

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Innovation and Knowledge Platform for LAC Cities
▪ TC Number:	RG-T3869
▪ Team Leader/Members:	Piedrafitra, Carolina Marcela (CSD/HUD) Team Leader; Uribe, Maria Camila (CSD/HUD) Alternate Team Leader; Almeida Oleas, Natalia (LEG/SGO); Avila, Francy Dianela (CSD/HUD); Chamas Piedrabuena, Paula (CSD/HUD); Escobar Gutierrez, Carlos Andres (CSD/HUD); Guzman Osorio, Jessica (CSD/HUD); Huerta, Claudia (CSD/HUD); Madera Arends, Roberto Jose (CSD/HUD); Martinez Valenzuela, Ana Laura Abigail (CSD/HUD); Patelli Juliani Boscariol, Ivan (KIC/ICD); Richter Elias, Alessandra (CSD/HUD); Ruy Sanchez De Orellana, Andrea (KIC/ICD); Tsukakoshi Nishio, Peggy Rosana (CSD/HUD); Villota Coral, Maria Alejandra (CSD/HUD); Volpe, Federica (CSD/HUD) Oleas, Natalia (LEG/SGO); Avila, Francy Dianela (CSD/HUD); Chamas Piedrabuena, Paula (CSD/HUD); Escobar Gutierrez, Carlos Andres (CSD/HUD); Guzman Osorio, Jessica (CSD/HUD); Huerta, Claudia (CSD/HUD); Madera Arends, Roberto Jose (CSD/HUD); Martinez Valenzuela, Ana Laura Abigail (CSD/HUD); Patelli Juliani Boscariol, Ivan (KIC/ICD); Richter Elias, Alessandra (CSD/HUD); Ruy Sanchez De Orellana, Andrea (KIC/ICD); Tsukakoshi Nishio, Peggy Rosana (CSD/HUD); Villota Coral, Maria Alejandra (CSD/HUD); Volpe, Federica (CSD/HUD).
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	n/a
▪ Date of TC Abstract authorization:	30 Mar 2021.
▪ Beneficiary:	All Countries in the LAC Region
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC Strategic Development Program for Sustainability(SUS)
▪ IDB Funding Requested:	US\$700,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	September, 2021
▪ Types of consultants:	Firms and Individuals
▪ 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:	Productivity and innovation; Social inclusion and equality

II. Objectives and Justification of the TC

2.1 This Technical Cooperation (TC) aims to enhance the synergies and strategic approach of the IDB Cities Network and the Cities Lab by supporting the region's local and national urban counterparts through building capacities around innovation and promoting innovative approaches that address common urban challenges. The specific objectives are: (i) provide capacity building opportunities and cutting-edge knowledge around urban innovations; (ii) identify common urban challenges and

connect practitioners with existing solutions and best practices; and (iii) support cities in developing pilot projects to experiment, test, and try innovative solutions that, if successful, can be scaled up or replicated.

- 2.2 **Justification.** The fast urbanization process in Latin America and the Caribbean (LAC) characterized by rapid and unplanned growth over recent decades, has resulted in daunting challenges. While in 1960, only 49.5% of the population lived in cities, in 2019, the urbanization rate reached 81%.¹ If current demographic trends continue, by 2050, more than 86% of the LAC region's population will be living in cities.² This rapid unplanned urbanization process resulted in an uncontrolled expansion of the urban footprint, which has, in turn, produced a myriad of challenges for the region's development, such as: (i) excessive growth and inadequate patterns of land use; (ii) housing and infrastructure deficits that result in informal housing and settlements; (iii) a higher proportion of the population living in poverty; and (iv) the acceleration of environmental and social problems adding to the population's vulnerability. Additionally, local, and national governments have demonstrated limited institutional capacities and resources to address such challenges.
- 2.3 Throughout history, innovative approaches have contributed to efforts to tackle some of the most pressing issues in cities worldwide. For example, the creation of the automobile in the United States had implications on urban expansion and development; or the invention of electric lighting and illumination had a significant impact on urban public life and the 24-hour city. More recently, the rapid bus transit models and the sharing economy (i.e., Uber, bike-sharing) have transformed the way people move in cities. Urban acupuncture techniques have increased the amount of available green and open spaces in otherwise crowded and car-dominated cities (for example, the Highline and Times Square in NYC, as well as other models in many LAC cities such as Buenos Aires, Bogota, Santo Domingo, Panama, Lima, etc.). In climate change and waste management areas, cities are making significant progress using fewer materials and re-using more of what they have, giving a substantial boost to the circular economy. The global pandemic has recently highlighted the abundant amount of innovation in all cities that had to deal with the health emergency while minimizing the economic impact.
- 2.4 Cities are permanently adapting and innovating, but some do it more efficiently than others. Most LAC cities still have weak institutional environments for building solid and innovative ecosystems. Specifically, there is a lack of: (i) time and resources to access technological tools or solutions; (ii) a culture of innovation or "tolerance for failure" that is needed to be innovative; and (iii) formal training services or city exchange networks around urban innovation. These are vital characteristics that cities need to achieve their economic revival, tackle climate change, and meet resilience objectives.
- 2.5 The IDB established in 2017 the "Cities LAB" as part of the Housing and Urban Development Division (CSD/HUD) to focus on these challenges. The Cities LAB is a laboratory for urban innovation within the IDB, created to generate and influence decision-making and implement innovative best practices to improve economic, social, and environmental sustainability in LAC cities. To best meet the needs and demands of clients with targeted and feasible solutions, the Cities LAB uses an iterative work

