

TC Abstract

Environmental, Climate Change and Urban Pillars of the Emerging and Sustainable Cities Initiative (ESCI) – Phase II RG-T2307

I. BASIC INFORMATION

Country/Region:	Regional (Brazil, Colombia, Mexico and Peru)
TC Name:	Environmental, Climate Change and Urban Pillars of the Emerging and Sustainable Cities Initiative (ESCI) - Phase II
TC Number:	RG-T2198
Team Leader/Members:	Horacio Terraza (INE/WSA), Team Leader; Andres Blanco (IFD/FMM), Co-Team Leader; Federico Scodelaro (INE/WSA); David Maleki (INE/WSA); Sebastian Lew (INE/WSA); Ricardo De Vecchi (IFD/IFD); Irene Cartin (INE/WSA) and Bernardita Saez (LEG/SGO).
CT Type:	Research and Dissemination
CT Abstract	
Authorization Date:	
Beneficiary:	Intermediate Cities from Latin America and the Caribbean Eligible in ESCI added to the program during 2012-2013
Executing Entity:	IADB through the Emerging and Sustainable Cities Initiative
Financing:	US\$980,000 from the Knowledge Partnership Korea Fund for Technology and Innovation (KPK)
Terms:	Execution: 36 months Disbursement: 48 months
Start Date:	April 15 th , 2013
Consultant Type:	Individual Consultants and Firms
Prepared by:	INE/WSA
UDR:	INE/WSA
Priority Sector GCI-9:	Poverty and inequality reduction and sustainable development

II. OBJECTIVE AND JUSTIFICATION

- 2.1 The main objective of this operation is to finance the implementation of ESCI methodology in selected Brazilian, Colombian, Mexican and Peruvian emerging cities.¹ This TC represents the second phase of the support program from the Knowledge Partnership Korea Fund for Technology Innovation (KPK) to the Emerging and Sustainable Cities Initiative (ESCI).
- 2.2 The Knowledge Partnership Korea Fund for Technological Innovation (KPK) is directly supporting the Emerging and Sustainable Cities Initiative (ESCI) during the Special Program scaling up period (2012-2015). The support is focused on emerging cities of Brazil, Colombia, Peru and Mexico.

¹ Emerging cities are defined as cities with a population between 100,000 and 2,500,000, with an economic and demographic growth above their respective national average. Currently, Latin America and the Caribbean have more than 140 emerging cities with a total population of nearly 70 million.

- 2.3 For the years 2012 and 2013, KPK's support has been structured in three phases of US\$980,000 each. The first phase in 2012 is being implemented via Technical Cooperation RG-T2198. During 2013, phases II and III will be implemented. This TC abstract covers phase II of KPK's support to ESCI.
- 2.4 Background. ESCI is a Bank's non-reimbursable technical assistance program to provide direct support to local governments in their sustainable development plans ("Action Plans") and execution.
- 2.5 During 2012, 16 emerging LAC cities (10 of them through the Regular Program and six through the Additional Cities Program)² had joined ESCI. Six of them have already finished the first stage of the methodology and are currently in the pre-investment period. The remaining 10 cities are expected to have an Action Plan by June 2013. During 2013, cities in Paraguay, Ecuador, Haiti, Guatemala, Mexico, Brazil, Colombia and Peru will also join ESCI. The objective is to include approximately 50 emerging cities located in different countries of the region by the end of 2015.
- 2.6 Methodology. ESCI employs a multidisciplinary approach to address the challenges that LAC's urban areas face. This transversal approach includes an analysis of three pillars: urban: environmental; and fiscal and governance. This analysis generates an Action Plan for the city, on which prioritized interventions are identified and their strategy for execution outlined. The program selects one prioritized intervention and assists the local government with the required pre-investment financing.
- 2.7 In order to increase the impact of the ESCI Program in the region and leverage resources, the Bank is developing strategic partnerships ("Operating Agreements") with local development agencies.
- 2.8 The first of these agreements was established with Colombia's *Financiera del Desarrollo Territorial* (Findeter), through an MOU signed in May 25, 2012. In this MOU, Findeter committed to develop ESCI's methodology in colombian cities, starting with a pilot test in Barranquilla, Manizales, Pereira and Bucaramanga. The Bank provides technical support, capacity building and complementary resources to complete ESCI's methodology in those cities through the Technical Cooperation CO-T1317 (ATN/OC-13605-CO). Similarly, on June 21st, 2012, ESCI signed an MOU with Brazil's *Caixa Economica Federal* (Caixa), where the latter commits to replicate ESCI's methodology in 4 brazilian cities (Joao Pessoa and Recife, others to be defined), and the Bank will provide the technical support, capacity building, training and complementary resources. The Bank is currently considering similar agreements with Argentina, Mexico and Peru.
- 2.9 This TC will support Bank's work for the application of the ESCI Program in additional cities under agreements with local development agencies.

