

TECHNICAL COOPERATION DOCUMENT

I. BASIC INFORMATION

▪ Country/Region:	Regional
▪ TC Name:	Urban Network for Innovation in Municipal Management
▪ TC Number:	RG-T2546
▪ Team Leader/Members:	Huáscar Eguino (IFD/FMM) as Team Leader; Miguel Porrúa (IFD/ICS); Verónica Adler (FMM/CUR); Maria Elisa Arango (LEG/SGO); and Dianela Avila (IFD/FMM).
▪ TC Taxonomy:	Research and Dissemination (RD)
▪ Date of TC Abstract authorization:	October 6, 2014
▪ Beneficiary:	Cities participating in Mercociudades ¹
▪ Executing Agency and contact name:	Inter-American Development Bank, through Fiscal and Municipal Management Division (IFD/FMM)
▪ Donors providing funding:	Public Capacity Building Korea Fund (KPC)
▪ IDB Funding Requested:	US\$150,000
▪ Disbursement period	24 months – Includes an execution period of 18 months
▪ Required start date:	December 2014
▪ Types of consultants:	Individual Consultants and Consultant Firms
▪ Prepared by Unit:	IFD/FMM
▪ Unit of Disbursement Responsibility :	Institutional Capacity and Finance (IFD)
▪ TC Included in Country Strategy:	No
▪ TC included in CPD:	No
▪ GCI-9 Sector Priority:	Yes. Regional Integration and Institutions for Growth.

II. OBJECTIVES AND JUSTIFICATION

- 2.1 The general objective of this Technical Cooperation (TC) is to foster innovation in urban management by promoting the exchange of local e-government solutions, the dissemination of best practices, and the implementation of actions among cities with common problems. The specific objective includes the assessment of the state of local e-government in a group of medium and large size cities, the establishment of an Action Plan to foster inter-municipal cooperation in the area of local e-government

¹ Mercociudades is a network organization of local governments of countries that participate in the Mercosur Regional Integration Agreement. The Municipality of Montevideo, Uruguay acts as its permanent Technical Secretariat.

among members of Mercociudades, the strengthening of the Mercociudades network's web-site, and the establishment of a community of practice.

- 2.2 **Justification.** The South American region is considered to be the most urbanized region in the world. It is also a region characterized by significant progress in terms of democracy at local level and fiscal decentralization. However, most local governments face the challenge of having to attend the increasing demands from their populations, with very limited financial and technical resources. One strategy to tackle this challenge is to increase the effectiveness of local governments, by adopting new technologies and ICT solutions at local level (local e-government).
- 2.3 At the same time, new forms of inter-municipal cooperation are emerging in the region, as a response to the local governments' demands for best practices and solutions already tested by other local governments. According to a recent study (Habitat, 2013), the region has a wide variety of inter-municipal cooperation arrangements, for example: Bolivia has more than 70 associations; Ecuador has 20; and Chile more than 60; while there are 44 municipal associations in Colombia. In the same direction, there are at least two regional networks of cities and local governments: Mercociudades and the Latin American Federation of Cities and Local Authorities (FLACMA).
- 2.2 The existence of these networks provides an important platform to promote innovation in urban management, since they facilitate a better dialogue between practitioners and the exchange of technical solutions. One of these networks is Mercociudades, an organization of local governments created to facilitate inter-municipal cooperation in the context of the Mercosur Regional Integration Agreement. Mercociudades has 286 city members in nine countries including Argentina (107); Bolivia (9); Brazil (83); Paraguay (18); Uruguay (19); Chile (18); Peru (12); Colombia (1); and Venezuela (12). These cities have a total population of 114.5 million and an average population of 400 thousand inhabitants. The following table shows the importance of Mercociudades as a regional network:

MERCOCIUDADES: City Members by Population Size

Population Size	#Local Governments	%	Total Population	%
0 to 400,000	232	81.1	27,782,648	24.2
400,001-800,000	27	9.4	14,755,693	12.8
800,001-1,200,000	7	2.4	6,880,944	6.0
1,200,001-1,600,000	9	3.1	12,443,968	10.8
1,600,001-2,000,000	1	0.3	1,980,197	1.7
More than 2,000,001	10	3.5	51,035,122	44.4
Total	286	100	114,878,572	100
Source: Mercociudades Technical Secretariat				

- 2.3 This project will foster the adoption of e-government solutions amongst members of Mercociudades through the implementation of the following actions: (i) an

assessment of local e-government practices in a group of medium/large size cities; (ii) the design of an action plan aimed at disseminating e-government technologies and innovative solutions in municipal management; and (iii) the strengthening of the Mercociudades web-site and the establishment of a community of practice. The project has been designed as a pilot that will be executed by the Bank (in close coordination with Mercociudades) to assess its results, future scalability, and possible replication at greater scale either with Mercociudades or other municipal associations.

