

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Sharing lessons from Korea and LAC experiences for spatial planning, integrated urban development, and housing policies.
▪ TC Number:	RG-T3827
▪ Team Leader/Members:	Arcia, Diego Andres (CSD/HUD) Team Leader; Rojas, Francisca Maria Magdalena (CSD/HUD) Alternate Team Leader; Avila, Francy Dianela (CSD/HUD); Deregibus, Bernardo (ORP/REM); Guzman Osorio, Jessica (CSD/HUD); Isabel Williamson, David Alejandro (ORP/GCM); Jimenez De Arechaga, Maria Del Pilar (LEG/SGO); Richter Elias, Alessandra (CSD/HUD); Villota Coral, Maria Alejandra (CSD/HUD)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC: ¹	
▪ Date of TC Abstract authorization:	
▪ Beneficiary:	Countries of Latin America and the Caribbean (LAC)
▪ Executing Agency and contact name:	Inter-American Development Bank through the Housing and Urban Development Division (CSD/HUD)
▪ Donors providing funding:	Cofinancing Special Grants(COF); Korea Research Institute for Human Settlements (KRIHS)
▪ IDB Funding Requested: ²	US\$300,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	March 1st, 2021
▪ Types of consultants:	(i) Consultants; (ii) and consulting firms
▪ 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 2010-2020:	Social inclusion and equality; Institutional capacity and rule of law; Environmental sustainability

II. Objectives and Justification of the TC

2.1 **Objective.** This technical cooperation (TC) will foster the exchange of experiences between South Korea and Latin America and the Caribbean (LAC) in spatial planning, integrated urban development,³ and housing policies to identify practical policy solutions. The TC also aims to demonstrate LAC local governments' potential for spatial planning operational tools by applying a methodology to collect and analyze

¹ The taxonomy of this TC is Research and Dissemination. For this reason, a loan operation is not related.

² These funds will be administered by the IDB through a Project-Specific Grant (PSG). Korea Research Institute for Human Settlements (KRIHS) will contribute US\$300,000.

³ Based on the Korean experience, we will focus on the following topics: smart urban growth, city center revitalization, degraded area recovery, transport-oriented development, transit-oriented development, and innovation districts.

data about urban expansion and urban density that will help local governments improve urban and spatial planning.

- 2.2 **Context.** During the last decades, the rapid and unplanned urbanization process in LAC has resulted in daunting challenges. While in 1960, only 49.5% of the population lived in cities, by 2019, the urbanization rate has reached 81%.⁴ If current demographic trends continue, by 2050, more than 86% of the region's population will be living in cities.⁵ Also, rural-to-urban migration is gradually being eclipsed by urban-to-urban migration, with over half of urban migrants coming from other cities.⁶ This rapid urbanization process, characterized by unplanned growth, has resulted in an uncontrolled and low-density expansion of the urban footprint, exacerbating daunting challenges for the region's development, such as (i) disproportionate occupation of land to population growth and inadequate patterns of land use; (ii) housing and infrastructure deficits that result in informal housing and settlements; (iii) limitation of institutional capacities and resources; (iv) increasing proportion of the population living in poverty; and (v) growing environmental and social inequities.
- 2.3 The fragmented and unplanned urban sprawl has pushed low-income households to the peripheries, mainly to risk and degraded areas, usually distant and disconnected from the cities' social and economic activities, driving unregulated informal housing production. One of the main drivers is that urban policies have been focused on finance infrastructure without creating mechanisms to ensure access to serviced and well-situated land for integrated development. For example, Mexico experienced the third-largest rate of urban expansion in the last decade.⁷ Between 2000 and 2010, the population density in cities' central areas dropped an average of 7.5%, while in areas located more than 10 kilometers away from the city center, density increased by an average of 6.8%.⁸ This urban growth pattern has created adverse outcomes such as the consumption of large tracts of farmland, increased travel times and distances, more CO₂ emissions, higher investment and infrastructure maintenance costs, and vacant housing.
- 2.4 The lack of urban and spatial planning capacity at the local level is also contributing to the uncontrolled and low-density expansion of the urban footprint. The LAC local governments have demonstrated low technical capabilities and a lack of tools and urban planning mechanisms. For example, in Mexico, only 25% of the 2,465 municipalities have planning tools.⁹
- 2.5 Housing policies in the region that prioritize quantitative deficits have aggravated other urban challenges, such as spatial segregation and urban sprawl. Housing deficits still affect about 38% of the LAC's households: 31% are qualitative deficits – inadequate building materials, lack of access to essential services, overcrowding, insufficient

⁴ World Bank. 2020. Data Bank - [World Development Indicators](#).

