



# CDIA Capacity Development Strategy and Action Plan 2010 - 2012

July 2010



**CDIA**

Cities Development Initiative for Asia

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### Disclaimer

The views expressed in this document are those of the authors and do not necessarily reflect the position or policy of CDIA Funding Agencies.

## ABBREVIATIONS

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ADB	-	Asian Development Bank
CDIA	-	Cities Development Initiative for Asia
CMT	-	Core Management Team/Secretariat
DMCs	-	Developing Member Countries
EGM	-	Expert Group Meeting
FS	-	Feasibility study
GTZ	-	German Technical Cooperation
InWEnt	-	German Capacity Building International
KfW	-	KfW Development Bank
NGO	-	Non-government organization
NPO	-	National Partner Organization
RPO	-	Regional Partner Organization
PRC	-	Program Review Committee
PFS	-	Pre-feasibility Study
PPP	-	Public Private Partnership
PPTA	-	Project Preparatory Technical Assistance
SBP	-	Strategy and Business Plan
SHF	-	Stakeholders Forum
Sida	-	Swedish International Development Cooperation Agency
ToR	-	Terms of Reference
YAPP	-	Young Asian Professionals Program

### The Cities Development Initiative for Asia (CDIA)

CDIA is a regional initiative established in 2007 by the Asian Development Bank and the Government of Germany to assist medium sized Asian cities to bridge the gap between their development plans and the implementation of their infrastructure investments. 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 with focus on environmental improvement, pro-poor development, good governance, and climate change.

## EXECUTIVE SUMMARY

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To achieve the overarching goal of the Cities Development Initiative for Asia (CDIA), i.e. to promote sustainable and equitable urban development resulting in improved environmental and living conditions in Asian cities, capacity challenges in cities need to be addressed. Finding innovative approaches to address these challenges is both relevant for deepening the impact of work in the 50 cities which CDIA supports directly, but also for reaching out to the other estimated 1.050+ medium sized cities in ADB's Developing Member Countries (DMCs).

The CDIA capacity development strategy acknowledges the broad spectrum of capacity challenges for sustainable urban management, but considering its mandate and limited resources, focuses its interventions on enhancing human, organizational and institutional capacities of Asian medium-sized cities to prepare infrastructure investment projects which contribute to sustainable urban development.

CDIA's capacity interventions are targeted at developing capacities at city level, but where required to ensure success of an investment project preparation, will also address provincial, regional and national authorities as well as private sector entities and NGOs supporting cities. Supporting capacity development through regional networks and institutions is geared towards information exchange on CDIA supported experiences and approaches.

The key approach for CDIA to develop capacities thus is through the city interventions which strengthen competencies and confidence of city governments to prepare bankable urban infrastructure investment projects. As part of this activity, further (down-stream) capacity constraints, which might negatively impact on construction and operation of the investment projects, are identified and possible ways to address these constraints are suggested.

While the CDIA Core Management Team and the city-level CDIA consultants teams develop capacities at city level through "on-the-job" training/"hand-holding" of local government staff, and institutional development at that level, CDIA's collaboration with National Partner Organizations (NPOs) is crucial to reach out to cities beyond the limited number with which CDIA engages itself directly.

CDIA will enter into strategic partnerships with a limited number of selected NPOs. The NPOs will be selected based on having an operational mandate which is aligned to that of CDIA and having a healthy and sustainable financial track-record. Staff of the NPOs will be provided with the opportunity to familiarize themselves with CDIA approaches, guidelines and training materials and will be assisted to adapt these training materials to respective national settings and integrate them into their existing training programs and curricula. Furthermore CDIA will support the NPOs to disseminate CDIA approaches and advise on how cities can be supported in applying them.

It is envisioned that CDIA Inc. will eventually play a catalytic role and spearhead the further development of knowledge products as well as the mobilization of adequate financial resources.

## INTRODUCTION

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The Cities Development Initiative for Asia (CDIA) committed itself in its Strategy and Business Plan (SBP) for 2009 – 2012 (August 2009), to adopt a Capacity Development strategy latest by mid 2010 for implementation during 2010-2012 and beyond.

The Capacity Development strategy introduces key objectives, guiding principles and implementation modalities for capacity development activities as part of CDIA's operations in the context of CDIA's SBP and as depicted in its agreed impact chain (SBP, Annex 1). It clarifies how CDIA through capacity development interventions, aims to enhance its direct and indirect interventions as a major impulse to the promotion of sustainable and equitable urban development resulting in improved environmental and living conditions in medium sized Asian cities.

The main audiences of this strategy are the financiers and institutional partners of CDIA as well as the CDIA Core Management Team itself.

Section one of this document provides the background to the need for a CDIA Capacity Development Strategy. Section two highlights the key characteristics of the strategy by providing answers to the questions capacity development -for what; -in what; -for who; -how; and -by whom? Section three presents modalities for implementation of the strategy, while section four presents prioritized activities, indicators for monitoring and required financial resources.

The process to develop this strategy was designed so to reach a common understanding between major stakeholders in the CDIA program on the vision underpinning the strategy and on the most effective ways to implement it. Feedback provided by the CDIA Program Review Committee (PRC) members, CDIA Stakeholders Forum (SHF) members, CDIA Advisory Committee members and individual CDIA Core Management Team (CMT) members was taken into consideration while drafting subsequent versions of the strategy.

An earlier draft of this strategy was reviewed in an Expert Group Meeting (EGM) held in Antipolo, the Philippines on 4-5 May 2010. The meeting brought together the experience from 23 experts active in this field comprising from city-partner representatives, representatives of national training institutes, expert consultants, representatives of multi- and bi-lateral agencies and members of the CDIA core management team. In July 2010, the Capacity Development Strategy was adopted by the CDIA PRC.

CDIA Core Management Team, July 2010

## 1 BACKGROUND: THE NEED FOR A CDIA CAPACITY DEVELOPMENT STRATEGY

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The overarching goal of CDIA is the ***“promotion of sustainable and equitable urban development resulting in improved environmental and living conditions in Asian cities”***<sup>1</sup>.

CDIA’s operations focus on a clearly defined “market niche” of support to medium-sized cities across the Asian Development Bank’s Developing Member Countries (DMCs) in the preparation of infrastructure investments which improve the urban environment, mitigate/adapt to climate change, improve urban governance, and reduce poverty.

As reflected in CDIA’s Impact Chain<sup>2</sup> the direct benefit of its efforts is envisaged to be that ***“the institutional capacity of cities to prepare public investment projects in infrastructure for sustainable urban development is enhanced”***.

### Capacity Development<sup>3</sup>

Following OECD’s definition, in this paper “capacity” refers to the ability of people, organizations and society as a whole to manage their affairs successfully.

“Capacity development” is defined as the process whereby people, organizations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time.

CDIA’s capacity development efforts at city level form part of the technical assistance provided to the cities (while working on prioritizing urban investments and carrying out pre-feasibility studies) and through a number of regional training and capacity development events.

After two years of operation, it has become clear that in order to be able to achieve CDIA’s overarching goal, challenges such as

institutional bottlenecks, the limited awareness of decision makers at how to structure major projects so they have positive impact on environment, poverty and governance will need to be addressed in a more structured and conscious manner. It has been realized that sustainability of CDIA interventions will depend on the extent to which these capacity challenges can be addressed and how capacity improvements can be sustained; both in cities as well as at (sub-) national level.

In addition to the need to address capacity challenges in the 50 cities which CDIA aims to have supported by end 2012, modalities need to be developed to strengthen capacities to prepare public investment projects in urban infrastructure in other cities as well. As there are currently about 1,100 medium sized cities (defined as cities with population between 250,000 and 5 million) across the Asian Development Bank’s Developing Member Countries (DMC), which are potential CDIA client cities, it is important to develop cost-effective ways to scale up CDIA’s capacity development efforts.

Taking into consideration the vast capacity development needs for improved urban management in these medium sized cities in Asia vis-a-vis CDIA’s mandate, the key question to which the Capacity Development strategy responds is: **Which capacities should CDIA strategically focus on to develop, so to promote sustainable and equitable urban development resulting in improved environmental and living conditions in Asian cities?**

This question is pivotal considering the limited CDIA resources and that there are numerous other initiatives in urban management supporting complementary activities. As a result, choices must be made regarding the focus of CDIA’s capacity development interventions. In answering this question, the strategy aims to provide directions and a framework for implementation of CDIA’s capacity development activities.

