering their capacities to promote broad processes of collaboration to integrate social, technological, and business innovation to have a larger-scale impact and accelerate social transformation toward the Sustainable Development Goals.
- 5.4 For its part, 100RC will provide the project with financial and technical resources, including vulnerability studies and coordination of chief resilience officers and municipal officials for the inclusion of the private sector during the preparation of the resilience strategies. It will also provide complementary funding through its network of partners.
- 5.5 Other partners will join the Initiative to provide resources and facilitate private-sector participation in the resilience strategy. These partners may be enterprises, organizations with experience in the area, and knowledge institutions that can help validate the solutions piloted under this Initiative. These partners will benefit from participating in the Initiative through access to information, knowledge, and new audiences interested in their work.

B. Structure and implementation mechanism

- 5.6 Avina will establish a **regional execution unit (REU)** and the necessary structure to execute activities and manage resources effectively and efficiently. Avina will also be responsible for submitting status reports on the Initiative's implementation. Details of the requirements for the status reports are found in Annex V.
- 5.7 The REU will be made up of a program coordinator and an individual in charge of administration and financial accounting. The REU will be responsible for defining the operating processes for the Initiative; identifying, analyzing, and approving work proposals in the different cities; and monitoring and evaluating the impact of the regional projects.

¹¹ These include: (i) nonreimbursable technical-cooperation financing ATN/ME-11339-BR – Socioeconomic Integration of Recycling Collectors – US\$2,500,000; (ii) technical cooperation project ATN/ME-12231-AR – Socioeconomic Inclusion of Waste Pickers – US\$575,355; (iii) nonreimbursable investment financing agreement GRT/MA-15437-CH – US\$1,000,000 – Meaningful Innovation: Water for All; (iv) nonreimbursable technical-cooperation funding ATN/ME-12692-RG – Regional Initiative for the Economic and Social Inclusion of Recyclers – US\$2,000,000; (v) nonreimbursable investment financing agreement GRT/MA-15366-RG – Regional Initiative for Inclusive Recycling – US\$700,000.

- 5.8 The expectation is that certain activities will be implemented as subprojects via local organizations; however, in its capacity as the executing agency for this Initiative, Avina will always be responsible for ensuring compliance with Bank policies.¹²
- 5.9 Additionally, a **regional advisory council (RAC)** will be established, made up of representatives of the MIF, Avina, and 100RC. The RAC will be in charge of the Initiative's strategic direction and oversee the initiative's vision, implementation strategy, and annual work plans. The RAC will meet regularly to discuss the Initiative's progress and provide guidance to the regional execution unit on key implementation issues.

VI. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 6.1 **Results-based disbursements and fiduciary arrangements.** The executing agency will agree to the standard MIF arrangements concerning results-based disbursements, procurement policies,¹³ and financial management.¹⁴

¹² The no objection process will be applied for the country prior to taking action in the selected cities.

¹³ Link [Procurement policies](#).

¹⁴ Link [Financial Management Guidelines for IDB-financed Operations](#).