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ARGENTINA

**DEVELOPMENT OF THE SHARING ECONOMY IN CITIES AS A TOOL TO
PROMOTE SOCIAL INCLUSION, ENTREPRENEURSHIP, AND INNOVATION**

(AR-T1168)

DONORS MEMORANDUM

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ABBREVIATIONS

CIPPEC	Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento [Center for Implementation of Public Policies for Equity and Growth]
HUD	Housing and Urban Development Division
IDRC	International Development Research Centre (Canada)
MOOC	Massive open online course

PROJECT SUMMARY
DEVELOPMENT OF THE SHARING ECONOMY IN CITIES AS A TOOL TO
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The sharing economy is a worldwide and crosscutting innovative phenomenon that is bringing about significant structural changes in how markets operate. The sharing economy is an economic system in which goods and services are shared and exchanged through digital platforms. It is at the heart of the new digital economy that is emerging with particular prominence in cities. Unlike traditional markets, the sharing economy's digital platforms are essentially distributed markets in which the value of both supply and demand increases exponentially due to a network effect, benefiting from low coordination costs through the use of technology and social networks and from new models for building trust between service users and providers.

The sharing economy not only provides a promising new learning framework for Latin America and the Caribbean, but it also offers a way for the region to be part of the Fourth Industrial Revolution, as discussed at the World Economic Forum in Davos in early 2016. This new paradigm provides important opportunities to democratize the economy by fostering social inclusion, promoting entrepreneurship, and triggering a wave of innovation that can help solve some of the major social, economic, and environmental problems facing the region's inhabitants. The sharing economy has the potential to generate many benefits in the region by reducing the environmental footprint, promoting access to new services and products, and facilitating a more equitable distribution of wealth. The sharing economy also fosters positive social values of exchange and collaboration through innovation and technology. With effective regulation, and with oversight adapted to the new models of digital platforms, the sharing economy can complement and stimulate sectors of the traditional economy by encouraging competition, expanding supply, and promoting innovative alternatives for consumers. It also has the capacity to reduce underlying negative externalities in the traditional economy, such as transportation (environmental pollution) and the underutilization of goods (inefficient consumption).

This project incorporates lessons identified in a pioneering 2016 study by the MIF on the sharing economy.¹ The study found that while Argentina ranks second among the region's countries in number of sharing-economy platforms, the expansion of these models in cities other than the capital and in peripheral areas of urban clusters has been highly uneven, and the sharing economy's potential to boost quality of life among city residents is not being harnessed. The main problem identified in the study is a lack of knowledge about the sharing economy's potential to solve city problems. This is reflected in the fact that the sharing economy is not generally included as part of a city's development strategies and there is no regulatory or planning framework to support the proactive (not reactive, as is often the case) use of sharing-economy platforms. There are also challenges in training municipal officials and supporting local entrepreneurs to help develop homegrown sharing-economy platforms, which would promote urban entrepreneurship and innovation.

In sum, the project aims to tie the sharing economy to the comprehensive development of cities. Its general purpose is to strengthen municipal public policy lines in support of equity, citizen participation, social inclusion, sustainable growth of the urban habitat, climate

¹ *Economía Colaborativa en América Latina* [Sharing Economy in Latin America], IE Business School, MIF, 2016.

resilience, use of new technologies, and metropolitan governance, while promoting economic development and growth based on innovation and entrepreneurship. The project has been developed in collaboration with the Housing and Urban Development Division (HUD), in particular in the context of the Emerging and Sustainable Cities Initiative, and with the Knowledge and Learning Sector (KNL) of the IDB Group. It will also actively incorporate specialists from the Bank's various thematic areas to ensure that the project is effectively coordinated, in such a key area as the digital economy, with the Bank's regulatory and strategic initiatives in Argentina.

