



## Knowledge and Capacity Building Products (KCP) Proposal

Maximum 7 pages

### I. KCP Type

- ☒ 1. Advisory Services  
☐ 2. Policy and Capacity Development  
☐ 3. Outreach and Dissemination  
☐ 4. Research and Development

### II. General Information

**KCP Title:** Chile. Urban Development Policy and Metropolitan Services Management for the Reconstruction

**OPUS Number:**

CH-T1106

**Date of Proposal:**

04-19-2010

**New KCP:**

☒ Yes ☐ No

**Linked to project:**

**Team Leader / Unit:**

Eduardo Rojas

ICF/FMM

**Joint Proposal:**

☒ Yes ☐ No

If yes, identify units: (1)

CSC/CCH

(2)

-SELECT-

(3)

-SELECT-

**Proposed amount** in USD equivalent (enter whole number only, ex. 99,800): USD

230,000

**Unit of Technical Responsibility:**

ICF/FMM

**Unit of Disbursement Responsibility:**

CCH

**Execution:**

☐ Bank-executed ☒ Recipient-executed

**Letters of Request available**  
(or equivalent)

☒ Yes ☐ No

**Non-objection available**

☒ Yes ☐ No

**Execution period:** 12 months

**Disbursement period:** 12 months

**Executing Agency:**

Depty Secretariat for Regional and Administrative Development (SUBDERE) Chile

**Executing Agency description and capacity:**

SUBDERE of the Ministry of the Interior is the central government institution in charge of sub national development. Its main aim is to strengthen local and regional capacity for good governance. SUBDERE has ample institutional capacity for the design and implementation of decentralization policies and programs.

**Country of Origin of Executing Agency:**

Chile

**Contact in the Executing Agency:**

Samuel Garrido, Chief, Studies and Policy Division

**E-mail address:**

samuel.garrido@subdere.gov.cl

### Beneficiary Countries:

- |                                     |   |   |  |
|-------------------------------------|---|---|--|
| <input type="checkbox"/> Argentina  | <input type="checkbox"/> Bahamas            | <input type="checkbox"/> Barbados         | <input type="checkbox"/> Belize            |
| <input type="checkbox"/> Bolivia    | <input type="checkbox"/> Brazil             | <input checked="" type="checkbox"/> Chile | <input type="checkbox"/> Colombia          |
| <input type="checkbox"/> Costa Rica | <input type="checkbox"/> Dominican Republic | <input type="checkbox"/> Ecuador          | <input type="checkbox"/> El Salvador       |
| <input type="checkbox"/> Guatemala  | <input type="checkbox"/> Guyana             | <input type="checkbox"/> Haiti            | <input type="checkbox"/> Honduras          |
| <input type="checkbox"/> Jamaica    | <input type="checkbox"/> Mexico             | <input type="checkbox"/> Nicaragua        | <input type="checkbox"/> Panama            |
| <input type="checkbox"/> Paraguay   | <input type="checkbox"/> Peru               | <input type="checkbox"/> Suriname         | <input type="checkbox"/> Trinidad & Tobago |
| <input type="checkbox"/> Uruguay    | <input type="checkbox"/> Venezuela          |   |  |

If ALL 26 borrowing member countries (LAC) will benefit from the project, check: ☐ All LAC

- |                              |                              |                              |   |                                   |
|------------------------------|------------------------------|------------------------------|---|-----------------------------------|
| <input type="checkbox"/> CAN | <input type="checkbox"/> CCB | <input type="checkbox"/> CID | <input checked="" type="checkbox"/> CSC | <input type="checkbox"/> REGIONAL |
|------------------------------|------------------------------|------------------------------|---|-----------------------------------|

### Beneficiary entity:

Municipalities and Regional Governments in Chile

### Sector:

Urban Development and Housing

### III. Relation to IDB's Institutional Priorities (GN-2518-20)

#### 1. Social Policy for Equity and Productivity

- ☐ Targeted Poverty Programs
- ☐ Labor markets
- ☐ Education
- ☐ Health
- ☐ Gender and Diversity

