



Cities Development Initiative for Asia Strategy 2018 - 2022

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CONTENTS

CONTENTS	II
EXECUTIVE SUMMARY	V
1 CDIA – STATUS QUO	1
1.1 CDIA’s Remit	1
1.2 Implementation in the 2013 – 2017 Strategy and Business Plan	1
1.3 Human and Financial Resources	3
1.4 Key Organizational Changes since 2013	3
1.5 Preparatory Activities for the 2018 - 2022 Strategy Phase.....	4
2 EXTERNAL TRENDS AND DEVELOPMENTS.....	5
2.1 Infrastructure Investment Requirements.....	5
2.2 International Development Processes	5
2.3 New Project Development Facilities	6
3 CDIA’S STRATEGIC DIRECTION FOR 2018 - 2022.....	7
3.1 Core Focus Remains Unchanged.....	7
3.2 Key Innovations to be introduced	7
4 OPERATIONAL STRATEGY	10
4.1 Organizational Principles.....	10
4.2 Organizational and Partnership Structure.....	10
4.3 Performance Monitoring, Evaluation and Reporting	12
5 BUDGET AND FUNDING	13
5.1 Budget.....	13
5.2 Funding.....	14
ANNEX 1: DESIGN AND MONITORING FRAMEWORK FOR CDIA STRATEGY 2018–2022	15
ANNEX 2: IDENTIFIED RISKS AND RISK MITIGATION.....	16

ABBREVIATIONS

ADB	-	Asian Development Bank
AFD	-	Agence Française de Développement
AIID	-	Asian Infrastructure Investment Bank
BMF	-	Austrian Federal Ministry of Finance
BMZ	-	German Federal Ministry for Economic Cooperation and Development
CDIA	-	Cities Development Initiative for Asia
DEG	-	Deutsche Investitions- und Entwicklungsgesellschaft
GIZ	-	Deutsche Gesellschaft für Internationale Zusammenarbeit
GCF	-	Green Climate Fund
KfW	-	Kreditanstalt für Wiederaufbau
PDF	-	Project Development Facility
PFS	-	Prefeasibility Study
PPP	-	Public-Private Partnership
PPS	-	Project Preparation Studies
PT SMi	-	PT. Sarana Multi Infrastruktur (Persero)
PRC	-	Program Review Committee
SDG	-	Sustainable Development Goals
SECO	-	Swiss State Secretariat for Economic Affairs
Sida	-	Swedish International Development Agency
UNESCAP	-	United Nations Economic and Social Commission for Asia and the Pacific

CDIA Strategy 2018–2022

This Strategy identifies the rationale for and the elements of the Cities Development Initiative for Asia (CDIA) work plan for 2018–2022. It builds on the experience with implementing the Strategy and Business Plans 2009–2012 and 2013–2017 and draws on the 2015 CDIA Mid-Term Review Mission report as well as consultations within CDIA’s Core Management Team, reflections for CDIA’s Advisory Panel and Stakeholder Forum, external advisory support and feedback from CDIA’s funding partners.

The Strategy has been formulated to provide guidance for the strategic orientation of CDIA and also to assist development partners to determine their respective future contributions to CDIA during its next phase. For this reason, CDIA describes the rationale behind its goals and the intended impact for small and medium cities in Asia.

EXECUTIVE SUMMARY

The **Strategy Plan 2018-2022** identifies the objectives and strategies for CDIA for the next strategy phase 2018-2022. It builds upon the experience of the Strategy Business Plans of 2009-2012 and 2013-2017, the CDIA Mid-Term Review Mission report from 2015 as well as consultations with stakeholders.

As **preparatory measures** for the new Strategy phase, CDIA initiated two measures which will be implemented in 2017: the creation of a CDIA Trust Fund hosted by ADB in order to ensure long-term financial sustainability, and the implementation of a Focused Capacity Approach. This approach is designed to improve the sustainability of the development impact of CDIA.

In general, the previous **objectives and strategies of CDIA remain valid**. CDIA's main purpose to assist cities in developing sustainable and bankable priority infrastructure projects and liaising with financing parties in this domain will remain. Feedback from cities as well as the CDIA Mid-Term-Review confirmed that the overall model is successful.

However, some adjustments should be taken into consideration. "CDIA 2.0" as described in the Strategy Plan 2018-2022 will include the following **key innovations**:

- 1) **Systematic linking between infrastructure project preparation and capacity development initiatives** to increase impact and sustainability;
- 2) **Broaden the depth and scope of project development support** to improve responsiveness to cities' and financiers' needs and to enhance quality and innovative capacity of the prepared projects
- 3) **In selected cities engage over a prolonged period of time** to be able to address the needs of cities as complex socio-economic systems;
- 4) **Assess the potential for financing projects at an early stage** and work with a wide range of financial institutions to improve the chances of successful project implementation;
- 5) **Collaborate with selected national project development facilities** based on transparent criteria with to mutually reinforcing the capabilities and accelerate project preparation.

With these measures, CDIA will focus in the period 2018-2022 on improving responsiveness to the needs of cities as well as financing agencies; as well as stimulating innovation, so the prepared projects can serve as best practices for other cities in the region.

With the establishment of the CDIA Trust Fund as part of ADB's Urban Financing Partnership Facility, **CDIA's central organizational elements** will consist of (i) a governing body formed by the CDIA Financing Partners; and the (ii) CDIA team, under the guidance of the Urban Financing Partnership Facility manager¹, responsible for the day to day implementation of the program. The monitoring and reporting processes will be streamlined with the reporting for the Urban Financing Partnership Facility but will retain key elements from the existing CDIA 6-monthly reports.

The **partnership strategy** remains demand-based and will involve cities, financial institutions, and national and regional partner organizations. The **budget** for implementing the Strategy is based on the prioritized activities and reflects the impact chain. Efforts to broaden the CDIA funders' base, particularly funders from Asia, will continue. **Potential risks** related to implementation of this new Strategy have been identified and mitigation measures have been identified.

