TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	Rethinking LAC cities: innovating to address common urban challenges in the region
▪ TC Number:	RG-T4583
▪ Team Leader/Members:	Menezes Fajardo, Washington (CSD/HUD) Team Leader; Madera Arends, Roberto Jose (CSD/HUD); Vazquez Brust, Hector Antonio (CSD/HUD); Avila, Francy Dianela (CSD/HUD); De Barros Torres, Gabriel (CSD/HUD); Bonilla Merino, Arturo Francisco (LEG/SGO); Pelaez Enrique Alberto (CSD/HUD); Arnold, Elisabeth Maria (CSD/HUD); Hernandez, Yader Antonio (CSD/HUD).
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	15 Jul 2024
▪ Beneficiary:	All borrowing countries of the Bank
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US$350,000
▪ Local counterpart funding:	US$0
▪ Disbursement period:	36 months
▪ Types of consultants:	Individual Consultants; Firm Procurements
▪ Prepared by Unit:	CSD/HUD - Housing & Urban Development
▪ Unit of Disbursement Responsibility:	CSD/HUD - Housing & Urban Development
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2024-2030:	Social inclusion and equality; Productivity and innovation

II. Objective and Justification

2.1   This Technical Cooperation's (TC) objective is to creatively re-think challenges in Latin America and the Caribbean (LAC) cities to co-create a more sustainable urban future in the region. Specifically, this TC aims to leverage the IDB Cities Lab's experience in digital tools, participatory methods, and agile innovation techniques, to (i) generate valuable insight on current trends and expectations on urban living; (ii) foster meaningful conversations to develop new agreements; (iii) test innovative solutions and assess their scalability and replicability into IDB operations; and (iv) generate and disseminate knowledge.

2.2   The justification of this TC is that, on top of rapid urbanization challenges, recent and increasing demographic, cultural, economic, and political shifts are clashing with current urban development patterns, leaving the region with cities that are not unleashing their full potential to become engines of prosperity and sustainability. As the built environment is hard to change, it sets path-dependent trajectories for many years to come, and current land use, form, and infrastructure do not reflect societal needs anymore. For example, land use and transportation networks were planned on the premise of five-days a week in person at the office commute. Nowadays, not only remote work is increasingly an option, but also trip purposes are more diversified.

2.3   Therefore, the Cities Lab strives to implement innovative methods and approaches to re-think and address complex urban challenges in LAC cities, while better informing future IDB operations. The Lab's experience in participatory design and emergent

technologies provides a solid framework to develop tailored solutions that leverage opportunities arising from recent technological and conceptual advances.

2.4 **Strategic Alignment.** This operation is consistent with the IDB Group Institutional Strategy: Transforming for Scale and Impact (CA-631) and is aligned with the objective(s) of (i) addressing climate change by supporting cities in identifying common challenges and solutions to adapt to climate change by developing knowledge exchanges, training activities, tools, and pilot projects; and (ii) bolster sustainable regional growth by addressing urban challenges in innovative ways leading to increase urban productivity, better local governments, and less congestion effects in urban areas. The TC is also aligned with the operational focus area(s) of (i) biodiversity, natural capital, and climate action; (ii) gender equality and inclusion of diverse population groups; (iii) institutional capacity, the rule of law, and citizen security; (iv) productive development and innovation through the private sector; and (v) sustainable, resilient, and inclusive infrastructure. When working in specific countries, this TC will be aligned with the respective country's strategy and country-specific priorities and needs.

III. Description of Activities and Outputs

3.1 **Component I. Urban futures diagnosing and co-creation (US$70,000).** Leverage data science and digital tools to design creative ways to better understand the challenges and expectations of LAC urban dwellers. Activities include data mining, web scraping, online assessments, digital twins, roundtable discussions, focus groups, surveys, workshops. The result will be a comprehensive and visually appealing publication on "Challenges and Future of LAC Cities".

3.2 **Component II. Piloting and Experimentation (US$180,000).** Based on the diagnosis, develop pilot projects for key challenges. Pilots will be defined considering on-going projects and other opportunities for up- and out-scaling. Key activities also include a students' and professional design competition/open call, an innovation challenge call for municipalities, and capacity building workshops.

