Cities Development Initiative for Asia
Preparing Bankable and Sustainable Infrastructure Projects

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About CDIA
CDIA helps secondary cities in Asia and the Pacific develop sustainable urban infrastructure projects

Achievements as of October 2022

- Founded in 2007 and became an **ADB-managed** multi-donor trust fund in 2018
- CDIA works closely with **Secondary Asian Cities** to develop project preparation studies (PPS) and link these to implementation financing
- CDIA provides **grants** for PPS ($500,000 average cost), with cities contributing in-kind
- CDIA **disbursement rate** is around $5 million per year

128 secondary cities

22 countries

$112M grants mobilized

115 PPS commissioned

$12.2B investments generated

22 countries

$112M grants mobilized

115 PPS commissioned

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CDIA’s overriding objectives are to **enhance city capacity** and ensure project bankability and city access to finance.
CDIA’s contribution to Climate Finance (as of June 2022)

Distribution of PPS Support to Climate Change by Use

- Climate Change Adaptation: 41% ($15.7 mil)
- Climate Change Mitigation: 59% ($22.5 mil)

Distribution of PPS Support to Climate Change by Sector

- Mitigation:
  - Multi-sector: 23%
  - Urban Transport: 6%
  - Social Infrastructure: 5%
  - Flood & Drainage Management: 13%
  - Water Supply: 2%
  - Wastewater Management: 16%
  - Urban Renewal: 4%
  - Solid Waste Management: 4%
  - Power/Energy Efficiency: 4%

- Adaptation:
  - Multi-sector: 37%
CDIA Deepens Its Climate Resilience Support in its Project Preparatory Studies (PPS)
Dimensions of Institutional Capacity Development Road Map

**Road Map** is designed to address capacity development issues in project implementation and sustainability

- **Short-term component**: Address immediate individual capacity needs in the preparation of a project.
- **Medium-term component**: Addresses concerns and capacity requirements of the organization during the critical stage of project implementation
- **Longer-term component**: covers the broader system which organizations and individuals work that defines their performance.
CDIA Contribution to Climate Finance

Anticipated impacts on climate change, % of 31 completed PPS as of June 2022

- 52% Increased capacity to adapt to impacts of extreme weather events
- 48% Decreased exposure to the impacts of climate change
- 42% Engineered to cope with future climate variability
- 39% Reduced/avoided greenhouse gas (GHG) emission
- 19% Transformational contribution to low carbon development

- 13% Improved solid waste/wastewater management
- 13% Use of low carbon or alternative vehicle fuels
- 13% Improved energy efficiency or reduced energy intensity
- 3% Promotion or application of cleaner production
- 3% Improved use and management of land through greening, etc.

As of June 2022
CDIA’s Typical Project Preparation Process

- Beginning 2018, CDIA has increased its focus on bankability and access to finance, to ensure its support is responsive to cities and potential finance providers, to maximize the benefits of its work.
Defining **Bankability** in the context of Preparing Urban Infrastructure Projects
Plenty of financing options, but there is limited robust pipeline of projects.
Attracting Project Financiers

Critical Elements in attracting funds for urban infrastructure projects:

1. Capacity as a viable investment partner—
   ✓ Creating an enabling environment, i.e. policies on ease of doing business, credit worthiness of the city, presence of framework for aligned and smoother infrastructure implementation, clear direction of where the city wants to go.
2. The feasibility of the investment project(s), and
3. Alignment to financiers’ priorities
Bankability defined

A project is bankable*, whether from public or private sources, when its risk-return profile meets investors’ criteria and can secure financing to implement the project.

Key criteria for bankability include the probability of meeting the project’s financial, environmental, and social goals, sufficient estimated cash flows to cover costs and produce returns that meet investor expectations.

Project preparatory study (PPS)—the process of making projects Bankable

Project Preparation* is the process of defining, studying, refining, and developing an infrastructure project concept to the point that it becomes bankable, raising implementation financing from public or private sources.