ARGENTINA
DEVELOPMENT OF THE SHARING ECONOMY IN CITIES AS A TOOL TO
PROMOTE SOCIAL INCLUSION, ENTREPRENEURSHIP, AND INNOVATION

(AR-T1168)

EXECUTIVE SUMMARY

Country and geographic location:	Argentina. Cities and urban clusters in the country's interior.		
Executing agency:	Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento [Center for Implementation of Public Policies for Equity and Growth] (CIPPEC)		
Focus area:	Inclusive Cities		
Coordination with other donors/Bank operations:	Canada's International Development Research Centre and Argentina's Ministry of Production		
Project clients:	City residents. Municipal governments. Local entrepreneurs. Academia.		
Financing:	Technical cooperation:	US\$1,750,000	49%
	Investment:		
	Loan:		
	Other:		
	TOTAL MIF CONTRIBUTION:	US\$1,750,000	
	Counterpart:	US\$1,850,000	51%
	Cofinancing:		
	TOTAL PROJECT BUDGET:	US\$3,600,000	100%
Execution and disbursement periods:	42 months for execution and 6 months for disbursement.		
Special contractual conditions:	The hiring of the project coordinator will be a condition precedent to the first disbursement.		
Environmental and social impact review:	This operation was preevaluated and classified in accordance with the Bank's Environment and Safeguards Compliance Policy (OP-703) on 11 October 2016. Given the project's limited impacts and risks, the proposed category for the operation is "C".		

I. PROBLEM TO BE ADDRESSED

A. Diagnostic assessment of the problem to be addressed by the project

- 1.1 Sharing-economy initiatives have increased steadily in recent years. According to Forbes, such initiatives grew 25% worldwide in 2014, totaling US\$3.5 billion in sales. A confluence of trends has led to the emergence of this new paradigm, which constitutes an enabling framework for the development of innovative models of economic and social activity. Worldwide, these elements include: (i) the level of technological development entailed in the emergence of new forms of partnership on a mass scale and at zero cost; (ii) accelerated urbanization throughout the world, resulting in the possibility of solving the problems of large population groups; (iii) a new outlook on environmental sustainability, which calls into question current consumption levels and habits as well as traditional processes for producing and distributing goods and services; and (iv) social and cultural changes associated with the impact of the use of new technologies.
- 1.2 Against this new global backdrop, the general public has set in motion a process of sharing underutilized assets, goods, and services without transferring ownership, with or without monetary payment, through participation in nonanonymous digital platforms and, in particular, the Internet. The general public has assumed a central and unprecedented role in these practices, becoming an efficient economic agent to produce and exchange value (as citizen-producers). These new sharing-economy models—which apply to all sectors worldwide, whether in physical goods or services, finance, or information management—have begun to demonstrate their significant economic potential. This calls for rethinking the benefits of economic models based on coordination of distributed resources vis-à-vis the models of traditional industrial capitalism, centralized resource management, and internal growth.
- 1.3 Latin America's population is now 80% urbanized, a figure that will rise to 86% by 2050, according to the United Nations. In times like these, this phenomenon should be viewed in light of growing digitalization and penetration of new technologies, as well as the steady increase in the use of social networks by the general public. The combination of these factors has spurred the development of new models of socioeconomic organization that offer a significant opportunity to foster social inclusion, promote entrepreneurship, and trigger a wave of innovation that could help improve some of the major social, economic, and environmental problems facing the region's inhabitants. Latin American cities can be viewed as the settings in which these models can generate the greatest impacts along these lines, in view of their high levels of inequality and the degree of social and environmental impact associated with urban living.
- 1.4 Argentina's 32 urban clusters,² divided into six regions (Buenos Aires metropolitan area, Cuyo, northeast Argentina, northwest Argentina, Patagonia, and Pampeana), constitute the project's universe. These 32 clusters are home to 26,848,141 people,³ or 61% of the total population of Argentina. Of these, nearly 14 million⁴ live in the

² This includes cities with populations of over 100,000, as well as provincial capitals.

³ Source: Permanent Survey of Households, second quarter 2015.

⁴ Of these 14 million people, 10.8 million live in the outlying districts of Greater Buenos Aires and 3 million in the City of Buenos Aires.