⁵ UN. 2018. World Urbanization Prospects. New York, NY: United Nations. Accessed on May 6, 2020. [World Development Indicators](#).

⁶ Bernard, A., F. Rowe, M. Bell, P. Ueffing, and E. Charles-Edwards. 2017. Comparing Internal Migration across the Countries of Latin America: A Multidimensional Approach. PLOS ONE 12(3).

⁷ OECD. 2015.

⁸ SEDATU, con base en los Perímetros de Contención Urbana de la CONAVI y estadísticas poblacionales del Censo 2010, para municipios elegibles por el Programa de Mejoramiento Urbano (PMU).

⁹ Inter-American Development Bank. 2020. Propuesta de Desarrollo de la Operación. Línea condicional para proyectos de inversión (CCLIP) de financiamiento para la reducción del rezago urbano y social (ME-O0010).

property title, and 7% quantitative deficits improvised dwellings or cohabitation.¹⁰ Some LAC countries have implemented housing policies to address these deficits, mainly focused on resolving quantitative deficits, such as demand-side subsidies and supply-side mechanisms, and promoting homeownership over rental housing. Although these programs have increased housing access, they have exacerbated other challenges like qualitative housing deficits and poor location, leading to urban sprawl, spatial segregation, and limited access to employment opportunities and public services. For example, the program *Minha Casa Minha Vida* (PMCMV) in Brazil, created in 2008, generated 5.3 million new housing units, promoting a massive and large-scale housing production for low- and middle-income families. Despite this program showing significant achievements, some critical issues arose in its implementation, such as housing location in peripheral areas, the expansion of the urban footprint, and the restricted access to basic services and public spaces.¹¹

- 2.6 During the last years, the IDB has developed some programs to support LAC countries, at a national and subnational level, to address territorial and urban planning challenges. For example, in Mexico the Bank has supported the design and implementation process of the General Law of Human Settlements, Land Management, and Urban Development (LGAHOTDU), through the technical cooperation (ME-T1356; ATN/OC-16447-ME), the loan operation (ME-L1312), and the conditional credit line for investment projects (ME-O0010); as well as the development of a complete regulatory framework for its implementation. However, there are still several challenges in implementing national standards and planning frameworks at the local level. In Brazil, through various loan operations with cities, such as PROCIDADES (BR-L1076; 2957/OC-BR) and *Viva Campo Grande II* (BR-L1422; 3630/OC-BR), the Bank has supported the development of planning instruments, including strategies in the transport sector, such as Development-Oriented Transit (DOT) strategies. In Colombia through the Sociourban Integration of Migrants (CO-T1543; ATN/KK-17960-CO), the Bank has supported comprehensive investment plans to develop urban densification and expansion strategies, considering the migrant impact on housing and urban infrastructure demand as a critical criterion.
- 2.7 The IDB is supporting some countries and cities to advance their housing strategies. In Brazil, for instance, through the operation (BR-T1436; ATN/OC-17800-BR), the Bank is supporting the Federal Government to develop a housing strategy, including interventions to increase private resources in the financing system. In Cartagena, Colombia, through a loan operation (CO-L1165; 3842/OC-CO) the Bank supports the Social, Environmental and Urban Recovery Program to improve neighborhoods and the resettlement of risk population. These projects and operations have demonstrated the importance of: (i) developing investments under a planning framework to allow an adequate territorial articulation that maximize their social impact; (ii) planning to limit the dispersion of federal and municipal programs' investments in the territory; and (iii) articulating land policies with housing and transport policies.
- 2.8 Like the LAC region, South Korea has experienced rapid urban growth, resulting in significant urban challenges, mainly in the 1960s-1990s. According to the World Bank (2020), 28% of South Koreans lived in cities in 1960, and by 2019, the urbanization

¹⁰ Blanco, A., Fretes, B., Muñoz, A. 2014. *Busco casa en arriendo: Promover el alquiler tiene sentido*, IDB.

