

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ 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; Uribe, Maria Camila (CSD/HUD) Alternate Team Leader; Chaparro Garzon, Ana Isabel (ITE/IPS); Bonilla Merino Arturo Francisco (LEG/SGO); Avila, Francy Dianela (CSD/HUD); Arnold Elisabeth Maria (CSD/HUD); Pelaez Enrique Alberto (CSD/HUD); Vazquez Brust Hector Antonio (CSD/HUD); Hernandez Yader Antonio (CSD/HUD); Madera Arends Roberto Jose (CSD/HUD); De Barros Torres Gabriel (CSD/HUD) Uribe Sanchez, Maria Camila (CSD/HUD) Alternative Team Leader; Bonilla Merino Arturo Francisco (LEG/SGO); Avila, Francy Dianela (CSD/HUD); Arnold Elisabeth Maria (CSD/HUD); Pelaez Enrique Alberto (CSD/HUD); Vazquez Brust Hector Antonio (CSD/HUD); Madera Arends Roberto Jose (CSD/HUD); De Barros Torres Gabriel (CSD/HUD)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	15 Jul 2024.
▪ Beneficiary:	All borrowing countries of the Bank: Argentina, Barbados, Bahamas, Belice, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Perú, Panama, Paraguay, Surinam, Trinidad and Tobago, Uruguay and Venezuela
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Multidonor Trust Fund for the Development of Sustainable Cities in Latin America and the Caribbean(CIT)
▪ IDB Funding Requested:	US\$350,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	January 2025
▪ Types of consultants:	Firm and Individual Consultants
▪ 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:	Afro-descendants; Diversity; Gender equality; Indigenous People; LGBTQ+; Persons with Disabilities; Productivity and innovation; Social inclusion and equality

II. Objectives and Justification

- 2.1 **Objective.** This technical cooperation's (TC) objective is to creatively re-think challenges in Latin America and Caribbean (LAC) cities to co-create a more sustainable and inclusive urban future in the region. Specifically, this TC aims to leverage 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 while considering gender and diversity development gaps; (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 to bridge knowledge gaps and support informed policymaking. Some key urban challenges that the IDB Cities Lab has identified from numerous global and regional partners are repurposing city centers (historic and business centers), integrating informal settlements, and promoting nature-positive projects in strategic biomes.
- 2.2 **Justification.** 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. The built environment is complex to change, setting path-dependent trajectories for many years. Current land use, form, and infrastructure no longer reflect societal needs, such as transportation networks planned on the premise of five days a week in person at the office commute. Remote work is increasingly an option, and trip purposes are more diversified.
- 2.3 Therefore, the Cities Lab strives to implement innovative methods and approaches to rethink 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 for developing tailored solutions that leverage opportunities arising from recent technological and conceptual advances. Regarding international knowledge exchange, donor countries of the CIT fund can add valuable insights into tackling specific urban challenges, such as smart cities, social housing, and sustainable urban development. For this proposed TC, cooperation with Austrian, Korean, or Swiss institutions and research organizations is of interest to establish and expand international networks.
- 2.4 Moreover, this TC is based on IDB Cities Lab's experience in the three major urban challenges identified (city centers, informal settlements, and urban development in Amazonia). In the first topic, the IDB Cities Lab has worked on downtown revitalization and upgrading pilots in Buenos Aires and Quito, which currently is in conversations with the State of Bahia to provide advisory services for their Centro Antigo plan. Regarding informal settlements, besides knowledge products being developed to promote private sector involvement in upgrading programs, the Cities Lab is working in Paraguay and Argentina to create digital tools to improve informal settlement mapping. Furthermore, it supported the design and execution of economic development in the slum component in Program for the Social and Urban Integration in Uruguay (UR-L1188; 5896/OC-UR). Lastly, the Cities LAB has an ongoing agenda with the Amazonia Cities Network (RG-T4277) and is supporting the design of pilot projects focused on urban tree management, carbon emission and sequestration as well as climate resilience using digital tools. This TC will harness the previous experience and lessons learned in the Amazon region, fostering dialogue and knowledge exchange to benefit other regional operations by providing complementary

networks and expertise. It is expected that this TC will leverage and expand these lines of work.