#### 2. Infrastructure for Competitiveness and Social Welfare

- ☐ Basic services: Access to water and sanitation
- ☐ Energy
- ☐ Transportation

#### 3. Institutions for Growth and Social Welfare

- ☐ Financial services
- ☒ Fiscal efficiency and sustainability
- ☐ Citizens security
- ☐ Innovation

#### 4. Competitive Regional and Global International Integration

- ☐ Trade and Integration
- ☐ Infrastructure
- ☐ Health

#### 5. Protecting the Environment and Responding to Climate Change

- ☐ Environment
- ☐ Health
- ☐ Rural development and forestry

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#### Cross-cutting

- ☐ Macroeconomic Analysis
- ☐ Learning and Capacity Building

3.1 The KCP's objectives are fully aligned with the Bank's country strategy objective to assist the government to improve the efficiency of the public sector and achieve a State that is closer to its citizens. This KCP will support ICF's niche of excellence of urban development and housing. The KCP will assist the Government to fill the institutional development gap observable in the capacity to manage the territory, specifically cities and metropolitan areas. This KCP will benefit from the results of the studies on metropolitan governance completed by the Bank for the LAC region between 2004 and 2008 and for Brazil from 2007 to date. The results of these activities are published in the IDB books: *Managing the Metropolis* (2008, Harvard University Press) and *Challenges of Metropolitan Management in Brazil* (2010 IDB). The KCP will complete and expand on the results of the study *Decentralization in Chile: Achievements and Pending Challenges* undertaken in 2010 by the Bank in preparation for the policy dialogue.

#### **IV. OBJECTIVES, EXPECTED RESULTS AND ACTIVITIES**

4.1 The earthquake that struck the central region of Chile made evident the strengths and weaknesses of the institutional arrangements for managing urban development. A key weakness exists in the management of urban growth that allowed coastal towns to occupy lands subject to serious tsunami risk (thus the heavy damages and loss of life experienced in coastal cities like Constitución, and Dichato and Talcahuano in the metropolitan area of Concepción). Another weakness originates on the lack of capacity of the municipal governments to respond to the emergency and manage the reconstruction effort. These problems also affected mid-size cities like Talca, Curicó, Cauquenes and small cities like Curepto and Molina. The Government Program of the Administration that took office in March 11, 2010 contemplates actions to tackle these problems in the coming years and improve the management of cities and metropolitan areas (pages 130-131). The earthquake gave them the highest priority. Finding long term solutions to these problems requires an in-depth review of urban development policies, institutional arrangements for coordinating the provision of services and the planning and implementation of investment programs in cities and metropolitan areas. Therefore the advisory services to be provided by the Bank are framed in a clear policy framework defined by the Government and are urgently needed to guide the reconstruction effort whose implementation is starting.

**Objectives.** The main objective of the KCP is assist the government to design and begin implementation of reforms to improve urban development management, service provision and public investment coordination in urban areas, with particular attention to metropolitan areas.

**Results.** Key results include: (a) a review of urban development policies and strategies for service provision, investment in infrastructure and the management of cities and; (b) an analysis of good practices in urban and metropolitan management relevant for unitary decentralized states with recommendations for the case of Chile and (c) support for drafting institutional reforms and new procedures for urban development management, service provision and public investment coordination in cities and new legislation concerning the management of metropolitan areas.

**Activities.** To attain the stated results the KCP will finance the following activities:

- (a) Technical support from the OECD's Urban Development Programme and the IDB's ICF/FMM to: (i) refine the diagnostic of the country's urban development trends and identify emerging issues; (ii) assess the strategies of the central government towards cities and metropolitan areas; (iii) analyze governance issues in city and metropolitan areas; (iv) assess the overall coherence of the various urban policies; and (v) formulate recommendations for multi-sector comprehensive urban policies and service provision.
- (b) Technical support from the OECD Urban Development Program and IDB's ICF/FMM to identify good practices for service provision and the management of metropolitan areas applicable to Chile.
- (c) Technical support for drafting new legislation on metropolitan management and technical support to SUBDERE during the debate of the law in Parliament.
- (d) Dissemination of results.

The KCP will assist the Government in mainstreaming across the different sector and territorial agencies involved in urban development, the principles contained in the Bank's Environmental and Social Safeguards Policy (OP-703) Directive A.3 Mainstreaming Environment Across Sectors.