¹ Or his or her designate

1 CDIA – STATUS QUO

1.1 CDIA’s Remit

CDIA was established in 2007 with the objectives of:

- **Assisting medium-size Asian cities**² to prepare sustainable and bankable quality infrastructure projects so to bridge the gap between their development plans and the implementation of priority projects;
- **Linking infrastructure projects with funding sources;** and
- **Strengthening individual and organizational capacities** of stakeholders for developing sustainable and bankable projects and for ensuring financing.

On this basis, CDIA supports the identification and development of urban investment projects that emphasize at least two of the following impact areas: urban environmental improvement, climate change mitigation or adaptation, urban poverty reduction and improved governance. CDIA thus aims at contributing to the promotion of sustainable and pro-poor urban development, leading to improved environmental and living conditions for all in Asian cities.

1.2 Implementation in the 2013 – 2017 Strategy and Business Plan

As of December 2016, CDIA has completed 109 Pre-Feasibility Studies (PFS) projects in 62 cities across 18 Asian countries. Of these 109 PFS, 63 have been linked to financing including to financing from Asian Development Bank (44%), Local Financing Institutions (32%), Public Private Partnerships (8%), Kreditanstalt für Wiederaufbau (5%), World Bank (3%) and others such as commercial banks (8%) with a total expected investment volume of US\$6.4 billion. For 27 projects, actual construction is ongoing or completed. Figure 1 shows the steady increase of number of PFS completed and linked to finance:

Figure 1: Completed PFS and Cities with Completed PFS Linked to Finance (cumulative, status December 2016)

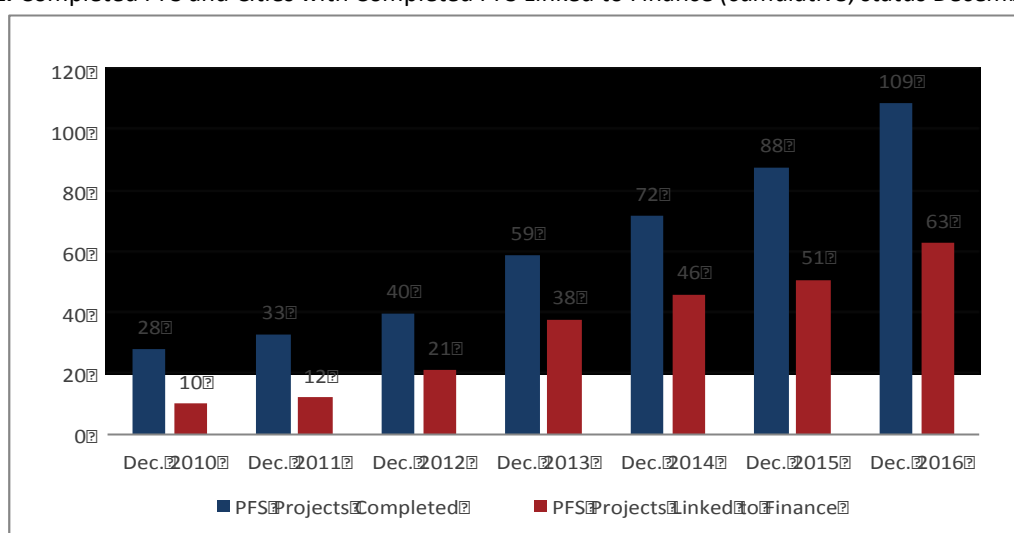
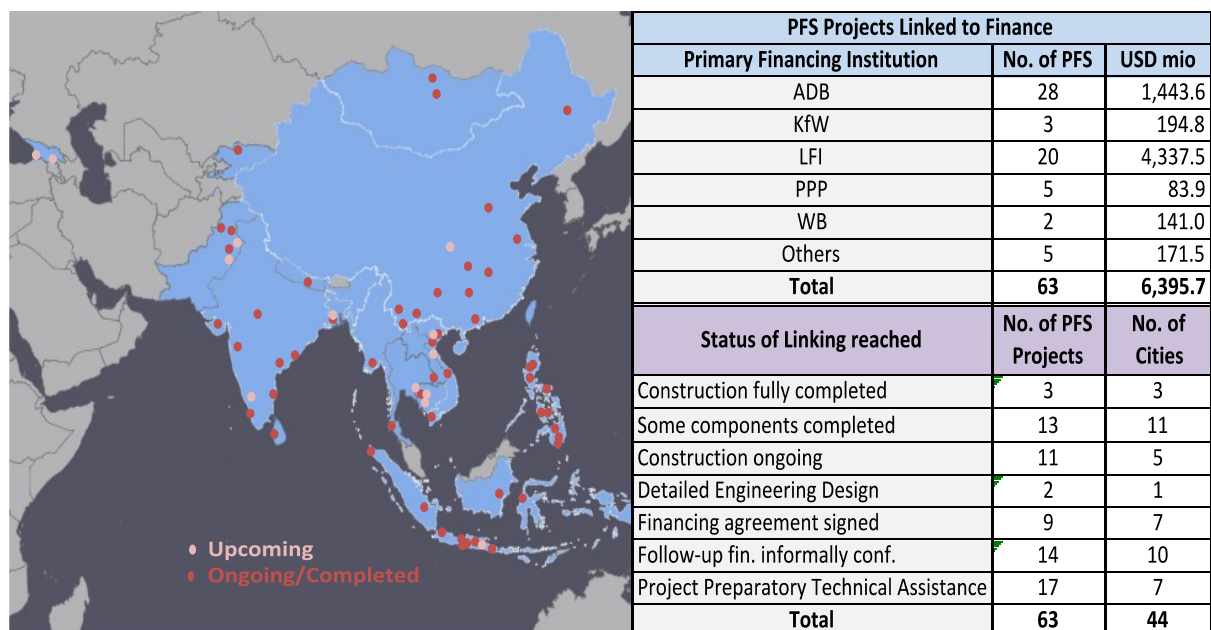


Figure 2 shows the regions in which CDIA has been active in the 2013 – 2017 Strategy phase and the investment volume which was linked to the development projects.