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<sup>1</sup> CDIA Strategy and Business Plan 2009 – 2012, p3

<sup>2</sup> CDIA Strategy and Business Plan 2009 – 2012, Annex 1

<sup>3</sup> Organization for Economic Co-operation and Development, *The Challenge fo Capacity Development: Working Towards Good Practice*, Paris 2006

## 2 CHARACTERISTICS OF CDIA'S CAPACITY DEVELOPMENT STRATEGY

### 2.1 Defining CDIA's Capacity Development Strategy

The Capacity Development strategy supports CDIA's mandate and guiding principles. This implies that capacity development initiatives need to contribute to the promotion of sustainable and equitable urban infrastructure development resulting in improved environmental and living conditions in Asian cities.

In keeping with its operational focus, this implies that **CDIA supports cities to prepare**

**better urban infrastructure investment projects.** "Better" is defined here both in terms of being attractive for financiers to invest in (bankable) as well as in terms of projects which promote environmental sustainability, reduce poverty and improve governance.

The agreed framework for all CDIA activities is provided by CDIA's Operational Guidelines as well as the CDIA Strategy and Business Plan 2009-2012. Figure 1 presents CDIA's mandate and guiding principles which underpin CDIA's operations and gives direction to this Capacity Development Strategy.

**Figure 1: Key Focus and Guiding Principles for CDIA's Operations**



The Strategy and Business Plan 2009-2012 presents the focus of CDIA's capacity development interventions in line with the three main dimensions of capacity development. These key areas for capacity development include<sup>4</sup> :

- **Strengthening human competencies** (knowledge, skills, attitudes) of key personnel of city administrations and other relevant organizations in relation to

the planning, programming, structuring and marketing of urban infrastructure investment programs and projects;

- **Organizational changes** to enhance city governments' abilities to plan, program, structure and market urban infrastructure investment programs and projects; and
- **Institutionalization of revised processes** to plan, program, structure and market urban infrastructure investment programs and projects.

By addressing each of the three dimensions of capacity development (individual capacity;

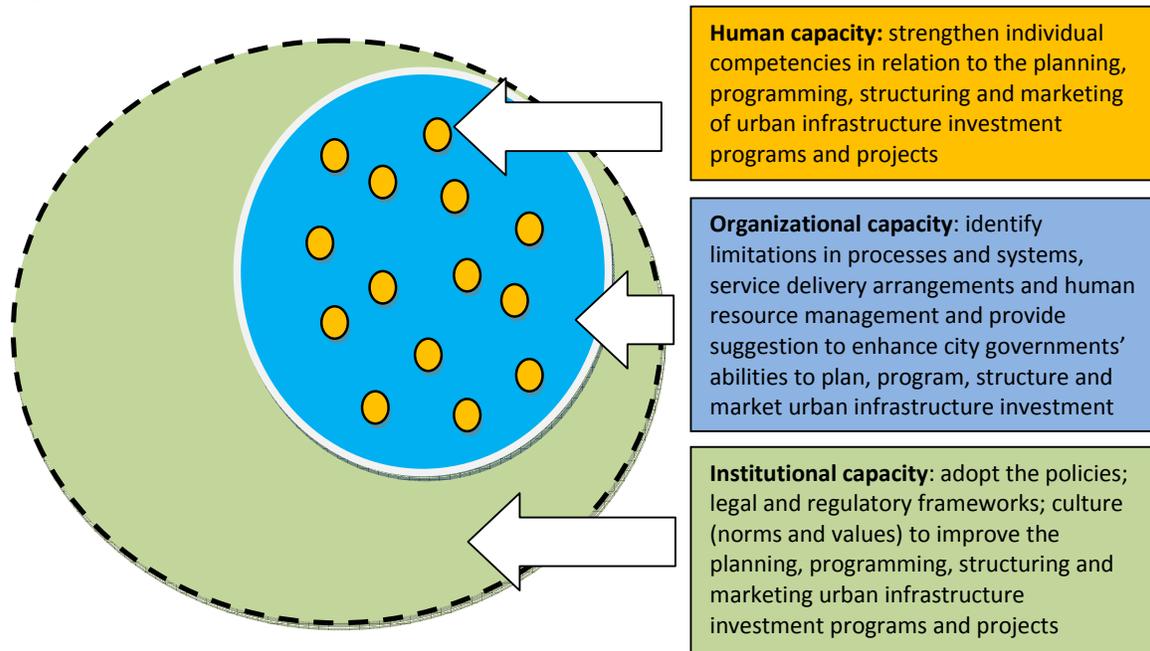
<sup>4</sup> Operational Guidelines Version 5.5 of July 2009

<sup>4</sup> CDIA Strategy and Business Plan 2009 - 2012 Pp 8-9

organizational capacity; and institutional capacity), CDIA recognizes that working to strengthen one dimension of capacity development, must go hand-in-hand with addressing the other areas. For example, adopting a regulation which will institutionalize the Pre-Feasibility Study (PFS) approach as an important step for urban infrastructure project structuring and preparation mechanisms will have little

impact if there is no clear assignment of this task to a specific department or task force in the City organization and if subsequently staff do not obtain the relevant skills to apply the tool. Vice-versa: training staff in using tools for project prioritization will have little impact if there are no changes in the organizational and institutional framework which would clarify and endorse the processes to use these tools.

**Figure 2: Three Dimensions of CDIA's Capacity Development**



**The overall objective of CDIA's capacity development interventions is to enhance human, organizational and institutional capacities of Asian medium sized cities to prepare public infrastructure investment projects which contribute to sustainable and inclusive urban development.**

Particular focus on the how CDIA aims to reach this objective is provided in the sections below by answering the following questions:

- Capacity development for what?
- Capacity development in what?
- Capacity development for whom?
- Capacity development: how?
- Capacity development by whom?

## 2.2 Capacity Development for What?

As part of its strategic approach in the CDIA Strategy and Business Plan 2009-2012, CDIA will focus on deepening its involvement in selected cities it is already working with rather than spreading itself too thinly. 'Deepening' implies both deeper involvement and higher levels of technical analysis as a basis for infrastructure prioritization and implementation, and more intensive activities in selected cities with which CDIA is already engaged.

The two key strands of deepening are:

- More intensive engagement with selected CDIA cities which will act as centers of good practice and learning examples for

other cities both nationally and regionally; and

- More effective support partnerships with national and regional groups with whom CDIA is engaged.

The principal objective of ‘deepening’ is to improve the effectiveness and institutionalization of CDIA activities and as a result increase the impact of the CDIA **direct interventions**. In terms of capacity development activities, some of the key areas for deepening the relationship for cities with which CDIA is already engaged include:

- Detail the steps in project prioritization activities and help integrate this approach into administrative procedures;
- Assist in follow-up to completed PFS by developing skills to market the projects and ensure that actual financial closure (whether through international or national public funds or PPPs) is achieved;
- Support institutionalization and adaptation of the PFS mechanism, meaning cities have either the capacity to carry out or more likely the capacity to contract, supervise and assess a PFS;
- Undertake structured evaluations of project formulation (PFS) activity in order to strengthen city management systems;
- Engage in focused capacity development in areas related to CDIA’s market niche (e.g., strengthening urban infrastructure investment prioritization in the city broadly or in a sub-sector such as urban transport); and
- Foster good practices and provide opportunities for enhancing city-to-city learning and knowledge sharing.

At the same time, as mentioned in section 1 above, there is a need to find modalities that can help to extend CDIA’s reach so additional cities can benefit from its’ approaches and experiences. CDIA’s capacity development activities will be an important vehicle to increase CDIA’s **indirect interventions**.<sup>5</sup>

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<sup>5</sup> Indirect interventions are measured in terms of projects which are developed in accordance with CDIA approaches but without direct CDIA support (e.g. no

During the current program phase of CDIA (until 2012), the building blocks for a financially sustainable CDIA institutional structure to reach out beyond the limited number of cities supported through direct interventions, will be assembled.

## 2.3 Capacity Development in What?

For an urban infrastructure investment project to be successful, authorities will require the capacities to plan, program and implement these investments. In addition, upon completion of the project they then also need to successfully secure revenues to sustain the infrastructure and service delivery.

Figure 3 below shows the steps of planning, implementing and operating an urban infrastructure investment project, CDIA’s key focus area and some of the key capacity issues related to each of these steps.