- Buenos Aires metropolitan area. In terms of technology access and usage, 4 out of 10 households⁵ in these urban clusters lack a computer. There are regional differences, however, as more than half of all households in northeast Argentina have no computer, compared to only a third in Patagonia. Cellphone ownership is a different story: 90% of all households in Argentina's urban clusters have at least one cellphone line.
- 1.5 Latin American cities generally have high rates of inequality, and Argentina's are no exception. This means that part of the population has access to the benefits of state-of-the-art technology even as most people lack access to basic services such as running water and sewerage, which are nineteenth-century technologies. It is imperative, then, to pursue development programs along both fronts in a comprehensive manner, with access to the benefits of new technologies linked to access to basic services that are essential to a decent quality of life.
 - 1.6 As described above, sharing-economy models are growing exponentially, both in Latin America as a whole and in Argentina, through various local and international initiatives with a particular focus on issues related to mobility, tourism, and crowdfunding. This makes it possible to pursue the development of sharing-economy models focused on benefiting the most vulnerable sectors of the urban population by creating opportunities for social and economic inclusion, since many residents of urban neighborhoods—especially low-income neighborhoods—participate in informal ecosystems of noncommercial exchange, including loans, mutual insurance arrangements, and support mechanisms to help alleviate their exclusion. Thus, carefully designed technology-based sharing platforms can provide valuable support to these communities by expanding such practices. It is also helpful to assess how sharing platforms could improve the provision of essential services (e.g. affordable transportation), help leaders find better ways of responding to disasters, obtain capital for public works, and promote small-business development, among other strengths associated with this type of collaborative model.
 - 1.7 This project incorporates lessons identified in a pioneering 2016 study by the MIF on the sharing economy.⁶ The study found that most initiatives in the region have been developed in the past five years and are still modest in scale. These initiatives are generally based either on the use of locally developed platforms or on the adoption of international projects. The report also found that Argentina ranks second among the region's countries with the highest number of sharing-economy platforms, although the expansion of these models in cities outside the capital is highly uneven compared to the Buenos Aires metropolitan area, and stark inequalities exist between central and peripheral neighborhoods in terms of access to sharing-economy services.
 - 1.8 The report from the aforementioned study describes the most significant limiting factors faced by entrepreneurs in this type of model, both in the startup and growth phases. It notes that customers' lack of familiarity with these new collaborative business models is a hindrance to greater access to financing, compounded by the limited availability of platforms for secure payments that would increase confidence

⁵ Source: *Encuesta sobre Tecnologías de la Información y las Comunicaciones* [Survey on Information Technologies and Communications], 2011.

⁶ *Economía Colaborativa en América Latina* [Sharing Economy in Latin America], IE Business School, MIF, 2016.

in the sector. There is also a disconnect between these initiatives and the strategic support for entrepreneurs that could provide institutional backing and instill in users a sense of confidence to begin using these platforms on a more massive scale. Municipalities and public institutions are often overwhelmed and lack dialogue mechanisms and regulations to help resolve these conflicts in a more harmonious manner, thereby fostering confidence and helping the platforms reach potential users/customers in order to capitalize on the advantages of these initiatives.

B. Project beneficiaries

- 1.9 The project's direct beneficiaries will be, first, the residents of participating Argentine cities who will have greater access to goods and services, as well as the opportunity to earn income by participating in sharing-economy platforms. Specifically, the project will focus on promoting inclusive sharing-economy models to provide the residents of low-income neighborhoods with effective access to sharing-economy platforms.
- 1.10 Also benefiting from the project will be local entrepreneurs involved in sharing-economy initiatives, as well as local governments, development agencies, and local public entities that may be strengthened through the operation of sharing-economy models in cities. The national government will also benefit in the sense that the project will strengthen its programmatic agenda related to entrepreneurship and the digital economy.

II. THE SOLUTION

A. Project description

- 2.1 The project will help improve quality of life and generate economic opportunities for residents of Argentine cities by using the possibilities of the sharing economy as leverage to provide greater access to services and entrepreneurial opportunities. With a particular focus on the most vulnerable populations, the project will link various sharing-economy platforms to the comprehensive development of cities by strengthening urban entrepreneurship tied to cities' strategic lines of development. The project is expected to promote growth and inclusive economic development in cities on the basis of innovation and entrepreneurship, and to help achieve the cities' priority development targets (e.g. targets related to mobility, citizen participation, and access to income opportunities).
- 2.2 Through the selection of a total of five large urban clusters and their respective cities, belonging to five⁷ of the country's six regions, with different geographic, social, productive, and identity-related characteristics, the project aims to promote a federal and diverse approach to the sharing-economy phenomenon in Argentina. Although competitive bidding will be used to select the participating cities, the evaluation criteria will include socioeconomic and demographic factors, multiparty political representation, challenges facing the cities and their planning strategies, and degree of variety in the development of shared-economy initiatives in the various cities.

⁷ The five regions are Cuyo, northeast Argentina, northwest Argentina, Patagonia, and Pampeana. The Buenos Aires metropolitan area has been excluded from this project component, but best practices and strategies for knowledge management and regulation will be actively coordinated with the Government of the City of Buenos Aires.

