

TECHNICAL COOPERATION DOCUMENT

I. BASIC INFORMATION FOR TC

Country/Region:	Peru
TC Name:	Social Sustainability in the Rehabilitation of the Historic Center of Lima
Name of the Trust Fund:	Korea Poverty Reduction Fund (KPR)
TC Number:	PE-T1289
Team Leader/Members:	Francesco Lanzafame (IFD/FMM), Team Leader; Axel Radics (FMM/CPE), Alternate Team Leader; Diana Bejar (IFD/FMM); Ezequiel Cambiasso (PDP/CPE); Fernando Glasman (PDP/CPE); Carmen Romero (CAN/CPE); Beatriz Canchari (consultant) and Bernardita Saenz (LEG/SGO).
TC Type:	Client Support
Date of TC Abstract:	October, 2012
Beneficiary country:	Metropolitan Municipality of Lima (MML), Peru
Executing agency:	IADB
Total cost of the project:	US\$210,000
Total IDB Funding request:	US\$210,000
Execution and Disbursement Deadlines:	15 Months Execution 21 Months Disbursement
Required start date:	January, 2013
Types of consultants:	Individual consultants and firms
Prepared by Unit:	IFD/FMM
Unit of Disbursement responsibilities:	CAN/CPE
Included in BCS/CPD	2012-16. Included in CPD 2013
GCI-9 Sector Priority:	No. 1 Social policy for equality and productivity and No. 2 Infrastructure for competitiveness and social welfare.

II. OBJECTIVES AND JUSTIFICATION

A. Objective

- 2.1. The objective of this TC is to contribute to the improvement of the social conditions of low income residents in Barrios Altos, Lima, through a better understanding of their demands and needs.

- 2.2 This TC will contribute to the design of urban and social interventions through a better knowledge of the social and housing situation of the area's residents. Its results will allow for the identification of strategies and specific interventions to be included in the urban rehabilitation plan of the area, promoted by the Metropolitan Municipality of Lima (MML) with support of the Bank. This plan aims will have an integral approach, combining actions in the following areas: i) rehabilitation of historic monuments, and urban spaces; ii) rehabilitation of existing overcrowded tenements; iii) promoting the social and economic development of the area, as well as strengthening citizen security. The plan's objectives are to improve the quality of the urban space in Lima's downtown district, benefiting both residents and visitors, while ensuring the long-term sustainability of the urban revitalization efforts.

B. Justification

- 2.3. Barrios Altos is located in the historic downtown area of Lima and presents relatively high poverty levels. The area is characterized by over-crowded and unhealthy housing conditions, insecurity, scarcity of basic urban and social services and vulnerability to disasters (earthquakes and fires). According to the last census (2007) almost 20% of the population of the district where Barrios Altos is based has at least one Basic Unmet Need (BUN), of which the most important is poor housing conditions (72%). Moreover, it registers high degree of labor and commercial informality (80% of small businesses are not registered). Current population—especially women—tends to be low-skilled; and the level of insecurity is higher than the rest of the city, with high delinquency and drug consumption.
- 2.4. At the same time Barrios Altos has attributes that can potentially generate positive impacts in the rest of the historic downtown, including its location next to the Rimac River, the presence of important monuments, historical buildings and headquarters of national institutions and universities.
- 2.5. The MML started ten years ago a process of rehabilitation of its historic downtown, focused on the area identified as Damero de Pizarro, which includes the main public and religious buildings. The area of Barrios Altos is next to the Damero de Pizarro but is characterized by a higher number of resident population, particularly low income families. The delicate social situation of the area has created difficulties to its sustainable rehabilitation. Some actions have been implemented by the MML, including the rehabilitating individual buildings and public spaces, but more integral activities are necessary, combining social, physical, environmental and economic aspects. The MML is aware of the situation, due to the social condition of the area; it also recognizes the key role that this area plays in the city and is committed to implementing the necessary actions and programs for its social improvement.
- 2.6. However, there is relatively little local experience in Peru on development of social programs in historic areas, particularly in how to deal with the problem of over-crowded tenement housing. This political commitment combined with the pressing social needs of the area and its potential for the central city rehabilitation

justifies the support proposed by this Technical Cooperation (TC) to the MML. The main goals and activities are: i) support the preparation of an urban rehabilitation plan, focusing on social sustainability; and ii) develop a strategy, specific projects and instruments required for its implementation; and iii) strengthen the capacity of the local government to carry out the plan, through the transfer international experiences in urban revitalization and related matters.

