

## TECHNICAL COOPERATION (TC) DOCUMENT AND EXTERNALLY FUNDED CONTRACTUALS (E-FC)

### I. Basic Information

<b>Country/Region:</b>	Regional
<b>TC Name:</b>	Academic Partnership Program of the University of Technology of Vienna (UTV): Design-based solutions for Emerging and Sustainable Cities (ESC)
<b>TC Number:</b>	RG-X1260 & RG-W1118
<b>Team Leader and Members:</b>	Team Leader: Horacio Terraza (INE/ WSA); Roland Krebs (IFD/FMM); Luis López-Torres (INE/WSA); Sebastian Lew (INE/ESC); Sofia Viguri (INE/ESC); Sarah Benton (IFD/FMM); Martín Soulier (INE/ESC); Felipe Vera (WSA/CCH); Irene Cartin (INE/WSA); Betina Hennig (LEG/SGO); Heleno Gouvea (ORP/PTR); and Claudia Oglialoro (ORP/GCM)
<b>Date of the Abstract:</b>	N/A
<b>Beneficiary:</b>	National and local governments of Latin America
<b>Executing Agency:</b>	InterAmerican Development Bank (IDB), through the Water and Sanitation Division (INE/WSA), in coordination with the Emerging and Sustainable Cities Initiative (ESCI)
<b>Donors providing funding:</b>	Austrian Federal Ministry of Finance (BMF)
<b>IDB Funding Requested:</b>	US\$558,660 <sup>1</sup> : Technical Cooperation RG-X1260: US\$285,160 Externally Funded Contractuals RG-W1118: US\$273,500
<b>Disbursements Period:</b>	48 months
<b>Required Start Date:</b>	Second semester 2015
<b>Consultant Type:</b>	Individual consultants and firms
<b>Prepared by:</b>	ESCI - INE/WSA
<b>Unit of Disbursement Responsibility</b>	INE
<b>TC Included in Country Strategy:</b>	No
<b>TC included in CPD:</b>	No
<b>Priority Sector GCI-9:</b>	(i) Infrastructure for competitiveness and social welfare, (ii) Institutions for growth and social welfare, and (iii) Protect the environment, respond to climate change, promote renewable energy, and secure food security.

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<sup>1</sup> Equivalent to €500,000. Exchange rate (07/13/2015): 1 US\$ = 0.8950 €

## II. Description of the Associated Loan/Guarantee

- 2.1 The Emerging and Sustainable Latin American and Caribbean Cities Initiative (ESCI) employs a multidisciplinary approach to address the challenges faced by urban areas of Latin America and the Caribbean (LAC), integrating the areas of environmental sustainability, equitable urban development, fiscal sustainability and good governance.
- 2.2 In a process that cuts across many sectors of the Bank, the Initiative provides a set of tools for intermediate cities to: (i) identify key bottlenecks in their path towards sustainability; (ii) weigh and prioritize the identified problems to guide investment decisions in the sectors that may generate more positive impacts; (iii) find specific adequate solutions according to their cost-benefit structure that would pave the road towards increasing sustainability; and (iv) follow-up on progress in closing gaps and reaching goals. In addition, solutions take into consideration potential local sources to finance these interventions and current institutional capacity for their implementation. The concrete product of these actions, which constitutes ESCI's signature methodology, is a City Action Plan. The Initiative has already published 30 Action Plans in the region and has 25 more in the pipeline.
- 2.3 The Initiative has activity in all the countries in the region and is open to any municipality, state or provincial government or group of municipalities. However, the initial priority is to focus on medium sized cities: the top 55 emerging local economies of the region, where the impact of the actions has the potential to be greater and more immediate.
- 2.4 Through various channels, the Initiative supports the generation of expertise and dissemination of innovative experiences in order to improve urban, environmental and management policies in the region. The audience targeted by ESCI is not only local governments; there is a continuously growing effort to make sure civil society, the private sector and academia become leading agents in monitoring progress, implementing projects, and ensuring the endurance of ESCI's work in each city.
- 2.5 The elaboration of Action Plans in over thirty cities has allowed ESCI to identify some of the main urban challenges they share: (i) the chronic deterioration of downtowns; (ii) neighborhood gentrification; (iii) urban sprawl and its impacts on car-dependency and road congestion; (iv) poor maintenance and capacity to expand utilities; and (v) available tools for city management and governance, among others.
- 2.6 ESCI has found that in most cases for LAC, planning tools for urban development are outdated and insufficient to face the urban challenges of the 21<sup>st</sup> century. New concepts and tools are needed to frame interventions that can truly improve quality of life in cities. This is valid for other parts of the world too, which is why leaders and local governments are joining forces in order to push the envelope and question traditional city and regional planning discourse. Universities have been playing a key role in the introduction of inclusionary approaches to revitalization, new technological tools for urban management, and a different notion of design and architecture.

