



At Work in the Region

Bridging the gap

The urbanization challenge confronting Asian cities is unprecedented. Asian cities must be ready to collectively accommodate an expected 1.1 billion additional urban residents over the next 20 years. While urban planning has improved across the region, many cities lack two critical resources for effective implementation: (1) adequate infrastructure investment financing; and (2) institutional capacity to effectively manage the programming and prioritization of these strategic investments. Therefore a gap exists between city strategic development plans typically representing a wish-list of projects, and the requirements of financiers for well-formulated infrastructure projects.

Mechanisms and new approaches are needed to help cities **bridge the gap** that exists between city plans and implementing their strategic infrastruc-

ture investments. CDIA was established to help meet this need.



CDIA Inc. is now established

It is recognized that CDIA must evolve from being a donor-driven granting programme into a self-sustaining organization drawing financial and other support for its objectives from a wider range of international stakeholders. In July 2009, CDIA took an important step towards ensuring its long-term sustainability by establishing a non-stock, non-profit corporation

(known as CDIA Inc.), distinct from the overall membership of the CDIA Programme and its donors that will eventually be capable of entering into operating contracts with suppliers of goods and services, leasing or purchasing agreements and otherwise operating and managing the overhead and liability.

CDIA is 2 years old

As of this October, CDIA is two years old. Since its inception, the Initiative is now active with 17 cities in 11 countries with several other expressions of interest received.



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Gaining Synergies

The German Federal Ministry for Economic Cooperation & Development (BMZ) recently approved a second commission of €6 million to support CDIA Phase II activities starting October 1st.

The Nordic Development Fund (NDF) has entered a co-financing agreement with ADB in the amount of \$530,000 USD linked to support CDIA's work with Pakse, Lao PDR.

CITYNET

CDIA participated in the CITYNET Congress and Executive meeting this past September. A number of potential cooperation areas were explored with CITYNET and its members

CAI-Asia

CDIA participated as a co-chair with CAI-Asia in a Roundtable of city networks involved in urban development issues as part of establishing a network of networks.

UCLG-ASPAC

UCLG-ASPAC and CDIA have entered into a MOU to cooperate in the key areas of regional capacity-building and sharing of information among our respective membership. As part of this MOU, CDIA contributed to the training component of their Executive meeting this Oct 19-21 in Changwon, Korea by presenting its toolkit on Project Programming & Prioritization.

Upcoming Events

October 26 - 28

Singapore

Co-organizer in the 2nd World Roads Conference

November 5

Manila, Philippines

CDIA Stakeholder Forum

November 6

Manila, Philippines

Program Review Committee Meeting

New Approaches and Tools for Cities

Using Pre-feasibility Studies (PFS)



A PFS can help cities move more quickly towards implementation of selected strategic infrastructure

For administrations of many mid-size Asian cities, it is often a difficult decision to spend \$1,000,000 or more on a full feasibility study for each potential investment infrastructure project. Yet, in order for potential investment financiers to consider such projects, they require a demonstration of project viability.

An alternative is to undertake Pre-feasibility Studies (PFS). CDIA has been applying this mechanism in helping cities move more quickly towards implementation of selected strategic infrastructure invest-

ments at 1/4 of the cost of a full feasibility study.

Based on the results, a PFS is typically adequate to give both the city administration and potential investors a sufficient level of confidence to make a rational decision whether to proceed to the full feasibility study stage and on to potential project financing. A PFS will generally comprise investment programming and packaging, initial scoping and costing of identified investment projects, and priority-setting among identified investment projects competing for scarce resources.

Typical outputs are descriptions of priority projects for which broad design choices have been made, at a level of detail sufficient for a Terms of Reference for a feasibility study.

To help cities and consultants better understand the term "Pre-feasibility Study CDIA has drafted a short Guideline that helps clarify the content and scope of such studies. A copy of this document may be downloaded free of charge from the CDIA website under the Knowledge & Sharing section.