² As per CDIA Operational Guidelines 2015 these are cities with populations between 250,000 and 5 million inhabitants

Figure 2: CDIA Project Preparation³ & Financing (Status as of December 2016)



The following table provides an illustration of the nature of some of the work undertaken in the 2013 – 2017 Strategy phase.

Table 1: Examples of CDIA contributions to Development Impact Areas

Development Impact Area	Example
Urban Environmental Sustainability	In Baguio, the Philippines, CDIA supported the city to ensure 100% sanitation coverage. It is expected 300,000 people will benefit from improving access to good quality and affordable sanitation and wastewater management services.
Climate Change Mitigation/Adaptation	In Xinyu, People’s Republic of China, it is expected that 150,000 people will benefit from measures to comprehensively deal with flood control. In addition, the over 800,000 residents of the city will benefit from the open green space and water features created within the new urban districts.
Urban Poverty Reduction and Inclusiveness	It is estimated that 42,000 people (of which 30% woman) are benefiting daily from the Bus Rapid Transit project in Islamabad, Pakistan as their commuting time has been reduced by half. Using public buses becomes more comfortable and safe.
Good Urban Governance	Through the ‘Heritage Works’ roundtable, over 40 representatives from various stakeholder groups from the city participated in the process to define tools and instruments for heritage-led regeneration initiative in selected pilot areas in Yangon, Myanmar. The extensive consultations processes have contributed to a more transparent decision-making.

³ Approved PPSs refers to studies that will be undertaken once the procurement process is completed.

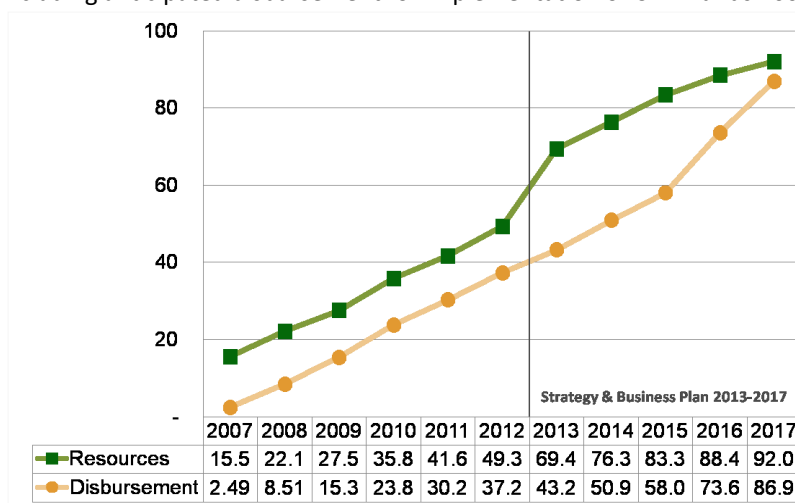
In addition CDIA supports infrastructure investments with inclusive design features that have the potential to close gender gaps and open up opportunities for women in Asia⁴. A good example of how infrastructure investments have particularly benefited woman is through the 24/7 Water Supply project in Pimpri, India.

1.3 Human and Financial Resources

As per Dec 2016 CDIA has a Core Management Team consisting of 14 members (plus admin support).

Figure 3 provides an overview of support from the CDIA funders⁵ and the anticipated disbursement of these funds from 2007 to 2017.

Figure 3: S-curve including anticipated disbursement for implementation of CDIA funds 2007-2017 (in millions)



1.4 Key Organizational Changes since 2013

Core organizational changes since 2013 included:

- A greater emphasis on development impact by improving CDIA’s monitoring and evaluation system;
- Revision of CDIA’s Operational Guidelines in 2015 CDIA to respond with more flexibility to the needs of cities and funding agencies;
- Moving the office to ADB in Manila (Jan. 2016) to facilitate the cooperative relationship with the ADB. CDIA remains an independent facility free to work with any and all multilateral and bilateral funding agencies and other partners;
- Learning that CDIA will not function as a separate international organization in the near future and the subsequent dismantling of CDIA Inc.; and
- Clearer operational distinction between GIZ and ADB contributions: GIZ focuses on capacity development activities while ADB focuses on project development activities.

⁴ http://cdia.asia/wp-content/uploads/2016/06/Gender-Strategy-Action-Plan_June2016_final-002.pdf

⁵ From 2007 to 2017, CDIA funders comprise of Asian Development Bank (ADB), Austria, Germany, Japan Special Fund (JSF), Nordic Development Fund (NDF), Shanghai Municipal Government, Singapore, Spain, Sweden, Switzerland, and Urban Climate Change Resilience Trust Fund (UCCRTF).

1.5 Preparatory Activities for the 2018 - 2022 Strategy Phase

During the 2013 -2017 Strategy phase, measures were taken which serve a basis for implementing the strategy 2018 – 2022. These measures included:

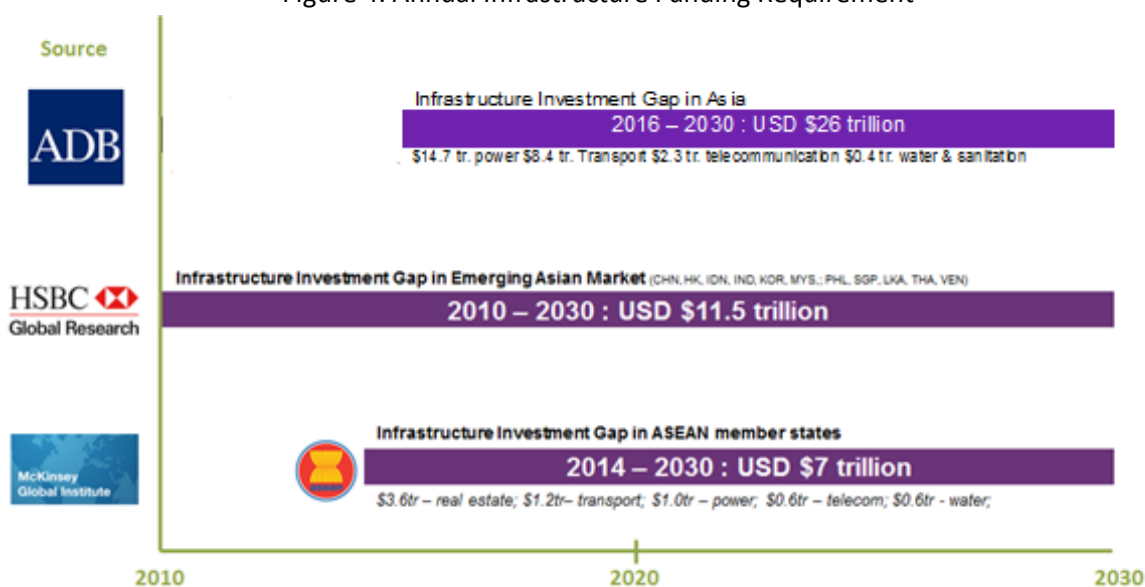
- **Establishment of an ADB-hosted CDIA Trust Fund** to enhance the long-term operational sustainability of the CDIA facility; and
- Formulation of a **Focused Capacity Development Approach** and the delivery of a Capacity Development Strategy 2016/ 2017 to enhance the sustainability of the development impacts of CDIA.