The methodological framework for the advisory services will be based on: 1) the principles of sustainable cities and green building proposed by the UN-Habitat Sustainable Cities and Localizing Agenda 21 Programs; 2) the Green Neighbourhood Development of the US Green Building Council (USGBC) as well as 3) climate change vulnerability and adaptability criteria.

#### **Components, Activities and Methodological Framework:**

Provide a description of the main components and activities expected to be carried out:

##### **4.2 Year One**

**Review of national urban development policies.** The objective of the analysis of national urban policies is to *provide an assessment of a country's urban policy at the national level*, viewed in its entirety from the perspectives of social, economic and environmental challenges. Contents of the analysis include:

1. *Diagnosis of the urban structure, development trends, and competitiveness in a comparative, transnational framework* focusing on the leading socio-economic trends in urban development and the economic importance of cities; and intra- and inter-urban disparities in terms of GDP, employment, productivity and social indicators. Chilean cities and metropolitan regions will be compared to areas that lie within and outside the OECD countries.
2. *Assessment of the strategies of central government towards urban regions.* The national urban policy agenda will be assessed in the context of economic development, environmental sustainability, and good governance. The main policies will be evaluated with specific attention given to urban development impacts and the management of natural hazards and other environmental risks.

3. *Analysis of governance issues.* Study on the extent to which the national government can be engaged in designing, implementing or assessing urban policies or policies with strong urban impact. In many cases, such role is based on incentives to foster co-ordination among levels of government and across administrative boundaries. The analysis will study the Chilean institutional and fiscal intergovernmental framework and its influence on urban areas and, more generally, good governance and civil society's participation.
4. *Assessment of the overall coherence of the various urban policies.* General assessment of the possibilities, problems encountered when implementing integrative approach to urban development in Chile.
5. *Recommendations for a multi-sectoral comprehensive urban policy that maximizes economic efficiency and fosters sustainable urban development and social cohesion.* The analysis will adopt a comparative approach and examine Chile vis-à-vis other OECD countries. The analysis seizes existing OECD Territorial Analysis of Chile and makes use of a number of OECD databases on metropolitan government, innovation practices, and economic development policies.

#### **Good practices for service provision and the management of metropolitan areas**

The analysis will discuss the institutional options for managing the complex array of services and infrastructures required by metropolitan areas in a unitary decentralized country like Chile. The focus will be on the management of critical metropolitan issues identified by the current administration's Government Program including: environmental policy, land use and urban growth management, transportation and urban traffic, citizen security, and social services. Options to be analyzed include: One-tier models, two-tier model, voluntary cooperation arrangements and special purpose districts. The results of this analysis will be discussed with key stakeholders and will provide inputs for drafting new legislation for metropolitan management in Chile. Key issues like the assignment of responsibilities among different tiers of government, the allocation of resources and of decision-making power among the different actors and the coordination mechanisms, will be discussed. The results of the analysis will also be useful for advising other IDB member countries facing metropolitan management issues with unitary governments.

#### **Draft legislation for metropolitan management**

This activity will support SUBDERE in selecting a model for managing metropolitan services and development in the different types of metropolitan areas that exist in Chile and in drafting the legislation required to reform metropolitan service provision and development management for each of the following:

1. The Metropolitan Region of Santiago. A large (6 million inhabitants) complex multi-polar metropolitan region.
2. Multi center metropolitan areas. Metropolitan areas formed by the conurbation of several cities (Valparaíso-Viña del Mar, Concepción-Talcahuano, La Serena-Coquimbo)
3. Metropolitan areas formed by the horizontal expansion of one city onto the territory of another jurisdiction (Rancagua-Machalí) or by the splitting of the urban area in two municipalities (Temuco-Padre las Casas, Iquique-Alto Hospicio)

The different models will be developed in their legal and institutional implications including: the assignment of responsibilities among the different tiers of government and territorial jurisdictions; the assignment of resources; autonomy in the assignment of resources; institutional structure and human and technical resources. The suitability of the models to the Chilean circumstances will be discussed with key stakeholders.

#### **Reform proposals for urban development management and policies**

The activity will assist SUBDERE to prepare reform proposals for urban development management and policies and in drafting the legislation to reform metropolitan service delivery and development management.