III. DESCRIPTION OF ACTIVITIES

- 3.1. This project will contribute to strengthen the efforts of the Municipality of Lima, with the support of the Bank, to rehabilitate the historic downtown, with focus on Barrios Altos, and giving special attention to social sustainability.
- 3.2. To achieve its objective the project will be structured in three components: i) analysis and diagnosis of the social situation of residents of Barrios Altos; ii) identification of solutions and methodology of intervention, with focus on urban upgrading and social housing; and iii) institutional strengthening and coordination. The specific components are:
- 3.4. **Component 1. Analysis and diagnosis of the social situation of Barrios Altos (BBAA) residents (US\$45,000).** This component will focus on: i) review of existing demographic, social, economic and housing information; ii) data collection through survey (including number of residents and families, housing conditions, age of population, education, health, economic activities, social cohesion, gender and ethnicity issues, etc.); iii) analysis and systematization of information. This information will be used as a basis for the design of urban upgrading and social housing interventions in the BBAA area.
- 3.5. **Component 2. Identification of solutions and intervention proposals (US\$114,000).** This component will support the identification of solutions and methodologies of intervention to help the population of the BBAA area, with emphasis in urban upgrading and social housing issues. It will include: i) evaluation of the legal framework (municipal and national) affecting housing and land use in the downtown area; ii) identification of urban and social infrastructure required for the downtown area; iii) evaluation of financial instruments to finance housing and urban upgrading in the area (including tax-increment taxes and others); iv) proposal for improving housing conditions of residents of overcrowded houses; v) proposal of actions in citizen security and economic development to complement the upgrading of Barrios Altos; and vi) design of a baseline for the evaluation of the proposed urban/social/housing intervention.
- 3.6. **Component 3. Institutional strengthening and coordination (US\$51,000).** This component will support local institutions (mainly the Municipality of Lima) in the following aspects: i) training in urban development, with focus on improvement of social conditions of residents; ii) supervision of social studies financed by this TC; and iii) monitoring the sustainability and possible replication of the intervention.

- 3.7. As a part of this component, on-site monitoring of project activities will be conducted within the overall TC framework. The Korean Poverty Reduction (KPR) donor will designate participants, who will conduct the monitoring in consultation with the team leader and executing agency, and submit a brief report to the team.
- 3.8 The contribution of KPR and the donor (the Ministry of Strategy and Finance of Korea) will be prominently recognized in any printed materials, websites, publications, presentations, training sessions in the process of project implementation.

Outputs

- 3.9. The main outputs of Component 1 will be: i) a report allowing a better understanding of the social situation and problems of the area; ii) the development of a baseline of information and indicators that will allow monitoring the social sustainability of the area.
- 3.10. The main outputs of Component 2 will be: i) identification of solutions and methodologies for the integral recuperation of Barrios Altos, including the areas of social housing, urban upgrading, social infrastructure, citizen security and economic development.
- 3.11. The main outputs of Component 3 will be: i) support the Municipality of Lima in its capacity to supervise the execution of the TC; ii) transfer of international experience and institutional strengthening of the MML in urban development; and iii) external monitoring to contribute to the achievement of the products included in this TC.

Results Matrix

Results/Products	Unit	Baseline		Goal Planned	Estimated deadline	Sources
		Amount	Year			
Component 1: Analysis and diagnosis of social situation of Barrios Altos (BBAA) residents						
Report on the area's social situation and problems	Report	0	2012	1	2013	IADB Report
Baseline indicators for monitoring the social and urban sustainability of the area	Baseline	0	2012	1	2013	IADB Report
Component 2. Identification of solutions and interventions proposals						
Study of financial instruments for urban rehabilitation and over-crowded housing solutions	Study	0	2012	1	2013	IADB Report
Study of legal framework and specific and legal instruments for urban upgrading	Study	0	2012	1	2013	IADB Report
Study of identification of necessary social infrastructure for urban upgrading	Study	0	2012	1	2013	IADB Report

Proposal for housing improvement of residents of over-crowded houses – methodologies of interventions, alternatives and solutions	Report	0	2012	1	2013	IADB Report
Actions in citizen security and economic development to complement urban upgrading	Report	0	2012	1	2013	IADB Report
Component 3. Institutional strengthening and coordination						
Workshop on urban development	Workshop	0	2012	1	2013	IADB Report
Exchange of experiences with other cities	Report of exchange	0	2012	1	2013	IADB Report

IV. BUDGET

- 4.1. The estimated budget of this operation is US\$210,000 from the contribution of the Bank.
- 4.2. Annex 2 includes the detailed budget for this TC project.