¹¹ Technical Cooperation Project BR-T1436 - BID, 2019.

rate had reached 81.3%¹². The rapid urbanization process that took place from the 1960s to 1990s¹³ caused significant urban challenges, such as lack of housing and slum generation, traffic congestion, lack of public transportation, and air and water pollution.¹⁴ For instance, due to the explosive urban growth and the lack of public transport, the number of private vehicles dramatically increased from 30,800 in 1960 to 12,059,200 in 2000, resulting in severe traffic congestion and environmental pollution.¹⁵ The housing supply ratio¹⁶ continuously decreased until from 78.2% in 1970 to 69.8% in 1985, when the Korean government initiated the "Two Million Home Construction Plan" to tackle the shortages in housing and the rising housing prices. By 2010, Korea had a housing surplus of 13%, representing 1.7 million more housing units than households.¹⁷

- 2.9 To address these challenges, the South Korean government implemented the New Town development strategy, one of the most successful strategies that have prevented urban sprawl around metropolitan areas like Seoul. The first phase (1962-1981) concentrated on promoting the country's industry. The following phases (1967-present) focused on fostering large-scale housing policies and sustainable multisectoral urbanization strategies to relieve over-concentration and functions in cities.
- 2.10 The relatively large-sized new town developments (approximately between 100,000 and 400,000 inhabitants) were created through an integrated urban strategy, making them more competitive than the small individual developments that resulted from urban sprawl. Some effective strategies were producing a range of housing options, promoting a balance between job and housing, providing public transport to connect new towns with central cities, and preserving open spaces, farmland, and environmental areas.¹⁸ The government has developed fifteen new towns in its five phases. The new towns model improved sustainable urban growth by achieving some positive outcomes, such as housing market stabilization and improvement of housing conditions; preventing the expansion of urban slums; a large expansion of urban infrastructures such as roads, railway, metro, and power plant; and economic effects on related industries, mainly on the construction industry.¹⁹
- 2.11 The South Korean model represents a successful experience on urban growth and urban sprawl management. It provides a range of best practices that could bring useful implications for LAC cities to address challenges like the disproportionate occupation of land to population growth, inadequate land-use patterns, and housing and infrastructure deficits. Success factors, such as the inclusion of reasonable land acquisition methodologies, the design and application of feasible planning tools, and

¹² World Bank. 2020. Data Bank – World Development Indicators. Retrieved from: [World Development Indicators](#).

¹³ The after the Korean War (1950-1953) along with the seven sets of "Five-Year Plans" of economic development (1962-1996).

¹⁴ Lee, S., You, H., Kwon, H.R. 2015. Korea's Pursuit for Sustainable Cities through New Town Development: Implications for LAC. Discussion paper. Inter-American Development Bank.

¹⁵ Ibid.

¹⁶ Number of houses/number of households.

¹⁷ Ibid.

¹⁸ Ahn, Kun Hyuck. 2014. Korean New Town Development as a Strategy of Smart Growth. Latin-America and the Caribbean Community of Practice on Managing for Development Results.

¹⁹ Keon Lee, S., You, H., Rain Kwon, H. 2015. Korea's Pursuit for Sustainable Cities through New Town Development: Implications for LAC. Discussion paper. Inter-American Development Bank.

the implementation of spatial integration strategies, could be learned and adapt by LAC local governments.

