

TC Abstract

Request for Funding from the “Knowledge Partnership Korea Fund for Technology Innovation” RG-T2198

I. BASIC INFORMATION

Country/Region:	Regional (Brazil, Colombia, Mexico and Peru)
TC Name:	Environmental, Climate Change and Urban Pillars of the Emerging and Sustainable Cities Initiative (ESCI)
TC Number:	RG-T2198
Team Leader/Members:	Ellis J. Juan (VPS/VPS), Team Leader; Horacio Terraza (INE/WSA), Co-Team Leader; Andres Blanco (IFD/FMM); Federico Scodelaro (INE/WSA); Luis Lopez-Torres (IFD/FMM); Ricardo De Vecchi (IFD/IFD); and Irene Cartin (INE/WSA).
CT Type:	Research and Dissemination
CT Abstract Authorization Date:	July 9, 2012
Beneficiary:	Intermediate Cities from Latin America and the Caribbean Eligible in ESCI added to the program during 2012-2013
Executing Entity:	IADB through the Emerging and Sustainable Cities Initiative and the beneficiary city.
Financing:	US\$980,000
Terms:	Execution: 36 months Disbursement: 48 months
Start Date:	September 1st, 2012
Consultant Type:	Individual Consultants and Firms
Prepared by:	INE/WSA
UDR:	INE/WSA
Priority Sector GCI-9:	Poverty and inequality reduction and sustainable development

II. OBJECTIVE AND JUSTIFICATION

- 2.1 The main objective of the operation is to finance the implementation of the Emerging and Sustainable Cities Initiative (ESCI) methodology in selected cities of Latin America and the Caribbean.
- 2.2 Background: The Emerging and Sustainable Cities Initiative (ESCI) is a Bank’s non-reimbursable technical assistance program to provide direct support to local governments in their sustainable development plans and execution.
- 2.3 In 2011 the Bank launched the Emerging and Sustainable Cities Platform program. The first phase consisted of a pilot test to develop ESCI’s methodology and its application in five cities through its Regular Program: Goiania, Brazil; Santa Ana, El Salvador; Trujillo, Peru; Port of Spain, Trinidad and Tobago; and Montevideo, Uruguay. La Paz, Mexico, was added to this initial group via the Additional Cities Program with funding provided by two private sector foundations.
- 2.4 On February 2012, the Board of Directors approved the second phase of the program, which involves the development of the Emerging and Sustainable Cities Initiative (“The Initiative”), as well as the scaling up of the program to a total of 26 cities in the Region. This second phase includes support to nine more cities during 2012—Mar del Plata, Argentina; Cochabamba, Bolivia; Managua, Nicaragua; and Montego Bay, Jamaica have been added to

the Regular Program. Barranquilla, Manizales, Pereira and Bucaramanga were added via a strategic partnership signed with Findeter (Colombia's national development bank assisting municipalities) in an innovative bundle program. Salta, Argentina, also joined ESCI through its Additional Cities program.

- 2.5 During 2013, the following cities will be added to the regular program: La Asuncion in Paraguay, Cuenca in Ecuador, Northern Development Corridor Cap Haitien—Ouanaminthe in Haiti, Quetzaltenango in Guatemala, and a city to be defined in Mexico. Through the Additional Program there are plans to add: Recife and Joao Pessoa in Brazil, and Monteria and the Island of San Andres in Colombia. With these nine more cities, by the end of 2013 the ESCI program will have reached 25 cities.
- 2.6 **Methodology:** ESCI employs a multidisciplinary approach to address the challenges that LAC's urban areas face. This transversal approach includes an analysis of the: (a) environmental and climate change sustainability, (b) urban sustainability, and (c) fiscal sustainability and governance. ESCI provides a set of tools to: (i) identify key challenges that cities may encounter to achieve sustainability; (ii) weigh and prioritize those challenges in terms of its climate impact, economic benefits and public opinion, (iii) promote investment decisions (interventions) in the prioritized sectors with an integral view within the community (consultations with civil society, academia and private sector). The application of these tools generates an Action Plan for the city, with the prioritized interventions and its strategy for execution.
- 2.7 Additionally, the program selects a prioritized intervention and assists the local government with the required pre-investment financing and mobilizes additional financing from available sources for project implementation. In this phase, the program also develops a monitoring system to measure progress towards closing gaps and reaching goals.