With the wide range of capacity challenges as indicated in figure 3, an important consideration for defining CDIA’s capacity development focus, relates to the question how far **up-stream** (in the actual identification of potential infrastructure projects) and **down-stream** (in the actual financing and implementation of infrastructure projects) CDIA should be engaged

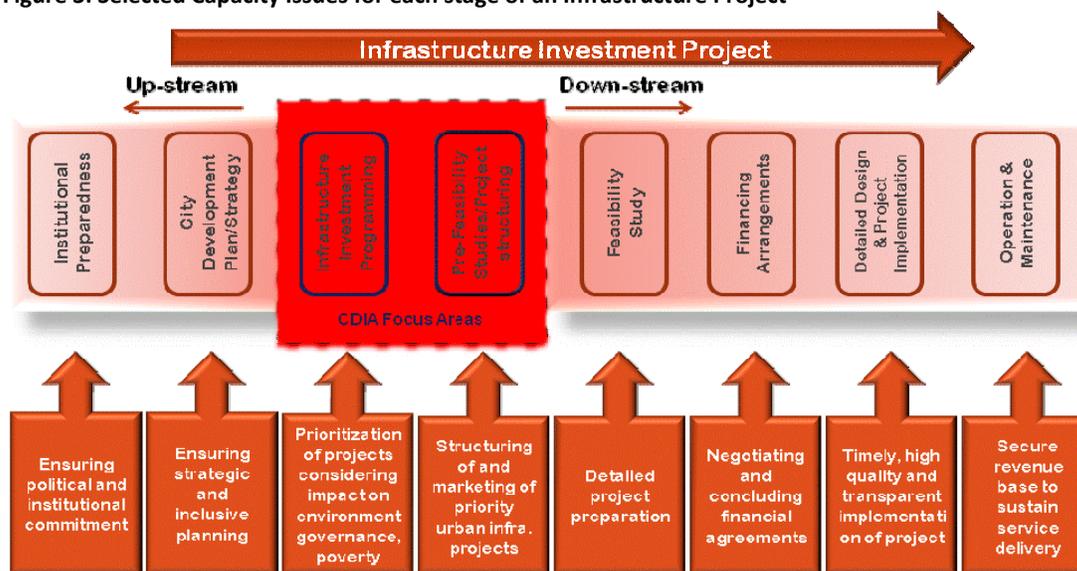
The high-lighted area in the figure presents CDIA’s key comparative advantage capacity development focus in order to overcome “the gap” between project planning and infrastructure financing and implementation.

In practical terms this implies that CDIA focuses on developing capacities for the prioritization of projects, the actual structuring of priority urban infrastructure projects through pre-feasibility studies and the subsequent marketing of these identified projects to potential public and/or private investors.

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technical assistance agreement is entered into between CDIA and the respective city)

Figure 3: Selected Capacity Issues for each stage of an Infrastructure Project



In addition, the political dimensions of preparing an urban infrastructure project are to be considered. As such, specific national and local conditions, including the institutional preparedness, need to be considered when supporting a particular activity.

Though CDIA’s capacity development focuses on activities in the above mentioned project planning and infrastructure financing gap, there may be a need for CDIA to assist in capacity development for upstream or downstream activities, if these capacities are crucial for the sustainability of an infrastructure project and if the capacity development cannot be addressed by any other (more) suitable development partner organization.

In a city where for example issues like environmental concerns and impact on poverty are not sufficiently considered as part of a strategic planning process, CDIA may engage with the cities to adequately consider these principles in investment prioritization and programming.

Likewise, where cities have difficulties arranging for financial closure of a particular infrastructure project, CDIA can provide further follow-up support beyond the PFS.

Besides enhancing the capacity of cities to bridge the urban infrastructure planning and financing gap, CDIA may selectively engage in sectoral (e.g. transport, water, sanitation) focused capacity development activities when this enhances the quality of the city intervention.

## 2.4 Capacity Development for Whom?

CDIA’s principal clients are the mid-sized cities in Asia and their governments. As such, CDIA capacity development efforts are also focused on developing capacities at **city level**.

Organizational and institutional capacity development at city level is focused on strengthening processes and systems as well as policies and regulatory frameworks to improve the planning, programming, structuring and marketing of urban infrastructure investment programs and projects.

Furthermore capacity development at city level is directed towards decision makers and senior professional staff in cities.

Table 1 below presents some of the key competencies to be developed among the various target groups at city level.

**Table 1:** Selected areas for capacity development for various city level target groups

City-level Target groups	Knowledge	Skills	Attitudes
<b>Political leaders</b>	Understanding of steps required to prepare, finance and implement public investment projects in urban infrastructure with inputs from relevant stakeholders	Ability to prioritize projects and then market them in such a way so external support can be mobilized to implement these projects Ability supervise urban infrastructure project cycle	Belief that public urban infrastructure projects should improve one or more of the areas of urban environment, mitigation/adaptation to climate change, improved urban governance, and reduced poverty.
<b>Senior Professional Staff<sup>4</sup></b>	Detailed understanding of the steps and processes required to prepare, finance and implement public investment projects in urban infrastructure	Ability to manage and provide technical inputs at various stages of the urban infrastructure project cycle	Same as above

At **provincial, regional and national level**, CDIA will selectively assist with the development of capacities through policy dialogue on urban infrastructure provision where this is appropriate in support of the city-level interventions.

The capacity of **National Partner Organizations** will be developed so they can play a pro-active role in disseminating and supporting CDIA's interventions to potential CDIA client cities.

At **regional (Asia-wide) level**, CDIA links to global and regional networks (such as United Cities and Local Governments and CityNet) to further its urban infrastructure investment facilitation mandate in the region. At this level, CDIA also acts selectively as a regional platform in its own right to exchange information and share experience among the cities it works with on specific topics of CDIA focus, through the conduct of regional seminars and other media (i.e. the CDIA website and newsletter).

It is recognized that other actors, such as **private sector and civil society (e.g. NGOs)**,

<sup>6</sup> It should be noted that this target groups consist of a wide range of professionals ranging from city managers, planners, civil engineers, financial officers, etc. for which ideally capacity development activities will be tailored depending on their responsibilities in relation to the planning and financing of urban infrastructure.

impact on the planning, financing and implementation of urban infrastructure projects. Such actors may also be target of CDIA's capacity development interventions where found useful for the success of an investment project in terms of inclusiveness and to increase understanding of developing partnerships for the provision of urban infrastructure. However, in view of CDIA's limited resources and the various complementary initiatives undertaken by other support programs (such as through GTZ, UN-Habitat, USAID, AUSAID etc), the primary target group for CDIA's capacity development are the city governments and their immediate support networks.

At a more instrumental level capacity development of **CDIA city level consultants' teams** is required to ensure they have a good understanding of the processes and outputs these teams are expected to facilitate and produce.

**Domestic and International Financial Institutions** are targeted through sharing of knowledge and experiences on providing meaningful ways and workable modalities to financing cities infrastructure needs.

Finally, the need to develop the capacity of the **CDIA Core Management Team and CDIA Inc. staff** is recognized so they can play their expected catalytic role vis-à-vis cities and

financing institutions and spearhead efforts to enhance the capacities of Asian medium sized cities to prepare public infrastructure investment projects which contribute to sustainable and inclusive urban development.

## 2.5 Capacity Development: How?

A key feature of CDIA capacity development is its “learning by doing” approach. That is, by taking the cities through application-, investment prioritization- and PFS processes, their capacity and confidence to apply the related tools increase. Such capacity development starts with the very initial phase of dialogue between CDIA and its city clients, prior to the finalization of the city’s application for CDIA support.

Likewise, the CDIA PFS identify capacity development needs (both in terms in individual, organizational and institutional challenges) further down-stream (such as actual construction of the urban infrastructure and its operation and maintenance) and make suggestions for how to address those challenges in the ensuing feasibility study and beyond (see figure 3 above).

Crucial in the support to the cities is to ensure the capacity development support provided is flexible enough to respond to local needs and actual conditions in the city, the institutions and the specific projects.

Cities where CDIA has supported the development of a PFS are in a better position to prepare infrastructure investments than before. Box 1 below presents examples of how CDIA strengthened human resources, organizational and institutional capacities in city-level interventions.

### Box 1: Examples of CDIA Learning by Doing

In **Banda Aceh**, Indonesia, the PFS strengthened the newly established city level strategic policy and coordination unit – TIMKO. TIMKO staff worked closely with the PFS team, to identify priority infrastructure projects, providing technical, administrative and coordinating support to the city government and team. Once the PFS was finalized, the TIMKO had significantly improved core development and planning skills. The process by which the city went from planning to infrastructure investment must be sustained and this will require policy level reform at the city and provincial level.