- 2.5 Minorities and diversity groups like Indigenous Peoples, Afro-descendent populations, people with disabilities, and members of the LGTBQ community suffer disproportionately from specific barriers in urban areas in LAC, are often underrepresented in decision-making processes and particularly affected by inaccessibility to public services, amenities, and opportunities. This is especially visible when working in degraded city centers where members of the LGTBQ community are especially vulnerable to security concerns, as well as in informal settlements, where Afro-descendant populations are often over-represented and people with disabilities face challenges due to the fragmented environment. Finally, in urban areas within strategic biomes, such as the Amazon region, indigenous populations are confronted with lower income levels and limited access to education. This TC aims to bridge knowledge gaps to support informed policymaking, fostering more sustainable, equitable, and inclusive cities.
- 2.6 Based on IDB Cities Lab's foresight work, operational expertise on the ground, and the priorities of the HUD sector framework, this TC has been prepared by the IDB to address the three pre-identified major urban challenges, that will have a crucial impact in sustainable urban development in the region. The TC focuses on exploring and analyzing future scenarios to guide present decision-making, co-creating innovative solutions, and sharing results, incorporating considerations regarding the reduction of gender and diversity development gaps. By addressing major urban development trends, its ultimate goal is to enhance the quality and impact of HUD's operations in member countries. It is expected to have regional benefits by developing innovative solutions and generating knowledge to inform future investments and policies, improving urban growth management and planning in urban centers, informal settlements, and strategic biomes. Specific countries to develop pilot projects will be selected based on their history of collaboration with the IDB and their scalability potential. All activities will be defined in coordination with VPC and VPS to ensure alignment with initiatives that maximize impact and synergy.
- 2.7 In conclusion, this TC aims to address urban challenges in LAC by leveraging the IDB Cities Lab's expertise in digital tools, participatory methods considering gender and diversity inclusiveness, and agile innovation. It seeks to generate insights on urban living trends, foster meaningful dialogues, and test scalable, innovative solutions. Key focus areas include revitalizing city centers, integrating informal settlements, and promoting nature-positive projects in strategic biomes.
- 2.8 **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 as well as with the Housing and Urban Development Division's (CSD/HUD) focus area to enhance cities' resilience, preserving natural, built environments, and cultural heritage. It contributes to advancing against all the four main challenges defined in the CSD/HUD Sector Framework, namely (i) structural social exclusion, (ii) excessive pollution and low mitigation and resilience levels, (iii) highly variable urban productivity, and (iv) weak urban governance. When working in specific countries, this TC will be aligned with the respective country's strategy and country-specific priorities and needs.

- 2.9 By working collaboratively with stakeholders from the participating cities to develop innovative solutions for key urban challenges in LAC, this TC is aligned with the CIT-Multidonor Trust Fund's main objective of promoting urban development that is sustainable, inclusive and resilient. In addition, the activities within this TC are consistent to the specific objectives of the CIT Fund, primarily by promoting transformative actions of sustainable, inclusive, resilient, and equitable urban development in LAC through the use of innovation, co-design, experimentation, and lessons learned carried out within the framework of the Cities LAB's operations; and carrying out evidence-based research to provide state-of-the-art studies on topics regarding innovative and resilient urban development

III. Description of activities/components and budget

- 3.1 **Component I. Urban Futures Diagnosing and Co-creation.** This component aims to leverage data science and digital tools to design creative ways to understand better LAC urban dwellers' challenges and expectations. As the dynamics, especially in urban areas, are constantly changing, it is necessary to gain comprehensive insights to better comprehend current and emerging trends and their implications. This means diverse research activities, including data mining, web scraping, online assessments, digital twins, roundtable discussions, focus groups, surveys, and workshops, will be financed, combining quantitative and qualitative data analysis and research methods.
- 3.2 The IDB Cities Lab has identified three significant urban challenges in LAC to focus on within the activities of this TC that share the need for innovative solutions. Firstly, many urban centers are experiencing difficulties due to changes in mobility patterns and consumer behavior, particularly since the global COVID-19 pandemic. This has led to an increase in vacant properties and a subsequent impact on local businesses. Concurrently, this allows cities to reimagine and repurpose their urban cores. Secondly, throughout the LAC region, there is a pressing need to improve the conditions of informal settlements. Key issues include access to basic urban infrastructure and the high vulnerability of these settlements to environmental risks. Thirdly, cities located within strategic biomes are confronted with the challenge of achieving a dual objective: the preservation of the natural environment and the provision of living space for their inhabitants. This includes the need for adequate management and planning of urban growth, mitigation and adaptation to climate change, economic development, and social inclusion and equity. In the context of LAC, this is particularly pertinent for cities within the Amazon region, situated within the context of the world's largest tropical rainforest.
- 3.3 Robust research findings in the form of diagnoses and assessments of these critical urban challenges will be carried out to allow informed further interventions and

targeted pilot projects. These will incorporate considerations regarding gender gaps and biases as well as development gaps of Indigenous Peoples, Afro-descendent populations, people with disabilities and members of the LGBTQ community. The final product of Component I will be a comprehensive publication on the Challenges and Future of LAC Cities.