- Technical options
- Assessment of poverty, relocation and socio-economic impacts
- Institutional and capacity gaps assessment
- Environmental due diligence
- Climate resilience, Risk and Vulnerability assessment
- Assessment of economic benefits
- Estimates of project costs and financial sustainability
- Issues to be considered during implementation
- Steer to the source of funding: PPP, IFIs, Government, etc.

CDIA supports secondary cities to achieve cross-cutting benefits.

- Supporting climate-resilient development through knowledge generation and adaptation/mitigation measures, including nature-based solutions.
- Promoting inclusion of all vulnerable elements of society including the elderly and persons with disabilities.
- Promoting innovation as part of sustainable infrastructure design.
- Gender mainstreaming of interventions through stakeholder consultations and participatory design.
- Strengthening implementation, management and operation skills through bespoke institutional capacity development roadmap preparation and training.
- Developing human capital through training programs and city-to-city learning.
- Livable Cities

Promoting innovation as part of sustainable infrastructure design.
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<th>Country</th>
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<td>Georgia</td>
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<td>Uzbekistan</td>
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<td>India</td>
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<td>Cambodia</td>
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<td>Vietnam</td>
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<td>PR China</td>
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Georgia Tbilisi City Hall Transport Department Advisory

Situation/Challenges:
- Tbilisi Transport Department (TD) needs advisory support to assist its staff to "do things in the right way" in the implementation of measures targeting a shift to sustainable mobility.

CDIA Interventions:
Placement of 5 urban transport advisors who supported TD in:
- The design of bus priority measures, incl. training in data collection, CAD and junction design software;
- Transport Department business planning;
- Update of the Tbilisi Sustainable Urban Transport Strategy; and
- Development of the Transport Authority

CDIA Support | Downstream Financier | Est. Infrastructure Investment Value
---|---|---
$371,300 | LFI | $1.0M
Georgia Tbilisi Metro Upgrade and Refurbishment Plan

Situation/Challenges:
• The Tbilisi Metro, commissioned in 1966 is the oldest Metro in the old Soviet Union. Following decades of under-investment, it is in urgent need of rehabilitation and upgrading.

CDIA Interventions:
• Development of investment program to improve the operation of the Tbilisi Metro to meet present day technical, operational, safety and accessibility standards.
• Linking to ADB financing for rapid progression to implementation. Through ADB’s $15 million investment, power cables and ventilators were rehabilitated, thus, making the daily commute safer.

CDIA Support Downstream Financier Est. Infrastructure Investment Value
$465,300 ADB $17M
Uzbekistan Integrated Urban Development Project

Situation/Challenges:
- One of the key urban development challenges in Uzbekistan is the ongoing in-migration from rural areas, which is creating pressure on the existing poor-quality infrastructure and the low urban governance capacities of secondary cities.

CDIA Interventions:
- Pre-feasibility study/outline design preparation on urban renewal, water supply and sanitation, and solid waste management for the cities of Khiva, Djizzak, and Yangiyer/Havas; and
- Institutional capacity development for urban management, urban renewal, water supply and sanitation, and solid waste management.
Situation/Challenges:
- Despite having a reasonable supply of good quality water, the city residents still only receive between 1-7 hours of water supply per day depending on their location.
- St. Inez Creek was once a beautiful stream, but years of neglect have turned it into an open sewer, posing health threats to people.

CDIA Interventions:
- Outline design for the additional works to achieve the 24/7 water system, which will be incorporated in a performance-based Design Build and Operate contract.
- Review of the existing technical report on the regeneration of St. Inez Creek, and development of a roadmap to define a more environmentally friendly approach, while maximizing community/youth engagement in finding appropriate and acceptable solutions.
Pakistan Khyber Pakhtunkhwa Inclusive Urban Growth Program

Situation/Challenges:
- Urban infrastructure in most cities in Pakistan is aging and has not expanded at the pace necessary to provide basic services, or stimulate economic growth and create job opportunities.

