

Technical Cooperation Abstract

I. BASIC PROJECT DATA

Country/ Region:	Regional
TC Name:	Institutional Architecture for Effective Metropolitan and Land Management
TC Number:	RG-T2653
Team Leader/ Members:	Robin Rajack (Team Leader); Michael Donovan, and Dianela Avila (IDF/FMM); Mario Duran y Andres Munoz (FMM/CBR), y Francisca Rojas (FMM/CAR)
Taxonomy:	Client Support (CS)
Reference to Request:	
Date of TC Abstract:	May, 2015
Beneficiary:	Latin America and the Caribbean countries
Executing Agency and Contact Name:	Inter-American Development Bank (IDB) through the Fiscal Management Division (IFD/FMM)
IDB Funding Requested:	\$450,000
Local Counterpart Funding:	None
Disbursement Period and Execution period:	36 months this includes the execution period
Required start date:	August, 2015
Type of consultants:	Individual and consultancy Firm
Prepared by Unit:	IFD/FMM
Unit of disbursement Responsibility:	Institutions for Development, (IFD/IFD)
Included in Country Strategy (y/n)	NA
TC included in CPD (y/n)	NA
GCI-9 Sector Priority	Institutions for growth and social welfare

II. Objective and Justification

- 2.1 **Justification.** Metropolitan areas are the economic engines of Latin America and Caribbean (LAC) countries; however, with few exceptions their governance is not strategically coordinated to maximize the functionality, inclusiveness and competitiveness of the urban agglomeration as a whole. At the most obvious level inadequately coordinated urban planning and service provision across these city regions undermines the overall efficiency of land use, increasing per-capita infrastructure costs and undermining environmental goals in a changing global climate. Most tangibly, the planning and economic analysis of some infrastructure investments such as transportation routes, solid waste disposal and water supply are particularly dependent on cross-jurisdictional coordination to accurately anticipate demand, prospective use, benefits and potential bottlenecks in land assembly for preferred routes or sites. Similarly, environmental and natural hazard management requires a coordinated approach as watersheds; waterways and risk zones for example span areas of multiple municipalities.
- 2.2 Within the realm of metropolitan management, successful urban land assembly is crucial to the execution of large scale or catalytic projects such as city center regeneration, transit projects, linear parks or protection of environmentally sensitive

areas. In the absence of efficient and cost effective urban land assembly including coordinated urban planning, peripheral expansion can gain precedence over densification of existing built-up areas due to lack of an area-wide strategy and available contiguous land parcels to facilitate redevelopment of underutilized areas with good accessibility. And even where there is a legitimate case for urban expansion at the periphery, the ability of the region to systematically anticipate and prepare for the next wave of urban spatial expansion is often hampered due to inadequate coordination and control over suitably located and contiguous land areas. Poor asset management of municipal land and dependence upon expensive and litigation-prone compulsory acquisition further frustrate urban land assembly for critical investments.

2.3 The Fiscal and Municipal Management Division (IFD/FMM) of the IDB views the theme of metropolitan regions, and especially metropolitan management, as an emerging priority for our work and policy dialogues with member governments. The recent Sector Framework Document (SFD) on Urban Development and Housing and the ongoing SFD exercise for Decentralization and Sub-National Governments pay significant attention to the topic. In the former it is noted that ‘The management of large cities poses a different challenge, since service delivery and regulations are fragmented across several jurisdictions, and the cities often lack a single entity to organize them’.¹ The SFD goes on to call for actions pertaining to the financing of regional projects, the preparation of strategic and sector plans at the metropolitan level and effective institutional coordination mechanisms.² Operationally, our Argentina lending operation for metropolitan management outside of Buenos Aires, has found that: (i) problem driven institutional solutions focused on specific sectorial³ investments that are metropolitan in scale work much more effectively than top down institutional arrangements that are imposed upon existing institutions and with generic goals; and (ii) municipal and existing metropolitan authorities generally need technical know-how support to properly formulate and dimension metropolitan-scale investments.

2.4 Policy dialogues with member states are also increasingly focused on the need for a more strategic development assistance framework at the metropolitan level. This is clearly the case in larger states such as Brazil, Mexico and Colombia. For example, Colombia has developed a national framework regulating the creation and management of Metropolitan Areas (Law 1625 of 2013) and Brazil has more recently created a similar framework (Law 13.089/2015: Statute of the Metropolis). Aside from these two countries and Mexico, other countries in the region depend on a combination of national laws for capital cities (Lima, Quito, Caracas, Kingstown, San Salvador), top-down practices from regional governments or discrete and limited local arrangements for inter-municipal cooperation.⁴ In this vein, the 2012 UN Habitat report on the State of LAC Cities notes that advanced metropolitan patterns are inducing a growing concern for developing inter-municipal cooperation and supra-municipal mechanisms.