- 2.12 **Justification.** Since Korean and LAC cities have experienced a similar urban growth trajectory, the Korean model can be an exciting reference to evaluate LAC cities' challenges. While various LAC countries have promoted spatial planning and housing efforts at the national and subnational levels, these policies and their implementation require strengthening to drive territorial development strategies that can produce sustainable urbanization processes and mitigate the risks related to rising inequality and its effects on climate change. The case of Korea, as the New Towns Development model and the practical tools implemented (e.g., land acquisition methodologies, planning mechanisms, mixed land use, and social mix strategies) is proof that very rapid urbanization can be managed and harnessed to drive sustainable urban development outcomes.
- 2.13 In 2014, the IDB created a partnership with the Korean Research Institute for Human Settlements (KRIHS) to share knowledge related to housing and urban development from South Korea with LAC countries. Since 2014, KRIHS has financed six Project Specific Grant (PSGs), contributing a total of US\$800,000. The PSGs funded (i) four joint research programs, developing eleven research studies by nine LAC and Korean experts about topics like land management and readjustment projects, urban renewal policies, and housing policies; (ii) six editions of the KRIHS-IDB Urban Development Academy (KIUDA), where 84 public officials from 15 LAC countries have participated; and (iii) five annual knowledge-sharing workshops that aimed to share knowledge about urgent urban topics in the LAC region and present the results of the joint research program and KIUDA. These activities have supported LAC cities to develop new policies and programs based on the South Korean experience in rental housing, cultural and creative industries, local housing strategies, and sustainable design for urban public spaces. They created a community of practice where policy matters are discussed and reflected upon in an honest and open environment.
- 2.14 In this context, this TC will make operational a new PSG from KRIHS for 2021-2023 to continue promoting the collaboration and the exchange of experiences with KRIHS. The focus is to facilitate LAC countries²⁰ to learn and apply the best practices about the design and implementation of spatial planning strategies, housing policies, and integrated urban development regarding the model followed in South Korea.
- 2.15 **Strategic Alignments.** The TC is consistent with the Update to the Institutional Strategy UIS 2020-2023 (AB-3190-2) and will contribute to the Corporate Results Framework 2020-2023 CRF (GN-2727-12) through the following development challenges: (i) Social Inclusion and Equality, by fostering a better understanding of the demands of land for housing, social infrastructure, and mixed uses in cities; and (ii) Institutional Capacity and the Rule of Law, by improving the national and subnational governments' capacities in LAC to implement effective spatial planning. Also, the TC is aligned with the cross-cutting theme of Climate Change and Environmental Sustainability by supporting spatial planning and urban development initiatives to increase resilience. The proposed operation is consistent with the IDB's Sector Strategy Institutions for Growth and Social Welfare (GN-2587-2) by promoting knowledge exchange related to institutional capacity and public management. It is also consistent with the Sector Framework Document of Urban Development and Housing

²⁰ The primary beneficiaries are the IDB's 26 borrowing member countries.

(GN-2732-11), by promoting urban forms that prevent an uncontrolled sprawl and economizing land consumption, and the needs of disperse infrastructure to cover it through better urban design. This TC is also consistent with the "IDB Integrated Strategy for Climate Change Adaptation and Mitigation, and Sustainable Renewable Energy" (GN-2609-1) and with the "Climate Change Sector Framework Document" (GN-2835-5).

III. Description of activities/components and budget

- 3.1 This TC will develop operational instruments, knowledge products, and policy dialogues through three components. The activities will be pursued with matching funds from KRIHS.
- 3.2 **Component I: IDB-KRIHS Joint Research Program (US\$30,000).** This component aims at exchanging knowledge from South Korea and the LAC region in topics related to spatial planning, integrated urban development, and housing policies. It will finance a joint research program that will consist of one research study. An expert from LAC will work together with KRIHS experts to compare policies and cases to draw implications to manage urban issues in the LAC region²¹. The outputs of this component will be systematized in a Working Paper.
- 3.3 **Component II: Capacity Building Program (US\$140,000).** This component will support developing knowledge exchange and capacity building programs between South Korea and the LAC region on spatial planning, integrated urban development, and housing policies, including the Korean New Town development model and smart growth strategies. The main activity under this component will be developing the KIUDA, a capacity-building program targeted to high-level authorities in the urban development and housing sector from LAC countries and metropolitan cities. The KIUDA consists of lectures, site visits, and round table meetings with South Korean high-level authorities²². Besides, this component will finance three annual knowledge sharing workshops or seminars conducted at the end of each year between KRIHS and the IDB to share the knowledge generated through the TC's activities²³. This component's expected output is to have approximately 30 LAC officials from 9 countries trained on spatial planning and integrated urban development strategies²⁴. According to each city's needs, learning from the South Korean experience will allow officials to draw implications to adapt best practices to the LAC region.
- 3.4 **Component III: Support the application of mechanisms to manage spatial planning in LAC (US\$115,000).** Based on best practices and lessons learned from the experience of South Korea related to housing policies, spatial planning, and integrated urban strategies (including the new town development, smart growth