- 2.4 This TC will contribute to the regional integration of the Southern Cone Countries, through the promotion of horizontal cooperation between cities and the exchange of best practices in municipal management. The results will also contribute to the Bank's agenda of regional integration and institutional strengthening of sub-national governments.

III. DESCRIPTION OF COMPONENTS AND BUDGET

A. Components

- 3.1 **Component 1. Assessment of Local E-Government practices (US\$90,000).** This component will assess - through a survey and structured interviews - the use of internet and other information and communication technologies (ICTs) by local governments, as a way to enable better service delivery and citizen involvement in local decisions. The survey will assess five categories of local e-government practices²: (i) usability; (ii) content oriented to citizens; (iii) on-line services, (iv) citizen/social engagement; and (v) privacy/security. The usability category involves the navigation and functionality of Web pages. The content category will address access to contact information, public documents, multimedia and time-sensitive information, as well as access to the disabled. The on-line services category will assess the ability of citizens and firms to access, pay, register, or realize municipal services online. The citizen/social engagement will measure the online mechanisms for citizen participation in governmental issues. Finally, the privacy category will examine the security of online processes for registration, payments, and other personal information.
- 3.2 The survey will also collect information (from cities participating in Mercociudades) on innovative ICT solutions and new ways to responds to citizens' demands. This information will be used to promote the exchange of best practices cities.
- 3.3 The survey will collect data from 44 medium size and large cities with a population between 400 thousand and 2 million people. The survey targets these mid- and large-sized cities because they represent more than 30% of the total population of the Mercociudades network and exhibit two important characteristics: (i) they tend to

² These categories are part of widely accepted methodology used to assess local e-government practices at international level. This methodology was developed by the University of Rutgers and its use will facilitate comparisons for cities not included in the Rutgers survey.

face similar challenges in providing services to the population; and (ii) have sufficient technical expertise to implement recommendations that result from this project.

- 3.4 Based on the survey/interviews, a report will be prepared with an assessment of the current state of local e-government in the targeted cities, the identification of possible areas of inter-municipal cooperation, and an inventory of recent innovations of e-government found in the participating cities.
- 3.5 The main output of Component 1 will be a report with the survey results, which will allow a better understanding of the state of local e-government practices in medium and large sized cities in Southern Cone Countries, and will provide useful information for international comparison.
- 3.6 **Component 2. Design of an Action Plan (US\$20,000).** The TC will finance the preparation, based on the results of Component 1, of an Action Plan that aims at fostering inter-municipal cooperation in the area of local e-governance. This Plan will include a set of activities for the network and a series of proposed actions for the participating cities. The Action Plan will be presented in the Annual Meeting of Mercociudades to facilitate its discussion and approval.
- 3.7 The main output of Component 2 will be an Action Plan to improve the dissemination of local e-government practices in the Mercociudades Network. This Action Plan will be approved by Mercociudades through a resolution of its Technical Secretariat.
- 3.8 **Component 3. Improvement of Mercociudades Web-Site and Implementation of Webinars (US\$40,000).** This component will finance the assessment and critical improvements in the Mercociudades Web-site needed to facilitate a better communication between practitioners interested in improving municipal management and, especially, the implementation of local e-government solutions. The component will include funding for the following activities: (i) ICT up-grading and content management of the existing Mercociudades web-site; and (ii) the design of a community of practice and implementation of four webinars. In order to promote its use, the launching of this community of practice will be made during one of the regular meetings of Mercociudades.
- 3.9 The expected results of this component include an increase in the number of visits to Mercociudades web-site, a minimum of 20 cities participating in the community of practice, and the implementation of four webinars. (See annex III)

B. Budget

- 3.10 The budget for this project will be US\$150,000 that will be financed by the Public Capacity Building Korea Fund (KPC).

Components	Total Funds
Component 1. Assessment of Local E-Government practices	90,000
1. Design, implementation and analysis of a survey on e-government	90,000

Components	Total Funds
in a sample of 44 local governments.	
Component 2. Design of an Action Plan	20,000
2. Design of an Action Plan and presentation of its recommendation in a workshop organized by Mercociudades.	20,000
Component 3. Improvement of the Web-Based and Implementation of Webinars	40,000
3. Up-grades of Web-Site.	20,000
4. Design of a Community of Practice, implementation of 4 webinars, and a report on the main results.	20,000
Total	150,000