¹ Page 21 Urban Development and Housing SFD

² These agenda items clearly have direct impacts on the work of other groups within the IDB including the Infrastructure practice, Water and Sanitation, Transport and others.

³ In this Abstract, the term ‘sectoral’ refers to a specific issue that affects the daily lives of citizens. The associated investment may be multi-sectoral in nature, meaning that the solution to that problem requires coordination across various disciplines.

⁴ UNHABITAT, forthcoming

- 2.5 Recent analytical and operational work of the FMM Division has also begun to give attention to this issue but the research focus has been predominantly on the highly decentralized case of Brazil,⁵ and the only operational project is in Argentina. However, in smaller and less well-resourced states such as Central American countries, the recent spike in migration to the United States has also been attributed to structural and socio-economic challenges in these countries that can only be adequately understood and addressed through interventions that cover large swaths of territory or development corridors – an approach that is being applied to the so called Northern Triangle Alliance initiative. On this initiative, other IDB groups working alongside FMM, such as Social Protection, Health and Education are co-formulating operations at metropolitan and regional levels. Overall, the recent creation of the Regional Authority of Metropolitan Associations (RAMA) and supporting diagnostics done by UNHABITAT reinforces the importance of addressing metropolitan management with urgency.
- 2.6 **General objective.** This Technical Cooperation (TC) aims to support institutional change to improve metropolitan and urban land management. Its goal is to inform policy dialogues with governments trying to solve problems associated with coordination across administrative jurisdictions or land assembly. Other than the focal city regions explicitly identified in this proposal, other countries in LAC will also benefit from the knowledge produced through this TC, as they progress with their reform processes. **Specific objectives.** Specific objectives are: (i) to equip metropolitan regions to prioritize and design technical and institutional dimensions of viable metropolitan sectorial projects; and (ii) to equip urban governments to better manage land assembly for urban development. Some of the outputs from the tasks associated with these objectives will also serve as knowledge products to disseminate the information produced through this TC. This TC will be structured into two components.

III. Description of Activities and Outputs

- 3.1 **Component 1. Equipping Metropolitan Regions to Prioritize and Design Technical and Institutional Dimensions of Viable Metropolitan Projects (US\$350,000).**
- a. **Sub-component 1.1. Framing of the metropolitan agenda in each of the focal metropolitan regions.** This component will include developing and implementing a consultative structure with municipalities that comprise each of the focal city metropolitan regions and other relevant stakeholders in the public, private and civic sectors, with the agenda of them agreeing upon problem statements and priority investments that require their cooperation. Key steps will include:
- i. Mapping of relevant national, state/provincial and metropolitan actors and making recommendations for participation in the macro-metropolitan dialogue;

⁵ See *Governing the Metropolis* (Rojas, 2005) and *Regiões metropolitanas no Brasil: Um paradoxo de desafios e oportunidades* [Metropolitan regions in Brazil: a paradox of challenges and opportunities] (Magalhães, 2010).

- ii. Framing of the macro-metropolitan dialogue model, including consultations at sub-regional level, that is the interface with the municipalities included in the metropolitan region;
 - iii. Organization of sub-regional workshops and other consultations to frame the problem statements and identify and prioritize macro-level investments.
- 3.2 The Final Output is expected to be a new or updated Metropolitan Action Concept Plan that identifies and prioritizes metropolitan-wide investments for each of the focal areas.
- a. **Sub-component 1.2. Collection and analysis of key metropolitan data in each of the focal metropolitan regions.** This component will focus on collecting data that is pertinent to one of the agreed metropolitan-wide priority projects in each of the focal regions and analyzing these data to properly dimension the needed investments. Tasks will include:
 - i. Framing of the relevant queries for designing the chosen metro-wide sectorial/multi-sectorial project;
 - ii. Identifying data needs (secondary and primary) for answering the above queries;
 - iii. Designing and implementing data collection strategies to collect the most critical of the above data;
 - iv. First stage analysis of the above data to dimension the above project in each of the chosen city regions so that both the geographic scale, substantive scope of tasks and financing model are deemed viable and sustainable from operational as well as economic perspectives.
- 3.3 The Main Output will be detailed, draft, Call for Proposals/ Terms of Reference for the chosen project in each of the focal city regions, properly identifying the background issues and the envisioned geographic span, substantive tasks and financing model for a viable project.
- a. **Sub-component 1.3. Designing Metropolitan Institutional Architecture to address a specific problem.** This Component will focus upon the institutional arrangements and capacities that are required to successfully accomplish the goals of the priority investment identified above for each of the focal metropolitan regions. This will include:
 - i. Reviews of existing policies, laws, regulations and protocols which are relevant to the financing and implementation of the proposed priority investment including the role and restrictions placed by state/provincial and national governments;
 - ii. Identification and negotiation of the appropriate assignment of powers and responsibilities for: detailed design; financing; implementation, including procurement and contracting, project management, monitoring and evaluation, project refinement based on M&E feedback, and reporting; and