**Dissemination of the results.** This activity will assist SUBDERE in disseminating the results of the study and the legislation approved by Parliament through technical meetings (workshops) to be held in each of the 8 regions of the country.

#### **4.3 Subsequent Years**

All activities will be completed in the first year

**4.4 If project execution spans more than one year, briefly describe how current year activities feed into the plan of activities for subsequent years:**

N/A

**When warranted, describe the methodological approach to be used in the development of the activities and the type of data sources which might be used.**

The review of national urban development policies will use existing data bases on urban development at: the National Statistical Institute, the Ministry of Housing and Urban Development; SUBDERE, Ministry of Planning, Ministry of Finance, and the Regional Governments. Social, economic and physical development trends will be analyzed and their environmental implications discussed. Urban issues discussed will include key social inclusion and environmental sustainability challenges confronted by cities and metropolitan areas in Chile including the management of natural hazards and emergencies. The technical team will review existing plans and sector programs impacting cities and metropolitan regions and will interview stakeholders at the different levels of government: national, regional and municipal, and other public and private actors like regional development agencies, public utilities, chambers of commerce and industry, construction and real estate associations, organizations of the civil society and the

community. Benchmarking with cities within and outside the OECS will provide reference points for setting targets and defining implementation schedules. The study of good practices on metropolitan service provision and development management will draw on the extensive expertise, analytical capacity, databases and previous studies of the OECD and the IDB (ICF-FMM) in the selection of the relevant practices.

**V. KCPs RESULTS FRAMEWORK.** Main Deliverables (outputs) by component. When warranted, describe dissemination strategy:

List main deliverables 1) publications; 2) conferences, workshops, seminars; 3) training courses; 4) databases; 5) surveys; 6) other (specify); and dates for final completion.

5.1 For publication deliverables: Based on the taxonomy of the Bank's publication protocol (books, monographs, working papers, policy briefs, technical notes, newsletters, discussion papers and presentations or studies for conferences and technical meetings), list the specific types of publications as the deliverables.

Deliverables Year 1	Intermediate Milestone (if applicable)	Milestone Date (if applicable)	Expected Completion Date
National Urban Policy Review <b>Policy Brief</b> Joint IDB-OECD publication (English)	Draft report to be discussed with government	Month 8	April 2011
Good Practices in Service Provision and Development Management in Metropolitan Areas <b>Technical Note</b>	Report with conclusions and recommendations	Month 6	February 2011
Reform proposals for urban development management and policies. <b>Draft legislation.</b>	Draft legislation to reform metropolitan service delivery and development management	Month 6	February 2011
Dissemination workshops in the 15 Regions <b>Workshops</b> completed	Regional workshops will be implemented gradually over a period of 6 months	Month 12	August 2011
Publication of National Urban Policy Review in Spanish <b>Policy Brief</b> (Spanish)	The English version will be published jointly by IDB and OECS in December 2011	Month 12	August 2011

5.2 Dissemination plan: when warranted briefly describe dissemination plan of expected deliverables / results with a timeline for key activities, person/institution responsible for implementation:

The dissemination plan includes the publication of a Policy Brief document jointly by IDB and OECS with the approval of the Government of Chile. The Brief will include the results of the Urban Development Review. The IDB will publish a Technical Note with the results of the study on good practices in services provision and development management in metropolitan areas. The results of the KCP will be disseminated in the 15 regions of Chile through technical workshops led by SUBDERE with the support of the IDB.

5.3 Results Matrix:

Indicators	Baseline	Intermediate Targets		Final Target	Expected Completion Date
		Year 1	Year 2	Subseq. years	
Outcome Indicator					
Reform proposals for integrated urban development management and policies for cities and metropolitan areas validated with the heads of the Regional Governments of the 8 Regions with Metropolitan Areas.	No technical basis for the law exists to date. No integrated national urban development management framework exists in Chile.	Legislation to reform metropolitan service delivery and development management.			April 2011
Deliverables (outputs) Indicators					
Policy Brief: Review of the National Urban Policy	0	1			April 2011
Technical Note: Good Practices in the Management of Metropolitan Areas	0	1			December 2010
Draft Legislation to reform metropolitan service delivery and development management	0	1			February 2011
Urban policy guidelines for sustainable development	0	1			March 2011
8 Regional workshops to disseminate the policy approaches and urban and metropolitan management procedures	0	8			August 2011

## VI. BUDGET:

6.1 Budget should be presented by deliverable (outputs) or groups of deliverables (for example: three publications, three conferences, seminars or workshops; one database; one survey; two training courses). Total available funds from counterpart sources should be reported. Use whole numbers only.