- 2.7 In order to foster this much needed innovation in LAC, ESCI has sought to strengthen its ties with the academic sector. One of the ways it has done so is through the establishment of the Urban Design Lab (UDL) in 2014, which was made possible thanks to a grant sponsored by the Austrian Federal Ministry of Finance (BMF) and the IDB. The UDL is a program that supports consultants who recently graduated from Masters of Architecture and Urban Planning of Austrian Universities to travel to ESCI partner cities and contribute to the implementation of Action Plans, deploying a participatory toolkit for the conceptualization and design of city-specific solutions. The main partner in this effort has been the Faculty of Architecture and Planning of the University of Technology of Vienna (UTV).
- 2.8 The UDL joins two exceptional assets. On the one hand, it taps the talent of young people and academic practitioners that are at the forefront of the field of urban planning and architecture; on the other, it leverages the knowledge, strategic relationships and valuable political will that ESCI has generated in cities across the region. This combination creates a uniquely favorable environment for the testing and promotion of innovative ideas, a laboratory of the urban matter.
- 2.9 A key driver of UDL is the urgency to mainstream inclusive practices in the design and decision-making processes that shape the cities. Since its inception, the UDL has helped establish a dialogue with citizens and local NGOs of partner cities in Latin America, contributing to the dissemination of a civic culture of participation. Through UDL, people from all ages have shared the potential they see in their neighborhoods and how they think their everyday life could be transformed through urban interventions. This has opened channels for the blending of local needs and knowledge with appropriate lessons from best practices around the world.
- 2.10 A concrete example is Monteria, a city where the design for a renovation of the Mercado Central (the central market) is based on the results of UDL's work. Thanks to the local input, the project incorporated approaches and interventions that prioritize the prevention of gentrification. The proposal has put forward mechanisms that seek to leverage local resources that can keep Mercado Central affordable, while galvanizing the economic value of Monteria's historic center in alternate ways. Similar processes have been triggered in Pasto (Colombia), Managua (Nicaragua), Quetzaltenango (Guatemala), Campeche and Xalapa (Mexico), Santiago de los Caballeros (Dominican Republic), Panama City (Panama) and Valdivia (Chile).
- 2.11 In this context, ESCI has received renewed support from the BMF to continue extending the application of the UDL methodology during the period 2015-2016. This resource will be channeled to cities in Latin America with a non-exclusive focus on the Caribbean and the Southern Cone.

### **III. Objectives and Justification of the TC**

#### **A. General Objectives**

- 3.1 This Technical Cooperation (TC) is part of a wider strategy aiming to:
- 3.2 Create a network of regional and international universities that can act as stewards of ESCI's vision for sustainable urbanization in Latin America.

- 3.3 Strengthen ESCI's presence in the region and position it as a hub of best-practices in planning and urban design, creating a network of collaboration in matters related to Rapid Urban Growth.

**B. Specific Objectives**

- 3.4 Support the implementation of ESCI's methodology in partner cities through the drafting of concrete design-based solutions that respond to the priority areas identified in Action Plans.
- a. Adapt and deploy participatory techniques and tools that have been developed within the UDL before.
  - b. Work with students, academic staff and young practitioners in bridging best practices from around the world with local conditions and capacities; and encourage them to challenge traditional solutions to old problems.
- 3.5 In conjunction with local stakeholders, to develop desirable and achievable future scenarios of urban growth and their accompanying layouts and infrastructure.
- a. Design planning documents for intervention areas in cities that contain a consensual vision of development and urban design, and graphic proposals of concrete projects at an implementable scale.
  - b. Collaborate with local authorities, civil society and the private sector in the assessment of the economic and political feasibility of the design solutions that result from the UDL.
- 3.6 Disseminate outputs and lessons learned throughout the application of the UDL methodology.