- 2.3 Each selected city will participate in a process of awareness-raising and coordination among key actors in the entrepreneurial ecosystem, to facilitate the emergence of pilot sharing-economy initiatives or strengthen existing initiatives. After this initial stage, the identified ecosystem will be strengthened for implementation of the sharing-economy models, while economic and technical support will be provided to promote a range of projects selected for each city.
- 2.4 The pilot initiatives to be developed as part of the project in each of the five cities will then be used as inspirational case studies for replication in other cities in Argentina and Latin America. The project will also collaborate to create and strengthen an entrepreneurial ecosystem in Argentine cities, linking actors from the public and private sectors and from academia and civil society. In addition, the project will provide tools for the institutional strengthening of governments and local public entities and agencies to promote implementation of sharing-economy models in cities. It will also help build regional and international networks in order to gain a deeper knowledge of this phenomenon and promote its sustainability.
- 2.5 The project will be supported by Argentina's Ministry of Production, through its Department for Entrepreneurs and Small and Medium-sized Enterprise,⁸ and by the Department for the Creative Economy of the Government of the City of Buenos Aires, each of them as strategic partners in Argentina. In addition, Canada's International Development Research Centre (IDRC) will be a regional partner for project-related knowledge management.

B. Principal lines of intervention:

- 2.6 The project's principal lines of intervention are as follows:
- Participatory analysis of cities' challenges in achieving comprehensive development, and identification of solutions that can be pursued through the implementation of sharing-economy models.
 - Support for entrepreneurs, and especially for local entrepreneurs, in order to accelerate sharing-economy platforms linked to challenges in each city. Support for platform users to ensure effective education and consumer protection in the sharing economy models.
 - Generation of key studies, information, and metrics (quantitative and qualitative) showing the impact of sharing-economy models on improved quality of life in cities in the region and management of knowledge generated.
 - Support for municipal governments and public and private entities in developing regulatory frameworks and public policies aimed at establishing and promoting the sharing economy. Sharing of experiences on the topic among public actors in the Latin American region.

C. Innovation

- 2.7 This is a highly innovative project, as it promotes the creation of digital entrepreneurial ecosystems on a local scale to promote the comprehensive development of cities through the emergence of the sharing economy and the use of new technologies and social networks. The project is thus expected to act as a

⁸ This department is the actor within the Ministry of Production that will be specifically engaged in carrying out the project.

spearhead for the IDB Group that will enable understanding of how different digital sharing-economy initiatives can be supported, with cities as a laboratory, by the Bank's various units.

D. Project components

Component I: Actor awareness-raising and coordination, and identification of challenges in cities for sharing-economy innovation

- 2.8 The objective of this component is, first, to lay the groundwork for public-private coordination to help gain an understanding of how the sharing economy can contribute to the comprehensive development of cities in order to improve the quality of life of their inhabitants, particularly the vulnerable population. To this end, awareness-raising and training efforts will be targeted to people in positions of responsibility in the public and private sectors and in civil society about the nature of the sharing economy and the opportunities and challenges it entails for cities. Second, this component will work with municipal governments and civil society in cities to identify the challenges facing cities with potential for efforts based on the sharing-economy models.
- 2.9 This component will include the following activities: (i) multisector regional forums for cities' leaders, with the participation of local experts on the sharing economy and other issues related to city development. The aim is to raise awareness and disseminate information about the scopes and types of sharing-economy models, as well as the need to develop strategies for the habitat, climate change adaptation, and metropolitan governance; (ii) setup of a competition to work in each region, which will establish requirements for cities' application and selection; (iii) workshops and studies on the challenges facing the selected cities; (iv) a specific technical study carried out with the ecosystem's leading actors in the cities, in order to help identify potentialities for implementing various types of sharing-economy models on the basis of the city's identified challenges; and (v) one national event per year to raise awareness about the sharing economy.