In **Faisalabad**, Pakistan, the city government was swift to establish a working group consisting of representatives from key agencies linked to the urban transport and industrial waste management sectors. The group was headed by the District Coordination Officer. The group meets every two weeks to assess progress in the PFS. The Director General of the Faisalabad Development Authority recently said “I have yet to see a process that not only so systematically helps a city move from a list of wishy-washy projects to bankable ones but has successfully brought together so many agencies around a common issue”. The DG has urged the continuation of the working group beyond the CDIA PFS.

To support the “on-the-job training” and “learning by doing”, CDIA has already prepared (or is in the process of drafting) several process tools and guidelines, including:

- Urban Infrastructure Project Programming and Prioritization Tool;
- Urban Infrastructure Pre-Feasibility Studies Guideline and associated sectoral guidelines;
- Public Private Partnership guide for Urban Infrastructure; and
- Marketing toolkit for generating interests of potential financiers in Urban Infrastructure projects (Planned).

A number of the tools and guidelines are currently being field tested and by the fourth quarter of 2010 should all be available for dissemination on a larger scale. Additional

tools and guidelines (e.g. on financing investments for climate change adaptation and mitigation in cities and additional-sectoral guidelines) will be developed, based on needs and lessons learned.

These tools are an important means to increase the sustainability of CDIA interventions and contribute to having CDIA's infrastructure investment planning and programming approach institutionalized (direct interventions). In addition, the tools will help cities to replicate CDIA's approach, but without direct CDIA consultants support (indirect interventions). Regional knowledge networks, nodal offices and National Partner Organizations (NPOs) will be assisted to familiarize themselves with the tools and then disseminate and facilitate cities to apply them and integrate them in existing processes (section 3 refers).

Additionally, CDIA strengthens capacities through the organization of and participation in regional knowledge events focusing on enabling the cities supported by CDIA the opportunity to share their experiences with other cities ("peer-to-peer" learning).

Furthermore, through dialogue with relevant provincial, national and regional institutions, CDIA aims to create awareness among individuals and organizations on the need to develop policies and instruments to enable cities to finance urban infrastructure investments.

## 2.6 Capacity Development by Whom?

The main entities being instrumental in implementing CDIA's capacity development activities include:

- Core Management Team (CMT) Members;
- CDIA city level consultants' teams;
- National Partner Organizations;
- Regional and international support programs; and
- Champion Cities.

**CMT members** interact with the cities for which CDIA support has been approved at

various stages of these interventions. Their role is to ensure that in the interventions sufficient attention is given to address any issues which may negatively impact on the successful planning and financing of urban infrastructure projects. As such, CMT members have to ensure capacity constraints (whether institutional, organizational or human resources) are identified, and where possible, addressed.

At the start of any city-level intervention, CMT members will provide significant upfront inputs and time to review the institutional setting in a city (including but not limited to political stability, governance practices, willingness to implement reforms and changes, integrity and level of operational independence), so as to ensure that the ToRs for CDIA consultant teams appropriately address these issues.

In addition, CMT members supervise the preparation of CDIA tools, and share these experiences in (national/ regional/ international) conferences and seminars while, interacting on a daily basis with financing institutions. As such the CMT members disseminate CDIA tools and approaches and advocate the need to identify modalities for financing urban infrastructure investment.

**CDIA consultants' teams** interacting with the cities are a crucial means for capacity development as they spent substantial time with city representatives and as such can provide "on-the-job" capacity development through "hand-holding" when preparing the PFS. As indicated in their ToRs, the consultant teams are required to support institutional change; enhance/solidify local government's organizational capability to plan, program and structure investments in urban infrastructure; as well as develop specific competencies among key staff in these areas. Each team normally has an institutional and/or capacity development expert who focuses on the organizational reforms required to implement, operate and maintain the investment projects are highlighted.

Furthermore, because their intense and hands-on collaboration with the respective city governments, they have an important role in flagging important capacity constraints which might negatively affect the sustainability of the investment projects through mapping the needs for human resource development, organizational development and institutionalization. In some cases, consultant teams are requested to make explicit recommendations for further capacity development programs after the pre-feasibility period.

For successful outreach, it is essential that strong links are developed in each country with selected capacity development institutions or **National Partner Organizations** (NPOs) as such partner institutions may be generically called. As further described in section 3 below, these NPOs may be public or private organizations with a mandate similar to CDIA and which have a sustainable source of funding.

The NPOs will be able to adapt CDIA tools and training materials to integrate different national circumstances and to reach out to cities which CDIA cannot directly interact with, due to its limited resources. As in most cases NPOs have capacities reaching beyond CDIA's core mandate, the NPOs can provide further complementary downstream capacity strengthening to respond to identified gaps in competencies (e.g. operation and maintenance of urban infrastructure).

Furthermore, it is envisioned that these NPOs will play an important role in further developing capacities to ensure sustainability of CDIA's efforts as well as provide durable support to cities and national governments in key areas of CDIA's focus.

For each of these NPOs, modalities of collaboration have to be identified which among others highlight capacity development required of the NPOs themselves.

**Regional and international support programs** are important partners through which

capacity development can take place as CDIA is keen to avoid duplication of efforts. Where possible, synergies are to be created between the various support programs by identifying complementarities in capacity development activities. While CDIA is keen to stay as close as possible to its mandate with its capacity development interventions, there are a large number of support programs which provide relevant down- and up-stream capacity development support such as through UN-Habitat, Worldbank and ASEAN as well as bilateral development support partners and national and regional training institutions.

Learning from **Champion Cities** is one of the key ways knowledge enhancement that CDIA aims to stimulate. Through city-to-city twinning and exchanges, cities will be able to gain relevant experiences and knowledge.

This kind of exchange will not only be limited to experiences and institutions from among CDIA supported cities. Where relevant expertise in Asia or in other parts of the world in the area of CDIA's work is available, opportunities for sharing and city-to-city peer learning will be fostered.

### **3 IMPLEMENTING THE CAPACITY DEVELOPMENT STRATEGY**

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#### **3.1 Implementation Objective**

The objective of capacity development activities at country level will be to establish a sustainable network of organizations which will support cities in, and develop their capacity for, investment project preparation. The key elements of such a sustainable network are:

- Cities with capacity to manage the project preparation process and mentor other cities;
- Institutions which develop cities' human, organizational and institutional capacities in the process and support peer-to-peer learning; and
- Organizations which supply the technical expertise required.

Furthermore, the organizations which embody these elements must have appropriate incentives to work together. CDIA will determine the most appropriate approach and partner depending on country circumstances. This section sets out the basis for selecting such an approach and partners.

### 3.2 Framework for Implementation

Given the magnitude of potential activities involved in establishing such a sustainable system to support cities, the CDIA Capacity Development strategy has the following characteristics that provide the framework for implementation:

- It is **incremental**, with activities clustered in a series of phases;
- It builds on existing activities<sup>7</sup> and experiences supported by CDIA;
- It values partnerships with a priority focus on clarifying the modalities of co-operation with the proposed CDIA **Nodal Offices** in China, India and Singapore, and working with **National Partner Organizations** (NPOs) in the major countries of CDIA focus;
- It encourages **city-to-city knowledge and experience-sharing**, using some of the cities and selected centers of learning as champions and “knowledge hubs”;
- It is **flexible** and recognizes that no single size fits all: depending on their own mandates, different partner organizations may cover different elements of the CDIA approach;
- It uses “**learning by doing**” as the main approach for engaging with relevant

decision makers and professionals from client cities;

- Where possible **builds on** the capacities of existing, established, organizations with mission related to, and resources, for CDIA objectives;
- It has clear **benchmarks** for the 2010 - 2012 period (section 4.3 below refers) as an amplification of the targets set for capacity development in the CDIA Strategy and Business plan;
- It is sensitive to respond to opportunities to **create synergies** with approaches and efforts supported by other development support partners. This applies primarily (but obviously not exclusively) to capacity-development support activities by CDIA partners ADB, GTZ, KfW, InWEnt, Sida, Spanish economic cooperation; and
- It underlines the importance of **financial sustainability** of the provision of CDIA capacity development support services by potential partner organizations.

It should be realized that **developing sustainable levels of capacity** in cities can only be achieved if the cities, where city interventions are undertaken, have the policy and resource environment to capitalize on the assistance provided by CDIA. City level experience shows that where cities are reluctant or unable, to even make key human and financial resources available to support PFS work, their commitment to sustainable urban project development must be questioned. Without this level of commitment the exercise becomes donor driven – with little hope that either the process has made an institutional impact or that the investments are likely to be taken forward by the respective government. In order to avoid this, the CDIA team is putting more emphasis on the front end of a city intervention (the application process) so to develop a clear picture of commitment and resource contributions.