**C. Justification**

- 3.7 Rapid urban growth in LAC has presented a series of challenges that should be addressed through a holistic and multisectorial approach to ensure sustainability in the urban environment, especially in intermediate-sized emerging cities.<sup>2</sup> By presenting the concept "Fast Forward Cities", this deployment of the UDL has a special focus on challenges related to growth management in places where the pace of urbanization has severely surpassed local planning capacities.
- 3.8 Activity for this version of the UDL will be grounded in cities that can portray the types of challenges that are common for fast-growing cities in the Caribbean on the one hand, and in the Southern Cone, on the other cities in other subregions that may be considered as the project moves forward. The reason to consider the Caribbean and Southern Cone as priorities is the will to show that, despite having commonalities, urban issues and needs in subregions are ranked differently in the hierarchy of challenges for the sustainable and equitable development of cities. Thus, the importance of tailored urban strategies and knowledge sharing.
- 3.9 Rapid urbanization is a glaring reality in the Caribbean; the rate of urbanization in this subregion is quickly surpassing that of most LAC countries, which reflects the early stage of maturity Caribbean cities are in. The general trend for LAC shows that since the 1980s, there has been a reduction in the rate of growth of the

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<sup>2</sup> In the context of the ESCI, "Intermediate-Sized Emerging Cities" refer to LAC cities ranging in population between 100,000 and 2.5 million that show economic and democratic growth higher than the national average rate.

largest cities in LAC and a sizeable increase in the rate of population and economic growth in intermediate cities, as has been observed in Argentina, Chile, Brazil, and Mexico.<sup>3</sup> These countries, however, have already experienced their urban transition. Variation exists throughout LAC, and many countries, particularly in the Caribbean, have not yet reached this point, as their urban populations and intermediate-sized cities are still projected to grow above average rates for many more years. Beyond demographic growth, several ESCI partner cities must deal with transitory population, too, which is the product of the region's intense tourist activity. For example, Nassau receives over 3 million visitors each year, which places a significant stress on its infrastructure and its plans for utility expansion.

- 3.10 Furthermore, growth in intermediate cities in the Caribbean is taking place within the context of extreme vulnerability to the impacts of global climate change. Although this is a far-reaching challenge—73% of the population in the LAC lives now in low-altitude coastal areas—Caribbean cities are the posterchild of exposure to climate change, since their mere viability as nations is directly challenged by sea level rise and the shocks of extreme hydrometeorological events. The Caribbean is an example of the extent to which the region is ill-prepared to respond to and recover from natural disasters, with much of their critical urban infrastructure located in vulnerable areas. These challenges are varied and interrelated, which further complicates the measures that need to be implemented to resolve them.<sup>4</sup>
- 3.11 In the Southern Cone, the most pressing growth management issues are approaching from a different front. Areas of priority action are more deeply related to the absence of tools to better control the territory and prevent sprawl, while still promoting housing affordability. For example, in the metropolitan area of Coquimbo and La Serena, yearly growth rates for population and dwelling units during the last census period (2002-2012) reached 2.17% and 3.05%, respectively. During the same period, the expansion of the urban footprint in Coquimbo (76%) and La Serena (67%), has by far superseded the national average of 34%. The inability to spatially constrain settlements due to the unregulated nature of the land market has induced all kinds of problems: car dependency, congestion, and poverty rings that perpetuate segregation and unequal access to public services.
- 3.12 ESCI's diagnosis in many of the cities in the Southern Cone calls for measures such as the revitalization and repopulation of downtowns and the introduction of elements of affordable housing and public space, so as to send a clear message of inclusion for the urban poor. The successful completion of such plans demands significant citizen involvement, so as to guarantee willingness from re-settlers, and acceptance from existing members of the community. Thus, the importance of participatory approaches to planning.
- 3.13 The aforementioned problems are relatively old ones, at least for the largest cities of the region. The application of UDL methodology will contribute to inject radical perspectives that can radically challenge traditional mechanisms of response. The resulting mix between cutting-edge practices and intensely

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<sup>4</sup> For more information, please see document GN-2652.

- participatory techniques will provide critical input for the advancement of ESCI's methodology in partner cities across the region.
- 3.14 This TC is a direct complement to the deployment of the ESCI's signature methodology in LAC. The work performed through UDL academic partnership is part of the prefeasibility studies that follow the elaboration of the Action Plans. It capitalizes the knowledge gained through previous phases of the Initiative's method, and puts it in actionable terms for the city and students to work on. This TC and its associated products will offer critical perspectives for the design and implementation of future urban interventions with regard to master planning, neighborhood revitalization, and adaptation of infrastructure to climate change, among other salient priorities. Outputs will contribute toward local urban development strategies and preinvestment studies for the municipalities potentially affected by regional economic development initiatives. By necessity, all strategies and preinvestment studies from ESCI's work in the region will keep an integrated planning approach and will emphasize key planning topics, such as basic infrastructure quality and access, but also critical issues like mobility and logistics, which can together have a positive impact on sustainable economic development.
- 3.15 This TC is aligned with the strategic areas included in the Report on the Ninth General Increase in the Resources of the IDB (GCI-9), which requires the Bank to promote sustainable growth and the reduction of poverty and inequality in LAC. Ultimately, the goal of providing the Northern Corridor with a set of strategies and preinvestment studies matches the following GCI-9 priorities: (i) promote the financing of urban infrastructure in support of competitiveness and social welfare; (ii) strengthen subnational institutions; and (iii) protect the environment and attend to the potential impacts of climate change. This operation also follows two priority areas from GCI-9: (i) the reduction of poverty and inequality; and (ii) support for initiatives in climate change, energy efficiency, and environmental sustainability.
- 3.16 Comprehensive support to the region's emerging cities is an important opportunity for the Bank to help them find a path to sustainability. One of the most important opportunities is to assist countries to fulfill goals related to GCI-9. The ESCI will contribute directly to (i) infrastructure that promotes competitiveness and social well-being; (ii) institutions for growth and social wellbeing; and (iii) protection of the environment, responses to climate change, promotion of renewable energy, and food security. In this case, it will also contribute directly to supporting small, less developed, vulnerable countries.
- 3.17 This operation also provides an important opportunity to foster a multisectorial, integrated technical support coordinated among the different expertise areas of the Bank, with a holistic perspective and the possibility to adapt the Bank's support to the challenges created by climate change in the region's urban areas.