CDIA Interventions:
- Preparation of an integrated, climate-resilient urban environmental infrastructure investment and city development programs for the cities of Peshawar, Mardan and Abbottabad;
- Pre-feasibility study for prioritized infrastructure including outline designs;
- Institutional arrangements for project implementation; and
- Building the capacity of relevant stakeholders to facilitate the sustainable development and management of prioritized urban infrastructure investments.

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<th>CDIA Support</th>
<th>Downstream Financier</th>
<th>Est. Infrastructure Investment Value</th>
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<tr>
<td>$750,000</td>
<td>ADB</td>
<td>$128M</td>
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Myanmar Yangon Urban Services Improvement Project (YUSIP)

Situation/Challenges:
• The YCDC-managed water supply provision to the 33 townships is limited in terms of coverage, quantity, quality and efficiency. Also, the city’s sewerage built in the late 1800s only serves the central business district comprising less than 5% of the population.

CDIA Interventions:
• Replacement of the existing open raw water channel from the Ngamoeik reservoir to the Nyaunghnatin water treatment plant and subsequently to the Aungtagon pumping station with a dedicated raw water transmission pipeline; and
• Construction of a new sewerage system and wastewater treatment serving five townships in zone W1 and W2.
Cambodia Climate Vulnerability and Adaptation Assessment in Battambang, Kampot Kratie and Chhlong

**Situation/Challenges:**
- Cambodia is one of the countries most vulnerable to climate change, as it is prone to flooding, drought and windstorms. Cambodia’s high vulnerability comes from a combination of a low adaptive capacity, poor infrastructure, limited institutional capacity and a high exposure to climate risks.

**CDIA Interventions:**
- Assessment of the nature and spatial location of climate hazards, vulnerabilities and risks in the four cities; and
- Identification and recommendation of priority interventions with a climate adaptation approach to inform the investments’ prioritization and the project design of the subsequent Feasibility Study.

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<th>CDIA Support</th>
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<td>$250,000</td>
<td>AFD</td>
<td>$50M</td>
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Vietnam Urban Development and Climate Resilience Project in Bac Kan and Phu Ly

**Situation/Challenges:**
- Bac Kan and Phu Ly experience significant and frequent floods during the monsoon season. In Bac Kan, most land available for development are along the flood plains of the Cau River or near its tributaries. In Phu Ly, agriculture areas can experience damaging drought during dry season.

**CDIA Interventions:**
- Feasibility study/preliminary engineering design of drainage and flood management infrastructure with emphasis on adaptation to climate change and improved urban livability through water sensitive urban design; and
- Preparation of a road map for capacity development covering institutional, organizational and individual development for both cities.

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<tr>
<td>$560,000</td>
<td>AFD</td>
<td>$53M</td>
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Situation/Challenges:
- Large scale state-owned and resource dependent heavy industries dominated Chongqing’s economy.
- To survive in a rapidly growing and environmentally-sensitive economy in PRC, Chongqing needs to create an “innovation ecosystem” for sustainability and resilience; and invest in human capital development.

CDIA Interventions:
- Design of a project integrating human capital development with infrastructure investment;
- Development of detailed assessment and design for the Changshou Economic and Technology Development Area; and
- Conduct of socio-economic assessments; and technical support to the TRTA team in the formulation of sub-projects to be proposed for funding by ADB.

### PRC Chongqing Innovation and Human Capital Development

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<td>$450,000</td>
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<td>$427M</td>
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<td>Key Messages</td>
<td>Georgia</td>
<td>Uzbekistan</td>
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Key Messages

Bankable projects undergo rigorous technical preparation to take it up to investment-ready levels.

Required levels of details in the project preparation stage may vary depending on the funder, the project nature and the project size.

Each Project Preparation Facility (PPF) has criteria used to select projects that it will support. Thus, eligibility of a project will differ for each PPF, making the selection of PPFs to apply to is an important consideration for cities seeking support.

Institutional capacity matters!
Thank You