

## TECHNICAL COOPERATION DOCUMENT

### I. Basic Information

- Country/Region: Regional
- TC Name: Capacity Building Network in the urban sector – learning from Best Practices and Innovation from Latin America and the Caribbean and China
- TC Number: RG-T2594
- Team Leader/Members: Carolina Piedrafita (IFD/FMM), as a Team Leader; Maria Elisa Arango (LEG/SGO); Ophelie Chevalier, Dianela Avila (IFD/FMM).
- Taxonomy: Research and Dissemination (R&D)
- Date of TC Abstract authorization: May 22, 2015
- Beneficiary: Local Municipalities of Latin America and the Caribbean and China
- Executing Agency: Inter-American Development Bank (IDB) through the Fiscal and Municipal Management Division (IFD/FMM)
- Donors providing funding: Institutional Capacity Strengthening Fund (ICSF)
- IDB Funding Requested: US\$300,000
- Disbursement period: 24 months (Includes execution period)
- Required start date: September, 2015
- Types of consultants: Firms and individual consultants
- Prepared by Unit: IFD/FMM
- Unit of Disbursement Responsibility: Institutions for Development Sector (IFD)
- TC Included in Country Strategy: No
- TC included in CPD: No
- GCI-9 Sector Priority: Institutional strengthening and capacity development

### II. Objectives and Justification

- 2.1 This Technical Cooperation (TC) aims to facilitate the knowledge exchange by sharing information, good practices and lessons learned on sustainable and innovative urban practices as well as policies between Latin America and the Caribbean (LAC) cities and Chinese cities. By establishing up a Capacity Building network between LAC and Chinese cities (“the LAC-China Urban Network”). It will contribute to the learning process of city policy-makers, practitioners and managers of both regions, and will foster the implementation of innovative urban projects and policy reforms in a range of relevant topics. This goal is aligned with the Bank’s Urban Development and Housing Sector Framework Document (GN-2732-2) and the Sector Strategy Institutions for Growth and Social Welfare (GN-2587-2). It is also aligned with the priorities of the Institutional Capacity Strengthening Fund (ICSF) as it seeks to improve LAC and Chinese cities’ understanding and ability to design and implement institutional and policy reforms through sharing of experiences and to define action plans that will address common urban challenges. The multi sector quality of urban reforms also addresses two of ICSF’s main interests: (i) to promote coordination across levels of government, civil society and private sector; and (ii) to foster innovative tools for addressing urban challenges, such as the use of new technologies.

- 2.2 Most LAC and Chinese cities share a similar development: they urbanized rapidly with little planning<sup>1</sup>, even if in different periods and scale. In both China and LAC migration toward urban centers brought social and economic improvement, mostly in access to basic services, health and education. Such growth<sup>2</sup> also put high pressure on the provision of urban services, with unintended consequences such as: high informality (30% of residents in LAC and is 35% in China) and a rapid and significant increase in the value of urban land, which limited housing accessibility. Furthermore, this rapid urban expansion generated imbalance on the environment and the occupation of rural land. We have many experiences to share: Latin America will need to learn through public and private cooperation and from China's national planning, in order to coordinate the growth of cities in terms of productive development. China can take advantage of some of the innovative solutions that we have applied in areas such as social protection, urban transportation, and neighborhood upgrading. Furthermore, economic relations between LAC and China have deepened in the last decade, with China leading investments and strengthening diplomatic relations in countries like Ecuador, Peru, Chile, Argentina and Brazil, among others.<sup>3</sup> The time is right for this cooperation to become stronger: In a context of permanent urban expansion, both Chinese and LAC cities share the challenges of providing improved access to housing, jobs and urban services while minimizing the urban footprint. The rise and management of megacities, urban regeneration, and the governance of metropolitan areas are other topics of interest.
- 2.3 This TC gives continuity to a fruitful cooperation that began with the Bank's participation in the Guangzhou Award Technical Committee and Jury in 2014,<sup>4</sup> and continued in the first Latin America-China Policy and Knowledge Summit related to the impacts of rapid urbanization, of 2014.<sup>5</sup> The activities of this TC will build on these experiences, in collaboration with The Chinese People's Association for Friendship with Foreign Countries (CPAFFC) and the Guangzhou Institute for Urban Innovation (GIUI). The CPAFFC was founded in 1953 with the objective to engage in people-to-people diplomacy and deepen friendships between China and the international community. Within the CPAFFC is the China International Friendship Cities Association (CIFCA) whose main functions are: (i) to establish friendship-city relations with foreign cities; (ii) provide assistance and instructions for the cooperation and exchanges of China-foreign friendship cities; and (iii) cooperate with foreign sister-city organizations and joint institutions for local governments by exchanging materials, information and by organizing exchange activities for member cities of CIFCA. The GIUI was established in 2012 under the framework of the Guangzhou Award. It is conceived as an international network of experts and