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<sup>7</sup> CDIA Core activities include: (i) advisory support to urban infrastructure investment programming and prioritization; (ii) consultancy support for the preparation PFS for high priority infrastructure investment projects; (iii) identification of potential private sector involvement in early stages of project definition and structuring projects for such involvement; (iv) local institutional capacity strengthening related to infrastructure investment planning and programming; and (v) advisory support to market local investment proposals to potential financiers

### 3.3 Role of Nodal Offices in Capacity Development

CDIA's capacity development activities will primarily be initiated from the CDIA CMT office in Manila. However, the Capacity Development strategy will take advantage of CDIA's intention to establish **CDIA Nodal Offices**. It is expected that within the current business plan period, three Nodal Offices are established in China, India and Singapore. China and India are CDIA's biggest client countries while Singapore is well placed to perform the function of a regional knowledge hub as well as to facilitate outreach to Indonesia and several other countries. Once established, it will be reviewed to what extent the Nodal Offices in India and China can also play a role in their respective sub-regions.

The CDIA Nodal Offices serve as the country-based or sub-regional representatives ("field offices") of the CDIA/CMT, particularly to promote the CDIA's objectives and operational principles. Modified to suit the decision-making process that is expected to be established for delineating responsibilities between Nodal Offices and the CMT, the functions of these Nodal Offices with respect to capacity development are likely to comprise<sup>8</sup>:

- Initial scoping and vetting of city readiness to apply any of the processes and mechanisms;
- Assessment of city-perceived problems and their direct and indirect contexts;
- Definition of scope for possible CDIA support;
- Facilitate the preparation and submission of city applications for CDIA support;
- Preparation of TORs for consultancy / advisory support services;

- Facilitation of, and support to, dialogue with potential funding organizations for subsequent investment support;
- Assessment of assignment outcomes, including Pre-Feasibility Study results;
- Promote City-to-city learning;
- Organize/participate in relevant workshops, seminars and other capacity development events;
- Where feasible and opportune, work with NPOs within the framework of above mentioned responsibilities.

The Nodal Offices will be established based on a formal cooperation agreement between CDIA and the host institution and its national government on sharing financial, human resources and administrative contributions for the operation of the offices. During 2010 – 2012 the financing of Nodal Offices activities will, in principle and on average, be carried out on a 50-50% cost-sharing basis between CDIA's core funding resources and resources at the disposal of the Nodal Office host.

In the countries in which nodal offices are envisioned to be established, the issue of how nodal offices can offer or catalyze CDIA services on a sustainable basis through costs recovery mechanisms or through programmatic payments from relevant government agencies will be included in the discussions with the respective governments. In addition, mechanisms of sharing such resources with NPOs will be discussed.

### 3.4 Role of National Partner Organizations in Capacity Development

In addition to these Nodal Offices, CDIA intends to establish closer relations with 2 -3 **National Partner Organizations** (NPOs) in each of the CDIA's key countries. The collaboration between the NPOs and CDIA will be more loosely structured than with the Nodal Offices and collaboration activities will relate primarily to CDIA's capacity development mandate and the NPOs' potential to perform as multiplier institutions.

<sup>8</sup> Other main envisioned functions of the Nodal Offices among others include: Establishment of initial contacts between CDIA and potentially benefiting city administrations; Review and endorsement of the city application to the CMT; Preparation of a draft project Technical Assistance agreement between the applicant city and the CDIA; Procurement of consulting services; Supervision of assigned consultants

CDIA and the NPOs are envisioned to collaborate in adapting CDIA toolkits and guidelines, implementing CDIA workshops and seminars and reaching out to cities beyond the limited number of cities in which CDIA can actively be present. Where possible, NPOs will be provided the opportunity to participate in CDIA's direct interventions in cities so to enable the NPOs to develop first-hand experience in using the CDIA tools<sup>9</sup>.

As such, the functions of the NPOs are envisaged to comprise of:

- Advocacy and dissemination of CDIA information;
- Identification of capacity development needs of cities in relation to CDIA's mandate;
- Adapt CDIA training packages and tools to conditions and needs in respective CDIA client countries and cities;
- Contribute to the development of new CDIA toolkits and training materials;
- Collaborate in the implementation of CDIA training events, workshops and seminars;
- Establishment of initial contacts between CDIA and potentially benefiting city administrations;
- Contribute to the preparation of consultants ToRs by assessing city-perceived problems and their direct and indirect contexts and advising on scope for possible CDIA support;
- Where feasible facilitate the preparation and submission of city application for CDIA support;
- Facilitate local resource mobilization;
- Advise the CMT on selected application in the areas of expertise of the NPO; and
- In areas of expertise of the NPO provide assistance to cities directly supported by CDIA.

Based on the above envisioned functions, and, where applicable, likely technical and financial support from the nodal office, the

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<sup>9</sup> It should be noted that the NPOs will not enter into direct contract with CDIA funding partners but that the CDIA CMT remains the main interlocutor for potential financiers.

NPOs are expected possess the following capabilities and qualifications:

- 1) An **operational mandate aligned to that of CDIA** demonstrated among others by:
  - Acknowledged orientation and experience in working in the urban development/management sector especially those relating to sustainable and pro-poor urban development as well as climate change mitigation and adaptation at city level;
  - Documented experience of working with urban local governments in addressing critical urban issues through processes such as strategic city development planning, policy formulation, services and infrastructure project preparation, pre-feasibility and feasibility studies, and related institutional reform and capacity development activities;
  - A strong orientation towards the financial viability and institutional dimensions of infrastructure projects;
  - Ability and credibility to work effectively with both government and private sector stakeholders in crafting solutions to urban development problems;
  - Knowledge and experience with urban technical assistance, investment funding processes and (in urban services and infrastructure) project financing mechanisms such as Public-Private Partnerships (e.g. joint-venture arrangements, BOT/BOO schemes); and
  - Leadership or active membership in national network(s) or association(s) involved with urban development / management issues.
- 2) A **healthy and sustainable financial basis** to fund its CDIA mandate e.g. through a steady stream of resources received for implementation of projects and training courses and/or from an endowment or regular budget support. A demonstrated track record in managing urban projects

or training courses on a financially sustainable basis is also highly desirable.

A major qualification as noted above is whether the organization’s mandate reflects or matches CDIA’s guiding principles and framework for support services. This consideration is critical because the NPO should not view its engagement by CDIA simply as a time-bound consultancy arrangement, but rather as a strategic partnership in improving the living and working conditions in Asian cities, based on a sustainable financing formula for the provision of such support services.

Within such a partnership, both parties are expected to collaborate on the basis of mutual interest and cost-sharing. This implies that for both the NPOs as well as CDIA, the added potential benefits of cooperation have to be specified. Some of the more generic incentives which can be identified for both parties are presented in table 2 below.

**Table 2: Incentives for NPOs and CDIA to collaborate**

Incentives for CDIA to work with NPOs	Incentives for NPOs to work with CDIA
<ul style="list-style-type: none"> <li>• Possibility to reach out to large number of local governments;</li> <li>• Hands-on experience in working with local governments in a specific national setting;</li> <li>• Additional and complementary up-stream and down-stream experience and capacity development activities;</li> <li>• Contextual knowledge.</li> </ul>	<ul style="list-style-type: none"> <li>• International profile and prestige;</li> <li>• Prospects of developing new expertise and services for client;</li> <li>• Attractive and challenging work agenda;</li> <li>• Access to high quality knowledge products and cases;</li> <li>• Joint product marketing;</li> <li>• Institutional Capacity Development</li> <li>• Opportunities for applied research;</li> <li>• Possibilities for financial benefits/cost recovery.</li> </ul>

Once the areas of mutual benefit have been identified in each specific case, concrete objectives of the collaboration and indicators for success will have to be agreed. As part of the agreed objectives, activities will be identified to be implemented on a cost – sharing basis. This implies that respective staff expenses for joint-activities will be covered by the separate institutions. Where required, reimbursement of NPO operational costs for initial activities could be considered as long as the activities are part of a collaboration agreement and clear work-plan.

In countries where no qualified NPOs can be identified, **Regional Partner Organizations**<sup>10</sup> i.e. capacity development organizations which have a regional focus, may be identified and partnerships can be established at a (sub-) regional level. Entering into such a partnership would follow the same logic and procedures as identifying and entering into a partnership with an NPO (see box 2 below for an example).