Costs		Project Cost					Counter-part Resources	Other Financing
		Year 1			Year 2	Subseq . years		
Component	Consult.	Travel (1)	Other					
Review of national urban policies	110,000	30,000				140,000	140,000	
Best practices for service provision and development management of metropolitan areas	30,000	10,000				40,000	40,000	
Reforms for urban development management and policies	20,000	10,000				30,000	25,000	
Dissemination of results			20,000			20,000	20,000	
Sub-total		160,000	50,000	20,000		230,000	225,000	
Monitoring and evaluation							5,000	
Total						230,000	230,000	460,000

Approximate value of in-kind counterpart

50,000

(1) Consultant's travel only

### 6.2 Bank staff participation in KCP:

Staff Name	Bank Unit	FTEs
Eduardo Rojas	ICF/FMM	0.13
Jorge Venegas	ICF/FMM	0.13
Luis Villela	ICF/FMM	0.08
Cintia Guimaraes	CSC/CSC	0.8
Diana Bejar	ICF/FMM	0.4

### 6.3 Types of Consultants: Firms or individuals and main activities/deliverables:

Type: Individual or Firm (if available)	Nationality (if available)	Estimated Cost	Main Activities / Deliverables
OEDC	International	420,000	Urban policy review. Metropolitan management best practices
Individual consultant	Chilean	15,000	
Editing Services	Chilean	20,000	Publications in Spanish
Individual consultant	Chilean	5,000	Monitoring and evaluation

### 6.4 Proposed administrative budget estimation required for the execution stages by year of execution (specify consulting, travel and other expenses)

Type	Year 1	Subsequent Years
Research assistant	15,000	
Travel	35,000	
Other		
<b>Total</b>	<b>50,000</b>	

## VII. Risks and Coordination with other MDBs:

### 7.1 Implementation Risks:

The major implementation risk of the KCP affects the approval of the legislation to reform metropolitan service delivery and development management. The actual date of approval depends on the legislative calendar and the priority given to the law by the parliamentary committees. The risk is considered low given the high priority of these reforms in the administration's Government Plan and a political environment favorable to legislate on these matters. Additionally, the KCP contemplates resources to provide technical support to SUBDERE during the discussion of the

law in parliament, thus contributing to mitigate this risk. The implementation of the rest of the activities do not pose major risks as the executing agency (SUBDERE) and the cooperating institutions (OECD and ICF/FMM) has ample experience in this type of work.

#### 7.2 Summarized collaboration or coordination with other MDBs and donors (if any):

The OECD will participate in the KCP providing technical services to conduct the urban policy review and metropolitan management proposals. This organization has unique capacity and experience in urban policy reviews and urban and metropolitan governance and has the capacity to establish meaningful benchmarks with its member countries. The participation of the OECS provides additional assurances of the technical quality and pertinence of the products generated by the KCP.

### VIII. Monitoring and evaluation plan.

Fill-out the KCP's Development Effectiveness Matrix (DEM) using this link to the [DEM template](#). On Section 4.II *Quality Measurements at Completion*, fill-out only the portion that corresponds to the KCP type selected. Then save it in IDBDOCS and record its number immediately after the "equal" sign on the link below:

<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?docnum=35152684>

#### 8.1 Summarize the basic elements of the Monitoring and Evaluation plan, including key activities and associated budget:

The activities of the KCP will be executed by SUBDERE based on a Project Execution Plan agreed with the Bank and the OECD.

