



CDIA Strategy and Action Plan for Pro-poor Urban Infrastructure Development 2011-2012

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CDIA

Cities Development Initiative for Asia

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ACRONYMS

ADB	Asian Development Bank
CD	Capacity Development
CDIA	Cities Development Initiative for Asia
CMT	Core Management Team
KfW	German Development Bank
NPO	National Partner Organization
PC	Program Coordinator
PFS	Pre-Feasibility Study
PM	Program Manager
PRC	Program Review Committee
SDS	Social Development Specialist
Sida	Swedish International Development Cooperation Agency
QMS	Quality Management Specialist
UN Habitat	United Nations Human Settlements Program

1 INTRODUCTION AND MANDATE

The challenges of urban poverty in Asia are daunting, and investments in urban infrastructure play a key role in addressing these. Cities in Asia need the will, the skills and the resources for working actively towards pro-poor development. The long-term aim of the Cities Development Initiative for Asia (CDIA) is ‘to contribute to the promotion of sustainable and pro-poor urban development, leading to improved environmental and living conditions for all in medium-sized Asian cities’ (CDIA Operational Guidelines version 5.5, p. 1).

To achieve the above, and in recognition of international development objectives shared by its partners, CDIA’s support is underpinned by the following principles¹:

- Urban environmental sustainability
- Climate change mitigation/adaptation
- Urban poverty reduction
- Good urban governance

The CDIA Strategy and Business Plan 2009-2012 further states that ‘while it is not possible to make a discernable impact across all these dimensions in every project, CDIA is committed to addressing them as much as possible across all aspects of CDIA operations’.

The development objective of ‘urban poverty reduction’ is specified as: ‘to support the development of urban infrastructure investment projects with a pro-poor focus, in which the rights of disadvantaged groups (whether women, children or minorities) are addressed in infrastructure provision’.

On the basis of the implementation experience with some 25 direct interventions in Asian cities, and in spite of the significant attention this development impact area receives by CDIA Core Management Team (CMT) at the stage of nurturing the development of appropriate city applications for CDIA support, the rigorous screening on this dimension (along with the other above-noted development impacts) with aid of a development impact checklist to be used at the time of application approval by the CMT (mandatory from January 2009, and the emphasis on this during the stage of consultants ToR formulation, - proposal evaluation and – assignment implementation, CDIA CMT feels that it should be possible to strengthen the pro-poor focus of urban infrastructure investments further, in line with its basic above-noted mandate.

The above experience suggests that there is a need to develop a more structured approach to pro-poor development that helps not only to avoid negative impacts of projects on urban poor communities (safeguards approach) but also explicitly looks for innovative ways to anchor the pro-poor agenda in CDIA’s work with its partner cities and to prepare pro-poor urban infrastructure projects. This strategy outlines CDIA’s ambitions in this regard.

The strategy is informed by the above experience obtained during the first three years of CDIA operations, and by inputs from a small CDIA urban poverty review at Sida (Stockholm, October 2010), from the CDIA Expert Group Meeting “Promoting pro-poor urban infrastructure investments in Asia – From strategy to action” (Delhi, November, 2010), from the CDIA Expert Group Meeting on CDIA’s Pre-Feasibility Guidelines (Antipolo, January 2011), from various city-level background studies commissioned under CDIA Inc. auspices, and from learning partnerships with associations of community-based development NGOs (such as the Asian Coalition for Housing Rights/Asian Coalition for Community Action, ACHR/ACCA).

¹ CDIA Strategy and Business Plan 2009 – 2012, p. 3

2 INTERPRETING THE CDIA MANDATE CONTRIBUTING TO POVERTY REDUCTION

Urban poverty is a multidimensional phenomenon and the urban poor live with deprivations in many forms. CDIA interprets urban poverty primarily (but not exclusively) in terms of limited access to employment opportunities and income, to adequate and secure housing and to adequate infrastructure and public services, to safe and healthy environments, to adequate social protection mechanisms, and to adequate health and education opportunities. The Urban Poor are consequently not only defined by levels of income but also by such access characteristics which obviously vary from country to country and from city to city in the Asian developing region, and hence must be reviewed within the specific city context. Urban Poverty Reduction, in the context of CDIA is seen as improvements to one or several of the aspects of poverty. Pro-poor Development is the approach adopted by CDIA to achieve urban poverty reduction.