2 EXTERNAL TRENDS AND DEVELOPMENTS

2.1 Infrastructure Investment Requirements

The overall need for CDIA’s work remains unquestioned. Multiple statistics have been elaborated concerning the perceived scale of the urban infrastructure funding gap for Asian cities. Several of these are presented in the following figure.⁶

Figure 4: Annual Infrastructure Funding Requirement



2.2 International Development Processes

In addition, since the adoption of CDIA’s last Strategy and Business Plan, several international discussions have been conducted including the implementation of the **Sustainable Development Goals (SDG)** and the **Climate Accord** in Paris. It is estimated that 65% of the SDG relate to urban development including SDG 1 (poverty reduction), SDG 6 (water and sanitation), SDG 9 (resilient infrastructure), SDG 11 (such as access to adequate, safe and affordable housing and basic services, access to safe, affordable, accessible and sustainable transport systems, etc.) and SDG 13 (reducing impacts of climate change).

In addition, the **New Urban Agenda** which has been adopted during the HABITAT III Conference, further highlights sustainable urban development as a critical step for realizing sustainable development. CDIA’s role to empower cities as actors to address the current and future challenges, but also to gain from the opportunities of urbanization, has been further emphasized.

These international developments provide a foundation for CDIA’s 2018 - 2022 Strategy and impact chain. Concrete activities for contributing to these international processes have been identified. For example, CDIA will work additionally closely with UNESCAP, CITYNET and the City of Seoul to register

⁶ “Meeting Asia’s Infrastructure Needs: Highlights”, Asian Development Bank (2017), Bhattacharyay (2012), Man (2013), B20 (2014), McKinsey Global Institute (Jan 2013, Nov 2014).

CDIA projects on their Urban SDG knowledge platform to verify that CDIA's projects indeed contribute to the achievement of the SDG's and to disseminate CDIA best practice experiences.

2.3 New Project Development Facilities

In recent years various Project Development Facilities (PDFs) have emerged⁷. This reflects the demand and importance to support stakeholders to identify; prioritize; and conceptualize properly prepared and bankable infrastructure projects.

A key **distinguishing feature of CDIA compared to most of other PDFs is the breadth of the support**. Except for the geographical limitation of Asia, CDIA is able to provide development assistance to cities in the infrastructure sector. A wide range of objectives (e.g. poverty alleviation, economic growth, climate impact, etc.) can be covered. This enables CDIA, to analyse the needs of the cities in a comprehensive way. In contrast, most of other PDFs focus on addressing a particular issue (usually climate) or limit their attention to certain countries.

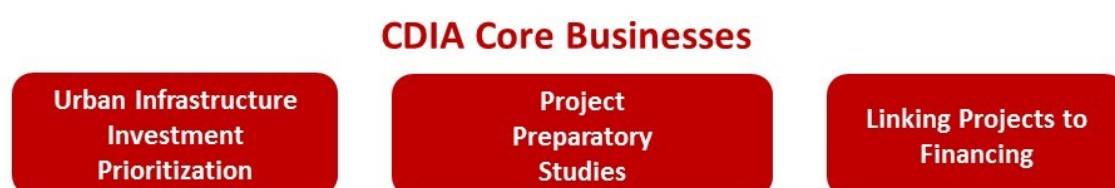
⁷ For example, C40 Cities Finance Facility, Urban Project Finance Initiative, Asia Pacific Project Preparation Facility, Infra-Fund, Infrastructure Project Preparation Facility, etc. In 2016 GIZ HQ has prepared a first overview and will carry out a more in depth-analysis of international PDFs created and funded by development partners in the future.

3 CDIA'S STRATEGIC DIRECTION FOR 2018 - 2022

3.1 Core Focus Remains Unchanged

As confirmed by the 2015 CDIA external mid-term review, the Program had a great deal of success over the past years. The strategy 2018-2022 builds on previous achievements and confirms that CDIA's principal activity shall continue to be assisting medium sized Asian cities to address their infrastructure needs through linking their priority urban infrastructure projects to financing (Figure 5).

Figure 5: CDIA 2.0 Core Business



Further operational elements will also remain:

- All project preparation studies commissioned by CDIA will continue to be demand led (i.e. upon approval of a support application);
- CDIA's project preparation support will focus on Linking to Finance to a variety of downstream financing agencies but will not manage the financial transaction process;
- Project preparation will address at least two of the following four impact areas: environmental protection and sustainability, climate change mitigation and adaptation, urban poverty reduction and inclusiveness and improved governance; and
- Use of planning tools and approaches which ensure that the possible positive contributions of the infrastructure investments to gender equality, poverty reduction and improvement in resilience are maximized.

3.2 Key Innovations to be introduced

Based on the experiences within the last CDIA strategy phase the focus 2018-2022 will be on:

- **Improving responsiveness** to the needs of cities as well as financing agencies; and
- **Stimulating innovation**⁸ so the prepared projects can serve as best practices for other cities in the region.

To do so, CDIA plans the following enhancement of its services for infrastructure project's preparation.

