

Call for Partners

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# HOUSING AND URBAN DEVELOPMENT DIVISION

# CALL FOR PARTNERS

## Housing and Urban Development Division (HUD)

*This document outlines opportunities to partner with the IDB's new Housing and Urban Development Division (HUD).*

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## THE URBAN CHALLENGE AND THE IDB'S RESPONSE

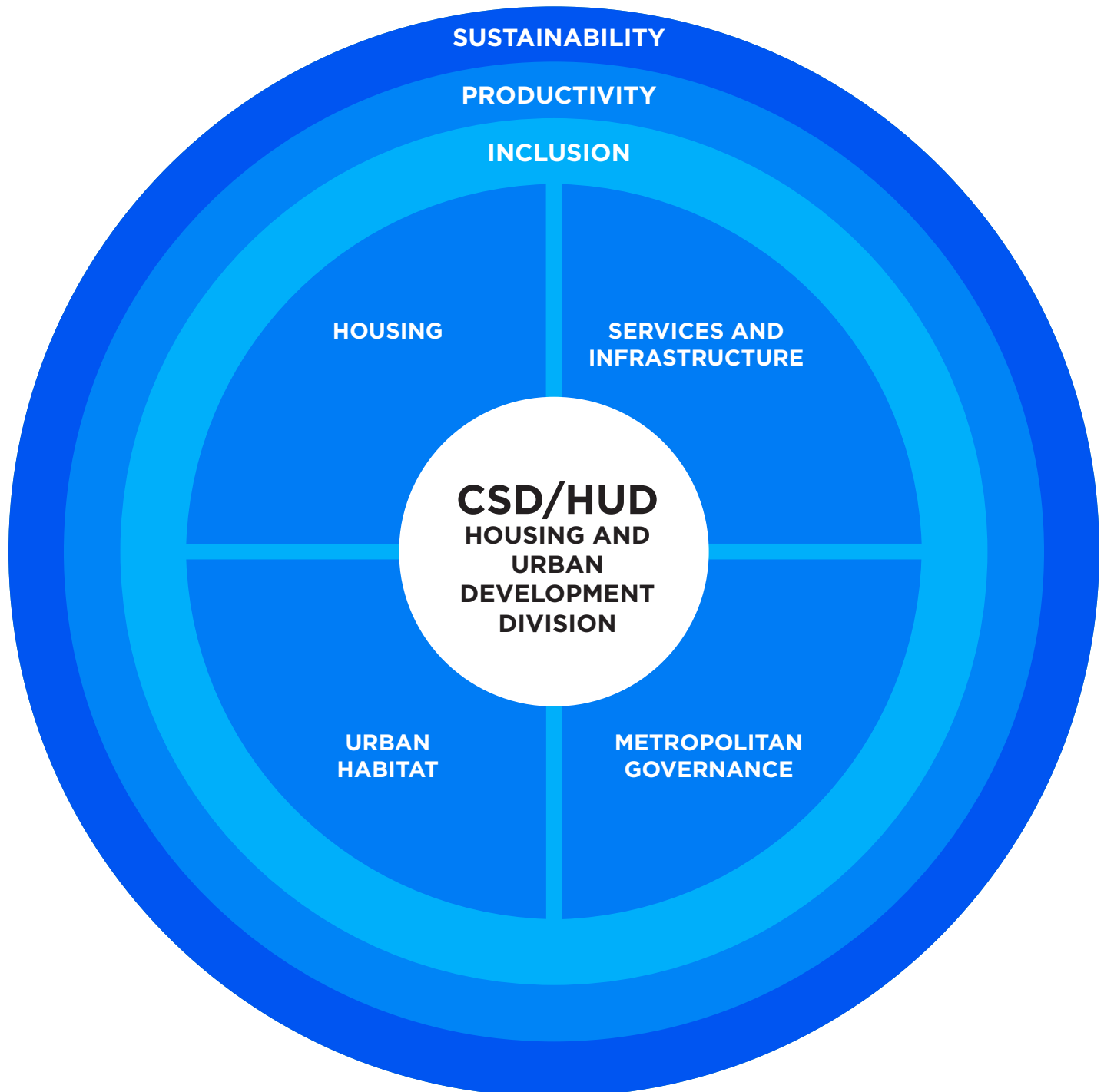
Latin America and the Caribbean (LAC) is the second most urbanized region on the planet. It has gone from a 64% urbanization rate in 1980 to 79% in 2010. If this growth trend continues, approximately 90% of the region's population will be living in cities by 2050.