It is important to distinguish between an inclusive development- and a pro-poor development approach. An inclusive approach reflects the need for inclusive planning in preparing projects which benefit all, i.e. are not exclusive. A pro-poor approach, however, means that the specific purpose of the intervention – or parts of the intervention – is to achieve poverty reduction through strategic and focused investments in urban infrastructure. In the latter case the target group specifically is the urban poor and the focus of the project is specifically addressing urban poverty reduction through infrastructure development. CDIA is committed to ensuring that all projects are developed in an inclusive manner, but also that a significant part of CDIA projects directly target the urban poor, i.e. are pro-poor.

Improvements in urban infrastructure are critical in addressing the needs of the urban poor. CDIA defines pro-poor development as making direct impacts on the urban poor by improving:

- **access to services**, such as water, sanitation, waste management, transport, shelter, electricity and protection against man-made or natural hazards. The poor are often poorly served by urban infrastructure, leading to a range of problems exacerbating poverty further.
- **access to resources**, such as financial resources through employment. Targeted investments in strategic infrastructure improvements can stimulate pro-poor economic growth and development leading to improved livelihoods for the urban poor.
- **access to power/empowerment** and participation in decision-making. The poor are generally not sufficiently involved and consulted in urban planning and infrastructure development. Community empowerment can be a key outcome of a well managed project development process.

Most comprehensive urban infrastructure investments will, to varying degrees, lead to general improvements in overall economic development which in turn will/could benefit the population at large. It is also assumed that most investments will generate employment opportunities in the short term as part of their implementation. While important, these indirect or temporary impacts are not the main focus of CDIA's strategy for pro-poor development. This strategy focuses on concrete direct impacts on poverty reduction through addressing the key infrastructure-related poverty concerns in the partner city.

The overarching development goals of environmental sustainability, urban poverty reduction and good urban governance are closely linked. While some projects might more clearly target environmental sustainability and not poverty reduction, it is the ambition of CDIA to explore as far as possible the potential for addressing all development goals jointly in each direct intervention through an integrated approach. Thereby, projects which have a high potential for overall development impacts must be premiered.

3 KEY CONSTRAINTS TO PRO-POOR URBAN INFRASTRUCTURE DEVELOPMENT

There are a number of key constraints to pro-poor urban infrastructure development which CDIA attempts to address in its efforts to promote a pro-poor system.

Capacity and awareness

Lack of awareness and understanding of the nature and magnitude of urban poverty among decisions makers, planners and policy makers is a key bottleneck to pro-poor urban infrastructure investment. The urban poor do not have an effective 'lobby' to push their agenda as opposed to other segments of society and are consequently not able to effectively formulate their needs. Mindsets and attitudes are equally important, since simply understanding the problems will not necessarily translate into sufficient political will to address them. Cities need the will, the skills, the knowledge and the resources to address pro-poor development sufficiently.

The way in which investment programs and projects are conceived

The way in which urban infrastructure projects are conceived often does not sufficiently take into account the needs and involvement of the urban poor. Lack of participation in the planning process means the needs of the urban poor are not sufficiently included in City Development Strategies and Plans. There is often a missing link between the city's poor actual needs on the one hand, and the needs as formulated in strategic plans and expressed as demands for investments on the other. Prioritized investment programs therefore often do not include projects that would primarily benefit the poor as high-priority projects, unless such considerations are explicitly included in the prioritization criteria employed.