Category	TOTAL
1. Component 1. Analysis and diagnosis of social situation of BBAA residents	45,000
2. Component 2. Identification of solutions and interventions proposals	114,000
3. Component 3. Institutional strengthening and coordination	51,000
TOTAL	210,000

VI. EXECUTION

A. Executing agency

- 5.1. The Bank, through IFD/FMM will be the executing agency. The Bank will be responsible for: i) selection and negotiation of consulting services, and authorization of payments; ii) preparation and negotiation of agreements with the counterpart; and iii) coordination with local stakeholders and eventual external partners.
- 5.2. There are several department and institution, within the MML, with different competences on the area of the Historic Center, which includes Barrios Altos. Among them, Empresa Municipal Inmobiliaria de Lima (EMILIMA), Pro Lima (Programa Municipal para la Recuperación del Centro Histórico), Gerencia de Desarrollo Urbano (GDU). Additionally there are also external institutions like United Nations Educational, Scientific and Cultural Organization (UNESCO), World Monument Fund, etc. The direct coordination of all these institution will represent a delay in the execution of the TC, which will compromise the

achievement of the expected results. Additionally EMILIMA and the other institution of the MML don't have the technical and operational capacity to execute the project.

- 5.3 For that reason it was agreed that the Bank will be the executing agency, coordinating with the institutions of the MML and the other international Institution. This situation is typical of the Historic Center, especially when they have been declared World Heritage Sites. A similar mechanism of execution has been adopted by the Bank in all the operations in areas with similar characteristics.

B. Execution structure

- 5.3 The execution of the TC will be developed according to the following mechanisms:
- a) Component 1 will require the services of a consulting firm, which will be selected according to the Bank procedure. The MML will collaborate in the identification of the Firm and in the execution of the activities.
 - b) For the development of component 2 and 3 the Bank will hire the services of individual consultants. The consultants will be selected by the Bank in agreement with the counterpart.

VII. PROJECT RISKS AND ISSUES

- 6.1. The TC can present the following risks: i) institutional coordination; and ii) continuity of political will and motivation. To mitigate these risks, IFD/FMM is constantly working with its partners and has established a solid relationship. A third risk is related to delays in delivery of the product (since the program is linked to other activities of the MML in the area). This risk is mitigated by the fact that the same team responsible for the integral rehabilitation of the area at the MML would coordinate with the Bank the implementation of this operation.

VIII. ENVIRONMENTAL AND SOCIAL CLASIFICATION

- 7.1. The TC team proposes that the TC will be classified as Category C ([see electronic link](#)) as it doesn't generate environmental concerns of any sort. Nevertheless, to pursue the sustainability and efficiency of urban areas the project includes activities oriented to identify, monitor and mitigate eventual environmental and social impacts of urban development.

ANNEXES:

Annex I. [Request from the Government](#)

Annex II. [Terms of Reference](#)


Annex III. [Procurement Plan](#)

**SOCIAL SUSTAINABILITY IN THE REHABILITATION
OF THE HISTORIC CENTER OF LIMA**

PE-T1289

CERTIFICATION

I hereby certify that this operation was approved for financing under the Korea Poverty Reduction Fund (KPR) through a communication dated on November 23, 2012 and signed by Seong-Wook Kim, Director of the International Bureau, Ministry of Strategy and Finance of the Republic of Korea. Also, I certify that resources from the Korea Reduction Fund (KPR) are available for up to US\$210,000 in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this document. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.



Sonia M. Rivera
Chief a.i.
Grants and Co-Financing Management Unit
ORP/GCM

12/12/12

Date

APPROVAL

Approved by: 

Vicente Fretes Cibils
Division Chief
Fiscal and Municipal Management Division
IFD/FMM

12/12/12

Date