- iii. Specific proposals for revising existing policies, laws, regulations and protocols or for creating new institutional and financial arrangements to duly empower agencies to efficiently perform their roles as agreed above for the specific priority project in each of the focal city regions;
- 3.4 The Main Output will be a Report containing evidence-based proposals for revising or creating new policies, laws, regulations and protocols for metropolitan project roles in each of the focal metropolitan regions. A second output will be a Policy Note that synthesizes the lessons from the cases.
- 3.5 Table 1 identifies possible focal metropolitan regions from which at least three will be selected for Component 1. Some tentative sectorial/multi-sectorial themes are identified based on the IDB’s ongoing policy dialogues with these metropolitan regions, our participation in the January 2015 meeting of the Regional Association for Metropolitan Areas (RAMA) in Sao Paulo and feedback from our development partners including UN-HABITAT. A final decision on selection will be based on expressed demand through ongoing policy dialogues.

Table 1. Possible Countries and Metropolitan Regions from which to select for Component 1.

Country	Metropolitan Region	Possible Priority Sectors
Brazil	Sao Paulo; Rio de Janeiro	Large-scale infrastructure
Mexico	Guadalajara	Spatial Planning; Transit
Haiti	Port-au-Prince	Waste Management; Water Supply
Trinidad and Tobago	Port of Spain or Chaguanas	Mobility, Spatial Planning
El Salvador	San Salvador	Natural Hazard Resilient
Guatemala	Guatemala City	Citizen Security
Peru	Lima	Transit – metro line
Costa Rica	San Juan	Mobility

- 3.6 **Component 2. Equipping Urban Governments to manage land assembly for urban development (US\$100,000).** This component focuses on helping up to three urban governments at the metropolitan or municipal level to better manage land assembly for projects of city-level significance. Tasks include:
- a. spatial expansion and development trends analysis
 - b. inventorying and geo-referencing public land assets
 - c. exploring the scope for using participatory approaches to land assembly such as land readjustment
 - d. capacity building of public officials in real estate valuation and management
- 3.7 The Main Output will include a Report of the spatial expansion and development trends analysis for each of the focal cities; an inventory of the location and value of key public land assets, and locally-hosted capacity building events.
- 3.8 The three target metropolitan regions or municipalities for this activity will be selected so that the three main sub-regions of LAC are represented: South America, Central America and the Caribbean. They may, but will not necessarily be drawn from, the focal

city regions in Component 1. A final decision on selection will be based on expressed demand through ongoing policy dialogues.

IV. Budget

- 4.1 The estimated budget for this TC is US\$450,000 for a three-year execution period, as detailed in the Table 2 below. The budget will cover consultations, data collection activities, data analysis activities, plan and map updates, inventory creation, capacity building events, and reporting by Consultants.

Table 2. Indicative Budget in US\$

Activity/Component	IDB	Total
Component 1. Equipping Metropolitan Regions to Prioritize and Design Technical and Institutional Dimensions of Viable Metropolitan Projects (3+ regions).	350,000	350,000
Component 2. Equipping Urban Governments to manage land assembly for urban development (3 cases).	100,000	100,000
TOTAL	450,000	450,000

V. Executing Agency and Execution Structure

- 5.1 Given the regional nature of this TC, the Bank will be in charge of executing the operation but will do so in close collaboration with metropolitan level and city authorities in the focal city regions. The Bank, through IFD/FMM, will be responsible for all aspects related to project management. All activities will be done in compliance with Bank procurement policies pertaining to contracting of consulting services (Document GN-2350).

VI. Project Risk and Issues

- 6.1 No major risks are foreseen for this TC, however, execution will depend upon strong collaboration with metropolitan and city governments as well as support from national and state/provincial governments. To minimize the risks to execution, focal regions will be chosen based on knowledge of strong political will and interest in the objectives of this TC as evidenced by ongoing policy dialogues both with the IDB and its partners in the development community. Readily accessible satellite based spatial data will also be relied upon for several of the proposed analyses to compliment whatever data is available with and shared by the metropolitan and city authorities.

VII. Environmental and Social Classification

- 7.1 According to Safeguard and Environmental Policies, the Classification C is suggested for this TC as the TC will not fund the actual implementation of any metropolitan or land management projects.