¹ World Bank. 2020. Data Bank - [World Development Indicators](#).

² UN. 2018. World Urbanization Prospects. New York, NY: United Nations. Accessed on May 6, 2020. [World Development Indicators](#).

process that consists of a cycle of exploration, experimentation, evaluation, scaling-up, and dissemination. By 2020, the Cities LAB achieved substantial results that can be grouped in three main categories: (i) positioned experimentation as a tool for proof of concepts and the design and implementation of urban experiments and interventions. The Cities LAB has implemented more than 25 urban experiments projects focused on various urban topics, such as the revitalization of urban centers and public spaces, sustainable transportation, waste management, and informal construction; (ii) strengthened exploration of innovative ideas in the fields of Housing and Urban Development through ideation activities such as challenges and hackathons; and (iii) successfully disseminated cases, evaluations, and methodologies to foster innovation to our partners and the public.

- 2.6 The "Cities Network" was created in 2017 by Housing and Urban Division (CSD/HUD) as a platform for cities in LAC to facilitate the exchange of knowledge and solutions to address common urbanization challenges. Given the multisectoral nature of urban development, the Cities Network generates opportunities for dialogue between different divisions of the IDB and cities among public, private, and academic sectors along three lines of work: (i) knowledge transfer and dissemination; (ii) live exchanges to identify common problems and its solutions for capacity building; and (iii) connections with partner institutions to promote sustainable urban development. As of 2021, the Cities Network has over 200 member cities of all sizes, having grown initially from 60 member cities. Since its creation, it has organized and managed five Annual Mayors Meetings. It also held more than twenty forums, symposiums, and thematic seminars and over fifteen city-to-city/capacity-building workshops to disseminate knowledge and best practices and participated in other international organization's meetings and conferences. Remarkably, in 2020 the Cities Network developed and executed a year-long webinar series that touched upon a wide range of COVID-related challenges faced by cities around the world over nineteen webinars. The series enabled, virtually and in record time given its launch in April 2020, LAC cities to learn from cities affected by the first waves of COVID in Asia and Europe and facilitated the exchange of best practices and lessons learned among its members.
- 2.7 Since their establishment, the Cities Lab and the Cities Network have identified key lessons learned³ based on their programming in the four previous years. First, there is a crucial need to strengthen synergies and promote a strategic vision between the Cities Lab and the Cities Network to achieve a more significant impact. For instance, the Cities Lab can take advantage of the network and experience that the Cities Network has built to connect cities laboratories or cities with expertise in innovation to share best practices and lessons learned. Another lesson learned is the importance of building stronger partnerships with other IDB divisions/sectors working on innovation, such as IDB LAB, IDB Invest, KIC, or CTI, and bringing their expertise to support innovation in LAC cities. It is also critical to consider other city networks and laboratories' programming to ensure the most significant and impactful audiences for the Lab and Network's initiatives. The Cities Network and the Cities Lab's target audience should be those cities (either intermediate or big) willing to share or design innovative solutions to common problems.
- 2.8 This TC will contribute to enhance the synergies between the Cities Lab and the Cities Network. The Cities Lab will continue promoting innovation in urban experiments to

³ For more information about the Cities Lab and the Cities Network's progress and lessons learned, [click here](#).