Project preparation processes are not sufficiently pro-poor

The process and outputs of investment planning and programming and (pre-)feasibility studies are often not sufficiently pro-poor. Pro-poor aspects are not communicated clearly enough and are not given sufficient priority in project preparation as noted above. Consultants' orientation is too often technical, and poverty issues are mainly addressed through 'safeguarding' against negative impacts rather than ensuring positive impacts. Urban poverty reduction is often too much seen as a 'stand-alone' issue in projects. The need for participatory processes is often not sufficiently formulated, and generally there is inadequate community participation in project preparation.

Financing pro-poor urban infrastructure

Financing pro-poor urban infrastructure is a key bottleneck. Pro-poor projects are often perceived by staff in financing institutions to be small scale (high transaction costs), low in return, integrated, complex and risky. Thus, although IFIs generally have poverty reduction as one of their key mandates, operational realities tend to militate against achieving this objective:

- i) staff incentives in financial institutions are often (explicitly or implicitly) related to transaction volume and risk avoidance; this means that loans for pro-poor projects are often not perceived to be attractive to process;
- ii) low willingness (on the part of national and/or local governments) to borrow for pro-poor infrastructure is an additional challenge, and this reluctance is partly due to the fact that there may be donor grants available for this type of investments;
- iii) further, (and not just for pro-poor projects) there is the issue of limited capacity of cities to absorb investments;
- iv) the economic poverty of the urban poor can make even the most basic services unaffordable to them, and this then often leads to a dependency on subsidy systems which affect the financial viability of urban services projects which rely on direct cost recovery (such as in the areas of water supply, solid waste collection and public transport).

In the case of private sector financial institutions and some IFIs, pro-poor development is not seen as a priority area and it is therefore difficult for project officers sympathetic to this to generate internal support for pro-poor projects.

Although the above may represent the prevailing trends, some individual projects under IFIs are strictly pro-poor. ADB has done slum upgrading projects in the Philippines, Indonesia and India, and the projects, although small by ADB standards, were processed with support of both ADB management and the concerned governments. In addition, large scale social projects have been undertaken in social infrastructure, schools and hospitals in particular, under the UK's Private Finance Initiative and in Australia on a smaller scale. These programs specifically included inclusive access benchmarks. The issue is to design systems which will enable CDIA to catalyse such projects.

4 STRATEGY AND ACTION PLAN FOR PRO-POOR URBAN INFRASTRUCTURE DEVELOPMENT

The objective of the strategy is to strengthen CDIA processes and activities to ensure that projects are developed in a maximally inclusive manner, and that a significant portion of CDIA projects – or parts of projects – are pro-poor.

In order to achieve this, CDIA must establish itself as a credible pro-poor organization with experience, know-how, resources and a reputation in this area. This includes establishing a track record for pro-poor projects, generating and disseminating knowledge as well as strengthening the links and working in partnership with like-minded organizations in this area. With a clear focus on urban poverty reduction, CDIA can make a significant impact across all poverty dimensions through the promotion of investments in pro-poor urban infrastructure, being planned and implemented in an inclusive and consultative manner.

CDIA's strategy for pro-poor urban infrastructure development focuses on five areas;

1. Develop capacity for pro-poor development
2. Strengthen internal CDIA processes
3. Improve processes for direct interventions (investment planning and programming & PFS)
4. Improve monitoring and evaluation framework
5. Find modalities for linking pro-poor projects to finance

An Action Plan consisting of a number of actions and activities amplifies on the strategic directions discussed and approved by the CDIA Program Review Committee Meeting in Essen, Germany, 19-20 April 2011. The action plan sets the principal agenda for CDIA's ambitions to enhance the pro-poor dimension of the program for the remainder of the current business plan period (mid-2011 to 2012). Progress in the implementation of the Action Plan will be reported on in the CDIA 6-monthly progress report. The strategy and action plan also includes initial work on the key thrust of CDIA's ambitions for the next Strategy and Business Plan period.