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<sup>1</sup> Although in China urbanization has occurred later and more rapidly and massively than in Latin America, in both cases it has related to the extensive migration of rural people to urban areas. Between 1950 and 2010, the urban population of Latin America increased seven-fold—from 69 million to 480 million. During this period, the urban population of China increased tenfold—from 65 million to 700 million. China's predicted urbanization rate will be 60% by 2020 and 75% by 2040 (1 billion). LAC's urbanization rate is 80%.

<sup>2</sup> In the last decade, the growth rate of urban areas in LAC and Chinese cities quadrupled.

<sup>3</sup> Between 2005 and 2013, Chinese investments accounted for 57% of all foreign direct investment in Ecuador; 15% in Peru; 12% in Venezuela; 11% in Argentina; 7% in Brazil, and 3% in Chile. "China's global ambitions, with loans and strings attached" New York Times, July 24th, 2015.

<sup>4</sup> Presented biennially starting in 2012, the award aims to reward innovative projects and practices in the public sector which aim to improve the socio-economic environments in cities and regions all around the world and promote urban sustainability. It is co-hosted by the United Cities and Local Governments (UCLG), Metropolis, and the Guangzhou Municipal Government.

<sup>5</sup> The event was held in Lima, Peru, on July 15-16, 2014.

institutions dedicated to furthering urban innovation concepts<sup>6</sup>, tools and methodologies. Its members include research and academic institutions, professional associations, community-based organizations, industry leaders and individual experts.

- 2.4 The TC will also build on the experiences and lessons learned from similar capacity building networks co-sponsored by the Bank, such as the Urban European and Latin American and Caribbean cities (URBELAC)<sup>7</sup> network that was created in 2010 by the Bank and the European Commission (EC) to develop cooperation among cities and strengthen urban development efforts. Such initiative had two chapters, 2010 and 2013 respectively, and yielded relevant results in terms of city action plans that were designed and implemented after a series of exchanges and partnerships generated between European and LAC cities.<sup>8</sup> Some lessons learned from these experiences will be applied to this cooperation, such as: (i) to promote face to face meetings of city experts and increase their amount and duration --from two to four days to allow for deeper exchanges; (ii) to discuss issues that go beyond city boundaries, such as those related to regional or metropolitan development and management, using as an example regional policy and development strategies that exist in Europe; (iii) to include in the dialogue members of central governments on matters where their competencies affect cities (such as housing, fiscal or environmental matters); (iv) to maintain the cooperation along thematic axes, and an equal amount of cities per region; and (v) to bear in mind that urban solutions are multi sector.

