

TECHNICAL COOPERATION ABSTRACT

I. BASIC INFORMATION

Country/Region:	Cities participating in Mercociudades ¹ .
TC Name:	Urban Network for Innovation in Municipal Management
TC Number:	RG-T2546
Team:	Team Leader: Huáscar Eguino (FMM/IDF), Verónica Adler (CUR/FMM), and Dianela Avila (IFD/FMM).
TC Type:	Client Support
Beneficiary:	Cities of the Mercociudades Network
Executing Entity:	Inter-American Development Bank, through IFD/FMM
Financing:	US\$150,000 (KPC) US\$10,000 Counterpart (in kind)
Execution/Disb. period:	12 months/18 months
Date of TC Abstract:	September 9, 2014
Consultant Type:	Individual Consultants and Consultant Firms
Prepared and Executed by:	IFD/FMM
Included in Country Strategy:	No
Priority Sector GCI-9:	Regional Integration

II. OBJECTIVE AND JUSTIFICATION

- 2.1 The objective of this Technical Cooperation (TC) is to foster innovation in municipal and urban management by strengthening the urban network Mercociudades. The strengthening of the urban network will contribute to the exchange of regional best practices of urban/municipal management and will facilitate the adoption of new technologies through better dissemination of information and know-how. By doing so, this project will foster the adoption of new solutions and management tools aimed at improving the performance of the municipal governments of the network.
- 2.2 Rapid urban growth in Latin-American and the Caribbean (LAC) has presented a series of challenges to municipal governments both in terms of an increasing demand for investments and a demand for better performance of local governments. In order to address these challenges, it is essential to support the modernization of municipal management with focus on the citizens' needs. It will be particularly important to promote the use of new technologies and innovative solutions by local governments to: (i) support and advise tax payers; (ii) maintain and operate basic services such as public lighting and garbage collection, (iii) provide permits to open and operate local firms; (iv) approve building permits in the city, and (v) provide information about access to social services. In other words, this project will foster the adoption of innovative solutions on municipal/urban management.

¹ Mercociudades is a network of 286 cities located in countries that participate in the Mercosur Regional Integration Agreement (Argentina, Brazil, Paraguay, Uruguay, Chile, Bolivia, Perú, Colombia and Venezuela). The Municipality of Montevideo, Uruguay acts as its Technical Secretariat.

- 2.3 A modern strategy to promote innovation in municipal/urban management is to facilitate communication and exchange of best practices within existing networks. In this case, the project will strengthen a network of more than 250 cities. This network is Mercociudades, an organization of local governments interested in improving regional integration and the quality of life of their citizens. Mercociudades was created by the local governments of the countries of the Southern Cone and is funded through contributions from its members. Its organization consists of an Executive Secretariat and a Technical Secretariat (TS) responsible for the implementation of projects of common interest, knowledge activities, and the functioning of the web-based network. The TS of Mercociudades is a permanent body located at the International Relations office of Municipality of Montevideo.
- 2.4 This project will contribute to the strengthening of Mercociudades, an Urban Network for Innovation in Municipal Management, through: (i) a survey to establish the use of new technologies in municipal management, and their main constraints “bottle necks” (regulatory, organizational, or technological) (ii) the design of an action plan to foster new technologies and innovative solutions in municipal management; and (iii) the design, start-up and implementation of a community of practitioners. The project has been designed as a pilot that will be closely monitored by the Bank in order to evaluate its results, scalability and possible replication in other regions of LAC.
- 2.5 This TC will contribute to the regional integration of the Southern Cone Countries, through the promotion of horizontal cooperation between cities and the exchange of best practices in municipal management. Mercociudades has experience implementing projects of horizontal cooperation and has the advantage of having more than 250 members in nine countries. The results will contribute to the Bank’s agenda of regional integration and institutional strengthening.

III. DESCRIPTION OF COMPONENTS AND BUDGET

- 3.1 **Component 1. Survey on use of IT solutions in Urban & Municipal Management (US\$85,000).** This component includes the design and implementation of an on-line survey to identify areas of opportunity for IT solutions (as the case of integrated operational systems, or on-line services) and new ways to provide basic and administrative services at local level. The survey will collect information from a sample of cities participating in Mercociudades.² Specifically, the survey will use the following taxonomy: mega-cities, capital/primary cities, secondary cities and small localities. The result of this component will be a report on the degree, constraints and areas of opportunity for innovation in municipal management.
- 3.2 **Component 2. Design and Validation of an Action Plan (US\$25,000).** The operation will finance the preparation of an Action Plan (AP) for Innovation in Municipal Management. The AP will be validated in one of the annual regular meeting of Mercociudades, and will be included in its operational program to

² The sample will be designed in a way to recognize the diversity of all members of Mercociudades.

facilitate its implementation. The PA will also include a mapping of possible sources of funding including the private sector and donors.

- 3.3 **Component 3. Improvement of the Web-Based Network (US\$50,000).** This component will finance the improvements in the Mercociudades Network to facilitate a better communication between practitioners interested in improving municipal management. The component will include funding for: (i) the improvement of the existing web-site of Mercociudades; and (ii) the implementation of community of practice. The launching of this community of practice will be done during one of the regular meetings of Mercociudades.

A. Budget

Components	Donor's Fund	Local Contribution	Total
Component 1. Survey on use of IT solutions in Urban & Municipal Management.	80,000	5,000	85,000
Component 2. Design and Validation of an Action Plan.	25,000		25,000
Component 3. Improvement of the Web-Based Network	45,000	5,000	50,000
Total	150,000	10,000	160,000
(Ver detailed budget)			

IV. EXECUTION

- 4.1 The Bank, through IFD/FMM, will be responsible for executing this TC. FMM has extensive experience in providing technical assistance to cities in different topics including municipal management. Due to the scope of the project, FMM will implement the project in close coordination with other divisions of the Department of Institutions for Development. The Bank will select and contract consulting services in accordance with the Bank's policies and procedures for institutional procurement as set forth in document GN-2350-9.

V. RISKS

- 5.1 The project has two risks: (i) the implementation of the proposed activities in cities with different institutional and technical capacities; and (ii) the lack of resources to implement the proposed Action Plan. To mitigate the first risk, all components will be designed taking into account the heterogeneity of local governments. The second risk will be reduced through a careful mapping of funding sources for the PA and its inclusion of the Mercociudades' operational program.

VI. ENVIRONMENTAL AND SOCIAL STRATEGY

- 6.1 This project is not expected to have any negative environmental and/or social impact. On the contrary, its products will have a positive social and environmental impact, promoting improvements in urban and municipal management. It is expected that this TC will be rated as "C" based on the Safeguard Filters.