#### **IV. Description of Activities, Components and Budget**

- 4.1 **Component 1: Technical Cooperation (US\$285,160).** This component will support two objectives: (i) deployment of UDL Toolkit in cities of Latin America and the Caribbean and (ii) activities of dissemination.

- 4.2 The development of actionable planning instruments and the establishment of Local Support Groups that can ensure ownership over such instruments.
- 4.3 It will finance the deployment of the UDL methodology for the development of planning instruments such as: (i) Integrated Downtown Renewal Master Plans; (ii) Urban Regeneration Strategies; (iii) Urban Expansion Master Plans; and (iv) Integral Urban Design Studies, etc. Such plans require an actionable scale of intervention and an assessment of the feasibility of their implementation in the short and medium term.
- 4.4 Products will consider climate change, disaster resilience and mitigation and other contemporary urban issues such as density, poles of development, land use, affordable housing, and public space. Therefore, the component covers the analysis of existing data and research on global best practices that are at the forefront of the urban development field.
- 4.5 This component will cover regular expenses of the academic partnership participants. This also includes the cost of materials to carry out participatory workshops and collect community-scale surveys, among other field activities required to collect primary information, retrieve citizen inputs for the plans, and present proposals to the community.
- 4.6 Funds will be provided to create and coordinate local support groups which will entail outreach activities, the coordination of regular meetings, symbolic incentives for civic leadership in the dissemination and comment on UDL's preliminary products, etc. The importance of this component is underscored, as its role is to stimulate local ownership and acceptance of the projects and ensure adequate engagement between academic, public and private stakeholders.
- 4.7 **Component 2: Externally Funded Contractuals (EFCs) (US\$273,500).** This component will cover 30 individual EFCs as follows:
- a. **18 Junior Consultants (TTC).** These will be Austrian college students to support the UDL project teams with prefeasibility design studies with respect to the partner cities of the ESCI. The project's goals vary depending on the particular needs of the city, the outcomes/recommendations of the Action Plan developed by ESCI for the respective city and the access to financing the respective city has available. The 18 junior consultants will have the same EFC document, same individual budget and the same Terms of Reference (ToR).
  - b. **Two Consultants (TTC).** These will be Austrian consultants who will work in support of the local UDL project teams and supervise their work as tutors. With the aim of securing quality aspects, the consultant is giving professional inputs to the design. Result of the consultancy is an innovative pre-feasibility design study for each of the respective partner cities of the ESCI. The projects goals vary depending on the particular needs of the city, the outcomes/recommendations of the Action Plan developed by ESCI for the respective city, and the access to financing the respective city has available. The two consultants will have the same EFC document, same individual budget and the same ToR.
  - c. **Ten Senior Consultants (TTC).** These will be Austrian university professors and lecturers who will act as general supervisors and contributors to the projects and ideas developed by the local and international planning and

designing teams. The consultants will advise the project-supervisors (tutors) and the UDL project teams during their prefeasibility design studies. The project's goals vary depending on the particular needs of the city, the outcomes/recommendations of the Action Plan developed by ESCI for the respective city, and the access to financing that the respective city has available. The ten senior consultants will have the same EFC document, same individual budget and the same ToR.