B. Indicative Results/Output Matrix

Results/Products	Baseline	2015 Goal	Verification Method
The Urban Network Mercociudades has included local e-government as one of its priority areas of inter-municipal cooperation	0	Local e-government included as a priority area of Mercociudades	Proceedings from the Mercociudades Annual Meeting 2015 approving the inclusion of local e-governance as a priority area of inter-municipal cooperation.
Average number of monthly visits to the Mercociudades web-site	9,350	12,000	Web Administrator's Report
Product Indicators	Baseline	2015 Goal	Verification Method
Component 1. Assessment of Local E-Government practices			
Survey implemented in medium and large cities, with populations between 400 thousand and 2 Million people.	0	1 Report with Survey Results by the end of II/2015	Consultancy Report
Component 2: Design of an Action Plan			
Plan of Action finalized	0	1 Plan of Action finalized by II/ 2015	Action Plan adopted by the Technical Secretariat of Mercociudades
Component 3: Improvement of the Web-Based and Implementation of Webinars			
Rapid Assessment and Critical Improvements of the Mercociudades web-site	0	Upgrade of web-site finalized by I/2015	Consultant's Report
Webinars	0	4 webinars implemented	Consultant's Report

IV. EXECUTING AGENCY AND EXECUTION STRUCTURE

C. Executing Entity

- 4.1 The Bank, through Fiscal and Municipal Management Division (IFD/FMM), will be responsible for executing this project. IFD/FMM has extensive experience in providing technical assistance to cities in different topics including municipal management. Due to the scope of the project, IFD/FMM will implement it in close coordination with other divisions, especially the Institutional Capacity of the State Division (IFD/ICS). The Project Team will obtain a non-objection letter from Uruguay's corresponding official entity, authorized to act before the Bank prior to the initiation of any activities in Uruguay. In the event that any other activities take place within other countries, the Project Team will request the corresponding non-objection letter from the official entities authorized to act before the Bank on behalf of such countries. To comply with the Bank's New Policy on Technical Evaluation and Operational Guidelines, the project Team will conduct a TC completion report, that will include an evaluation of the TC's outcomes and outputs.
- 4.2 The network organization Mercociudades will be the local counterpart of the project. Mercociudades is an international civil association, recognized by the Ministry of External Relations of Uruguay as a public interest Non-Governmental Organization (Ministry Resolution No 571/2010), whose objective is to promote cooperation between its city members and, therefore, contribute to the regional integration process established in the Mercosur Agreement. Mercociudades' organization consists of an elected Executive Secretariat and a Technical Secretariat responsible for the implementation of projects, knowledge activities, and the general functioning of the network. The Technical Secretariat is a permanent body with offices located at the International Relations office of the Municipality of Montevideo. The Technical Secretariat will be the main counterpart of the project.
- 4.3 Mercociudades is an institution with an important experience implementing inter-municipal cooperation projects. In the period 2010-2013, Mercociudades has implemented the following initiatives: (i) Project of Innovation and Social Integration, US\$2.4 million from the European Commission; (ii) Laboratory of Local Development Policies for US\$220,000 from the Spanish Agency for Development Cooperation (AECID); and (iii) Project for Human Rights and Citizenship, US\$1.9 million from the European Commission. These projects are being implemented with very positive results as shown in the Mercociudades web-site.

D. Procurement

- 4.4 The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with Bank's current procurement policies and procedures.

V. RISKS

- 5.1 The project has two risks: (i) the implementation of the proposed activities in a network of cities with different institutional and technical capacities; and (ii) the lack of resources in Mercociudades to implement the proposed Action Plan. To mitigate the first risk, the project is targeted to medium and large size cities that usually have stronger institutional capacities. The second risk will be mitigated by fostering the implementation of the recommendations through the participating cities.

VI. EXCEPTIONS TO THE BANK'S POLICY

- 6.1 No exceptions to Bank policy have been identified.

VII. ENVIRONMENTAL AND SOCIAL STRATEGY

- 7.1 This project is not expected to have any negative environmental and/or social impact. On the contrary, its products will have a positive social and environmental impact, since they will improve urban sustainability and municipal management. This TC has been rated as "C" Category, based on the Safeguard Filters. (See [electronic link](#))

Required annexes:

Annex I. [Procurement Plan](#)

Annex II. [Terms of reference](#)

Annex III. [List of Cities included in Sample](#)

URBAN NETWORK FOR INNOVATION IN MUNICIPAL MANAGEMENT

RG-T2546

CERTIFICATION

I hereby certify that this operation was approved for financing under the Public Capacity Building Korea Fund for Economic Development (KPC) through a communication dated October 6, 2014 and signed by Minseok Hong, ORP/GCM. Also, I certify that resources from said fund are available for up to **US\$150,000** 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

12/12/2014

Sonia M. Rivera
Chief
Grants and Co-financing Management Unit
ORP/GCM

Date

APPROVAL

Approved:

Original Signed

12/12/2014

Vicente Fretes
Division Chief
Fiscal and Municipal Management Division
IFD/FMM

Date