### III. Description of Activities/Components and Budget

- 3.1 **Component 1. Knowledge exchange and peer to peer Learning: Addressing city challenges with urban innovation (US\$147,000).** To improve city performance focused in identifying key challenges and taking action to address them by promoting the exchange of innovative and sustainable experiences among city policy makers. The component will be a mechanism for facilitating the direct exchange of experiences among cities, structured around peer learning activities, which include: participation of high-level local public officials in international forums where relevant urban issues are discussed;<sup>9</sup> at least three workshops; and structured visits to discuss common challenges and identify collaboration opportunities. The Inter-American Development Bank (IDB) will make a call for proposals to pinpoint at least four LAC cities interested in participating in such initiative and which could host a Chinese delegation during the course of this TC. The GIUI, in agreement with the CPAFFC, will identify interested cities in China to be twinned with their LAC counterparts. A number of urban topics such as metropolitan management, urban regeneration, reducing the carbon footprint, and/or mechanisms to address the challenges of rapid urbanization will be included in such call for proposals, to ensure that participants share a similar range of interests.

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<sup>6</sup> The GIUI currently partners with the United Cities and Local Governments (UCLG), the World Association of the Major Metropolises (Metropolis) for the organization of its prestigious award. It also has links to research institutes such as the Cityscope lab from MIT and the Urban Innovators Database.

<sup>7</sup> URBELAC aims to support cities teams in identifying innovative solutions for improving the sustainability of their urban development activities, practices and policies. The project is based on a bottom up model encouraging "cities to work for cities".

<sup>8</sup> [Synthesis of URBELAC's methodology and results](#)

<sup>9</sup> An URBELAC event to be held in the second semester of 2015, could kick start the international conference series.

- 3.2 An international consultant will tutor the activities that accompany the development of this component. The following activities will be developed:
- a. **LAC cities selection.** LAC cities interested in participating will be invited to present a proposal that will include a description of their specific interest, best practices, objectives, and commitment within the proposed topics. An IDB commission of urban specialists will evaluate the proposals. The selection criteria will be based on the city taking into consideration: (i) the specific problematic that they want to address; and (ii) the analysis of ongoing urban development activities and plans. For the development of these activities each city will identify a small technical team composed of selected authorities and technical officials. Universities and research centers can get involved if requested by the local government. Once the cities are selected and their interest to participate in the program is confirmed, they will be invited to sign a letter that will detail the activities that they will be expected to host and/or attend during execution.
  - b. **Chinese cities selection.** The IDB team will work in coordination with its Chinese partners to establish the necessary network of practitioners between Chinese and LAC cities. Chinese cities will be selected upon their proposals on the agreed topics, so that exchanges and lessons learned can go both ways. The selection will be made jointly with the GIUI, in agreement with the CPAFFC. Once all selections are confirmed, LAC cities will be twinned with Chinese cities, according to the common topics/thematic area of their choice. At least four cities in each region/country will participate.
  - c. **Exchange.** The exchange of experiences will be realized by participation in international seminars, workshops and work meetings organized by topics/thematic areas. To optimize costs, some of these can also be made by videoconference. Cities' teams and IDB teams will travel to participate in these exchanges, as these are fundamental to jointly analyze the proposals and the results obtained and to establish a relation among participants that will persist over the project timeframe. The TC will finance the participation of LAC cities twinned with Chinese ones and will also be able to cover the cost of their participation, upon demand, in other relevant urban forums that might arise during the duration of the exchange. The GIUI and CPAFFC will make arrangements to cover the costs of Chinese cities' teams. It will also finance translation services as needed.
  - d. **Identification of strategic actions.** The cities' teams, with the support of the consultant will: (i) analyze their situation (based on topics and indicators identified) establishing a baseline; (ii) identify experiences from potential partners that can be of interest and discuss them; (iii) establish strategic actions and a plan to address the challenge identified; (iv) identify concrete goals and a timeframe to achieving them; and (vi) design a simple monitoring system. These actions are not constrained to the development of new activities, as it can also suffice with the definition of criteria to be included in already established urban plans (e.g. the insertion of rules for social inclusion and energy efficiency in the rehabilitation of public spaces or the rehabilitation of historic buildings with environmental, economic and energetic sustainability criteria). This approach aims to develop strategic actions that can be integrated in the ongoing urban development activities, facilitating and maximizing the cost efficiency of their implementation.

