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THE CITIES DEVELOPMENT INITIATIVE FOR ASIA

Helping Cities Bridge the Planning -> Infrastructure Investment Gap



The infrastructure investment planning & programming gap

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A gap often exists between city-level development plans & strategy and their projects

- Cities often have macro-development strategies and – plans to address their issues, but city infrastructure and services projects are generally not related to them.
- Bridging the gap requires city-wide investment planning and pre-feasibility/project structuring.
- Cities' government capacity to deal with this needs to be strengthened.

CONTEXT

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*To upscale assistance in these areas
the gap' needs to be addressed*

- Focus of CDIA is on bridging the planning -> infrastructure investment gap with technical assistance
- CDIA is a multi-donor supported program initiated by ADB & German government with Sweden and Spain subsequently joining – other governments are currently giving consideration to join
- Emphasizing impact areas of:
 - Urban environmental improvement
 - Urban poverty reduction
 - Climate change mitigation or adaptation

SCOPE & APPROACH

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CDIA assists cities to implement their development strategies using one or more of the following measures

- Applying a demand-driven and flexible support approach.
- Advisory support to infrastructure investment programming & prioritization.
- Consultancy support to prepare **Pre-feasibility Studies** on high priority projects.
- Local institutional capacity strengthening on infrastructure investment planning and programming.
- Identify potential private sector involvement.
- Link cities and their infrastructure investment proposals to investment financiers – both local and international.



INSTRUMENTS

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CDIA offers a number of services to qualifying partner cities

- Regional CDIA core management capacity based in Manila, Philippines
- CDIA city-level assistance teams on demand
- Structural links to ADB operations – also to KfW and others
- Support to regional and international urban management networks



PRE-FEASIBILITY STUDIES

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Prefeasibility Study

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CDIA is using PFS to help cities

- For administrations 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 investments at 1/4 of the cost of a full feasibility study.

PRE-FEASIBILITY STUDIES

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Giving administration & financiers confidence to proceed

- 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.

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PFS Components

- 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.

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PFS Contents

- 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

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.

CITY ELIGIBILITY

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To qualify for CDIA support, cities must meet the following criteria

- Local Governments of medium-sized cities (0.25-5.0 million) in ADB's DMCs
- Spatial planning framework in place
- Demonstrable supervisory gov't level support
- Infrastructure investment planning and programming and/or PFS for priority investment projects
- Focus on environmental improvement, climate change adaptation/mitigation and/or poverty reduction
- Demonstrable CDIA funding partner interest
- Counterpart contribution 20%

CITY APPLICATION PROCESS

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The following steps represent the typical CDIA process for direct support to cities

- Initiation can be supported by any CDIA partner
- Informal reviews to assess match with lending partner pipeline
- Application formats to be completed as per guidelines
- Application preparatory support by CDIA CMT and/or other CDIA partners (e.g. ADB, GTZ or KfW staff)
- Review and approval of applications by CDIA CMT
- TA agreement depending on funding channel
- ToRs and consultants procurement
- PFS preparation supervision



Direct & Indirect CDIA support

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CDIA offers both direct & indirect inputs and support to cities

Direct Support

- 17 city support applications in 11 countries approved for preparation of Pre-feasibility Studies and ongoing discussions in several more
- Potential sources of investment financing identified

Indirect Support

- Regional seminars on investment planning and programming and urban transport
- Support to city partner representatives to participate in other regional and international exchange events



Cities already engaged

Khulna, Bangladesh

Overview

Focus areas

City infrastructure & solid waste management



Scope & Approach

CDIA support

USD 450,000 for PFS & Capacity Building

City Eligibility

Estimated investment value

USD 50 million



Application Process

Potential source of financing

ADB (pipeline loan) & Sida

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Cities already engaged

Battambang, Cambodia

Overview

Focus areas

Environmental Infrastructure

Scope & Approach

CDIA support

USD 500,000 for PFS & Capacity Building

City Eligibility

Estimated investment value

USD 50 million

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Potential source of financing

Nordic Development Fund

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Cities already engaged

Guiyang, China

Overview

Focus areas

Rehabilitate water supply & urban public transport



CDIA support

USD 400,000 for PFS & Capacity Building

Estimated investment value

USD 550 million



Potential source of financing

Potential synergy with GTZ national urban program, for ADB pipe-line lending

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Cities already engaged

Yangzhou, China

Overview

Focus areas

Urban Upgrading & Urban Water supply



CDIA support

USD 540,000 for PFS & Capacity Building

Estimated investment value

USD 260 million



Potential source of financing

ADB, KfW and others

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Cities already engaged

Chennai, India

Overview

Focus areas Waterways improvement & solid waste management



CDIA support USD 490,000 for PFS & Capacity Building

Estimated investment value USD 50 million



Potential source of financing KfW and/ or ADB, JNNURM

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Cities already engaged

Cochin, India

Overview

Focus areas

Urban Transport

CDIA support

USD 387,000 for PFS & Capacity Building

Estimated investment value

USD 100 million

Potential source of financing

ADB, KfW and/or various domestic sources



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Cities already engaged

Banda Aceh, Indonesia

Focus areas	Urban transport, wastewater, solid waste management, drainage & environmental protection	
CDIA support	USD 300,000 for PFS & Capacity Building	
Estimated investment value	USD 100 million	
Potential source of financing	Provincial government (Aceh Fund) and ADB/ KfW	