Project Programming & Prioritization Toolkit

CDIA has recently completed the elaboration and testing of a manual and computer program designed to assist cities to better structure the programming and prioritization of their strategic investment projects. In essence, this toolkit will help cities in the process of going from a wish list to a short-list of infrastructure projects ready to be presented to financiers and project developers.

The toolkit has three components that let the user:

1. Structure projects using a rational approach and set of indicators
2. Prioritize projects according to city development objectives, selected criteria and financial support options; and
3. Program projects in a 5-year investment plan matching the fiscal space of the city

The spreading and replication of this toolkit is currently underway. A copy of the manual can be downloaded from our website. City governments can request a free copy of the Excel computer software to implement the toolkit by contacting CDIA at: info@cdia.asia.

A tool has been formulated to assist cities to go from a wish-list to a short-list of infrastructure projects ready to be presented to financiers

PPP - Doing more with Less



PPP is a modality to engage the private sector in developing or procuring public infrastructures or services

In an environment of trying to finance key infrastructure to accommodate rapid population growth, cities are also facing competition to attract investment. Well-planned and responsive infrastructure plays a strategic role in delivering services for not only citizens, but also as a platform for sustaining and attracting businesses and their job creation opportunities. One of the challenges that cities encounter implementing such infrastructure is to find the neces-

sary financial and expert resources.

Participation of the private sector by means of Public-Private-Partnerships (PPP) in services and infrastructure may be one option to help address this shortfall in resources. The advantages can result in leveraging of public funds, faster project implementation, more and better services along with enhanced accountability. However, implementing PPP requires special considera-

tions and knowledge prior to engaging in this approach.

CDIA is supporting selected cities to introduce this scheme. It is also working on a "PPP Guide for Cities" available end of 2009 that will clarify concepts, highlight advantages, advise on risks and offer an approach for cities to consider PPPs.

Cities Working to Close the Planning ⇒ Infrastructure Gap

Khulna, Bangladesh — Infrastructure Upgrading

Khulna, Bangladesh's third largest city of 1.2 million, is undergoing a major transformation, due to its rapidly growing population. It is facing a number of key development issues ranging from urban transport to solid waste management and flood control while also seeking to upgrade the living conditions of its urban poor which at 40% of the population is higher than the national average.

The city found its ability to maximize its development impact and overall competitiveness hampered by a lack of a long-term vision for its urban areas. With help from CDIA, a medium term

prioritized urban infrastructure program was formulated. The plan assessed options in light of potential economic, social and environmental impacts in seeking to find sustainable approaches.

The results of the studies focused on the transport, drainage and SWM sectors. Specific action areas related to increasing land supply, construction of secondary/ link roads, build partnerships with the private sector, low income housing options and selected institutional reforms.

With a set of prioritized infra-

structure investments taken to a preliminary level financial analysis and project design, the city was able to see this framework subsequently fed directly into the preparation of ADBs 'City Region Development Project'. Armed with this mid-term plan, Khulna is now confidently approaching other funding sources such as KfW, Sida and AFD as potential financiers for other strategic investments.

For further information contact:
Hon. Mayor, Mr. Talukder Abdul Khaleque, Khulna City Corporation: xen3_kcc@yahoo.com/
mayorkcc@gmail.com



Armed with a mid-term plan, Khulna is now confidently approaching other funding sources

Guiyang, China — Urban Transport

With a population of 3.4 million, Guiyang has an important function as a regional development centre and transportation hub in south-western China. A key development issue is the upgrading of its urban transportation linkages between new development areas and its downtown in order to maintain overall competitiveness and to continue to attract investors.

With assistance from CDIA, a review of the existing situation

and studies was conducted resulting in recommendations for prioritized actions. Due to the high cost associated with the overall transport system, a step-by-step implementation was recommended that focused on initial construction of the 1st LRT line complemented by an improved Bus system to reduce travel time among the key districts of Guiyang.

The cost and benefit of alternate construction modes was exam-

ined, including options for tunneling, at-grade solutions, and elevated options. Recommendations also supported approaches to ensure integration of the different transport modes, including the existing bus service.

