

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	MEXICO/CID - Isthmus & DR
▪ TC Name:	Support to the Strengthening Program for Urban Development Reform and Territorial Planning II
▪ TC Number:	ME-T1431
▪ Team Leader/Members:	Chevalier, Ophelie (CSD/HUD) Team Leader; Zappani, German; Garza Cortina, Miriam; Rodriguez Perez, Ariel Enrique; and Chavez Pena, Rafael (VPC/FMP); Barrios Nunez, Uriel; De Gyves Sandoval, Alejandro; and Miranda Monroy, Edna (CID/CME); Garcia Rodriguez, Yocauris Del Carmen (CID/CDR); Avila, Francy Dianela; Escobar Gutierrez, Carlos Andres; Gonzalez Herrera, Beatriz Maria; and Guzman Osorio, Jessica (CSD/HUD).
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Strengthening Program for Urban Development Reform and Territorial Planning II - ME-L1294
▪ Date of TC Abstract:	02 Apr 2020
▪ Beneficiary:	Secretaria de Desarrollo Agrario, Territorial y Urbana (SEDATU)
▪ Executing Agency:	Inter-American Development Bank
▪ IDB funding requested:	US\$500,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	30 months
▪ Types of consultants:	Individuals; and Firms
▪ Prepared by Unit:	CSD/HUD - Housing & Urban Development
▪ Unit of Disbursement Responsibility:	CID/CME - Country Office Mexico
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality; Institutional capacity and rule of law; Environmental sustainability

II. Objective and Justification

- 2.1 This TC will support the process of regulating and applying the tools of the “General Law on Human Settlements, Land-Use Management, and Urban Development” (LGAHOTDU or the Law), with the goals of consolidating Secretary for Territorial and Urban Development of Mexico (SEDATU) as the lead agency in land-use planning. This operation is part of significant effort from the Bank to support the implementation of the Law. Technical cooperation's ATN/OC-16447-ME and ATN/JF-16577-ME were approved in 2018 to deepen the execution of ME-L1266; 4535/OC-ME. This operation will accompany and deepen Policy Based Loan (PBL) ME-L1294; 4954/OC-ME, that was approved in December 2019. These loans organize around four aspects of Law implementation: (i) regulatory system; (ii) intergovernmental coordination; (iii) the design of tools; (iv) and the information systems. Those four aspects seek to address the following main challenges in Mexico: (i) a fragmented land-use management system, due in part to the lack of territorial vision that would include human settlement and rural sector as one; (ii) a lack of a

united and coordinated planning effort, concluding in a variety of plans, with no cascading effect; and (iii) a variety of information systems with no dialogue among them. The first operation supported the Mexican government in implementing multiple aspects of the Law related to land management. It started strengthening the coordination and involvement of a variety of government levels in the design and application of regulations and instruments to implement the Law. The goal of the second operation is to consolidate SEDATU as the agency responsible for land-use management in Mexico so that the country keeps building a robust institutional framework for urban development and land-use management. The second operation includes four main activities, which will be supported by the resources of this TC for further implementation. The TC activities seek to: (i) adjust the legal system of Mexican states and issue guidelines for the specific application of each norm at the local level; (ii) install the committees and authorities in charge of land management; (iii) keep on designing and implementing the operating rules of the program and the plans for land management at the local level; and (iv) Finalize the Territorial and Urban Information System (SITU) and set up of a cadastral system at the state level. Between 1980 and 2010, the Mexican urban population doubled while its footprint increased seven times (SEDESOL, 2011). With an increasing number of metropolitan areas, the administration of urban regions became fragmented. The country has 74 metropolitan areas consisting of 417 municipalities, where 62.8% of the population lives. This rapid and uncontrolled urbanization is a direct consequence of the absence of an institutional framework for land-use planning and management. In the last decade, Mexico experienced the third largest rate of urban expansion, mainly in city outskirts. This urban development model has eaten up large tracts of farmland and vacant land within cities and has increased travel times and distances (UN-Habitat, 2017).

- 2.2 **Objective.** This TC's objective aims at enhancing the institutional capacity of SEDATU and subnational entities to implement the LGAHOTDU. In other words, it will support SEDATU in the design and development of methodologies and guidelines, and the provision of information to support the planning process in cities and metropolitan areas.

III. Description of Activities and Outputs

- 3.1 **Component I: Implementation of the Regulatory Framework.** The objective of this component is to design and implement instruments to support land-use management at the subnational level
- 3.2 **Component II: Intergovernmental Coordination for the Metropolitan Areas.** The objective of this component is to inform policy dialogues with subnational governments in metropolitan areas.
- 3.3 **Component III: Evaluation of the loans (ME-L1266; 4535/OC-ME); and (ME-L1294; 4954/OC-ME).** This component's objective is to evaluate the implementation of the legal reform, following the methodology agreed with SEDATU.

IV. Budget

- 4.1 The total cost of this TC is estimated at US\$500,000 to be financed through the Strategic Development Program for Sustainability (SUS). No local counterpart contribution is expected.

Indicative Budget (US\$)

Activity/Component	IDB Funding	Total Funding
Component I: Implementation of the Regulatory Framework	\$400,000.00	\$400,000.00

Activity/Component	IDB Funding	Total Funding
Component II: Intergovernmental Coordination for the Metropolitan Areas	\$30,000.00	\$30,000.00
Component III: Evaluation of the loans (ME-L1266; 4535/OC-ME); and (ME-L1294; 4954/OC-ME)	\$70,000.00	\$70,000.00
Total	\$500,000.00	\$500,000.00

V. Executing Agency and Execution Structure

- 5.1 At SEDATU's request, this TC will be executed by the Housing and Urban Development Division of the Climate Change and Sustainable Development Sector (CSD/HUD). The Bank's execution will follow the Operational Guidelines for Technical Cooperation Products (GN-2629-1), and its Appendix 10 as a Client Support TC. All activities under this TC are included in the Procurement Plan following: (i) AM-650 for Individual consultants; (ii) GN-2765-1; (ii) Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature; and (iii) GN-2303-20 for logistics and other related services.
- 5.2 The Bank execution of the TC will contribute to the timely implementation of Law. The proposed activities require highly specialized experts to support SEDATU in the selection and supervision of international consultants. Furthermore, the products and know-how of this operation will be transferred by the Bank to other countries.

VI. Project Risks and Issues

- 6.1 This TC supports the collaboration between the Bank and SEDATU to follow-up on the implementation of the Law, which requires the coordination of different stakeholders and may cause delays. To mitigate this risk, CSD/HUD will work closely with the Bank's Representation in Mexico and the institutions involved to overcome any issues that arise during its execution.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is C.