- 3.3 **Component 2. Mayors' round table on urban innovation. (US\$84,000).** This component will include one high-level roundtable to discuss innovative ways to address the urban challenges facing LAC and Chinese cities. The round table will be held at the Bank's Headquarters, where Mayors from the participating LAC and Chinese cities will showcase their work together. A group of Mayors from other LAC cities will be invited to participate. The event will include: (i) presentations of the exchange carried on by at least four cities in LAC and at least four cities in China, as described in Component 1; (ii) presentations of urban innovation and urban governance best practices from other cities of LAC and China; and (iii) experts presentations, including Bank's officials, on recent research and technical knowledge on the topics of interest. It will also finance translation services as needed.
- 3.4 **Component 3. Learning from urban innovation initiatives in LAC and China (US\$46,500).** This exercise will culminate in an analysis of urban innovation worldwide, and more specifically in LAC and China. The report will build on knowledge gained on initiatives from the two editions of the Guangzhou Award and the results from the execution of the two previous components of this TC. It will: (i) establish major themes addressed and main challenges identified; (ii) compile existing information according to the challenges faced and how they are being addressed; and (iii) establish further areas and mechanisms for sustainable collaboration among participating cities on innovative practices. It will also finance translation services as needed.
- 3.5 **Component 4. Dissemination activities (US\$22,500).** This component will support the development of communication products for each component, to consolidate and disseminate the results achieved and knowledge produced (Presentations, blog posts, one-minute stories, info-graphics, etc).

#### Indicative Results Matrix

Result Indicator	Baseline 2015	Goal	Means of Verification
LAC cities benefiting from the knowledge network show improvements in their development.	0	Urban development indicators defined for each LAC city show improvements with respect to the baseline	Monitoring report, based on indicators established with each city at project start.
Output Indicators	Baseline 2015	Target	Means of Verification
Cities interested in participating in the network.	0	4 cities in LAC (third IV 2015)	Agreements signed with the LAC cities.
Priorities and concrete possibilities of intervention in LAC cities identified.	0	4 possible interventions (third IV 2015)	Monitoring report.
International Workshops organized.	0	2 international workshops 2016	Monitoring report. Surveys from participants.
Strategic actions identified and adopted by LAC cities.	0	4 strategic actions 2016	Monitoring report. Data from local governments participating in the network.
Activities of dissemination of good practices and lessons learned realized.	0	1 Mayor's Roundtable; 1 Best practice report; 4 blog posts; 1 info graphic; 4 1 minute stories or 1 visual report of the network results	Monitoring report and survey. Blog, info graphic and visual results available for the cities and partners to use and disseminate.

- 3.6 The total cost of this TC is US\$300,000, financed by the Institutional Capacity Strengthening Fund (ICSF). The TC will finance: (i) consulting services; (ii) travel expenses for LAC and IDB staff teams<sup>10</sup>; (iii) the set-up of workshops and meetings; and (iv) dissemination activities and publications (see [Detailed Budget](#)). Due to the specific characteristics of the program, travel and translation expenses represent a consistent part of the budget. This is necessary since one of the main benefits of the program consists in the direct exchange among cities.

#### Indicative Budget

Activities	IDB Fund US\$
<b>Component 1. Knowledge exchange and peer to peer Learning</b>	<b>147,000</b>
Consulting Services	33,000
Travel expenses for two international workshops (two in China and one in LAC)	74,000
Logistics and translation services	40,000
<b>Component 2. Mayors' round table on urban innovation</b>	<b>84,000</b>
Travel Expenses for LAC cities	44,000
Logistics and translation services	40,000
<b>Component 3. Learning from urban innovation initiatives in LAC and China</b>	<b>46,500</b>
Report on Urban Innovation in LAC and China	16,500
Translation, peer reviewing, editing and design	30,000
<b>Component 4. Dissemination activities</b>	<b>22,500</b>
<b>Total</b>	<b>300,000</b>

- 3.7 The following activities and reports will be essential to monitor this TC: (i) the signing of a letter by the selected LAC cities that will detail the activities that they will be expected to host and/or attend during the execution of the TC; (ii) the acceptance from all participants from both regions of the work plan and calendar of activities; (iii) the implementation of at least two international workshops and one Mayors' roundtable, (iv) the validation and implementation of strategic actions in participating cities; and (v) the diffusion of project results. The international consultant will be following up on these activities and will write three annual monitoring reports on these advances, for the duration of the TC.