1. CDIA aims at further strengthening the link between its **capacity development initiatives with its infrastructure project preparation support**. During and after the Project Preparatory Studies (PPS), institutional, organizational and human capacity gaps which hinder project implementation are identified for each of the priority infrastructure investments. On the basis of this analysis and

⁸ Examples of innovation include innovative planning approaches applied, technical solutions proposed, mixing of downstream financing options, contracting arrangements etc.

given its limited resources, CDIA will see which gaps it can cover to achieve some quick-wins through for example short on the job trainings and workshops. For gaps which require longer and deeper capacity development support covering areas beyond the scope of CDIA's expertise, CDIA will partner with others to deliver the assistance required. In a few selected cities (see point 3 below) a longer term engagement will also result in a deeper capacity development engagement.

2. CDIA's core project preparation output is until now the Pre-Feasibility Study that was produced in relation to 'traditional' forms of urban infrastructure development (e.g. water, wastewater, solid waste, transport, etc.). To enhance quality of the prepared projects, we will take a **broader approach of project preparation** wherever necessary:
 - **Nature of Support** – Under the broader heading of PPS, CDIA will continue to provide project development assistance to facilitate implementation. Depending on the needs of the city and the requirement of the down-stream financing agencies this can include: Pre-Feasibility Studies, Feasibility Studies, Engineering Design⁹, Due Diligence Reports, Business Plans, Project Preparatory Technical Assistance, etc. Based on this, we will fill relevant gap(s) that prevent cities from developing viable and bankable projects.
 - **Sectors of Support** – The majority of CDIA's work will be in more traditional urban infrastructure sectors such as water supply, drainage, sanitation and urban mobility. However to respond to demand and address critical developments, CDIA will still be open in a selective way to address urban infrastructure needs of Asian cities in sectors such as energy, education, health care and heritage conservation.¹⁰
 - **Scale of support** – while the focus of CDIA's efforts remains on tailor made support to single medium-sized cities, in selected cases CDIA will include multiple cities within the scope of a single study. This "cluster approach" makes economic sense. In these cases, the same infrastructure sector(s) in multiple locations are assessed as individual cities are too small (i.e. less than 250,000 population) to qualify for support by themselves.
3. **In selected cities CDIA will engage over a prolonged period of time** to be able to address the needs of cities as complex socio-economic systems in cooperation with relevant knowledge partners such as universities. A basic understanding of the interconnectedness of the different investment areas will be explored so to appreciate the interdependencies and leverage points to enhance development in a city.
4. Identification of the **potential for financing project implementation is mandatory before commencing project's preparatory work**. This measure aims at significantly increasing CDIA's success in linking projects to a broader array of financial institutions. This development requires adopting a systematic outreach to a variety of financial institutions¹¹ and measures to raise awareness about CDIA's potential services;
5. CDIA will increasingly work with national **Project Development Facilities**¹² with the objective of strengthening the individual and organizational capabilities of the Project Development Facility

⁹ At conceptual or preliminary level

¹⁰ This also will potentially enable CDIA to support the new MoU between BMZ and ADB on through which BMZ encourages to integrate TVET systematically in all new infrastructure projects where this is deemed relevant.

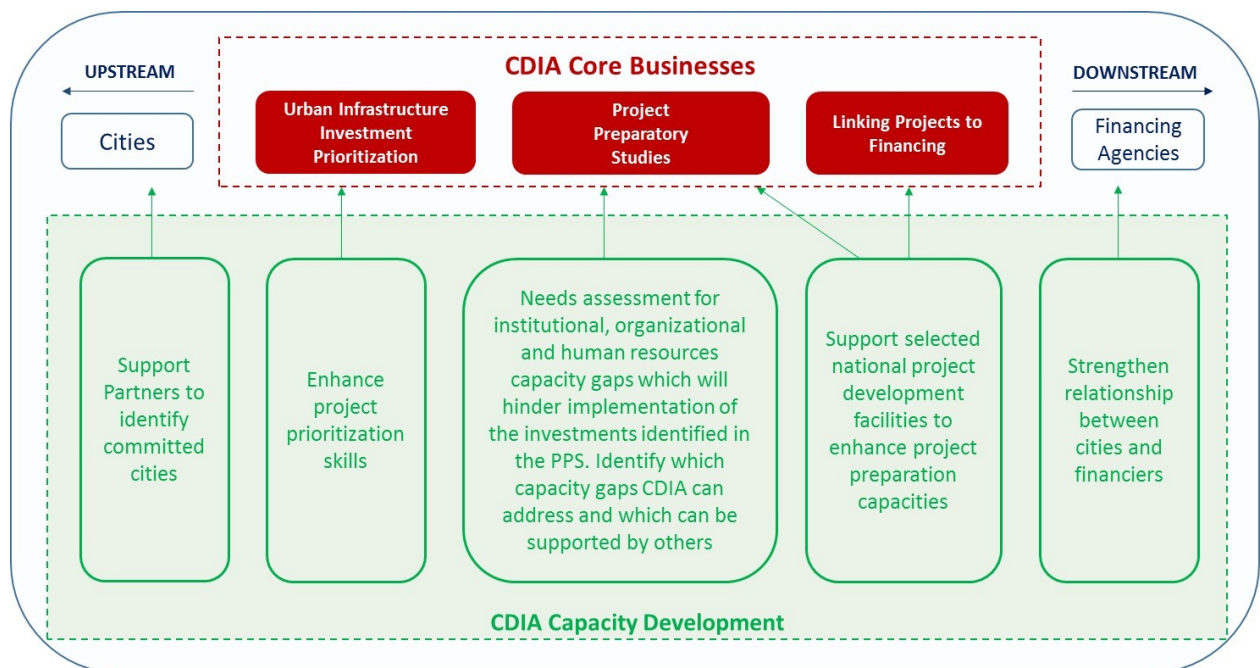
¹¹ Financing institutions as important stakeholders are further described in chapter 4.