This pace of urbanization presents daunting challenges for cities in the region, but also creates great opportunities for collaboration for those organizations that position themselves strategically to help solve these issues.

Most people in LAC live in cities characterized by large gaps in access to housing, public spaces, urban services and infrastructure. Though urban management has improved, institutional strengthening is needed to make cities more inclusive, productive, and livable. With over half a century of experience in supporting urban development in the region, the IDB has the mission and expertise to **foster solutions to the urban challenges** facing the region.

To address these challenges, the **Climate Change and Sustainable Development Sector (CSD)** was created in 2016. CSD coordinates specialized initiatives and funds; conducts state-of-the-art research; develops best practices and case studies; and lends its expertise to help streamline **climate change and sustainability into the Bank's operations and activities**.

The CSD Sector incorporates the divisions of Environment, Rural Development and Disaster Risk Management (RND); Climate Change and Sustainable Development (CCS); and **Housing and Urban Development (HUD)**. HUD captures the strengths of the innovative work carried out by the Emerging and Sustainable Cities Initiative (ESCI), a special five-year program of the Bank, together with the experience in operations and loans led by the Bank's urban cluster.



The Bank's main goal in this area is to extend the full benefits of sustainable and productive urbanization to all urban residents in LAC. To do this, it is necessary to integrate policies that seek **equity, sustainability, and productivity** in the urban sphere, in coordination with the various levels of government, local communities, and the private sector.

