

TC ABSTRACT

I. Basic Project Data

▪ Country/ Region:	REGIONAL/BID
▪ TC name:	Support for the development of a laboratory for urban innovation in cities of LAC
▪ TC number:	RG-T2983
▪ Team Leader /Members:	Blanco Blanco, Andres Guillermo (CSD/HUD), Team Leader; Avila, Francy Dianela; Aguilar Blandon, Maria Alejandra; Volpe, Federica; Marin Muller, Erick Mathias; Razu Aznar, David; Benton, Sarah Ruth; and Lopez Gross, Juan Pablo Elias (CSD/HUD); and Moreno Tellez, Sergio Andres (CSD/CSD)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	June 30 th , 2017
▪ Beneficiary:	Latin-American Countries
▪ Executing Agency:	Inter-American Development Bank
▪ IDB funding requested:	US\$1,000,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Consulting firms and Individual consultants
▪ Prepared by Unit:	Housing and Urban Development Division (CSD/HUD)
▪ Unit of Disbursement Responsibility:	Climate Change and Sustainable Development Sector
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productividad e innovación; Capacidad institucional y estado de derecho; Cambio climático; Sostenibilidad ambiental

II. Objective and Justification

- 2.1 The main objective of this TC is to help mainstream innovation and design thinking into urban planning and development in cities of LAC and into operations development at the IDB Group, through the development and strengthening of a laboratory (“Cities LAB”) for urban innovation. This TC will finance the necessary actions for the launching and initial implementation of the Cities LAB, which will contribute to the generation of innovative practices and processes within the realm of urban issues through the offering of services to both the client cities of the Bank as well as to the operational divisions within the Bank. The Cities LAB seeks to support cities in the LAC region and divisions of the Bank to: (i) develop and prototype innovative solutions for cities in the region, be it directly for the client city or in support of existing operations related to urban issues in various areas of the IDB Group; (ii) connect cities with financing; and (iii) disseminate lessons learned and best practices.
- 2.2 The update to the Institutional Strategy 2010-2020 emphasizes that the challenges in the LAC region require a proactive, flexible response from the IDB to accommodate client countries’ different development needs. With this in mind, HUD has evaluated the ESCI program and taken the lessons learned in order to develop a novel and improved approach to helping the region solve its urban problems. The Cities LAB that will be created follows the guidelines of the Institutional Strategy, emphasizing multi-sectorality, responsiveness, innovation,

and leveraging partnerships. The implementation of ESCI during the last 5 years has allowed: i) the exchange of knowledge and good practices among beneficiary cities by encouraging recognition and peer learning; (ii) a novel model for the generation and dissemination of knowledge; and (iii) numerous cases of collaboration between governmental partners, academia and the private sector (OVE, RE-501-1). However, this OVE evaluation found that the ESCI methodology was in fact not a “one size fits all” approach, and a different, more flexible and tailor-made approach to addressing the demands of the region was needed.

- 2.3 The OVE evaluation emphasizes the opportunity to build on the strengths of ESCI and the need to incorporate the lessons learned during its implementation. Taking into account the challenges facing the region due to urban growth trends, the new challenges associated with climate change and the opportunities that have opened up emerging technologies and innovative business models, and in line with OVE recommendations and the guidelines established by the GN-2845-1 and GN-2732-6; CSD and HUD determined: (i) to create a "cities lab", an urban laboratory to support CSD and HUD in mainstreaming all Bank actions and knowledge on sustainable development and new applied technologies in urban issues; and (ii) to expand the existing ESCI Cities Network into a new Network of Cities to support CSD and HUD in disseminating this knowledge and to enable the continuous flow of information on demands and ideas between cities in the region and the Bank. The Cities LAB will maintain a focus on multi-sectoral, evidence-based urban planning; moreover, it will continue to build on an open and transparent platform for knowledge dissemination while offering new and innovative tools for sustainable urban development. The Cities LAB and the Network of Cities will allow HUD a space to fill the gap that exists between the demand of its clients and the service and operations of the Bank.

III. Description of Activities and Outputs

- 3.1 Design – connecting ideas with projects: This component supports the generation of ideas to innovate urban policies and practices. Financing – connecting projects with practices: This component will support connecting projects with practice and the operational work of the Bank through the implementation of pilot projects and the connection with financing Knowledge sharing – connecting practices with new ideas: This component supports the systematization and sharing of the knowledge created and learned in the Cities LAB with the rest of the IDB Group, the Network of Cities, as well as with others through various social media outlets
- 3.2 **Component I: Design – connecting ideas with projects.** It will finance the contracting of individuals and firms to support efforts to identify opportunities and interpret demands of clients in an efficient way supports the provision of services for the preparation, financing, and execution of IDB Group operations in the urban area
- 3.3 **Component II: Financing – connecting projects with practices.** Development of pilot projects will provide solutions to be tested in topics defined by the clients, in order to analyze their effectiveness, then incorporate them into the Bank's investments in the urban area and / or disseminate the conclusions throughout the region
- 3.4 **Component III: Knowledge sharing – connecting practices with new ideas.** The lessons learned from pilot projects (prototyping) should be systematized, disseminated internally and externally, and encouraged to be applied to new and existing Bank operations in the urban environment

IV. Budget

Indicative Budget

Activity/Component	BID/Fund Funding	Counterpart Funding	Total Funding
Design – connecting ideas with projects	US\$400,000.00	US\$0.00	US\$400,000.00
Financing – connecting projects with practices	US\$350,000.00	US\$0.00	US\$350,000.00
Knowledge sharing – connecting practices with new ideas	US\$250,000.00	US\$0.00	US\$250,000.00

V. Executing Agency and Execution Structure

- 5.1 The Inter-American Development Bank will be the executing agency of this TC. The Bank's Housing and Urban Development Division (CSD/HUD) will be responsible for the technical supervision and administration of this TC, and disbursements will be done from IDB Headquarters with the support of IDB's Administrative Services and Corporate Procurement Division.
- 5.2 The execution by the Bank is justified by its taxonomy as a regional research and dissemination TC. The fact that the TC will finance activities in and across multiple countries and institutions in LAC necessitates a centralized and internalized execution from Bank headquarters.

VI. Project Risks and Issues

- 6.1 Two potential risks have been identified for the execution of this TC and the achievement of expected results: (i) a lack of coordination between various sectors and areas of the IDB group that operate in the urban environment; and (ii) complexity in the coordination with stakeholders and external actors that might affect the normal and continuous development of Cities LAB processes and outputs. Minimizing the possibility of these risks occurring is already being addressed by the coordinating team of the Cities LAB within HUD. The HUD Sector Framework document and the OVE evaluation both point to successes under the previous ESCI when it comes to multi-sectoral actions by the Bank which required coordinated efforts across sectors. These actions create synergies within the Bank. The main mitigation method for both risks is to build upon the experience and lessons learned from the ESCI, while also maintaining Cities LAB representatives in the regional HUBs to foster continuous dialog with client cities to improve coordination. Additionally, activities to define the relationship and integration structure with other sectors and areas of the IDB Group, as well as with external partners, have started and will continue in order to coordinate specialist participation as focal points for the Cities LAB and future external partnerships to support the Cities LAB's activities and contributions.

VII. Environmental and Social Classification

- 7.1 La clasificación ESG para esta operación es "indefinida".