accelerate the development of permanent solutions to urban challenges. It will also continue fostering participatory approaches, that include the private sector, academia and civil society, to design and implement innovative solutions. The Cities Network will continue supporting knowledge generation, exchanges, and capacity building programs among urban practitioners in LAC. It will also continue generating opportunities for dialogue between different divisions of the IDB, cities, academic, and private sectors. The two platforms will share support staff and will develop a combined work program that includes challenges, webinars, knowledge exchanges, and pilot projects, as it is detailed in the results matrix. The platforms will partner with IDB Lab, KIC, CTI, and the informal network of innovators across divisions whose interests relate to cities. These partnerships will increase the impact of the Cities Lab and Cities Network's actions and will generate sustainability over time. For instance, the Cities Lab will partner with the IDB Lab, KIC, and CTI to identify entrepreneurs and private sector companies that can work or create alliances with cities to implement innovative solutions in the long term. The platforms will focus on a set of shared thematic priorities, such as –though not exclusively-: access to housing, a climate-friendly and resilient urban recovery, and cities' economic reactivation with a core focus on the socio-spatial integration of informal neighborhoods. These thematic priorities were defined after a careful analysis of the existing challenges within the HUD division portfolio. Thus, we expect that there will be demand across LAC countries to replicate the innovative solutions that the Lab will identify or pilot, contributing to the operational dialogue.

- 2.9 **Strategic Alignment.** This operation is aligned with the "Second Update to the Institutional Strategy UIS" (AB-3190-2) through the development challenges of: (i) Social Inclusion and Equality, by introducing, sharing, and showcasing innovative solutions and approaches in a wide range of areas (access to housing, the socio-spatial integration of slums, the economic recovery of urban areas, or urban resilience, etc.), to reduce inequality and increase social inclusion; and (ii) Productivity and Innovation, by supporting the creation of innovation ecosystems and practices in cities which in turn allow them to build capacity and addresses the sustainability of solutions tested. The TC is consistent as well with the "Corporate Results Framework" (CRF) 2020-2023 (GN-2727-12). It is aligned to the knowledge and innovation indicators of the IDB Group Performance level, specifically to the indicator *projects supporting productivity and innovation*. Furthermore, this TC will contribute to the Ordinary Capital Strategic Development Programs for Sustainability (GN-2819-1), by supporting the following objectives: (i) expand the knowledge base on climate change mitigation, adaptation, and sustainable energy geared towards leveraging climate investment, and (ii) support municipal governments to prepare for challenges related to rapid urban growth in a sustainable manner.

III. Description of Activities/Components and Budget

- 3.1 **Component 1. Knowledge Exchange and Capacity Building (US\$215,000).** It will finance knowledge generation activities and city-to-city exchanges among city practitioners to improve the technical and operational teams' capacities, and to deepen knowledge regarding innovation best practices in urban planning and services' delivery⁴. Some specific activities will include the development of two Annual LAC

⁴ Cities, Mayors and officials will be selected together with the IDB's country or sector specialists involved, considering the topic of the activities. The Cities Network will aim to include all IDB's regions to ensure a balance of regions/countries.

Mayors Forums that will bring together international leaders, academic experts, IDB staff, and city leaders from the region to promote innovative approaches to urban issues in LAC. Workshops developed under this component will focus on training a select group of officials and mayors to promote and implement innovation in their cities. Calls for open innovation and mentoring programs will be developed to find and share solutions to urban problems and build capacity in LAC cities.