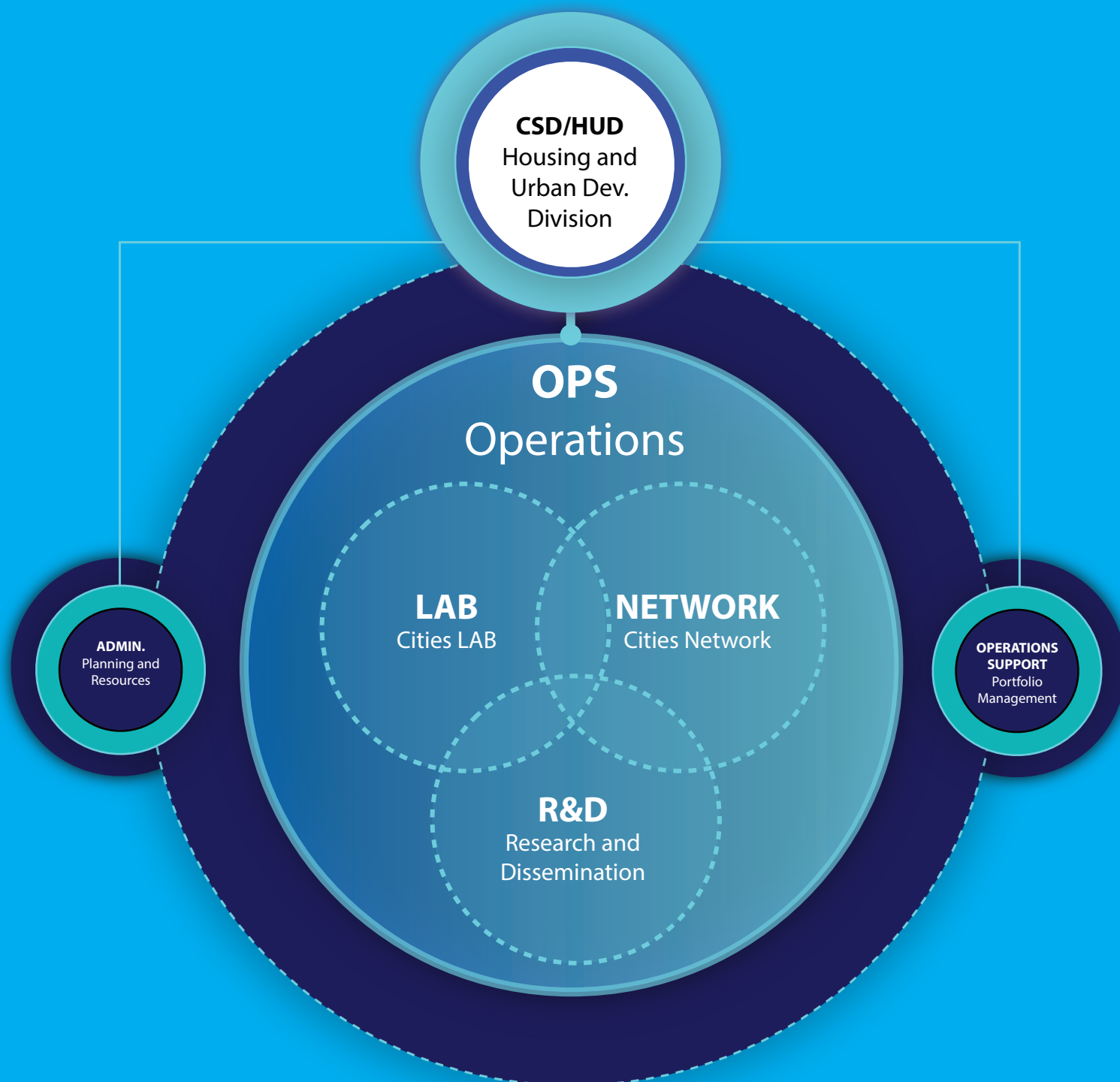
**The new HUD Division** strives to help LAC cities address the new urban agenda defined by the UN Sustainable Development Goals (SDGs), specifically SDG 11 ("Make cities and human settlements inclusive, safe, resilient, and sustainable"); the Paris Accord on Climate Change and each country's own Nationally Determined Contributions (NDCs); and UN Habitat's New Urban Agenda. HUD is strengthening programs which address these objectives by developing an **urban portfolio focused on sustainability**, climate change mainstreaming, and sharing experiences and good practices in the region and elsewhere.

In support of sustainable development, HUD structures its work around four action areas: (i) urban infrastructure and services, including neighborhood upgrading; (ii) housing; (iii) habitat, public landscape, and heritage; and (iv) institutions, governance, and management.

At a cross-cutting level, HUD's work pursues innovation through, for example: (i) technology, contractual models, project preparation, structuring, and behavioral change; and (ii) multisectorality through collaboration and the development of integrated solutions.










In order for HUD's operations to continue to respond to the changing dynamics of the region in terms of urbanization, environment, and emerging technologies, the division is taking a novel approach to projects by: (i) creating its very own **Cities LAB**, an urban laboratory to experiment, evaluate, and upscale innovation; (ii) expanding its **Cities Network** to improve the relationships and flow of information between cities and the Bank; and (iii) strengthening its **Research and Dissemination** activities.