¹² CDIA has been working with twelve national partner organizations (NPOs) in nine different countries. Six out of the total of twelve of these NPOs are government entities such as PT SMI of Indonesia, the Department of

so they are better equipped to work with cities and to accelerate project preparation together with CDIA. On the basis of the mandates of the respective organizations and focusing on leveraging potential synergies, cooperation will focus on tools, standards, processes and skills for concrete project preparation. With this intervention, CDIA aims at improving project quality (for infrastructure project preparation and capacity development) and at increasing the number of PDF-interventions. In specific cases CDIA staff may be seconded to these Facilities as long term experts to assist with the acceleration of project delivery.

Figure 6 summarizes the above and illustrates CDIA’s stronger focus on linking capacity development and project development as well as seeking to provide a service to both cities and funding agencies that better meet their respective needs. Capacity development will cover three levels: (1) individual competences; (2) organizational performance; and (3) network and policy level. It is not expected CDIA will cover all these capacity development needs by itself but that it will facilitate the partnering between cities and capacity development providers.

Figure 6: CDIA 2.0: Developing Capacities to strengthen the engagement between cities and financiers



Interior and Local Government and the Public-Private Partnership Center both in the Philippines, the Infrastructure Project Development Facility (IPDF) in Pakistan, the Development Strategy Institute under the Ministry of Planning and Investment in Vietnam and the Urban Development Authority under the Ministry of Construction also in Vietnam. PT SMI, IPDF and PPP Center are project preparation facilities with a significant overlap with CDIA’s mandate and therefore have been selected.

4 OPERATIONAL STRATEGY

4.1 Organizational Principles

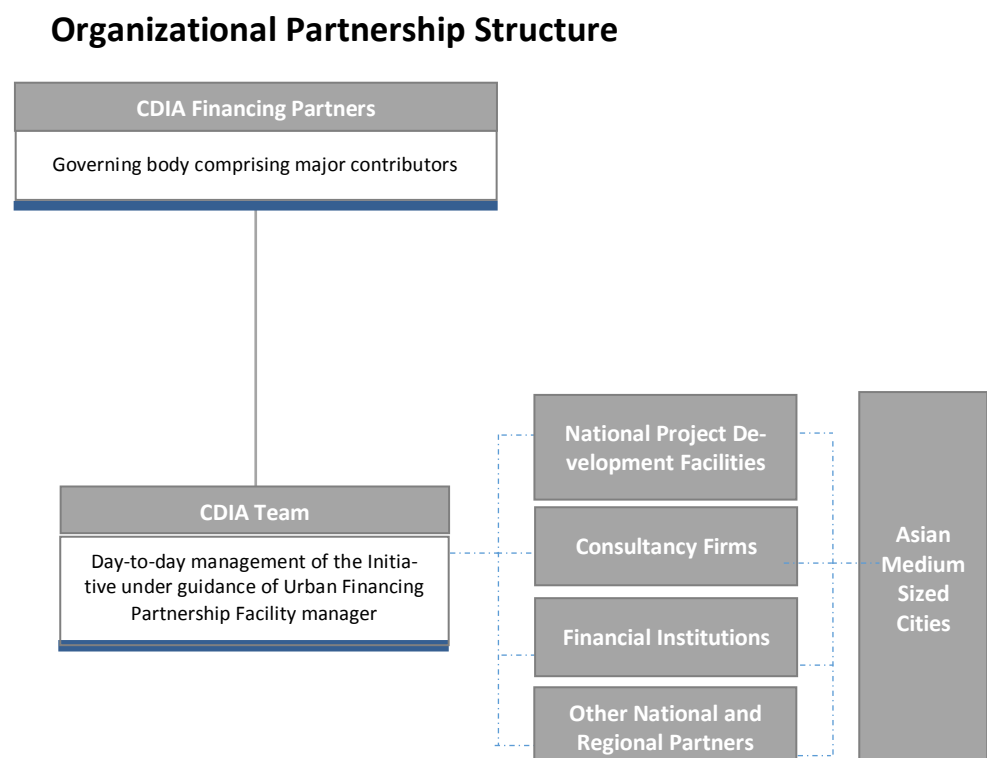
The organizational structure of CDIA is designed to meet two objectives:

- **Maintaining close linkages with city clients, national oversight agencies, partner organizations and potential infrastructure financing agencies** aiming at maximizing the proportion of successful, efficient financing for its interventions as well as providing a structure for up-scaling project preparation activities to meet the overarching goals of CDIA's strategy and
- **Maintaining a viable multidisciplinary CDIA Team** as the basis for project delivery, conceptual work, tool development, quality control, knowledge dissemination and systematic liaison with regional financing institutions.¹³

4.2 Organizational and Partnership Structure

Elements of CDIA's internal organizational and external partnership structure are summarized in Figure 6 below.

Figure 7: CDIA Organizational Structure Diagram and relation with key Stakeholders



¹³ The size and composition of the CDIA Team would depend on among others the financial resources available, team secondments provided and demand for services but at a minimum setting would cover 2 engineers, 1 financial expert, 2 experts with a special focus institutional/capacity development and development impact, 1 Monitoring and Evaluation Expert and 1 PR and communications expert. Further changes might be required once the BMZ commission to GIZ to co-manage CDIA has been terminated in December 2018.

CDIA organizational bodies¹⁴:

- As governing board, the **CDIA Financing Partners** will set the policy directions for the initiative and back these with financial and human resources;
- The **CDIA Team** is responsible for the day-to-day management of CDIA's operations and will focus on assisting cities to apply for CDIA support; procurement and supervision of consultants for implementation of project preparatory studies; conceptual work; tool development; quality control; knowledge dissemination and a systematic liaison with financial institutions; and

CDIA Partners:

- **Asian Medium Sized Cities** will remain the core beneficiary of CDIA. Demand-led assistance to cities which fulfill CDIA's criteria will make up for most of the Program's activities.
- Collaboration with selected national **Project Development Facilities** will accelerate project preparation delivery and enhance CDIA's outreach;
- **Consultancy firms** supervised by the CDIA Team will ensure Project Preparatory Studies can efficiently be completed to a high quality and in a timely manner;
- Collaboration with **Financial Institutions** serves to identify the most suitable financing option for urban infrastructure projects. Since CDIA is hosted by the Asian Development Bank (ADB), close alignment with ADB's Regional Departments is envisioned. However, financing agencies can range from national financing institutions, private sector financing partners¹⁵ but also include Bilateral and Multilateral Funding Agencies which CDIA has already collaborated with. These include e.g. Kreditanstalt für Wiederaufbau (KfW), Agence Française de Développement (AFD) and World Bank. In addition entry points for pipelining projects for the Asian Infrastructure Investment Bank (AIIB), Deutsche Investitions- und Entwicklungsgesellschaft (DEG) and the Green Climate Fund (GCF) will be identified.
- Collaboration with other **National and Regional partners**¹⁶ to (i) deliver capacity development support; and (ii) facilitate exchanges of experiences to increase the level of dissemination of CDIA's best practices and lessons learnt.