- 3.2 As part of this work, the Cities Lab and Cities Network will continue to work in a multisectoral fashion with different IDB's sectors, IDB Lab and IDB Invest. Building on the lessons learned from the Cities Network's and Cities Lab's work in 2020, many activities and workshops will also be made possible through virtual exchanges. Such exchanges will provide an essential advantage in the scope of cities from the LAC region that can be included. It will also make it possible to have many highly prestigious panelists in our programming.
- 3.3 **Component 2. Experiments in Urban Innovation (US\$350,000).** This component will generate local capacities to design, implement and evaluate innovative solutions; promote a mindset of experimentation and tolerance to failure; and build skills in local counterparts to replicate, scale, or institutionalize successful pilot projects. It will support cities in LAC to face selected challenges by: (i) financing pilot projects and experiments to test possible innovative solutions through an iterative design process (exploration, design, test/implementation); (ii) developing evaluation methodologies and strategies to assess the sustainability, replicability, and potential for scaling up those pilots; and (iii) systematizing those results and lessons learned.
- 3.4 It will also include other activities that support experiments in urban innovation, including the development of two innovation challenges. One that focuses on identifying urban problems that could be addressed with innovative approaches⁵, and one that identifies and showcases existing, innovative solutions to longstanding urban challenges in the region's cities. These activities will provide inputs to the design, implementation, and evaluation of pilot projects or proof of concepts that will help demonstrate the potential of innovative actions to be replicated and scaled.
- 3.5 This component's beneficiary cities will be selected during the TC implementation, using the following selection criteria: (i) cities with urban challenges that are aligned to the thematic priorities of the Cities Lab and the Cities Network; (ii) cities with technical capacities, tolerance to failure and political will to apply innovative approaches; and (iii) projects that align to the beneficiary countries' project portfolio. The target is to implement three pilot projects in three different cities.
- 3.6 **Component 3. Communication and Dissemination (US\$135,000).** It will support the implementation of the Cities Lab and the Cities Network joint communication strategy, which will ensure that the initiatives financed under this component create awareness and commitment to economic renewal, innovation, and climate change in city teams. Activities include: (i) engaging stakeholders with the projects and activities of the collaborative platform; (ii) adapting the main messages and lessons learned from each workshop, webinar, programs, and pilot project to different media outlets and audiences; (iii) support the creation and dissemination of publications and knowledge products; (iv) the day-to-day socialization of each pilot project's results with clients, counterpart, and communities (social media, blogs, creation of graphic and visual art,

⁵ For more information about the Challenge Guidelines, [click here](#).

etc.); and (v) any other dissemination activities aligned with the objective of the Cities LAB and Cities Network. To this end, webinars, publications, training products, and a variety of digital content (e.g. podcasts) will be developed as part of an accompanying strategy that will showcase and highlight best practices and lessons learned on urban innovation. These activities will be coordinated by an internal consultant that will be responsible of the implementation of the communication strategy. As these initiatives are developed with a digital-first approach, we do not anticipate that the potential impacts of the continued COVID-19 pandemic will be negative as dissemination will still be possible, and if anything, even more critical.

- 3.7 **Expected results.** The Cities Network and Cities Lab will work together to promote a culture of innovation at the various levels of local and national governance in LAC, by demonstrating the transformative potential of innovative actions, and by creating spaces for knowledge exchange and capacity building. To support the replication and escalation of successful pilot projects in LAC cities, the platforms will promote various tools and governance models to approach urban problems, such as digital tools, participatory approaches, and human centered design methods. This work will support the positioning of CSD/HUD as leaders in urban innovation in the region.
- 3.8 The total budget of this TC is US\$700,000 to be financed through the Strategic Development Program for Sustainability (SUS) with resources from the Ordinary Capital (OC).

Indicative Budget

Activity/ Component	Description	Detailed Activities	IDB/Fund Funding	Total Funding
Component 1. Knowledge Exchange and Capacity Building	Knowledge generation activities and city-to-city exchanges among city practitioners to improve the technical and operational teams' capacities	LAC Mayor's Forum	US\$130,000	US\$215,000
		Capacity building workshops	US\$70,000	
		Mentoring programs targeted to local governments' officials	US\$15,000	
Component 2. Experiments in Urban Innovation	Generate local capacities to design, implement and evaluate innovative solutions	Innovation challenges	US\$150,000	US\$350,000
		Pilot projects' design and implementation	US\$200,000	
Component 3. Communication and Dissemination	Implementation of the Cities Lab and the Cities Network joint communication strategy	Knowledge products to disseminate results and lessons learned	US\$35,000	US\$135,000
		Webinars	US\$35,000	
		Podcast series to share best practices related to urban innovation	US\$15,000	
		Visual and audiovisual products associated to physical / thematic exchanges, mentoring	US\$50,000	

Activity/ Component	Description	Detailed Activities	IDB/Fund Funding	Total Funding
		program, capacity building workshops		
Total			US\$700,000	US\$700,000