Component II: Development of local sharing-economy capacities for social inclusion

- 2.10 The objective of this component is to develop the capacities of public, private, and civil-society actors linked to the urban entrepreneurship and innovation ecosystem, which will be involved in developing sharing-economy models in the cities. This component will include arranging the partnerships needed to implement the models in the selected cities, as well as coordinating training modules and activities.
- 2.11 This component will include the following activities: (i) development of an "ABC manual" on the sharing economy in Argentine cities; (ii) partnership agreements with local counterparts in each city (accelerators, universities, entrepreneurs' clubs, etc.) for program implementation; (iii) design and implementation of the training program for the local counterparts (webinars, massive open online courses (MOOCs), and online tools on the sharing economy⁹); (iv) creation of the sharing-economy entrepreneurs' club in coordination with the Ministry of Production; (v) consulting

⁹ The training modules and MOOCs will be developed in coordination with the Bank's Knowledge and Learning Sector.

assignments to develop capacities in local sharing-economy regulatory frameworks; and (vi) implementation of social media campaigns and outreach material.

Component III: Implementation of sharing-economy models in cities

- 2.12 The objective of this component is to implement sharing-economy models in each selected city that provide specific services to their residents, with an emphasis on the vulnerable population. To this end, a selection of sharing-economy entrepreneurial ventures (some new and others already in operation at the start of the project) will first be selected in each participating city. Support will be provided for these ventures through technical training on business plan design, and economic support will be provided in some cases through seed capital investments to help develop the initiatives. Coaching and mentorship will be provided for each project. Technical training will include the transfer of practices previously implemented in other cities around the world that have the potential to be replicated in the local context. Lastly, partnership formation among social actors at the local and national levels will be promoted to help strengthen the ecosystem while ensuring that the project and the initiatives stemming from the project are sustainable over time.
- 2.13 This component will include the following activities: (i) selection of sharing-economy models that will be supported; (ii) design and implementation of business plans in sharing-economy models; (iii) provision of seed funding¹⁰ for sharing-economy entrepreneurs; (iv) replication of sharing-economy best practices in Argentine cities; and (v) support for trade associations in sharing-economy models at the city and national levels.

Component IV: Sharing of experiences and sector and strategic analysis of the sharing economy's impact on cities

- 2.14 This component, which cuts across the other three and will be carried out in partnership with Canada's IDRC, includes studies to gain a deeper knowledge of some matters that can be very helpful in developing and implementing sharing-economy projects, and that can provide a theoretical framework on which to base efforts to promote other sharing-economy initiatives in cities throughout the region and the world. Research studies will aim to gain more extensive information on regulatory frameworks, best practices for consumer protection, and codes of conduct (general and sector-specific), among others. Sector studies will also be carried out to gain familiarity with specific operational frameworks for sharing-economy models that have already been tested in each sector (crowdfunding, mobility, lodging, citizen participation, etc.¹¹). Based on the findings of the general studies, sharing-economy success stories will be selected, which will be specifically and thoroughly researched. In order to generate key information to help create public policy, the project also calls for monitoring and evaluating the outcomes of the sharing-economy ecosystem developed in each target city, as well as progress in the sharing-economy initiatives and models that are started or promoted as a result of the project.
- 2.15 This component will include the following activities: (i) development of studies on best practices for consumer protection and on sharing-economy codes of conduct;

¹⁰ A document will be prepared establishing the conditions for use of this seed funding, which will be part of the counterpart contribution from CIPPEC in partnership with the Ministry of Production.

¹¹ The studies will be conducted in coordination with the MIF/IDB. Bank specialists in the respective thematic areas will actively participate in conducting these studies.

(ii) development of sector studies (crowdfunding, mobility, lodging, citizen participation, etc.) and thematic studies (trust building) on the impact of the sharing economy on cities; (iii) organization and holding of an international conference on the sharing economy in cities; (iv) organization of roundtable discussions and sector workshops for exchanging sharing-economy experiences in cities (e.g. on the topic of ride-sharing); (v) a study to consider establishing a sharing-economy association in Argentina and sector-specific association models; (vi) connection of the experience in Argentine cities with the Latin American region to expand it in a sharing network; (vii) case studies and impact evaluation on the sharing-economy models implemented; and (viii) system for monitoring the sharing-economy ecosystem in the cities.