**Box 2 Cost-sharing with Regional Partner Organization**

Within the framework of an MoU signed with the Ministry of Foreign Affairs in Singapore, CDIA will implement together with the **Civil Service College (CSC) in Singapore** an executive short course on Effective Urban Infrastructure Programming for CDIA Client cities in the Asian region. The course is jointly developed and implemented on a cost-sharing basis where both CDIA and CSC cover their respective staff costs, while CSC will cover the venue and accommodation costs and CDIA the international flight costs and per diems of course participants.

To initiate a selection of qualified NPOs, a scan of possible partner institutions is undertaken in selected countries (starting with China, Indonesia, India, Vietnam and the Philippines). The institutional scanning process starts with the preparation of a long

<sup>10</sup> Within the strategy, no further differentiation between RPOs and NPOs are made in terms of areas of collaboration and support.

list of possible institutions to be reviewed including University institutions, associations of local governments, public and private research and training institutions, NGO's etc.

In close collaboration with a national consultant, the long-list of possible NPO's is reviewed against the criteria set for selection of partner organizations (see above). Based on the findings of the national consultant, a short-list will be drawn up of institutions and organizations having the biggest potential of becoming a NPO.

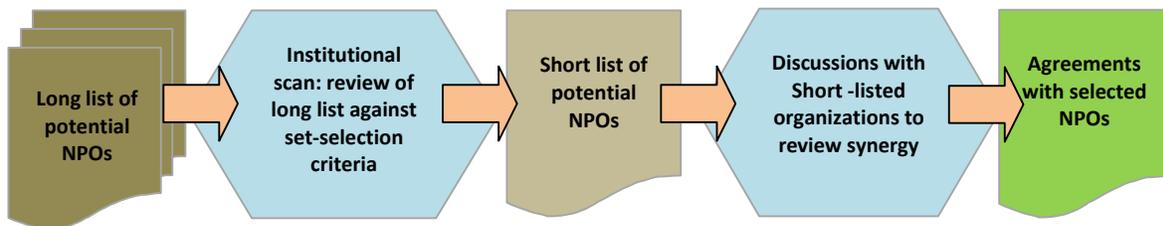
Given the nature of the envisaged functions for the NPOs, organizations short-listed through the institutional scans will be visited by a member of the CMT for face-to-face interviews, discussions with their senior

management, and a thorough assessment of their mandates, financing of their operations, capabilities, experience, and facilities. In these discussions the added value of the collaboration between CDIA and the selected organization is identified as well as which joint activities are most appropriate.

Once common ground is identified for collaboration, agreements will be prepared which clarify the areas of cooperation as well as implementation modalities. These agreements will clarify priority actions, financial commitments and targets.

Figure 4 below presents the various stages of the institutional scanning process.

**Figure 4: Institutional Scanning Process for Identification of National Partner Organizations**



### 3.5 Role of CDIA CMT and CDIA Inc. in Capacity Development

In the current phase of this strategy, the CDIA Core Management Team based in Manila is the main driving force for providing backstopping support to the cities and NPOs, for knowledge materials development and access to financiers.

As reiterated by the March 2009 CDIA review mission, CDIA's overall institutional outcome/objective is for it to be established as a new international institution providing efficient services to support sustainable and environmentally sound urban development. The incorporation in 2009 of part of the CDIA CMT Manila office operations as a non-stock non-profit corporation (**CDIA Inc.**) under Philippines law is an important step in that direction.

In relation to the Nodal Offices and the NPOs, it is envisioned that CDIA Inc. will eventually take over the role of the CDIA CMT and perform the role of a specialized spearhead (lead) regional institution which among others will mobilize adequate financial resources to sustainability finance operations.

With respect to capacity development, CDIA Inc. is envisioned to further develop new and existing tools in support of CDIA's mandate which can then be further adapted and applied by the Nodal Offices and NPO's.

### 3.6 Strengthening of National Partner Organizations

Once selection of the NPOs has been completed and formalized, activities may need to be defined to strengthen the capacities of these organizations in relation to their envisioned role in contributing to CDIA capacity development strategy. This implies that actions will be identified to enhance competencies of the NPOs themselves to facilitate investments in sustainable urban infrastructure.

Based on the institutional scans and discussions with the organizations, key areas for collaboration between the NPOs and CDIA will be agreed on and major capacity assets and gaps in relation to these areas will be identified. It is envisioned that capacity development will mainly focus strengthening the NPOs to adapt and sustain CDIA approaches in their training programs and curricula as well as to provide support services to cities in relation to bridging their urban infrastructure planning – investment gap. Methods to address these gaps will be agreed on as well as tools to increase the understanding and relationship between the NPO and CDIA.

It is expected, that especially in less developed countries, more efforts are required to support the NPOs in developing their capacities related to CDIA's mandate. This additional support requirement must be carefully considered when allocating the level and duration of resource provided to support NPOs.

An important approach in ensuring the NPOs develop a better understanding of CDIA and its operations is by involving NPO staff-members in missions to and inter-actions with the cities where CDIA has **direct interventions**. Through this approach, the NPOs will be able to actively engage with CDIA CMT as well as with the CDIA tools and products.

Another important vehicle to develop a better understanding in the NPOs on CDIA's

mandate and activities is the **Young Asian Professionals (YAP)** program (box 3 below refers).

#### Box 3: Young Asian Professionals Program

YAPs are seconded to CDIA by the NPOs which employ them for a 6 month period. During this period, YAPs will receive an induction to CDIA and the opportunity to work with CDIA CMT staff on selected city interventions and training programs.

Upon return to their home organization, the YAP will be a focal point for inter-action between CDIA and the NPO by which the YAP is employed to develop further activities.

For more senior NPO staff who cannot afford to participate in a 6 month YAP placement, possibilities for briefer participation in CDIA operations will be made available, for example by providing research opportunities as well as opportunities for involvement in CDIA city direct interventions.

Furthermore, **(regional) training** events will be organized for NPOs so to familiarize their staff with the respective CDIA training tools, share experiences with other NPOs and contribute to the further development of existing and new training tools.

It is also envisioned that **exchange between NPOs** will be facilitated both through regional networking events as well as through virtual inter-actions. These activities will allow CDIA and NPOs to share experiences and adapted training materials. Such exchange could among others include regional NPO workshops; peer-review; NPO coaching and partnering.

### 3.7 Institutional Setting for Implementing the Capacity Development Strategy

Within the CDIA Core Management Team (CMT) a small team of experts comprise a dedicated Capacity Development Team. This team spearheads capacity development activities and coordinates the development

and implementation of CDIA capacity development activities including the collaboration with partners (such as InWEnt and UN-Habitat).

To replicate and sustain its capacity development strategies, CDIA will explore the feasibility of 'knowledge clusters' in selected countries to enhance experience and knowledge sharing in selected areas.

The knowledge clusters will help to adapt approaches reflecting national and local priorities and strengthen institutional mechanisms for training, utilizing sustainable methodologies and materials, and the ability to replicate the training efforts on a nation-wide basis.

To be effective, interaction with these clusters recognize the role and responsibility of various actors to support and sustain these efforts and will typically consist of four principle actors that may be adapted based on country specific circumstances:

- **NPO's** with the YAP Program returnee as the Focal Point. In countries CDIA engages with more than one NPO, it can be imagined that each NPO creates a knowledge cluster based on a specific thematic focus and strength, or that one knowledge cluster includes various NPOs.