# HOUSING AND URBAN DEVELOPMENT DIVISION'S OPERATIONS

*As of January 2018.  
Current approved amount.*

PORTFOLIO				PIPELINE	
	<b>LOAN</b>		<b>INVESTMENT GRANTS</b>		<b>TC</b>
44 Projects	\$US 3.1B	2 Projects	\$US 30M	75 Projects	\$US 56.4M
				7 Projects	\$US 1.5B

COUNTRY DEPARTMENT				
	Central America CID	Andean Group CAN	Souther Cone CSC	Caribbean Group CCB
<b>PORTFOLIO</b>				
 LOAN	\$US 592.4M	\$US 471.3M	\$US 2B	\$US 65M
 INVEST. GRANTS	\$US 15.3M	-	\$US 14M	-
 TC	\$US 11.7M	\$US 10.4M	\$US 6M	\$US 5.6M
<b>PIPELINE</b>				
 LOAN	\$US 600M	-	\$US 899M	\$US 30M



**PORTFOLIO**  
LOAN ●  
INVEST. GRANTS ●  
TC ○

**PIPELINE**  
LOAN ■

## THE CITIES LAB

**Disruptive innovation, emerging technologies, and innovative business models** are providing more solutions to the challenges LAC cities continue to face due to inadequate planning and radical changes in the environment. The complex urbanization processes in LAC require more platforms capable of developing innovative and collaborative interventions. These interventions will create new urban management tools; strengthen institutions; and promote knowledge transfer between the sectors and disciplines involved with urban issues. To transmit and contribute to this dynamic field of knowledge, it is necessary to establish a mechanism to acquire it in a sustainable way, internalize it among the Bank's urban-related divisions, and adapt it to the region's reality.

The Cities LAB is a platform of **innovation, co-design, experimentation, and lessons learned** that proposes to transform sustainable urban development in LAC. The LAB integrates knowledge on new themes of the sustainable urban agenda; conducts prototyping of innovative urban interventions that arise from a co-design process with Bank staff and stakeholders; evaluates experiences and case studies to produce knowledge products; and offers innovation services to the Bank's urban-related divisions.

It is a space for ideation and innovation that produces **actionable solutions** in programs throughout the region and solves problems in client cities in a quick and responsive manner. The Cities LAB is integrated with the design and execution of operations so the solutions offered are innovative, scalable, and serve as replicable case studies for similar problems in other countries. The LAB also seeks to generate **interdisciplinary collaboration platforms** among academics, professionals, and specialists who are leading discussions and innovation processes globally in urban design, planning, governance, and environment.





### The LAB works through an iterative process:

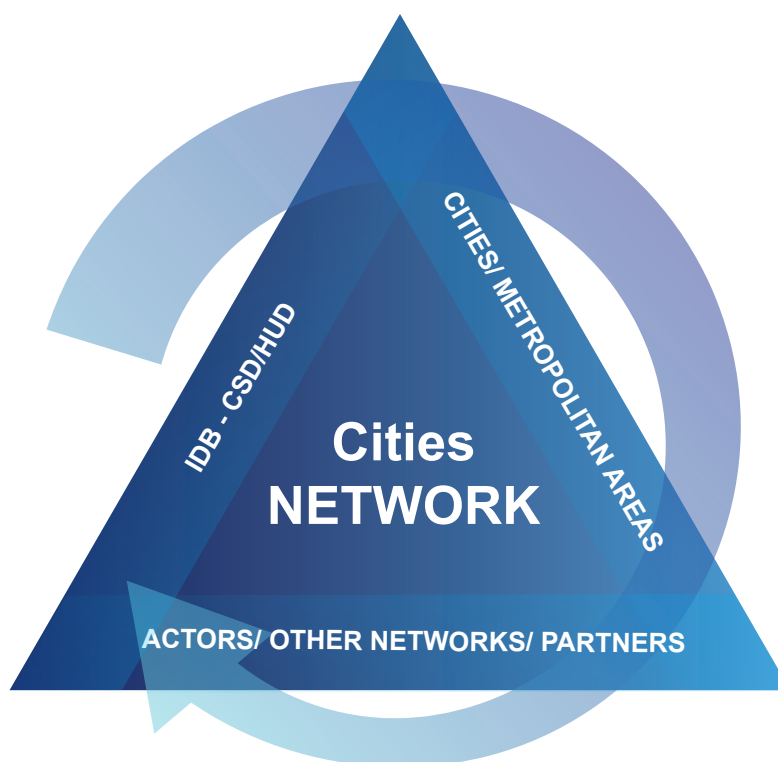
- **Exploration:** Conducts brainstorming sessions, performs research, analyzes data, and uses an activities toolkit to create innovative solutions to urban problems. The ideas and designs of experiments that advance to the next step must be feasible, scalable, and effective.
- **Experimentation:** Proposes ideas to clients and implements one or several, experimentally, to measure the performance of different intervention models. These pilot projects will demonstrate the transformative potential of innovative actions for replication and scaling-up.
- **Evaluation:** Measures the impacts of pilot projects, evaluating efficiency and incorporating results in the activities toolkit and repository of lessons learned. In cases where the pilot project does not achieve its goal, the IDB can use it as lessons learned for other cities doing similar projects.
- **Scaling up:** Connects pilots with Bank operations and looks for creative financial solutions with both public and private financing that support the cities in scaling up the projects. To scale up a pilot project, it must: (i) be feasible and attractive in terms of financing, and (ii) have a measurable positive impact on the lives of the beneficiaries.
- **Dissemination:** Shares, in coordination with the Cities Network, successful cases and lessons learned. The goal is to disseminate knowledge of new practices in urban planning and development, and to promote an ongoing exchange of ideas and solutions throughout the cities of the region as well as with global partners and practitioners.