IV. Executing agency and execution structure

- 4.1 The Bank will be the executing agency. CSD/HUD will be responsible for the technical supervision and administration given its experience with the Cities LAB and its partnership and access to the Cities Network across LAC. Activities will be executed jointly with the IDB's Country Offices and their contacts in participating cities, and a non-objection will be obtained before the design and execution stage⁶. Disbursements will be done from IDB Headquarters with the support of IDB's Administrative Services and Corporate Procurement Division.
- 4.2 The Bank will contract individual consultants⁷ following the guidelines set out in the AM-650. The procurement process for consulting firms⁸ of intellectual nature follows the Bank's new Policy for the Selection and Contracting of Consulting Firms for Bank-executed Operational Work (GN-2765-4) and related Operational Guidelines (OP-1155-4). Non-consulting services will follow the Bank's current procurement policies and procedures. Contracting of logistic services and procurement of goods will be done under policy GN-2303-20.
- 4.3 Its taxonomy justifies the execution by the Bank as a regional research and dissemination TC. The TC will finance activities in and across multiple countries and institutions in LAC and thus needs a centralized and internalized execution from Bank headquarters. Also, the HUD Division, and its Cities LAB and Cities Network, 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 potential risks have been identified: (i) complexity in the coordination with internal and external stakeholders that might affect the development of the Cities LAB's and Cities Network's processes 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' lack of interest in participating in events or pilots prepared or co-financed by the joint service platform; and (iv) the COVID-19 pandemic could prevent the execution of activities, such as training

⁶ The Cities Network and the Cities Lab will work together with IDB's Country Offices (CO) to develop programming that will be relevant to and respond to their respective countries' needs. IDB's Representatives will continue to be consulted for input and approval when cities' representatives are invited to take on public speaking roles in the Cities Network and the Cities Lab events. For the implementation of pilot projects, the Cities LAB will invite an IDB's Country Office specialist to participate in the design and implementation of the pilot projects, and in all the missions. Also, pilot projects' design and implementation plans will be shared for CO's review and inputs.

⁷ The TC will fund external individual consultants to support the development of international workshops, conferences, and capacity building training programs; and to support the implementation and evaluation of pilot projects. In addition, internal individual consultants will support the design and implementation of ideation activities, pilot projects, and capacity building activities; the evaluation of pilot projects; and the implementation of the Cities Lab and the Cities Network joint communication strategy.

⁸ The TC has planned to hire three consulting firms to design, implement and evaluate pilot projects or proof of concepts in LAC cities.

sessions, participatory activities for pilot projects and the implementation of pilot projects with local counterparts.

- 5.2 The mitigation for these risks derived from the experience and lessons learned from the TCs that have financed the activities of the Cities Lab (ATN/OC-17313-RG: "Support to the Cities LAB activities to promote urban experimentation and civic innovation in LAC cities"), and the Cities Network (ATN/OC-17422-RG: "Support for the Development and Execution of Activities of the Second Phase of the IDB Cities Network"). These lessons indicate that for internal coordination, an informal network of "champions" from different parts of the IDB group (INE, BIDLAB, IFD, SOC) is needed to avoid overlaps and guarantee knowledge dissemination cross-pollination. For external coordination, both platforms seek to maximize established alliances with relevant stakeholders (OECD, UN-Habitat, Lab networks, and urban foundations).
- 5.3 To diminish the risk caused by changes in municipal administrations, the Cities Network encourages participation of civil servants, technical personnel, and relevant interest groups such as NGOs or city development agencies, when applicable. On this matter, the Cities Lab promotes sustainability of its experiments beyond the specific solutions by instilling in city officials' new ways of defining problems and their solutions (innovative mindset). Also, the Cities Lab will 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.
- 5.4 The Cities Lab will finance experiments based on demand to address the possible lack of interest for innovation or the lack of ownership from clients and counterparts. It will always include COF specialists in articulating client needs and co-designing their solutions. Finally, to address the challenges imposed by the COVID-19 pandemic, the Cities Network and the Cities Lab will apply their learning from 2020. Knowledge exchange and capacity-building activities can be carried out virtually so long as close collaboration and clear communication with partners and participants is maintained. In the case of pilot projects, partnering with local consultants and identifying strong local counterparts facilitate their implementation. Also, participatory approaches like the design of pilot projects, including the participation of civil society and public officials, have been successfully carried out virtually during 2020, so the Lab will leverage this expertise to implement these approaches, if necessary⁹.

VI. Exceptions to Bank policy

- 6.1 No exceptions to Bank policy have been identified.

VII. Environmental and Social Strategy

- 7.1 The activities financed by this TC will not have negative environmental or social impacts. According to the Environment and Safeguard Compliance Policy (OP-703) this operation is classified as category "C". Safeguard Screening Form ([EZSHARE-759962236-3](#)) and Safeguard Policy Filter Report ([EZSHARE-759962236-2](#)).

Required Annexes:

[Results Matrix - RG-T3869](#)

⁹ IDB staff travel and related expenses will not be covered by this TC.

[Terms of Reference - RG-T3869](#)

[Procurement Plan - RG-T3869](#)