Phase	Approximate Timeline	Milestones
Initiation	Month 0	Contract signed and nomination of a local Project Coordinator and Local Team participants
Scoping the issues	Month 1	Preliminary discussion on key topics for the study
Questionnaire	Month 1-2	The IDB and OECD prepare and send to the local team a detailed questionnaire for preparing a background report
Data and policy background report	Months 2-3	Preparation by the local team of a quantitative and qualitative background report on main trends and current policies in the country
First mission	Month 4	Review mission of 5 days by IDB and OECD team to conduct interviews with key actors of the country
Preparation of draft report	Months 5-9	Preparation of a first draft report by the joint SUBDERE-IDB-OECD team.
Follow-up mission	Month 9	Follow-up mission by the IDB and OECD teams
Finalization of First draft	Months 10	Finalization of the first draft by the SUBDERE-IDB-OECD.
Sharing the first draft 8 Regional Workshops	Months 10-11	The first draft to the report is discussed with stakeholders. Detailed comments made to the first draft
Finalization of report and recommendations	Month 12	Finalization of report by the SUBDERE-IDB-OECD Team.

*Monitoring.* A consultant will be hired to monitor progress in the attainment of the objectives, production of the deliverables and tracking expenditures.. The cost of the consultant is included in the budget.

Activity	Instrument of verification	Deliverable	Date
Delivery of the draft version of the Policy Brief on National Urban Policy and the Technical Note on, Good Practices	Review of activities completed and funds disbursed.Review of contents of the documents	Report to SUBDERE and IDB	Month 10
Evaluation of the workshops	IDB/KLN evaluation forms	Synthesis report nd IDB	Month 12

**CHILE. URBAN DEVELOPMENT POLICY AND METROPOLITAN  
SERVICES MANAGEMENT FOR THE RECONSTRUCTION**

**CH-T1106**

**CERTIFICATION**

I hereby certify that this operation was approved for financing under the Institutional Capacity Strengthening Thematic Fund (ICS) through a communication dated on July 29, 2010 and signed by Kai Hertz (VPC/GCM). Also, I certify that resources from the Institutional Capacity Strengthening Thematic Fund (ICS) are available for up to US\$230,000 in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of eleven (11) calendar months counted from the date of signature below. 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 KCP. 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.

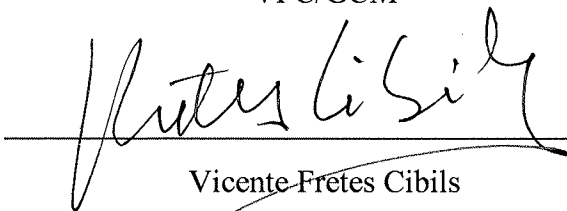


Marguerite S. Berger  
Chief

Grants and Cofinancing Management Unit  
VPC/GCM

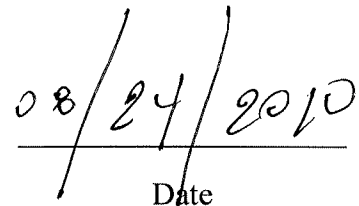


Date



Vicente Fretes Cibils  
Chief

Fiscal and Municipal Management Division  
ICF/FMM



Date



**Bejar, Diana**

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**From:** Rojas, Eduardo  
**Sent:** Monday, August 09, 2010 4:50 PM  
**To:** Bejar, Diana  
**Subject:** FW: Urban Policy and Metropolitan Management Chile

La solicitud del gobierno  
E

-----Original Message-----

**From:** Samuel Garrido [mailto:samuel.garrido@subdere.gov.cl]  
**Sent:** Friday, April 23, 2010 3:26 PM  
**To:** Sujoy, Jaime Alberto  
**Cc:** Rojas, Eduardo; Miguel Flores; Fretes Cibils, Vicente  
**Subject:** Urban Policy and Metropolitan Management Chile

Señor  
Jaime Sujoy  
Representante del BID - Chile

Estimado Jaime

Por intermedio de la presente comunicación, por instrucciones del Sr. Subsecretario - Miguel Flores Vargas - le manifiesto nuestro interés en acceder a los recursos no reembolsables "Knowledge and Capacity Building Products (KCP)" para trabajar conjuntamente en el análisis y elaboración de propuestas para la gestión de áreas metropolitanas; tema de gran interés por ser parte del Programa de Gobierno, y por sus implicancias en el fortalecimiento de nuestro proceso de descentralización.

Agradeciendo vuestra disposición, le saluda

Samuel Garrido Ruiz  
Jefe División de Políticas y Estudios  
SUBDERE

Abril 23, del 2010.