## THE CITIES NETWORK

To amplify the existing network of over 70 intermediate cities gained through ESCI and to continue to address the region's most pressing sustainable growth issues, HUD has formalized the IDB Cities Network, as part of its strategy to expand to cities of all sizes in the region. The vision of this knowledge-based network is to **build cities where everyone wants to live**.

The Network proactively supports HUD and the Bank in their relationship with LAC cities, generating opportunities for mayors and other decision-makers to interact and exchange knowledge and practices. The Network promotes an environment based on cooperative engagement, where all members contribute to and receive knowledge from the Network. As the Network membership increases, so does the diversity and quality of case studies it provides, therefore maintaining its relevancy through a continuous process of knowledge renovation.

The network facilitates the **exchange of experiences** between cities and affords them the opportunities to develop tailor-made solutions. Often, by providing successful examples of urban interventions from other cities, decision-makers can envision the same achievements in their own cities and gain the confidence to implement them. This Network's demonstration-based learning approach can be more beneficial and impactful than one that is based solely on theory.



#### The Network's activities:

- **Dissemination and knowledge exchange:** The Network promotes and supports the development of dissemination and knowledge transfer activities to strengthen technical and management capabilities.
- **Generation of spaces for the identification and/or adaptation of experiences:** The Network creates and facilitates platforms for the exchange and transfer of best practices to benefit client cities, Bank's operations, and other networks.
- **Joint work with other networks of cities:** The Network benefits from partnering with other city networks, within the IDB (e.g., monitoring, gender, historic centers), externally (e.g., Urbelac, ICLEI, C40, 100RC), and with other institutions that support urban development in LAC (e.g., universities, research centers, regional knowledge platforms).
- **The Cities Network works hand in hand with the Cities LAB** to support the Bank's policies on sustainable urban development and climate change. Together they offer solutions to city challenges in the Bank's borrowing countries.

## RESEARCH AND DISSEMINATION

The IDB has positioned itself at the forefront of knowledge generation and exchange in the fields of housing and urban development. HUD continues to conduct evidence-based research to provide cutting-edge studies in emerging topics.

HUD's thematic groups, which so far include **Metropolitan Governance, Smart Cities, Housing and Neighborhoods, Urban Heritage, Urban People, and Urban Finance** use a multisectoral approach to solving urban problems. The overarching purpose of these communities of practice, which often involve different IDB divisions and/or external peers, is to create dialogue, promote knowledge in emerging areas and strengthen policy dialogue.