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Cities already engaged

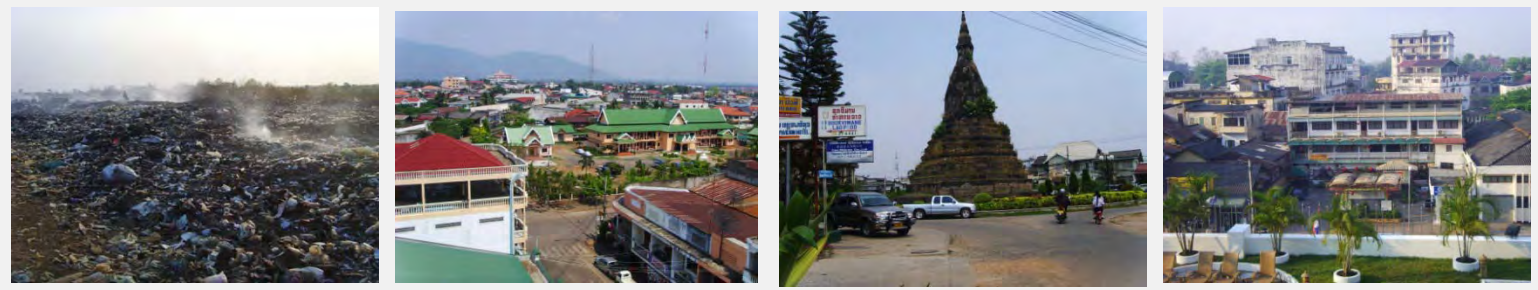
Pakse, LaoPDR

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Focus areas	Water logging and drainage	
CDIA support	USD 430,000 for PFS & Capacity Building	
Estimated investment value	USD 40 million	
Potential source of financing	Nordic Development Fund	

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Cities already engaged

Ulaanbaatar, Mongolia

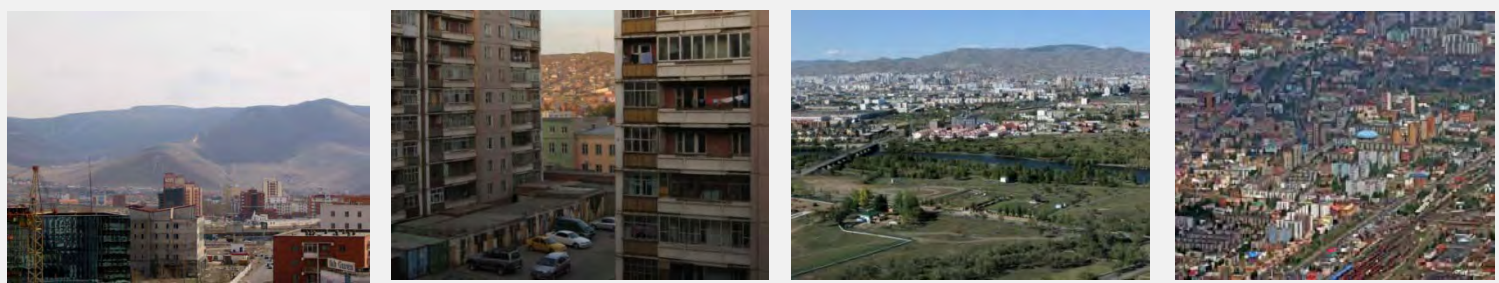
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Focus areas	Energy efficient retrofitting of pre-cast panel apartment buildings
CDIA support	USD 220,000 for PFS & Capacity Building
Estimated investment value	USD 40 million (1st phase)
Potential source of financing	KfW & possible ADB co-financing (1st phase)



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Cities already engaged

Kathmandu, Nepal

Overview

Focus areas Bishnumati road corridor & solid waste management

CDIA support USD 450,000 for PFS & Capacity Building

Estimated investment value USD 50 million

Potential source of financing ADB & others



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Cities already engaged

Faisalabad, Pakistan

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Focus areas

Urban transport & Industrial waste management



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CDIA support

USD 550,000 for PFS & Capacity Building

City Eligibility

Estimated investment value

USD 50 million



Application Process

Potential source of financing

World Bank & other agencies

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Cities already engaged

Cebu, Philippines

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Focus areas

Urban development program on selected infrastructure



CDIA support

USD 300,000 for PFS & Capacity Building

Estimated investment value

USD 500 million



Potential source of financing

ADB, Filinvest, SM Properties, Ayala Properties, Bigfoot Properties Inc.

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Cities already engaged

Iloilo, Philippines

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Focus areas

Port redevelopment & Downtown revitalization



CDIA support

USD 115,000 for PFS & Capacity Building

Estimated investment value

USD 20 million



Potential source of financing

ADB

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Cities already engaged

Can Tho, Vietnam

Overview

Focus areas

Urban & industrial wastewater



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CDIA support

USD 200,000 for PFS & Capacity Building

City Eligibility

Estimated investment value

USD 50 million



Application Process

Potential source of financing

KfW

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Cities already engaged

DaNang, Vietnam

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Focus areas

Urban Transport



Scope & Approach

CDIA support

USD 410,000 for FS

City Eligibility

Estimated investment value

USD 50 million



Application Process

Potential source of financing

KfW

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Cities already engaged

Thanh Hoa, Vietnam

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Focus areas

Water supply & wastewater treatment



Scope & Approach

CDIA support

USD 350,000 for PFS & Capacity Building

City Eligibility

Estimated investment value

USD 40.5 million



Application Process

Potential source of financing

ADB, Domestic/ Int. Private Financing, Domestic Infrastructure Funds

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Inputs & Investment Value

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CDIA technical assistance inputs represent approximately 0.25% of the overall potential infrastructure investment

- By 2008, CDIA had approved direct consultancy support to 12 partner cities in the amount of \$4.2 million USD.
- The estimated infrastructure investment value from all 12 cities is 1.7 billion USD.
- These CDIA inputs represents approximately 0.25% of the total potential infrastructure investment value.



CDIA CONTACTS

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THANK YOU