TECHNICAL COOPERATION (TC) ABSTRACT

I.   BASIC PROJECT DATA

Country/Region:	México
TC Name:	Institutional Strengthening for the Secretaría de Desarrollo Agrario, Territorial y Urbano (SEDATU).
TC Number:	ME-T1262
Team Leader/Members:	Carolina Piedrafita, Team Leader; Javier Leon; Alejandro Rasteletti, and Dianela Avila (IFD/FMM).
TC Taxonomy:	Client Support (CS)
Reference to Request[1]:	(IDB docs #) 38766896
Date of TC Abstract:	
Beneficiary:	Secretaria de Desarrollo Agrario, Territorial y Urbano (SEDATU)
Executing Agency:	Inter-American Development Bank, with the technical supervision of SEDATU
IDB Funding Requested:	US$400,000
Local counterpart funding:	N/A
Disbursement period (which includes execution period):	24 months
Required start date:	August 2014
Types of consultants:	Firms and Individual consultants
Prepared by Unit:	Fiscal and Municipal Management Division (IFD/FMM)
Unit of Disbursement Responsibility (UDR):	Institutions for Development Sector (IFD)
Included in Country Strategy:	No
TC included in CPD	No
GCI-9 Sector Priority:	Infrastructure for Social Welfare

II.   OBJECTIVE AND JUSTIFICATION

2.1   The objective of this TC is to strengthen SEDATU´s institutional capacities, through improving its access to and management capacity of geographic information systems to guide urban planning and define an efficient and transparent way to allocate federal housing and urban development subsidies. This objective will be achieved through the modernization of Mexico's national geographic information systems and the development of a planning instrument to guide urban growth and efficiently allocate federal subsidies. The product of this TC will support a loan request for a Compact Cities Program that is currently under discussion between the Bank and the SEDATU.

2.2   In the last decade, Mexico has heavily subsidized the development of new, single family housing, mostly for low income groups. This was done to enroll the private sector and generate social inclusion through increased housing affordability. This fact, combined with the high cost of urban land, promoted an expansive growth model that has driven formal and informal urban growth into the ultra-periphery of cities. This has brought a series of urban challenges, such as low connectivity

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[1]   A copy of the Letter of Request should be submitted with the Abstract.

to jobs, lack of adequate urban services, high transportation costs and segregated cities– socially, economically and physically. The most cited negative result of this growth model is that 25% of the new housing stock built in the periphery of cities is currently vacant, since the costs of living there (time and cost of commuting to work + lack of basis services) have outweighed its benefits.

2.3   Such growth model was supported by a national subsidy allocation system focused on quantity and guided by developers. The measures adopted by the current administration to reverse this trend were: (i) the creation of SEDATU, to plan, guide and regulate urban development, and (ii) the re orientation of federal subsidies towards already urbanized areas and city centers. A geoestadistical system is the tool currently used by SEDATU to define where federal subsidies should be allocated. But such tool is not dynamic and has not been built using the latest GIS updates. As such, it lacks layers of information and cannot be updated. With these limitations, it is an inaccurate tool to define subsidy allocation, which is not being allocated in the most transparent and fair way. Namely, some areas (and land owners) that shouldn't get the subsidies for development are getting them, and some beneficiaries are still being offered houses in remote risky areas.

2.4   **Value Added**. The current TC will provide technical assistance to Mexico´s federal government, through SEDATU, to improve its urban planning capacity by updating their existing Geographic Information Systems (GIS) and establishing a state of the art planning system which will: (i) provide an accurate and transparent spatial criteria --based on topographical, risk and cost-benefit analyses--, to allocate federal subsidies for low income housing; (ii) use multi criteria analysis (climate change impacts, available urban and social infrastructure, risk profile, infrastructure extension costs, etc) to assess best growth scenarios, and; (iii) identify already urbanized areas within the city –either vacant lots or low density -that have the potential for densification. The system and its results will also be publicly available.

2.5   Such technological solution will allow SEDATU to implement a results based incentive system to guide urban growth and improve the impact, transparency and fairness of their public subsidy allocation. It will also be useful for city officials to plan for urban growth. Such system is a great innovation for Mexico and the LAC region, and if successful, has great potential for replication and as an evaluation tool. The TC It is aligned with IDB´s GCI-9 sector priorities, as it will contribute to better link infrastructure and social welfare, and the recently approved country strategy.[2]

III. DESCRIPTION OF ACTIVITIES AND OUTPUTS

3.1   **Component I. Geographic information systems (GIS) for city planning.** Technology**,** tools and systems to guide city planning are instrumental in designing and upgrading urban plans. The use of these systems is the first step towards a more efficient, transparent and fair allocation of resources and for an

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[2]   IDB: Country Strategy with Mexico (2013-2018) (GN-2749).

urban management strategy focused on stopping expansive growth and on using existing infrastructure to capacity. This component will finance: (i) an assessment of current GIS systems and tools in use by SEDATU; (ii) recommendations for upgrade of these systems, and (ii) the development of an urban planning system based on GIS technology (the planning system), tailored for federal, state and municipal authorities.

3.2   **Component II. Pilot**. This component will finance the piloting of the planning system in 3 to 4 cities. The cities should be selected to be representative within Mexico (by size, location, climate, planning capacity, etc.) to allow for testing diverse scenarios. The pilot will also test local governments' capacity to manage and operate the system for their own planning needs, and will adjust accordingly.

3.3   **Component III. Training.** This component will finance the development of materials for training in the whole country, and the actual training of federal, municipal and state employees relevant for the pilot phase (3 to 4 cities). The training will comprise: (i) the use of updated GIS systems, and (ii) the uses, capacities and criteria of the planning system. At the federal level, the training will be provided to all institutions linked to urban development such as *Comision Nacional de Vivienda* (CONAVI), *Instituto del Fondo Nacional de la Vivienda para los Trabajadores* (INFONAVIT) and *Sociedad Hipotecaria Federal* (SHF).

IV.   BUDGET

Indicative Budget		
Component/Description	**IDB/Fund Funding**	**Total Funding**
Component I. GIS update and system for urban planning		200,000
Component II. Pilot		100,000
Component III. Training		75,000
Disemination of results within Mexico and other LAC countries		25,000
TOTAL		**400,000**

V.   EXECUTING AGENCY AND EXECUTION STRUCTURE

5.1   This TC will be executed by the Bank (IFD/FMM) with the technical supervision of SEDATU. Bank execution is justified on the need for a timely implementation of the planning system, since IDBs procurement processes are less cumbersome and time consuming than Mexico´s.

VI.   PROJECT RISKS AND ISSUES

6.1   There are no anticipated risks related to this TC.

VII.   ENVIRONMENTAL AND SOCIAL CLASSIFICATION

7.1   There are no environmental and social risks.