- **Metropolitan Governance:** The expansion of labor and consumer markets in metropolitan areas generates new demands for the effective management of basic services, mobility, investment, and a shared environment. HUD research responds to these needs by providing tools that enhance the capacity of governments to manage public services at the metropolitan scale. This includes assessing institutional **innovations in metropolitan planning** agencies and financial arrangements which can catalyze cooperation across jurisdictions. HUD is also supporting research on national metropolitan policies and funding mechanisms in Argentina, Brazil, and Chile.
- **Smart Cities:** The Bank continues to offer technology-based solutions for cities, with a holistic and integrated vision aimed at creating more efficient governments that include collaborative planning processes and citizen participation. This is to inform operations with Smart Cities components in areas such as **citizen security, e-government, mobility, disaster and risk management and emergency response**. These components are connected in Integrated Operations and Control Centers (IOCCs), in which municipalities not only store data about the city, but also provide faster responses and more efficient services to their citizens.

- **Housing and Neighborhoods:** Housing is connected to access to a bundle of urban goods, amenities, and basic services, significantly determining urban form. The Sector has evolved from a vision focused on housing production to a comprehensive vision of urban development. HUD's main research themes in this area are: (i) increasing access to housing services among most vulnerable households, including supporting housing improvement, and rental and ownership markets; (ii) mainstreaming sustainable and resilient housing solutions; (iii) promoting housing in areas with access to labor markets and qualitative urban spaces; (iv) addressing the specific needs of urban slums and informal settlements; and (v) developing an inclusive and sustainable housing financing market.
- **Urban Heritage:** Over the last 40 years, the IDB has been a strategic partner for many countries in the region in their pursuit to leverage cultural heritage to promote sustainable and equitable development. The central tenet of these efforts is the **promotion of heritage preservation** and enhancement as a catalyst for economic and social progress, and as a means to strengthen cultural identity and sense of place. This entails a comprehensive set of actions that safeguard cultural heritage, while improving the quality of life of residents and generating benefits for the entire city. The IDB's historic city center revitalization programs embrace a multisector approach that combines strategic urban infrastructure, social and economic interventions, and leadership through a management structure with the capacity to articulate the activities of the various public, private, and civil society stakeholders.
- **Urban People:** LAC households are changing rapidly, especially in cities. Lower birth rates, increased longevity, changing social norms and working practices have diversified households' composition. As women are more educated and integrated into labor markets, childbearing age is delayed and the number of children per family has decreased. As household composition changes, so does its demand for urban services within and around the housing unit. Diverse household types have different intra-household resource allocation, which is relevant if housing benefits and obligations are tied to household heads. The aim of this research group is to understand how current demographic growth, cultural changes, and new forms of employment are modifying the demand for urban services among people in LAC.

## COLLABORATION

The challenges of cities in the region require a joint effort — **collaboration between the private and public sectors, think tanks, academia, and civil society are all critical in giving strategic support and sustainability to projects and initiatives.** HUD aims to enable the cities in the region to capitalize on the deep expertise the IDB and its partners have in housing, transportation, water and energy use, public services, fiscal sustainability, and related areas.

## HOW CAN PARTNERS ENGAGE?

- Monitoring and emerging challenges and opportunities in cities.
- Data Collection, analysis, and usage to better guide city management decisions and projects.
- Developing in-depth studies and events in strategic areas.
- Pro-bono collaboration, carried out in coordination with HUD specialists.
- Technology testing, piloting and evaluation.
- Facilitating efforts towards institutional development, knowledge and capacity building.
- Joint development of thematic courses.
- Internship opportunities.
- Knowledge crowdsourcing initiatives.

## FINANCING INSTRUMENTS

- Contribute resources to the Emerging and Sustainable Cities Fund (ESC) — Multidonor trust fund managed by the IDB — Fund that finances HUD Initiatives.
- Provision of grants to blend with actual or future loans through Project Specific Grants (PSG)
- Parallel Financing

**Themes:** *data collection and base studies can be developed in areas of urban mobility and transportation, vulnerability and disaster management, climate change adaptation, land use, fiscal management, air quality, solid waste management, citizen security, among others.*

The IDB defines partnerships as non-exclusive, effective and collaborative relationships in which each partner commits resources, financial or non-financial, to achieve common development goals. Partnerships are not short-term, isolated consultancy projects. Rather, they are long-term institutional commitments to collaborate, share resources, risks, results and knowledge.