III. DESCRIPTION OF ACTIVITIES

3.1 Component 1. Diagnostic sustainability assessments and action plans (US\$160,000).

This component includes the activities needed to apply the rapid assessment diagnostic tool for the environmental, climate change and urban studies, prioritization exercise (public survey and/or focus groups) and development of the Action Plan.

3.2 Component 2. Climate change and urban footprint instruments (US\$450,000)

This component is comprised of the baseline studies needed to mitigate and adapt to climate change. They include the following activities: (i) inventories of greenhouse gas emissions (GGE); (ii) vulnerability analysis in response to observed [or expected] climate change impacts; (iii) analysis of the economic, technical, and financial feasibility of mitigation and adaptation measures; and (iv) analysis of the urban footprint of the city, as well as the design of its' expected growth scenarios.

3.3 Component 3. Systems to monitor city sustainability (\$75,000)

This component includes the design and implementation of independent monitoring systems in the Initiative's beneficiary cities.

3.4 Component 4. Operations, capacity building and administration (\$75,000)

This component will cover the operations and administration expenses derived from ESCI intervention in the Initiative's beneficiary cities. This includes the financing of knowledge and dissemination activities focused on providing training workshops for local authorities on ESCI's methodology and its application.

3.5 Component 5. Pre-investment for prioritized interventions (US\$220,000)

1. This component will finance specific pre-investment studies directly related to the results of the activities and areas prioritized in the Action Plan of the cities. Activities to be financed may include engineering, technical, environmental, financial, legal etc.

2. Funding will be distributed among interventions according to established priorities, local government capacities and the technical analysis performed by Bank specialists.

IV. BUDGET

- 4.1 The total cost of the operation is US\$980,000. Funds will be provided by the Knowledge Partnership Korean Fund for Technology and Innovation (KPK).

Components	Costs
1. Diagnostic sustainability assessments and action plans	\$160,000
2. Climate change and urban footprint instruments	\$450,000
3. Systems to monitor city's sustainability	\$ 75,000
4. Operations, capacity building and administration	\$ 75,000
5. Pre-investment for prioritized interventions	\$220,000
Total	\$980,000

- 4.2 Expected Results: This operation is expected to provide the beneficiary cities with (i) a unique technical multidisciplinary diagnostic, and (ii) the necessary base studies to address the main identified issues. These activities will create an encompassing effect that will positively contribute to achieve urban, environmental and fiscal sustainability in the selected cities.

VI. EXECUTION AGENCY AND STRUCTURE

- 5.1 In order to fulfill the objectives of this Technical Cooperation, the Bank will be responsible for the execution of this Technical Cooperation.
- 5.2 Execution by the Bank will ensure that the diagnostics, analysis, Action Plan development and monitoring will be kept according to ESCI's procedures. This will also promote the standardization of the Initiative's studies and activities through all the cities in the program. The proposed executing structure is the same as the one previously established in ESCI's technical cooperation agreements RG-T2173 (ATN/OC-13271-RG), and RG-T2175 (ATN/SS-13259-RG). Additionally, for the Pre-Investment phase, the Bank will ensure that the financing directed to the pre-feasibility studies will be in line with ESCI's objectives and strategies.

VI. RISKS AND ISSUES

- 6.1 There are three key risks that may affect the results of the operation: (i) lack of coordination between different levels of government in the selected cities, (ii) institutional weaknesses and low technical capacity of some of the participating local governments and, (iii) the difficulty to integrate multidisciplinary technical aspects involved in the operation.
- 6.2 To minimize the occurrence of the first risk during the execution of the operation, the Bank's team will hold coordination meetings with the different levels of government involved in the process, including the Ministries of Economy and Finance from the different cities and countries. As for the second risk, project implementation will emphasize the incorporation of institutional strengthening measures to enhance the ability of the cities to implement and monitor projects. In order to minimize the third risk, multidisciplinary teams will be set up on the Bank and on the city's side that will analyze and address issues from a holistic point of view.

VII. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

- 7.1 It is expected that the project will not generate any significant environmental or social impact. The team recommends a "C" classification for the TC.