III. DESCRIPTION OF ACTIVITIES

3.1 Component 1. Diagnostic sustainability assessments and action plans (US\$160,000).

This component includes the activities needed to apply the rapid assessment diagnostic tool for the environmental, climate change and urban studies, prioritization exercise (public survey and/or focus groups) and development of the Action Plan.

3.2 Component 2. Climate change and urban footprint instruments (US\$280,000).

This component is comprised of the baseline studies needed to mitigate and adapt to climate change. They include the following activities: (i) inventories of greenhouse gas

² Regular Program: Cities funded from the Bank's Special Fund. Additional Program: Cities funded from third parties

emissions (GGE); (ii) vulnerability analysis in response to observed [or expected] climate change impacts; (iii) analysis of the economic, technical, and financial feasibility of mitigation and adaptation measures; and (iv) analysis of the urban footprint of the city, as well as the design of its expected growth scenarios.

3.3 Component 3. Systems to monitor city sustainability (\$75,000).

This component includes the design and implementation of independent monitoring systems in the Initiative’s beneficiary cities.

3.4 Component 4. Operations, capacity building and administration (\$75,000).

This component will cover the operations and administration expenses derived from ESCI intervention in the Initiative’s beneficiary cities. This includes the financing of knowledge and dissemination activities focused on providing training workshops for local authorities on ESCI’s methodology and its application.

3.5 Component 5. Pre-investment for prioritized interventions (US\$390,000).

1. This component will finance specific pre-investment studies directly related to the results of the activities and areas prioritized in the Action Plan of the cities. Activities to be financed may include engineering, technical, environmental, financial, legal, etc.
2. Funding will be distributed among interventions according to established priorities, local government capacities and the technical analysis performed by Bank specialists.

IV. BUDGET

4.1 The total cost of the operation is US\$980,000. Funds will be provided by the Knowledge Partnership Korean Fund for Technology and Innovation (KPK).

Components	Costs
1. Diagnostic sustainability assessments and action plans	\$160,000
2. Climate change and urban footprint instruments	\$280,000
3. Systems to monitor city’s sustainability	\$ 75,000
4. Operations, capacity building and administration	\$ 75,000
5. Pre-investment for prioritized interventions	\$390,000
Total	\$980,000

V. EXECUTION AGENCY AND STRUCTURE

5.1 In accordance with document GN-2629-1 and, given that this operation is a Research and Dissemination product, the Bank will be in charge of executing this TC through ESCI’s Coordination Group. This Group has the specialized technical knowledge of the required methodology and procedures, as well as the experience providing technical assistance to subnational entities.

VI. RISKS AND ISSUES

6.1 The main risk that may affect the results of the operation is the institutional weaknesses and low technical capacity of some of the participating local governments. To minimize the occurrence of this risk, project implementation will emphasize the incorporation of institutional strengthening measures to enhance the ability of the cities to implement and monitor projects.

VII. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

7.1 It is expected that the project will not generate any significant environmental or social impact. The team recommends a “C” classification for the TC.