Developing capacity for pro-poor development

Although the number of specific requests for CDIA support to pro-poor projects has been low, it is clear that cities in developing Asian countries have a substantial need for pro-poor investments in urban infrastructure. Therefore, this demand has to be actively identified and matched by strengthening cities' capacity to plan for all its citizens. CDIA will work towards ensuring that city applications are translated into projects of high relevance to inclusive and pro-poor development.

CDIA contributes towards increased awareness and understanding of the challenges of urban poverty, the needs to address them and successful approaches to doing so, as a way of changing the attitudes and mindsets of decision-makers and planners and strengthening their capacity as drivers of change.

Following from that, cities also need the skills and the resources to properly address pro-poor development concerns. Within its market niche, CDIA assists cities in developing these skills and accessing the resources. This can be done by strengthening the local partner institutions in their capacity with particular focus on such topics as poverty and environment/climate change. Here, the National Partner Organizations (NPOs) play a crucial role and need to be strengthened for sustaining CDIA in a long-term perspective.

CDIA aims to strengthen pro-poor development aspects in the implementation of the Capacity Development Strategy through a number of activities.

	Activity/Action:	Responsible	Timeline
1.1	Establish a roster of institutions and individuals as potential partners in partner countries (govt, cities, donors, NGOs, CBOs etc) and network with the relevant pro-poor institutions in partner country (i.e. NPOs and others).	Capacity Development (CD) Team	Q1 2012
1.2	Develop and improve capacity development material and activities for strengthening the interest and capacity of partner cities in pro-poor development.	CD Team, UN-Habitat	Continuous
1.3	Strengthen the pro-poor development dimension in CDIA Training activities (i.e. Asian Institute of Management and Singapore Ministry of Foreign Affairs Third Country Training Program).	CD Team and Social Development Specialist (SDS)	Preparation of each event
1.4	Organize at least 2 sub-regional workshops and one regional conference on pro-poor urban infrastructure development. The workshops shall provide input to further strengthen the CDIA pro-poor agenda.	GIZ-Bonn, SDS, CD team	Within 2011
1.5	Prepare and publish a flagship publication on pro-poor urban infrastructure development.	GIZ-Bonn, SDS, CD team,	Q4 2011
1.6	Include poverty reduction agenda in strategic approach to NPO work for each country	CD and country teams	Continuous
1.7	Prepare and publish a publication on informal urban transport with examples from India, Indonesia and Philippines.	SDS	Q1 2012
1.8	Establish cooperation agreements with at least 3 other ongoing initiatives and programs of relevance to pro-poor urban development.	SDS, Core Management Team (CMT)	Q2 2012

Strengthen internal CDIA processes

Internal CDIA processes, guidelines and documents will be enhanced to ensure that the pro-poor dimension is better incorporated during application, approval, project and implementation stages. CDIA will ensure that CDIA CMT and consultants are incorporating the pro-poor agenda at all levels of intervention and emphasizing the possibility for pro-poor development impacts in discussions with cities, before, during and after the direct intervention.

	Activity/Action:	Responsible	Timeline
2.1	Prioritize selection of cities with demand and political will and selection of projects with pro-poor development orientation.	SDS, CMT	Continuous
2.2	Clearer articulation of pro-poor issues and objectives in initial city contacts. A section on urban poverty will be part of each CMT member's mission report after the fact finding and ToR mission.	CMT	Continuous
2.3	Get urban poverty on the agenda in the local context at an early stage by rapidly screening local conditions, potentially using NPOs. Where needed, bring in cross-cutting (poverty) and sector specialists/consultants during ToR missions.	Country team leaders	As needed
2.5	Allocate extra TA to direct interventions to emphasize poverty perspective, where necessary, subject to resource availability.	Country team leaders	As needed

2.6	Develop a tool for pro-poor project development (e.g. Initial Poverty and Social Impact Assessment) to set clear benchmarks for the project development process.	SDS	Q4 2011
2.7	Include overview of urban poverty (related to infrastructure) into country strategy and analyze where CDIA can make a difference.	Country team leaders/SDS	Q2 2012

Improve processes for direct interventions (investment planning and programming and PFS)

There is a need to strengthen the process and the output of investment planning and programming and Pre-Feasibility Studies, to develop more specifically pro-poor urban infrastructure development projects. This will be addressed both by establishing clear methods and processes for consultants/cities/NPOs as a way of ensuring a pro-poor focus as well as methods for participatory processes in the CDIA project preparation.