#### IV. Executing agency and Execution Structure

- 4.1 The Bank will execute this TC through IFD/FMM based on its interest to act as a broker of good practices between LAC and China's cities, and thus have the capability to manage the resources to fulfill these activities. Given the multi-city, multi-region, and multi- topic nature of the exchange, it is necessary to have a central broker in the Bank. It will be responsible for: (i) organization and/or coordination of participation of LAC cities and its delegates in meetings and workshops; (ii) selection and execution of consulting services; (iii) preparation and negotiation of agreements with the LAC participating cities in any of the events included in this TC; and (iv)

<sup>10</sup> As a broker of the exchange, Bank staff participation in workshops and meetings is crucial for the achievement of the TC objectives. Travel will be mostly carried out by the team members of this TC, but other staff members could be invited to participate based on their specific expertise. No more than 2 IDB staff will attend any given event financed by this consultancy. All travel financed by this TC will attain to the specific objectives of this TC.

coordination with Chinese institutions and other eventual external partners. The focal point person will be the Team Leader.

- 4.2 The Bank will hire the services of an individual consultant for tutoring the cities in the identification of the strategic actions and monitoring execution. One consultant will develop all of the TC activities, as described in the [terms of reference](#). The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with Bank's procurement policies and procedures.

## **V. Major issues**

- 5.1 A possible risk is the lack of engagement of cities in being part of this knowledge exchange process. This risk is minimal because the IDB, the GIUI and the CPAFFC have promoting exchanges as one of their core roles, and have conducted previous knowledge exchanges involving cities. The lessons learned and capacity built in these experiences will ensure that the participating cities share challenges and interests in developing innovative solutions and that are committed to the activities planned. To mitigate this risk participating LAC cities will be selected on a demand base and sign an agreement with the Bank. Also, as project implementation will require the coordination of activities between different partners, there can be delays in the execution timeframe. To minimize this risk the international consultant will be on board to tutor participating cities and follow up on deadlines and activities to ensure adequate progress of the TC. Further risks are represented by: (i) the continuity of political will and motivation in supporting, in the long term, an urban knowledge exchange network and (ii) the financial capacity of cities to implement the proposals that result from this exchange. To mitigate the continuity risk of the network, we will engage in dissemination activities and include additional cities in some events, such as in the Mayor's roundtable, to arise the interest to participate in its future editions. Regarding resources to implement proposals, even if not all changes should require big investments (regulatory or zoning reforms); this TC will support fundraising efforts with other levels of government.

## **VI. Environmental and Social Strategy**

- 6.1 This TC has been classified as "C" based on the [Safeguard Screening and Classification Toolkit](#). The results of this TC will contribute to the learning process of city policy-makers, practitioners and managers and no adverse environmental impact is expected.

### **Required Annexes:**

- Annex I: [Terms of Reference](#).
- Annex II: [Procurement Plan](#).

**CAPACITY BUILDING NETWORK IN THE URBAN SECTOR - LEARNING BEST PRACTICES AND  
INNOVATION FROM LATIN AMERICA AND THE CARIBBEAN AND CHINA**

**RG-T2594**

**CERTIFICATION**

I hereby certify that this operation was approved for financing under Institutional Capacity Strengthening Thematic Fund (ICS) through a communication dated May 22, 2015 and signed by Kai Hertz, ORP/GCM. Also, I certify that resources from said fund are available for up to **US\$300,000** 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-----

9/18/2015

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

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Date

**APPROVAL**

Approved: ----- ORIGINAL SIGNED -----

9/21/2015

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

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Date