E. Project outcomes, impact, monitoring, and evaluation

- 2.16 The project objective is to develop models and tools to help the residents of Argentine cities improve their quality of life through the implementation of sharing-economy models with a focus on the social inclusion of the most disadvantaged population. On the basis of this objective, the project's main outcome will be a mechanism for intervening in cities in such a way that public strategies in prioritized sectors can be aligned with the development of public and private sharing-economy platforms, with an emphasis on promoting local entrepreneurial ventures.
- 2.17 Some key project indicators will be: the number of city residents exchanging goods and services through sharing-economy platforms, the number of cities that develop sharing-economy strategies and regulations, the volume of monetary and nonmonetary transactions on sharing-economy platforms, and entrepreneurs who develop sharing-economy initiatives in the cities.
- 2.18 The measurement of project outcomes—in a developing industry such as the sharing economy, which lacks well-established development impact indicators and standards—provides a unique opportunity to learn about the potentialities and limitations of the sharing economy in cities. To this end, the project includes a strategy of early monitoring and evaluation to glean useful knowledge and lessons that will aid in the early identification of the models' challenges and provide an applicable demonstration of lessons learned from the models and evidence of their impact.
- 2.19 As part of program implementation, a monitoring and evaluation strategy is proposed for use at various stages of execution on the basis of two main components. The first component of evaluability is focused on ensuring appropriate conditions for program monitoring and evaluation on two levels: (a) in the context of overall program design, and (b) in the design of the five projects that will operate on local platforms. One of the benefits of evaluability is that it helps ensure the quality of the components of strategic monitoring and external impact evaluation. A second component of strategic monitoring of project management in the five selected local platforms is devoted to processing strategic information at the performance level in order to support effective decision-making. The monitoring strategy will be "light and manageable" and will focus on a small number of SMART (specific, measurable, achievable, realistic, and timely) and nimble indicators. The collected information can be used to process valuable lessons that will contribute to a broader conversation on the sharing economy in Argentina and the region. The executing unit will be responsible for monitoring the project, although the approach used in monitoring and evaluating the sharing-economy ecosystem will focus on generating

municipal capacities and systems for information management, as well as on strengthening and coordinating information with provincial or national systems as appropriate. The project provides for midterm and final evaluations to be conducted.

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

A. Alignment with the IDB Group

- 3.1 The project was developed in coordination with the Bank's Housing and Urban Development Division (HUD),¹² in particular with the Emerging and Sustainable Cities Initiative, so that the sharing economy may be incorporated, if appropriate, as part of HUD's products for addressing the challenges faced by medium-sized cities in Latin America and the Caribbean, while integrating environmental sustainability and climate change and comprehensive urban development. Here a particularly important role would be assumed by new, digitally-based entrepreneurial models that contribute to the efficient use of available resources and to citizen participation. In addition, the project team includes specialists from the Bank's Knowledge and Learning Sector as part of the open-data initiative to promote the sharing economy as a mechanism for citizen participation and as part of the development of MOOCs to promote knowledge on this topic. Lastly, the project team includes specialists from the Bank's Competitiveness, Technology, and Innovation Division to gain an understanding of how the sharing economy can be incorporated into national policies for promoting entrepreneurship and innovation.

B. Scalability

- 3.2 An essential feature of sharing-economy platforms is that their digital models are highly scalable, and this, in combination with very low transaction and coordination costs, makes it possible to reach large numbers of users. In view of this very high scalability potential, the true challenge lies in achieving harmonious growth of the models and avoiding the unsustainable growth of platforms that could have an adverse effect on consumers or the city ecosystem.
- 3.3 Secondly, at the level of the city intervention model developed by the project, this is the first systematic effort in the region to integrate the sharing economy into the city strategy. Thus, the intervention model and lessons generated by the project are expected to be replicable in other cities in the country and in the region,¹³ and to this end the project includes activities to present findings and recommendations at events in the region in order to broaden the project's impact.

C. Project risks

- 3.4 The study carried out by the MIF early this year found that one risk in this type of model is the general public's high degree of unfamiliarity with the sharing economy due to its newness, especially in cities outside the capital. This unfamiliarity extends to government officials, who rarely receive specific training on this type of model that is starting to emerge in their cities. To mitigate this risk, the project includes efforts to educate both the general public and government officials, as well as open

¹² In the course of designing the project, HUD and the MIF held two joint workshops in the cities of Buenos Aires and Bahía Blanca in June 2016, which provided information on demand in the cities on this topic and on potential sectors and strategies for intervention.

¹³ Especially in partnership with the Bank's Emerging and Sustainable Cities Initiative.

dialogue mechanisms, in order to help generate a proactive strategy and minimize problems stemming from a lack of knowledge and communication on the topic.