For further information contact:
Ms. Cheng Yamei, Dep. Director General Economist of Guiyang DRC, Email: kate1977@126.com

“A key development issue is the upgrading of urban transportation linkages in order to maintain overall competitiveness and to continue to attract investors”

Ulaanbaatar, Mongolia — Energy Efficiency

Pre-cast concrete panel buildings represent a major part of the housing stock of Ulaanbaatar, the world's coldest national capital, sheltering approx. 20% (200,000) of the city's population. These buildings are not insulated and in a poor state of repair. Upon an approved request from Ulaanbaatar, CDIA commissioned a pre-feasibility study to help the city assess the thermo-technical rehabilitation of these buildings.

The PFS indicated potential heat

energy savings of approx. 50 - 60%, with substantial reductions in CO₂ emissions and also showed the potential to increase energy efficiency and reduce CO₂ emissions by approx. 660,000 tonnes per year, justifying CDM credits as a source of finance. It also frees heat capacity for further urban development.

As part of the next steps, upon execution of a full feasibility study, KfW has declared readiness to evaluate co-financing the

construction component of the first investment phase, GTZ is ready to provide technical assistance on a grant basis, and ADB will provide a small grant to finance the necessary CDM baseline study.

For more information contact
Mr. Gombo Myagmar, Director of CHPUPC Department.

Email: myagmar@mcud.pmis.gov.mn



Retro-fitting pre-cast panel apartments can result in increased energy efficiency and reduce CO₂ emissions enough to justify CDM credits as a source of finance

Submitting an Application

CDIA maintains a fair and transparent city application process. The initiative will provide technical assistance, capacity building and network support to medium size cities with focus on cities with population between 250,000 up to 5 million in ADB's Developing Member Countries. To qualify for CDIA support, cities will be expected to submit an application indicating that they have the met following requirements:

1. prepared and adopted an urban development strategy and/or integrated urban development plan;
2. a demonstrable intent to address social and environmental issues in infrastructure provision;
3. demonstrated commitment

of local government through pledging their own contributions (indicatively about 20 % of total CDIA support costs);

4. demonstrable in-principle central/state level support for the development of an urban infrastructure projects portfolio and its financing; and
5. endorsement for the request from the relevant national agency

Following approval of the support request, a technical assistance contract agreement will be entered into between the applicant and one or more funding partners of CDIA, specifying details of the assignment, sources of funds and consultant recruitment procedures.

By visiting our website (www.cdia.asia), you will be able to download copies of our Application Support Guide as well as other information related to submitting an application.

Approved Applications

As of October 2009, CDIA has approved requests from 17 cities in 11 countries.

Being demand driven, a wide range of sectors are being addressed through these interventions including urban transport, water supply, drainage, solid waste management, energy efficiency, downtown revitalization. Support is also being offered to selected cities in the areas of pursuing alternate financing such as PPPs.



CDIA is now working with 17 cities in 11 countries

About CDIA

The Cities Development Initiative for Asia (CDIA) is a multi-donor Programme established to assist medium sized Asian cities to bridge the gap that typically occurs between their strategic development plan and the implementation of their infrastructure investments. Within this context, CDIA uses a demand driven approach to support the identification and development of urban investment projects in the framework of existing city development plans that emphasize one or more of the following impact areas:

1. Urban environmental improvement
2. Urban poverty reduction
3. Climate change mitigation or adaptation

To facilitate these initiatives at city level, CDIA provides a range of international and domestic expertise to cities that supports them in implementing their development strategies through a number of core activities. This can include consultancy support for the preparation of pre-feasibility studies for high priority infrastructure investment projects as one of several elements.

The CDIA office is located in Manila, Philippines in close proximity to the Asian Development Bank (ADB) —one of its core funding agencies. Other funding members include the German Federal Ministry for Economic Cooperation & Development (BMZ), the Swedish International Development Agency (SIDA), and the Government of Spain.



Cities Development Initiative for Asia

Suite 202-203 Hanston Building, Emerald Ave.,
Ortigas Center, Pasig City 1600,
Metro Manila, Philippines
Phone: +63-2 631-2342 • Fax: +63-2 631-6158

www.cdia.asia
info@cdia.asia

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