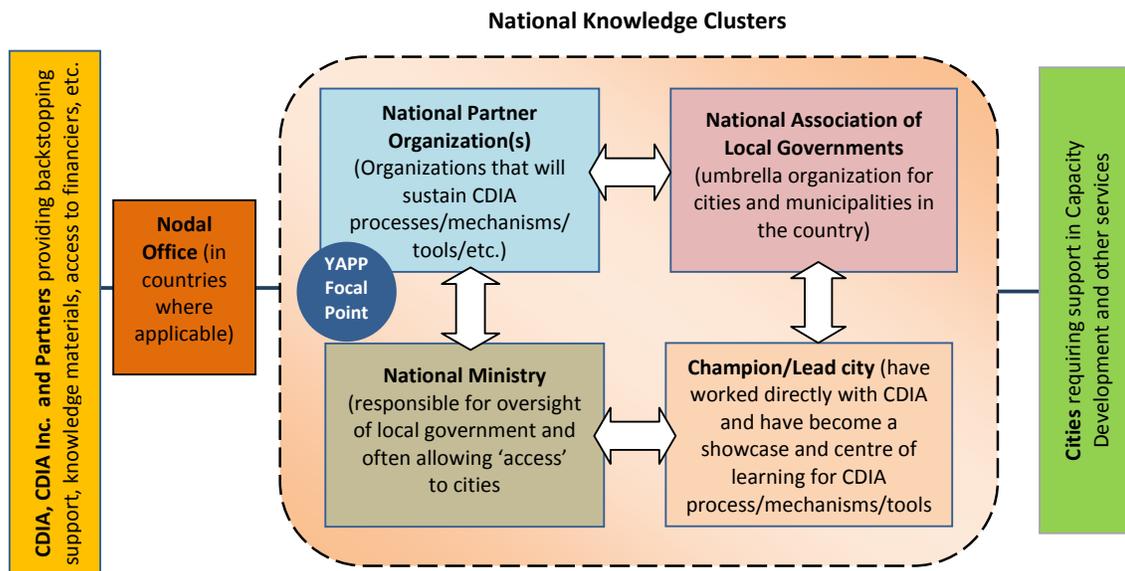
- **National associations of local government:** typically representative organizations for local governments in the country that provide information, advocacy and in some cases capacity development support to member cities.
- **Champion city:** A number of CDIA supported cities have the potential to become centers of learning to share knowledge and experience with other cities in the country/ sub-region on their work in applying CDIA supported interventions.
- **National Oversight Ministry.** These agencies typically control access to municipalities and manage institutional and fiscal decentralization processes, as well as define local development processes for cities.

The CDIA role in this model would be to serve as a facilitator for knowledge development, backstopping and to assist in mobilizing resources where needed.

It is obvious that CDIA will seek to tap into existing networks where feasible rather than in seeking to establish separate ones.

Figure 5 below provides a graphic presentation of how these knowledge clusters can be organized.

**Figure 5: Model for National Knowledge Clusters**



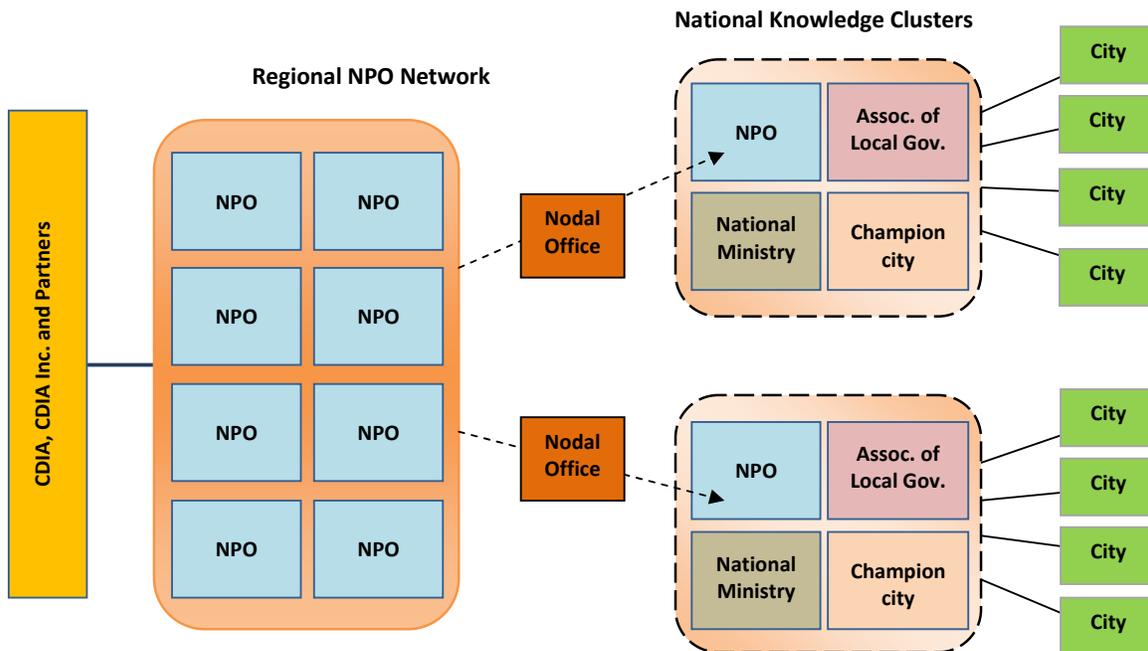
In countries where there is a Nodal Office, NPOs will be guided by the Nodal Office and provide supporting functions for the Nodal Office in terms of assisting with outreach and in-country and sub-regional capacity development activities.

Where there is no Nodal Office, the NPOs will be directly guided by the Capacity Development Team of the CMT.

The NPOs in their turn will reach out to the respective cities with training and advisory services.

To ensure peer learning and exchange of information between NPOs is feasible, a flexible network of NPOs will be established. Figure 6 below provides a graphic presentation of the links between the CMT, Nodal Offices, NPOs and the cities supported by the NPOs.

**Figure 6: Institutional Set-up for Implementing the Capacity Development Strategy**



## 4 CAPACITY DEVELOPMENT ACTION PLAN

### 4.1 Initial Actions to Implement the Strategy (start – mid 2010)

In the first half of 2010 a number of initiatives have been undertaken in support of further developing CDIA’s capacity development profile. These include:

- A three-person **CDIA CMT Capacity Development sub-team** has been established, responsible for the design, implementation and monitoring of the CDIA Capacity Development Strategy. Based in the CMT office in Manila, this team is headed by the CMT Capacity

Development Coordinator and in addition includes the CMT Urban Networking Specialist and CMT Regional Networking and Capacity Development Officer. On a needs basis, the team is supported by other CMT staff and one or more capacity development consultants who will provide technical advice and support to the CMT and the NPOs.

- **Institutional scans** to identify potential NPOs have been initiated in China, India, Indonesia, Vietnam and the Philippines - thus covering the countries in which the overwhelming majority of CDIA client cities are located. These scans will be completed by June 2010 with support from InWENT;

- An **Expert Group Meeting (EGM)** has been organized jointly with InWEnt in early May 2010. The EGM brought together representatives from CDIA supported cities; consultants who worked in CDIA cities; selected capacity development institutes and networks and CDIA partners. The EGM made contributions to sharpen the CDIA Capacity Development strategy and discussed modalities to implement it. The EGM generated valuable inputs from key stakeholders in and outside the region to enrich the strategy and ensure it responds to operational needs and opportunities.
- Discussion on institutional arrangements governing the operations and staffing of the **CDIA Nodal Offices** in China, India and Singapore have been taken further and the roles which the Nodal Offices can play in capacity development are being reviewed;
- Further work has been undertaken allowing for further testing and adaptation of CDIA's key **training packages** and manuals (in particular the Project Prioritization toolkit and the Public Private Partnership guide) and for considering how these training packages can be used by Nodal Offices and NPOs as stand-alone training packages;
- **Internal CDIA procedures** have been reviewed and sharpened to ensure capacity development issues are given due attention in the inter-actions with the cities. It was agreed to allocate more time at the initial phase of an intervention (the preparation of a city support application) on identifying capacity constraints which will need to be addressed. In addition, ToRs for consultants teams are reviewed so to ensure they are more explicit on how the teams should work together with city counterpart staff and develop capacities as the assignment is being carried out, as well as to flag capacity issues and potential approaches to address these issues which will become relevant for further construction, operation and maintenance of the planned infrastructure project;
- The **Young Asian Professionals (YAP) program** has been initiated and a first batch of YAPs will be mobilized by June 2010 after which subsequent batches will be recruited 3 times per year. YAPs will be recruited from CDIA's partner institutions in the region and will be provided with a 6-month opportunity to be part of CDIA's CMT;
- Agreements will be entered into with **InWEnt** and **UN-Habitat** on complementary activities which these two institutions will provide in the framework of CDIA's capacity development strategy (box 4 refers);
- As part of the drafting of **Country Strategies** for China, India and Singapore specific attention is being paid to capacity development challenges in relation to CDIA's mandates in these countries. The strategies are being drafted using information collected through the institutional scans and in close cooperation with the envisioned Nodal Offices and NPO's. These action-plans will serve as templates for further program development and strategy implementation.

#### **Box 4: Collaboration for Implementing the Capacity Development Strategy**

CDIA and **InWEnt** are collaborating to enhance competencies of NPOs to facilitate investments in sustainable urban infrastructure. Activities include (i) the screening of national institutional landscapes and identifying candidate NPOs; (ii) facilitation of formation of knowledge clusters; (iii) coaching, peer-to-peer learning and joint development/adaptation of training materials of NPOs; and (iv) organization of annual regional events for a bringing together NPOs and relevant stakeholders around specific themes and topics.