²¹ The topics of this research will be discussed and determined with KRIHS considering the inputs from the applied methodology in component 3. Topics may be related to spatial planning strategies, urban projects and housing policies that contribute to manage the expansion in cities.

²² Due to covid-19 restrictions, in 2021, the KIUDA will be held in a virtual format. For 2022 and 2023, the KIUDA editions will be held in South Korea.

²³ The annual workshops will be held in the IDB headquarters or in a virtual format, depending on the covid-19 context and the decision of KRIHS and IDB.

²⁴ The officials and countries will be selected following these criteria: (i) countries in which the methodology of component 3 will be applied; (ii) priority will be given to countries that attended the Regional Policy Dialogue 2020 organized by HUD, which was related to the urban and land use planning agenda; and (ii) officials from agencies involved on the definition of territorial land use policies and urban planning.

strategies, and updated urban planning methodologies), this component will support the adaptation of a methodology to collect and analyze data to evaluate urban expansion and urban density patterns in a sample of 25 LAC cities.²⁵ The methodology includes the analysis of data in 4 phases: (i) Areas and Densities; (ii) Blocks and Roads; (iii) Density and Expand; and (iv) Anatomy of Density²⁶. This methodology has been designed and will be conducted by the Marron Institute of Urban Management of the University of New York (NYU). The methodology’s application will offer local authorities evidence to get a realistic sense of how much land needs to be prepared to improve urban expansion between 2020 and 2050.²⁷ Additionally, this component will include developing three (3) case studies in LAC cities, which will be conducted by local academics, supported by Korean experts and the academic institution. The case studies will identify spatial planning strategies, both within existing urban footprints and in expansion areas, succeeding in making room at scale, keeping land and housing accessible and affordable, maintaining urban productivity, and meeting environmental and climate change objectives.

3.5 Resources of this project to be received from KRIHS through a PSG. The Bank administers a PSG according to the "Report on COFABS, Ad-Hocs, and CLFGS, and a Proposal to Unify Them as Project Specific Grants (PSGs)" (Document SC-114). As contemplated in these procedures, the commitment by KRIHS will be established through a separate Administration Agreement. Under such agreement, the resources for this project will be administered by the Bank. The Bank will charge a non-refundable administration fee of 5% of the Contribution, which is identified in this project's budget. The 5% administration fee will be charged upon the Bank's receipt of the Contribution. The Bank will administer the Contribution following the Bank's applicable policies and procedures.

Table 1. Indicative Budget (US\$)

Activity/Component	Description	IDB	Total Funding
Component I	Joint research program	30,000.00	30,000.00
Component II	Capacity Building program	140,000.00	140,000.00
Component III	Support the design of new mechanisms to manage spatial planning	115,000.00	115,000.00

²⁵ The cities will be selected using a set of criteria that will be established by the IDB team, the consulting firm and KRIHS. The cities selected should comply the following criteria: (i) host more than 100,000 inhabitants; (ii) have available databases and baseline information, (iii) have been preliminarily identified in the databases of the NYU urban expansion atlas; (iv) are interested in participating in the study; and (v) regional representation, by country and within countries.

²⁶ The phases include: (i) data on population, urban extent, and urban density; (ii) data on street layouts, block size, and stages in the evolution of residential layouts; (iii) measure the share of the population added to cities during the 1990-2020 period that was accommodated within their 1990 footprints as against the share accommodated in their new urban peripheries, areas built during the 1990-2020 period; and (iv) decomposing average urban density defined simply as the ratio of the total urban population and the total area occupied by the city into two, three, four, and ultimately seven measurable factors.