- 3.5 A second risk is related to the importance of generating local sharing-economy models in the targeted cities that enable the cities' urban entrepreneurs to generate homegrown platforms with potential for growth and profitability. To mitigate this risk, the project will actively work with incubators, research centers, and actors in the urban entrepreneurship and innovation ecosystem to identify and strengthen entrepreneurs in the cities so they can capitalize on opportunities early.
- 3.6 A final project risk is the possibility of resistance to implementing the selected projects among traditional economic actors who perceive this type of sharing-economy model as harmful to their interests or market position. To mitigate this risk, the project's first activities include the development of mechanisms for ongoing dialogue led by municipal governments and local business organizations (chambers of commerce and the like), in order to provide a venue for preemptive conflict resolution. Along these lines, and on the regulatory level, the project includes activities to replicate international regulatory best practices (on topics related to licensing, taxation, etc.) so that municipal governments and actors in the ecosystem have specific proposals to put forward at the roundtable discussions.

IV. COST AND FINANCING

- 4.1 The project's total cost is US\$3,600,000, of which US\$1,750,000 (49%) will be provided by the MIF and US\$1,850,000 (51%) will be provided by the counterpart. The financing instrument will be nonreimbursable technical-cooperation funding. Up to a total of US\$12,500 will be recognized as counterpart expenses incurred by the executing agency since 1 August 2016.

Project components	MIF (US\$)	Counterpart (US\$)	Total (US\$)
Component I: Actor awareness-raising and coordination, and identification of challenges in cities for sharing-economy innovation	403,400	425,500	828,900
Component II: Development of local sharing-economy capacities for social inclusion	316,775	320,000	636,775
Component III: Implementation of sharing-economy models in cities	237,750	540,000	777,750
Component IV: Sharing of experiences and sector and strategic analysis of the sharing economy's impact on cities	330,375	512,000	842,375
Administration	395,500	52,500	448,000
Evaluation and audit	25,000		25,000
Contingencies	41,200		41,200
Total	1,750,000	1,850,000	3,600,000
% of financing	49%	51%	

V. PROJECT COUNTERPARTS AND IMPLEMENTATION STRUCTURE

A. Executing agency

- 5.1 The project's executing agency is the Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento [Center for Implementation of Public Policies for Equity and Growth] (CIPPEC), an independent nonprofit organization working for a just, democratic, efficient State that improves people's lives. To this end, CIPPEC focuses its efforts on analyzing and promoting public policies that foster equity and growth in Argentina. Since its inception, CIPPEC has worked to generate and promote proposals for improving cities in Argentina and the region through its Cities Program. The mission of CIPPEC's Cities Program is to advocate for the comprehensive development of the region's cities and provide their leaders with tools that help to achieve more equitable, more resilient, and smarter cities with a view toward raising people's quality of life.

B. Other counterparts involved in the project

- 5.2 The project will feature the participation of Argentina's Ministry of Production, acting through its Department for Entrepreneurs and Small and Medium-sized Enterprises, and of the Department for the Creative Economy of the City of Buenos Aires, as strategic partners in Argentina. At the international level, the project will feature the participation of Canada's IDRC as a regional partner for the management of knowledge on the sharing economy.

C. Implementation structure and mechanism

- 5.3 CIPPEC will establish an executing unit and the structure needed to execute project activities and manage resources effectively and efficiently. CIPPEC will be responsible for submitting progress reports on project implementation. Details on the structure of the executing unit and requirements for the progress reports may be found in Annex V in the technical files for this operation.
- 5.4 As part of project governance, a project coordinating committee will be formed and will include representatives from CIPPEC, the MIF (Argentina and Washington offices), IDB/HUD, and strategic partners such as Argentina's Ministry of Production and Canada's IDRC. The functions of the project coordinating committee will include supervising overall project execution, selecting the project's targeted cities,¹⁴ approving the commissioning and final design of the knowledge products to be generated, supervising critical project events and the project's international expansion at international events and in other cities in the region. The project coordinating committee will meet on a quarterly basis during the project's first year and on a semiannual basis for the remainder of the project.

VI. MILESTONE ATTAINMENT AND SPECIAL FIDUCIARY ARRANGEMENTS

Disbursement by results and fiduciary arrangements. The executing agency will agree to the MIF's standard arrangements related to disbursement by results, procurement, and financial management as set forth in Annex IV.

¹⁴ Care will be taken to align the project's targeted cities with the Emerging and Sustainable Cities Initiative, provided there is an acceptable balance of regions and city profiles.