### Technical Cooperation Results Matrix

Indicators	Unit	Base Value	Goal
Planning reports that are based on the UDL methodology	Document and supporting primary data collected through participatory activities	0	6
Creation and coordination of Local Support Groups	Worksheet with contacts of active participants, including assistance to meetings by date	0	6
A compilation of advanced conceptual designs for proposed urban interventions for each city	Drawings, renderings and presentation materials		6
Development of an UDL Handbook	Document	0	1
Organization of the 2016 Fast Forward City Symposium	Event	0	1

- 4.8 The budget for TC and EFCs components will be US\$558,660, which will be financed by a Project Specific Grant (PSG) from the Austrian Federal Ministry of Finance (BMF) (as further detailed below, including the budget table).

### Indicative Budget (US\$)

Components	BMF
<b>Component 1.</b> Technical Cooperation	257,227
<b>Component 2.</b> Externally Funded Contractuals	273,500
18 Junior Consultants TTC (at \$ 9,950 each)	179,100
2 Consultants TTC (at \$ 8,700 each)	17,400
10 Senior Consultants TTC (at \$ 7,700 each)	77,000
<b>PSG Fee 5%</b> <sup>5</sup>	27,933
<b>Total</b>	<b>558,660</b>

- 4.9 BMF expects to commit €500,000 to this project, which is equivalent to US\$558,660, based on the exchange rate 1 US\$ = €0.8950 as of 07/13/2015. Final resources in US dollars will be dependent on the exchange rate of the date when the resources are received by the Bank from BMF in euros and converted into US dollars. If a significant adverse movement in exchange rate reduces the amount of US dollars contemplated in this budget, the activities contemplated in

<sup>5</sup> The 5% PSG administration fee (US\$27,933 based on the exchange rate of 0.8950) will be set aside at the time of the approval of the Technical Cooperation component (RG-X1260), which has a total budget of US\$285,160, which corresponds to a net of US\$257,227 once the fee will have been set aside.

the project will be decreased appropriately and the budget will be adjusted accordingly by the project team.

- 4.10 Resources of this project to be received from BMF will be provided to the Bank through a PSG. A PSG is administered by the Bank according to the “Report on COFABS, Ad-Hocs and CLFGS and a Proposal to Unify Them as Project Specific Grants (PSGs)” (Document SC-114). As contemplated in these procedures, the commitment from BMF will be established through a separate administrative agreement. Under such agreement, the resources for this project will be administered by the Bank and the Bank will charge an administrative fee of 5% of the contribution, which is duly identified in the budget of this project. The 5% administrative fee will be charged after the contribution had been received and converted into US dollars.

## **V. Executing Agency and Execution Structure**

- 5.1 The Bank, through the ESCI Coordination Group, will be responsible for executing this project due to ESCI’s substantial experience providing technical assistance to cities and technical knowledge, particularly in the areas of urban design, infrastructure development, and growth management.
- 5.2 The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with Bank’s current procurement policies and procedures”.
- 5.3 The development of the activities will be led by the Team Leader with the support of other specialists from various areas of the Bank, in coordination with the specialists located in each Country Office. The ESCI Coordination Group will work with the Office of Outreach and Partnerships (ORP) in topics related to the ESCI’s external partners to mobilize external resources for the project.
- 5.4 The countries will benefit from the urban diagnostics, including the identification of the principal problems and potential strategies to resolve them. This process will be executed under the leadership of the Bank’s technical team.
- 5.5 If at the end of project execution the project is closed with a positive uncommitted and unspent balance, the project team will be responsible for informing ORP/GCM to transfer the unspent balance as agreed to by the donor and the Bank pursuant to the terms of the PSG administrative agreement”<sup>6</sup>.

## **VI. Major Issues**

- 6.1 There is one fundamental risk that could impede achieving the results of this project: lack of ownership over the planning process from the part of the local government, which would lead to proposals that are disconnected from their interests and possibilities of action.
- 6.2 To mitigate this risk, the local government will be the leading agent of the academic partnership; ownership will be given and authorities will be made responsible for setting goals and expected outputs that fit their needs throughout the different stages of application of the methodology. Additionally, the ESCI

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<sup>6</sup> All PSG administrative agreements include provisions for the use of any unspent balances.

team will hold periodic coordination meetings with all relevant stakeholder groups involved in the UDL academic partnership.

## **VII. Exceptions to the Bank's Policy**

- 7.1 No exceptions to Bank policy have been identified.

## **VIII. Environmental and Social Strategy**

- 8.1 The studies and projects will contribute to a positive social and environmental impact, promoting improvements in the urban environment of the potential involved cities in LAC. This project has been rated as "C" based on the Safeguard Screening and Classification Toolkit ([see environmental filters](#)).

- **ANNEXES**

- Annex I: [Terms of Reference - Component EFC](#)  
Annex II: [Terms of Reference - TC component](#)  
Annex III: [Procurement Plan](#)