	Activity/Action:	Responsible	Timeline
3.1	Develop at least 3 showcase projects that exemplary highlights successful approaches to pro-poor development	CMT	Q3 2012
3.2	Review generic ToRs with regards to pro-poor development and make development objectives more prominent throughout ToR. Circulate ToRs to cross-cutting specialists in CMT for comments.	SDS, CMT	Q1 2012
3.3	Stronger emphasis on consultant experience/expertise in poverty reduction/pro-poor development.	Country team leaders	Continuous
3.4	Consider new innovative approaches to targeting poverty reduction in the PFS and the investment planning and programming.	CMT	Q2 2012
3.5	Prepare Initial Poverty and Social Impact Assessment for each PFS.	Pre-Feasibility Study (PFS) Consultants	Q4 2011
3.6	Strengthen processes for enhanced public participation in CDIA projects, using the PFS guideline recommendations.	PFS Consultants	Continuous

Improve monitoring and evaluation framework

A clear framework for monitoring and evaluating progress in regards to pro-poor development will serve the purpose of monitoring to what extent CDIA processes are sufficiently pro-poor, whether project outputs are in line with the strategy, and in tracking if the pro-poor development focus is retained in subsequent project implementation, beyond CDIA's system boundary. CDIA will develop a framework for assessment of expected impacts on poverty reduction (Initial Poverty and Social Impact Assessment) for inclusion in Performance Management Framework and Plan. On a program level, the possibilities of defining goals and indicators for development orientation will be explored to serve a basis for the coming strategy and business plan period.

4	Activity/Action:	Responsible	Timeline
4.1	Continuous monitoring of the pro-poor development dimension during direct interventions through comments on reports, process and progress. Document poverty impacts and practices in CDIA projects.	SDS, QMS	Continuous
4.2	Develop a framework for Initial Poverty and Social Impact Assessment for inclusion in Performance Management Framework and Plan	Quality Management Specialist (QMS), SDS	Q4 2011
4.3	Enhance the pro-poor focus in post-PFS city assessments and study on impacts across the attribution gap.	QMS	Q2 2012
4.4	Refine indicators for development orientation and output goals for CDIA on a program level and include them in monitoring systems for the next business plan period.	QMS, SDS	Q3 2012

4.5	Develop strategy for ensuring sustainability of CDIA recommendations and interventions in subsequent feasibility and implementation.	QMS, SDS	Q2 2012
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Find modalities for linking pro-poor projects to finance

Successfully linking pro-poor projects to finance requires a better understanding of the different types of financing and their modalities, as well as closer linking to, and harmonization with, potential financiers. There is also a need to look into more creative ways for influencing existing financing pipelines to promote pro-poor development.

As part of understanding the modalities and incentives of potential financiers, CDIA will also look for ways of promoting that pro-poor components and features are taken up in subsequent stages and implemented further downstream. That means for example assessing the extent to which the PFS project focus and the recommendations regarding pro-poor development are implemented when taken on by financing institution.

5	Activity/Action:	Responsible	Timeline
5.1	Compile an overview of the existing situation in accessing finance for pro-poor projects and available funding sources. Find/define different modalities and sources of financing for pro-poor projects.	CMT	Continuous
5.2	Develop an approach for linking pro-poor urban infrastructure projects to finance.	CDIA CMT	Q2 2012
5.3	Improve consultation with regional departments, poverty and social development specialists in ADB, KfW and others. Improve understanding of country / sector strategies and financing modalities.	Country team leaders, SDS	Continuous



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