3.3 **Component III. Pilot Up-Scaling and Knowledge Sharing (US$100,000).** Identify and implement concrete pathways for up-scaling and or out-scaling, with the financing of the IDB, partner donors and/or the cities themselves. Increase impact through policy reform and knowledge sharing strategy to promote replicability in other cities in the region. Report with lessons learned and recommendations and possible synergies with operations. Further workshops, publications, exchanges, and a field trip contribute to a broad transfer of knowledge.

Indicative Budget

Activity/Component	IDB	Total Funding
Urban futures diagnosing and co-creation	US$70,000	US$70,000
Piloting and Experimentation	US$180,000	US$180,000
Pilot Up-Scaling and Knowledge Sharing	US$100,000	US$100,000
Total	**US$350,000**	**US$350,000**

IV. Executing Agency and Execution Structure

4.1 The Bank will be the Executing Agency through the Housing and Urban Development Division (CSD/HUD). HUD will be responsible for the technical supervision and administration of the TC's activities, which requires consensus and coordination among multiple entities from the public, private, and civil society sectors. The Bank, as a neutral actor, has the potential to promote dialogue and facilitate agreements. CSD/HUD will leverage the experience that the Cities Lab has developed across LAC and activities will be executed jointly with the IDB's Country Offices and their contacts in participating cities, and a non-objection will be obtained before the design and

execution stage. The Bank will contract individual consultants following the guidelines set out in the AM-650. The procurement process for consulting firms of intellectual nature follows the Bank's new Policy for the Selection and Contracting of Consulting Firms for Bank executed Operational Work (GN-2765-4) and related Operational Guidelines (OP-1155-4). Non-consulting services will follow the Bank's current procurement policies and procedures. Contracting of logistic services and procurement of goods will be done under policy GN-2303-202.

4.2 The execution by the Bank of this TC is justified because it will require a centralized implementation of complex activities and procurement in different countries, with limited technical and institutional capacities to execute the project during the expected timeframe. Therefore, the Bank's capacity and experience to execute complex projects in multiple agencies (local or national) will be critical for the project's implementation. In addition, the HUD Division, and its Cities LAB, have substantial experience in providing technical assistance, particularly in housing, urban planning, sustainability, and areas related to the activities financed under this TC.

V. Project Risks and Issues

5.1 Four main risks have been identified: (i) complexity in the coordination with internal and external stakeholders that might affect the development of the TC's activities and outputs; (ii) institutional weakness and changes in subnational administrations, which could affect the continuity of long-term initiatives or require repeated cycles of capacity building; (iii) cities' managerial and technical limitations to implement pilot projects; and (iv) cities lack of capacity to install or apply urban planning tools. Experience and lessons learned from previous TCs (RG-T3397: "Support to the Cities LAB activities to promote urban experimentation and civic innovation in LAC cities", RG-T3481: "Support for the Development and Execution of Activities of the Second Phase of the IDB Cities Network", and RG-T3869: "Innovation and Knowledge Platform for LAC Cities) indicate that for internal coordination, an informal network of "champions" from different parts of the IDB group (INE, BIDLAB, IFD, SOC) is needed to avoid overlaps and guarantee knowledge dissemination and cross-pollination.

5.2 For external coordination, the platform will seek to maximize established alliances with relevant stakeholders. To mitigate the second risk, the activities in this TC will encourage the participation of technical personnel, civil servants, and relevant interest groups such as NGOs or city development agencies, when applicable, in their activities. On this matter, the Cities Lab promotes the sustainability of its experiments beyond the specific solutions by instilling an innovative mindset and culture in city officials. Also, the Cities Lab will encourage and support beneficiary local governments to create partnerships and alliances with external stakeholders, such as the private sector and civil society organizations, to promote long term sustainability. To address the possible lack of commitment of the city governments, the TC will prioritize financing pilot projects aligned with the operational dialogue or built within the HUD active portfolio. It will always include COF specialists in articulating client needs and co-designing their solutions. Finally, to mitigate the fourth risk, urban tools developed will be built and customized with the users so that they minimize the amount of technical expertise or equipment that is needed for their implementation. Also, the platform will provide capacity building activities and will develop manuals or guidelines to facilitate the application of the generated urban planning tools.

VI. Environmental and Social Aspects

6.1 This TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).