Companies participating in Pro-bono projects in a City will be ineligible to bid for the following phases of that project in the same city, when the contract is financed by the Bank. On the other hand, the company will be eligible to bid for the same project in a different city.

For more information on doing business with the Bank, please visit [www.iadb.org](http://www.iadb.org).

## BENEFITS OF PARTNERING WITH THE IDB AND HUD

- **High visibility:** HUD promotes the sharing of best practices in its cities, giving high visibility for partners not only at the national level but also at the regional level across Latin America and the Caribbean. At the same time, the IDB promotes the Division's work, its results, and its partners in its Annual Meeting and worldwide platforms and events such as the Clinton Global Initiative, World Economic Forum, and the Global Philanthropy Forum.
- **Entry to new markets & strategic positioning in current ones:** The IDB has in-depth knowledge of the development priorities in the region and the capacity to implement effective management models. Successful participation and demonstration of positive impact in pilot projects in one city can lead to opportunities in more than 100 cities in the region.
- **Access to a strong network and mature dialogue with Client Governments:** The IDB offers official and technical presence in 26 countries in the region with a dedicated team of multidisciplinary experts to support operations on the ground.
- **Transparency:** IDB operates to ethical standards, with rigorous methods of monitoring projects and conducting impact evaluations focused on delivering sustainable and positive outcomes.
- Access to **top notch expertise** in the design and implementation of projects.
- Invitations to participate in the various **forums, workshops and conferences** which HUD and the IDB organize throughout the region and at Headquarters.
- Implementation of pilot projects for cities that respond to the needs of prioritized interventions. These pilots serve two purposes: solving a city specific priority while at the same time **showcasing a solution that can be scaled and replicated elsewhere**.
- Partnerships with other labs and networks on sustainable urban innovations for **knowledge-exchange** with the IDB Cities to share best practices and collaborate on projects.
- **City-to-City** exchanges and cooperation.
- Through knowledge products, HUD seeks to foster dialogue and **encourage multi-sectorial work** based on empirical evidence, experiences in the field, and lessons learned.
- To incentivize and strengthen partnerships, HUD offers **training and collaboration opportunities** with experts in the field.

## SOME OF HUD'S RECENT COLLABORATIONS

- **Harvard University's Graduate School of Design** carried out a study of an abandoned airfield in the city of Mendoza, Argentina.
- **The University of Cantabria** has partnered annually with the IDB to carry out a Summer Course on urban development in Santander.
- **HUD has partnered with the cities of Panama City, Santa Marta, Mendoza and Natal** to carry out the IDB Urban Lab university-level competition for proposals to transform a specific area through urban planning.
- **The Federal Ministry of Economic Cooperation and Development of Germany (BMZ), the Nordic Development Fund (NDF), and the Municipalities of Madrid and Santander,** have partnered with the IDB in hosting Mayors Forums for cities in LAC to learn from European experiences.
- **Microsoft** developed tailor-made software to manage all of the cities' indicators through an Urban Dashboard.
- **Deloitte** carried out a mobility study in the city of San Jose, Costa Rica, identifying key challenges in transportation throughout the metropolitan area.
- **CISCO Systems** developed a connectivity study in the city of Vitoria, Brazil, which is an important part of the city's Action Plan.
- **Grupo Mondragon** carried out a multidisciplinary and inclusive diagnostic to quantify the investment actions necessary to place value on the environmental wealth and economic potential the Guatapuri River offers the Colombian city of Valledupar.

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HOUSING AND URBAN DEVELOPMENT DIVISION  
CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT SECTOR  
INTER-AMERICAN DEVELOPMENT BANK