Regional focus:

While decisions on whether to engage with a certain city/country will be taken based on CDIA support applications received, CDIA will focus its activities on countries where the chances for linking projects to financing as well as possible participation in CDIA as a financing partner are the highest. China, Indonesia and India are countries which will receive special attention for example by considering the possibility of having a dedicated team member focus on these countries either on the ground or from Manila. Opportunities in other countries will not be ignored particularly in case they provide a basis for innovative work.

¹⁴ Whether or not to make use of a CDIA Advisory Group consisting of CDIA stakeholders and eminent experts representing the demand side of the program, will be decided by the CDIA Financing Partners during the first meeting of CDIA Financing Partners once the Trust Fund has been established.

¹⁵ Given the national specifics of Public Private Partnerships (PPP), CDIA will collaborate with national PPP Development Centers once it becomes clear the project identified could best benefit from a PPP.

¹⁶ Existing partners include organizations such as Cities Alliance, CityNet, the Global Green Growth Institute, Clean Air Initiative-Asia, United Cities and Local Government Asia Pacific and United Nations Economic and Social Commission for Asia and the Pacific.

4.3 Performance Monitoring, Evaluation and Reporting

Principles of measuring CDIA progress and impact have been defined in the Performance Measurement Framework and Plan (2009) and further elaborated by the CDIA Monitoring and Evaluation (M&E) System Concept Note (2015).

Performance Monitoring will be based on the Design and Monitoring Framework as included in Annex 1 of the document on hand. In addition the risks of the project have been identified and measures for risk mitigation have been elaborated (see Annex 2).

CDIA employs a variety of internal tools and processes¹⁷ to monitor envisaged development impacts and safeguards. All of these strategies will continue to be operational during 2018-2022. Where needed, the instruments will be complemented and adjusted.

- CDIA's principal form of progress monitoring takes the form of the **Six-Monthly Progress report** that details the progress of CDIA against the indicators of the Design and Monitoring Framework, the Program's contribution to overarching development objectives and the use of Program resources. Following recommendations from the Mid-Term Review (MTR), a much more concise Six-Monthly Progress report will be prepared starting with the new Strategy period.
- An **Annual Report** will focus on outcomes and development impacts achieved through CDIA support. The annual report will present a number of case studies. Information for the Annual Report will come from the Tracer Studies which are typically conducted during or after construction of a CDIA conceptualized urban infrastructure project as well as from other reports.
- Feedback from **Client City Surveys** that enquire about the experience of working with CDIA are expected to inform CDIA management to further improve its support services.
- An **external Mid Term Review (MTR)** is envisioned for mid of 2020. The external reviews will assess overall relevance, effectiveness, efficiency and sustainability of CDIA implementation and will suggest possible amendments if needed.

¹⁷ Including Checklist for Internal Screening and Monitoring of Applications (CISMA); Initial Development Impact Assessment (IDIA); Strategy and Action Plan for Pro-Poor Urban Infrastructure Development; Gender Strategy and Action Plan.

5 BUDGET AND FUNDING

5.1 Budget

The budget presented in table 2 below reflects the Development Monitoring Framework as included in Annex 1.

Table 2: Budget for CDIA Strategy 2018 – 2022¹⁸

Performance Indicator (as per design and monitoring framework)	Unit	Average Unit Cost (US\$)	Number of Units	Total (US\$)
1a. At least 200 projects are approved for CDIA technical assistance (2018 baseline: 140)	Project applications	5000	60	300,000
1b. At least 180 projects are prepared for linking to finance (2018 baseline: 130)	Project Preparatory Study (either completed by CDIA itself or by Project Development Facilities)	300,000	50	15,000,000
1c. At least 160 projects are taken forward by Financing Institutions (2018 baseline: 80)	Marketing of Project Preparatory Study	10,000	80	800,000
1d. At least 50 projects are taken forward by Financing Institutions other than ADB as the prime financier (2018 baseline: 35)	Marketing of Project Preparatory Study	10,000 ¹⁹	15	150,000
2a. 10% of CDIA resources are utilized for enhancing capacities to successfully implement the projects conceptualized with CDIA support (2018 baseline: 5%)	Lumpsum	2,000,000	1	2,000,000
2b. At least 2 national Project Development Facilities have improved know how on	National Project Development	500,000	2	1,000,000

¹⁸ Including CDIA staff costs and overheads, management fee charged to funders contribution to an ADB co-financing agreement.

¹⁹ Additional costs for performance indicator 1d on top of the costs included for indicator 1c.

urban project preparation based on CDIA good practices (2018 baseline: 2)	Facilities supported			
3a. 3a. At least 35 Tracer Study completed (2018 baseline: 10)	Tracer Studies	10,000	25	250,000
3b. One external Mid-Term Review of CDIA 2018 – 2022 Strategy completed (2018 baseline: 0)	Mid Term Review	50,000	1	50,000
			Total	22,250,000

5.2 Funding

Implementation will depend on donor commitments. It is expected that CDIA’s current funders will continue to support the Program. However, efforts shall continue to broaden this group of benefactors to encompass other financiers particularly those based in the Asia region.