CDIA and **UN-Habitat** are envisioned to collaborate in training materials development. This will start with a review of existing training materials as well as identifying the areas in which NPOs would like to collaborate with CDIA in developing additional /complementary training materials. Furthermore the collaboration will include coordinating the collaborative process of training materials development.

## 4.2 Further Actions for Implementing the Strategy (mid 2010 – end 2012)

In this section envisioned actions are presented to be undertaken in the remaining 2.5 years of the current CDIA Strategy and Business Plan. Based on progress made and opportunities arising, specific activities may be added or deleted from the list.

- **Institutional scans** for China, India, Indonesia, the Philippines and Vietnam will result in separate short-lists of potential NPO's which will have to be reviewed to finalize selection of NPOs and enter into discussions on modus operandi for collaboration. At least 5 agreements with NPOs are envisaged to be signed by the end of 2010;
- Further **institutional scans** in Bangladesh, Cambodia, Laos, Nepal, Pakistan, Sri Lanka and Thailand are envisaged to be undertaken later in 2010, resulting in agreements on areas of collaboration with at least 5 NPOs in these countries by the end of second quarter of 2011;
- Options for the establishment of **knowledge clusters** will be reviewed in three countries by mid-2011. Modalities and effectiveness of these clusters will be assessed and tested prior to seeking expansion to other countries<sup>11</sup>;
- In collaboration with the NPOs, a **scan of existing training materials** will be undertaken and priorities, timelines and responsibilities for development of additional **toolkits and guidelines** will be established. For toolkits and guidelines already under development (project prioritization toolkit, pre-feasibility guideline and PPP guide) processes will be established to determine which training materials are relevant for the NPOs and include the NPOs in the finalization and field-testing in the third quarter of 2010.;
- By the fourth quarter of 2010, selected **CDIA practices are documented** to be used for capacity development purposes.

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<sup>11</sup> Among others InWEnt's alumni learning network will be reviewed as an example of a knowledge cluster.

NPOs are envisioned to play an active role in researching and documenting the CDIA city interventions and adapting them for use in their own training curricula;

- Entry points for providing more structured capacity strengthening activities for national and international **financial institutions** are identified by end of 2011;
- **Coaching in using and adapting these CDIA toolkits and guidelines** will start in the first quarter of 2011 through coaching and Training of Trainers activities for a first group of NPOs. The focus will be on how the CDIA training materials can be adapted to existing training activities undertaken by the NPOs;
- The **Young Asian Professionals (YAP) Program** is further developed and modalities for working with the YAPs upon their return to their NPO in their role as CDIA focal persons will be tested. Further modalities to provide senior/mid-career staff the opportunity to obtain first-hand experience of working with CDIA will be explored;
- The implementation of the **Capacity Development Strategy will be reviewed** through CDIA's M&E systems as well as through more specific annual reviews in the light of new opportunities and perceived needs as well as capacity maintenance and erosion<sup>12</sup>.

## 4.3 Benchmark Indicators

In line with its commitments in the CDIA Strategy and Business plan, the following **process indicators** have been identified for measuring progress in capacity development:

- By June 2010, institutional scans will have been completed for China, India, Indonesia, Vietnam and the Philippines resulting in 5 separate short-lists of potential NPO's;

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<sup>12</sup> Among others the 5 success factors provided by GTZ's Capacity WORKS model will be used to review progress. These success factors include (i) Strategy; (ii) Cooperation; (iii) Steering Structure; (iv) Processes; and (v) Learning and Innovation

Table 3: Action Plan for Implementation of Capacity Development Strategy 2010 – 2012

Capacity Development Activities	2010				2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Development of Capacity Development Strategy and regular annual updates based on monitoring of implementation	■	■				■				■		
Institutional scans in China, India, Indonesia, Philippines and Vietnam	■	■										
Institutional scans in Bangladesh, Cambodia, Laos, Nepal, Pakistan, Sri Lanka, Thailand				■	■							
Agreements with National Partner Organizations (NPOs)				■	■							
Review of options for establishing National Knowledge Clusters					■	■						
Development, testing and adaptation of CDIA toolkits and guidelines		■	■	■	■	■	■	■	■	■	■	■
Documenting of CDIA practices			■	■	■	■	■	■	■	■	■	■
Young Asian Professionals Program and other modalities giving NPOs firsthand experience of working with CDIA		■	■	■	■	■	■	■	■	■	■	■
Entry points for developing capacities for national and international financial institutions are identified				■								
Coaching in using and integrating CDIA toolkits and guidelines in existing NPO curricula and training				■	■	■	■	■	■	■	■	■

- CDIA will have 3 practical process tools in place to support the above and have them field-tested in 3 Asian countries by the third quarter of 2010;
- By end of 2010, Institutional scans in Bangladesh, Cambodia, Laos, Nepal, Pakistan, Sri Lanka, Thailand resulting in 7 short-lists of potential NPO's;
- By end of 2010, collaboration agreements have been signed with 5 qualified and committed NPOs;
- By end of 2010, at least 10 CDIA practices are documented in detail;
- By end of 2010 modalities for capacity development of financial institutions will be identified;
- By end of second quarter 2011, collaboration agreements have been signed with an additional 5 qualified and committed NPOs;
- By mid 2011, the feasibility for establishing knowledge clusters in three countries will have been reviewed;
- By end of 2012, at least 15 NPO staff will have had the opportunity to work directly with CDIA as a YAP;
- By the end of 2012, at least 10 YAPs will have organized follow-up workshops on CDIA in their NPOs;
- By end of 2012, at least 10 senior NPO staff have had to opportunity to work directly on CDIA supported activities;
- By mid 2011 and mid 2012, the implementation of the capacity development strategy is reviewed and adjustments required will be made
- By end of 2012, at least 15 investment projects in partner cities are developed in accordance with CDIA approaches but without direct support from CDIA;
- By end of 2012, at least 20 partner cities will have institutionalized the infrastructure investment planning and programming approach and at least 10 cities have institutionalized the PFS processes;

In addition to the above mentioned process indicators, the following **impact indicators** will be used to gauge achievement by the end of 2012:

- 50 Asian cities have prepared public investment projects that have a major benefit in the field of urban environment, poverty alleviation and/or gender and contribute to good governance, utilizing CDIA tools and capacity development support;
- In 30 cities, priorities on public investment have improved to support more effectively sustainability in urban development;
- 5 National Partner Organizations confirm that CDIA tools are useful and are utilized by them when working with cities to improve urban services through better public investments.

#### 4.4 Financing the Implementation of the Strategy

The financial resources required to achieving the benchmarks as presented above in the

period 2010 – 2012 is estimated at about \$ 6.8 million as presented in table 4 below.

The bulk of resources required for implementing the strategy (and ensuring capacity development is given explicit attention in all operational CDIA activities) relate to staff time of CDIA CMT and CDIA consultant teams. These staff time costs are included in the core-resources budget of the CDIA Strategy and Business Plan 2009 – 2012 in the budget-lines for Program Development and Management; Direct City Interventions and Networking and Capacity Development.

In addition to CDIA core-resources, additional funds for specific consultancy assignments (e.g. institutional scans), events and NPO collaboration are available through the € 1.8 million German government funds allocated to InWEnt to undertake capacity activities supporting CDIA's mandate. Out of the core-resources about \$ 200,000 is allocated for capacity development activities to be used to collaborate with UN-Habitat to workshops and develop of training materials.

**Table 4: Indicative Resource Requirements for Capacity Development for 2010 – 2012 (US \$)**

Items	Projected Expenditure 2010 - 2012
Capacity Strategy Development and Management	1,300,000
Institutional Scans	200,000
Collaboration with National Partner Organizations	500,000
Establishment of National Knowledge Clusters	100,000
CDIA toolkit and guidelines development, testing and adaptation	500,000
Documenting of CDIA practices	200,000
Modalities for providing NPOs first-hand working experience with CDIA (e.g. YAP)	150,000
Capacity Development for national and international Financial Institutions	150,000
Coaching for integrating CDIA toolkits and guidelines in existing curricula and training programs	200,000
Addressing capacity development concerns in city interventions	2,500,000
Support for institutionalization of infrastructure investment planning and PFS process	400,000
Networking activities	570,000
<b>TOTAL</b>	<b>6,770,000</b>





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