²⁷ These data will demonstrate how fast cities in the region are expanding in comparison with their population growth, what is the form of their expansion, how fragmented is the outcome, and how urban densities change over time.

Administration	No refundable administration fee	15,000.00	15,000.00
Total		300,000.00	300,000.00

IV. Executing agency and execution structure

- 4.1 The Bank will execute this TC, through the Housing and Urban Development Division (CSD/HUD), which is justified by the TC's taxonomy (Research and Dissemination). The Division has substantial experience in providing technical knowledge and assistance to cities, particularly in the areas of housing, urban planning, and sustainability. The Bank will be responsible of: (i) the supervision of the work executed by consultants; (ii) the coordination of knowledge sharing and capacity building activities in collaboration with KRIHS; (iii) the disbursements of the funds; and (iv) the generation of annual reports. Disbursements will be implemented by IDB Headquarters, with IDB's Administrative Services and Corporate Procurement Division support.
- 4.2 The activities to be executed by this TC have been included in the Procurement Plan (Annex 4) and will be contracted following the Bank policies: (i) AM-650 for individual consultants; (ii) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms that provide services of an intellectual nature; and (iii) GN- 2303-28 for logistic services and procurement of goods.
- 4.3 Regarding component 3, the project team will request the approval of the single-source selection (SSS) of the Marron Institute of Urban Management at New York University (NYU) to develop the adaptation of a methodology to collect and analyze data to evaluate urban expansion and urban density patterns in a sample of 25 LAC cities. The Marron Institute is the only consulting firm that qualifies for this task since they designed a unique methodology to analyze urban expansion and have applied it in a global sample of 200 cities.²⁸ Thus, they have the tools, knowledge, and data to adapt this methodology to LAC cities and compare the results with other cities worldwide. The academic institution will be hired through the SSS method since the contract complies with two exclusive conditions set out in the policy GN-2765-4: (i) it is the only firm that is qualified and has the experience of exceptional worth for this assignment; and (ii) it presents a clear advantage over the competition.
- 4.4 The donor reporting schedule will follow the reporting requirements stated in the Administration Agreement. The project team will be responsible for preparing and submitting the project reports to the donor. The project team will also prepare the annual progress reports for the donor. If the project closed with a positive uncommitted and unspent balance at the end of its execution, the project team would inform ORP/GCM to transfer such a balance to the donor, according to the PSG terms in the Administration Agreement.

V. Major issues

- 5.1 Given the potential COVID-19 impacts in 2021 and subsequent years, one risk that might prevent achieving the project's objectives relates to travel restrictions in LAC countries and South Korea. To mitigate such a situation, the project team is prepared

²⁸ The methodology and results have been published in The Atlas of urban Expansion—2016 Edition: [Atlas of Urban Expansion](#).

to develop and implement several events or activities online. The first KIUDA in the Capacity Building Program under component II, will be held in a virtual format. For 2022 and 2023, two on-site KIUDA editions will be organized in South Korea, if Covid-19 is reduced and there is not risk in travelling. For the consultancies under component, I and III, the firms and individual consultants will use digital information and will be able to execute virtual meetings if necessary.

- 5.2 Another risk for component III may be the lack of data, and difficulties in the coordination with the participatory cities, mainly because of language barriers. To mitigate this risk consultants will use broad digital information and data bases available at national and local level, like satellite imagery and census data, as well as geostatistical information that NYU already has for the region and cities. To mitigate the risk of coordination between entities, the IDB is taking the lead in executing this operation's activities and will act as a broker and primary coordinator between LAC cities.

VI. Exceptions to Bank policy

- 6.1 No exceptions to Bank policy have been identified.

VII. Environmental and Social Strategy

- 7.1 Following ESG's project classification process requirements, it has been determined that this TC operation falls under Category C. Therefore, no environmental assessment studies or consultations are required for Category "C" operations. (See [Safeguards Policy Filter Report](#) and the [Safeguard Screening Form](#))

Required Annexes:

[Results Matrix - RG-T3827](#)

[Terms of Reference - RG-T3827](#)

[Procurement Plan - RG-T3827](#)