- 3.4 **Component II. Piloting and Experimentation.** This component aims to develop and disseminate innovative solutions through experimentation processes in three key action areas (outlined in component 1), working collaboratively with key stakeholders. These solutions may include scalable methodologies, new regulations, digital tools, urban design prototypes, and innovative technologies (such as rainwater harvesting methods). Furthermore, it seeks to assess these approaches' impact, scalability, and reproducibility to incorporate suitable ones into the HUD's project portfolio. It will finance (i) the scouting and identification of innovative solutions; (ii) the design and implementation of three pilot projects or experiments to test possible innovative solutions tackling critical urban challenges and following an iterative design thinking approach; and (iii) the development of evaluation methodologies and strategies to assess the sustainability, regional replicability, and potential for project scaling up.
- 3.5 Open innovation formats will act as catalysts, bringing new ideas to the table and diversifying the pool of contributors. This component's beneficiary cities will be selected during the TC implementation, using the following selection criteria: (i) alignment of the topic with IDB's priorities (country and sector), as well as possibilities for synergies with HUD operations and previous IDB Cities Lab work; (ii) local governments with technical capacities and political will to foster innovative ecosystems. Gender and diversity issues will be a key criterion to determine pilot selection and design.
- 3.6 **Component III. Knowledge Generation and Dissemination.** This component supports the dissemination of findings of this TC, creating a memory of and drawing conclusions on the undertaken activities. Additionally, the objective is to foster a knowledge exchange between the actors involved in these activities, strengthening new links. It will develop and implement the following activities: (i) knowledge exchange activities such as webinars and workshops, including their communication strategies; (ii) a conference on urban innovation to disseminate knowledge; and (iii) the creation and dissemination of publications and knowledge products on lessons learned, recommendations and possible synergies with other operations, as well as a flagship publication about the Innovations that LAC Cities are still "missing", incorporating possibilities for further reducing gender and diversity gaps will be highlighted.
- 3.7 The total budget for this TC is \$350,000, financed through the CIT-Multidonor Trust Fund for the Development of Sustainable Cities in Latin America and the Caribbean. No local counterparts are expected (nor in kind or cash).

Indicative Budget

Activity/Component	Description	IDB/Fund Funding	Total Funding
Component I. Urban Futures Diagnosing and	Research activities, diagnoses, and assessments for key urban challenges	US\$50,000	US\$50,000

Activity/Component	Description	IDB/Fund Funding	Total Funding
Co-Creating	Events, workshops, publications	US\$20,000	US\$20,000
Component II. Piloting and Experimentation	Scouting, design and implementation of three pilot projects	US\$150,000	US\$150,000
	Process evaluations	US\$30,000	US\$30,000
Component III. Knowledge Generation and Dissemination	Knowledge exchange activities	US\$25,000	US\$25,000
	Conference on urban innovation	US\$50,000	US\$50,000
	Flagship publication "The innovations that LAC cities are still missing"	US\$25,000	US\$25,000
Total		US\$350,000	US\$350,000

- 3.8 The team leader will supervise and execute this TC and will work closely with IDB's Country Offices and their contacts in cities participating in its activities. Disbursements will be made from IDB Headquarters with the support of IDB's Administrative Services and Corporate Procurement Division.
- 3.9 The project team leader will monitor the TC according to the approved budget and result matrix. It will be done annually following the Bank procedure for TC reporting and will not require additional funding.

IV. Executing agency and execution structure

- 4.1 The Bank will be the Executing Agency through CSD/HUD, which 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 institution, 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. Non-objection will be obtained before the design and execution stage.
- 4.2 All activities to be executed under this TC have been included in the Procurement Plan (Annex IV) and will be contracted in accordance with Bank policies as follows: (a) Complementary Workforce (AM-650) for Individual consultants; and (b) Corporate Procurement Policy (GN-2303-33) and its associated guidelines for Services provided by firms.
- 4.3 The Bank's execution of this TC is justified because it will require 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 manage complex projects in multiple agencies (local or national) will be critical for the project's implementation. In addition, CSD/HUD 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.
- 4.4 The TC will finance activities in and across multiple countries and institutions in LAC and thus needs centralized and internalized execution from Bank headquarters. Also, CSD/HUD 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. Major 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 have difficulties to install or apply urban planning tools. Experience and lessons learned from previous TCs ([RG-T3706](#): "Piloting Innovative Urban Solutions in LAC – ALC," [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, BID LAB, IFD, SOC) is needed to avoid overlaps and guarantee knowledge dissemination and cross-pollination.
- 5.2 The platform will seek to maximize established alliances with relevant stakeholders for external coordination. 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.
- 5.3 The Cities Lab will also 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 CSD/HUD active portfolio. It will always include the Country Office' specialists in articulating client needs and co-designing solutions. Finally, to mitigate the fourth risk, urban tools will be developed and customized with the users so that they minimize the amount of technical expertise or equipment needed for their implementation. The platform will also provide capacity-building activities and develop manuals or guidelines to facilitate the application of the generated urban planning tools.

VI. Exceptions to Bank policy

- 6.1 There are no exceptions to Bank policy.

VII. Environmental and Social Aspects

- 7.1 This TC is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Results Matrix_23953.pdf](#)

[Terms of Reference_82004.pdf](#)

[Procurement Plan_94360.pdf](#)