ANNEX 1: DESIGN AND MONITORING FRAMEWORK FOR CDIA STRATEGY 2018–2022

Impacts the Program is aligned with: Living conditions and the environment in Asian cities, particularly for the urban poor, have improved.			
Project Results Chain	Performance Indicators with Targets and Baselines	Data Sources or Reporting Mechanisms	Risks
Outcome In selected Asian cities urban infrastructure investments which make a positive contribution to reaching the SDGs are linked to financing	By 2022: a. At least 100 cities are linked to finance for their CDIA-assisted projects (2018 baseline: 50)* b. At least 10B USD are invested in CDIA-assisted infrastructure projects (2018 baseline: 6.0B USD)	a. Communication from financing agencies; tracer studies b. Communication from financing agencies	Identified downstream financing institutions shift their priorities.
Output 1. The linking to finance of CDIA developed projects is improved. 2. Capacity development support to project preparation and linking to finance is improved. 3. Measurement of CDIA contribution to development impacts is improved	By 2022: 1a. At least 200 projects are approved for CDIA technical assistance (2018 baseline: 140) 1b. At least 180 projects are prepared for linking to finance (2018 baseline: 130) 1c. At least 160 projects are taken forward by financing institutions (2018 baseline: 80) 1d. At least 50 projects are taken forward by financing institutions other than ADB as the prime financier (2018 baseline: 35) 2a. 10% of CDIA resources are utilized for enhancing capacities to successfully implement the projects conceptualized with CDIA support (2018 baseline: 5%) 2b. At least 2 national Project Development Facilities have improved know how on project preparation based on CDIA good practices (2018 baseline: 2) 3a. At least 35 Tracer Study completed (2018 baseline: 10) 3b. One external Mid-Term Review of CDIA 2018 – 2022 Strategy completed (2018 baseline: 0)	1a. CDIA minutes of meetings 1b. Project reports 1c. Communication from financing agencies 1d. CDIA project database 2a. Project wrap up reports; CDIA financial reports 2b. Self-evaluation, Mid-term review 3a. Tracer Study reports 3b. Mid-Term Review report	Counterparts shift their priorities
Key Activities with Milestones			
1. Output 1: The linking to finance of CDIA developed projects is improved. 1.1 Assess the gap between city infrastructure investment needs and financing institutions' requirements (Q1 2018-Q4 2021) 1.2 Undertake project preparatory studies (Q2 2018-Q2 2022) 1.3 Monitor progress (Q1 2018-Q4 2022) 2. Output 2: Capacity development support to project preparation and linking to finance is improved. 2.1 Operationalization of the CDIA capacity development strategy and process tools (Q1 2018-Q3 2018) 2.2 Implement capacity development strategy (Q3 2018-Q2 2022) 2.4 Monitor progress (Q1 2018-Q4 2022) 3. Output 3: Measurement of CDIA contribution to development impacts is improved 3.1 Implement Tracer Studies (Q1 2018-Q4 2022) 3.2 Implement external Mid-Term Review (Q1- Q2 2020)			
Inputs			
ADB-managed trust fund:		\$\$ (to be confirmed)	
Assumptions for Partner Financing:			
: \$\$ (to be confirmed)			

* signed financial agreement on project implementation/detailed engineering design (DED)/construction/operation

SDG = Sustainable Development Goals; Q = Quarter

ANNEX 2: IDENTIFIED RISKS AND RISK MITIGATION

Implementation of the new Strategy is subject to a number of potential risks. Table 3 provides a summary of the main potential risks identified and concomitant mitigation measures.

Table 3: Potential Risks and Mitigation Strategy

Potential Risks	Mitigation Actions
Projects developed through Project Preparation Studies are not picked up by financing institutions.	<p>This is being addressed in a number of ways including:</p> <ul style="list-style-type: none"> • The change in CDIA’s operational parameters to not commence project preparation work without first identifying a realistic source of financing will mitigate this risk. • In addition, the ongoing process of establishing closer relationships with financial institutions increases the chances that funding opportunities can be identified. • Finally, by providing relevant, timely, and cost-effective support to local governments and tailoring outputs to the needs of oversight agencies and financiers, it is expected that chances of success in financing will increase.
Change in priorities of financial institutions during the course of the Study means that linking to finance is no longer available.	<p>The Terms of Reference for the project team carrying out the Study will always include a requirement to identify and attempt to secure funding for the next stage of project development. In the event that an identified source of funding becomes unavailable, the project team will attempt to source alternative funding.</p>
Some Pre-Feasibility Studies will come to the conclusion that the project is not viable	<p>An important objective of undertaking a PFS is to determine whether a project is useful and sustainable. PFS with “negative” outcomes thus help cities not to engage in projects which are likely to fail.</p> <p>The risk of this event occurring can be mitigated by making the project selection process as rigorous as possible and exploring all possible avenues for project success and sustainability in the course of conducting the study.</p>
Fiduciary risk: the risk that funds is not used for the intended purposes; do not achieve value for money; and/or are not properly accounted for.	<p>Since CDIA is not directly providing funds to cities and national governments, fiduciary risks in city interventions are quite limited. In case of funds which are used through Supplementary Agreement with NPOs, fiduciary risks exist due to, among others, lack of capacity, competency or knowledge; bureaucratic inefficiency; and/or active corruption. In order to address the fiduciary risk 3 approaches are followed:</p> <ul style="list-style-type: none"> • Accessing each country’s fiduciary risk environment. • Developing mitigation strategies for risks to the proper use of funds. • Monitoring performance on an on-going basis.
Performance capability of NPOs	<p>Ongoing quality control related to the outputs of NPOs will be conducted and the possibility of some form of quality certification by an international finance agency will be explored.</p>
The continuity of CDIA operations is disrupted because of (a) delays concerning the approval of the Strategy 2018-2022	<p>The timeline of the validity of the current Strategy can be extended (residual resources permitting).</p>

by the PRC or (b) current PRC members' commitments will not materialize or (c) no new PRC members will join.	There is also the option that CDIA will become fully absorbed within the ADB where it will continue to act as a project preparation facility but focus exclusively on ADB-funded programs.
Shift in the priorities of strategic partners	Close communication with strategic partners will help ensure that any changes in their priorities can be accommodated and managed.

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