



# URBAN FINANCING PARTNERSHIP FACILITY

MID-YEAR REPORT 2018



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## INTRODUCTION

ADB's Strategy 2030 envisions Asia and the Pacific as prosperous, inclusive, resilient and sustainable, and includes **“Making Cities More Livable”** as one of the seven important operational priorities. To implement the operational priority, which calls for making cities Green, Competitive, Inclusive, and Resilient, ADB will have as a guiding framework its Livable Cities Operational Priority Plan, which will build on the existing Urban Operational Plan's strategic agenda of competitive, inclusive and environmentally sustainable cities in Asia and the Pacific. This plan will incorporate cross-sector initiatives, which, among others, are: developing the capacities of cities to mobilize adequate resources and innovative financing modality (Finance), support social programs like universal health care (Health) and technical and vocational education programs for skilled human resource (Education), support the needs of industries and businesses (Industry); promote urban mobility systems (Transport); improve accessibility of persons-with-disabilities (Social), promote the use of non-motorized transport and low-carbon technologies (Climate Change); and incorporating water reuse technologies in wastewater management projects (Water and Environment).

The Strategy 2030's operational priority **on tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability** will scale up support to operations departments to: (i) mainstream these priorities into ADB strategies, sector and thematic operational plans, country programming, and projects; (ii) support key sectors in accelerating green growth and low greenhouse gas emissions development; (iii) support knowledge development and integrated approaches to address climate, disaster, and environmental issues, (iv) assist improvement of DMC environmental management including efforts to improve air and water quality, (v) promote investments in natural capital; and (vi) support integrated water resources management, by strengthening sector linkages at all levels, and resource efficiency.

The establishment of the Urban Financing Partnership Facility (UFPF) in 2009 has helped support innovative solutions in the urban space, and will continue to do so under the new Strategy 2030. Support from the UFPF largely addresses work in ADB's urban development and water divisions, which together constitute the Urban Sector Group (USG). The USG's Secretariat is responsible for managing the UFPF in addition to other trust funds and knowledge activities. Specifically, the UFPF has supported and will support the following emerging areas and investment needs in the urban sector: (i) integrated and strategic urban and regional

planning; (ii) high level technology, smart cities, and innovations in the urban sector; (iii) municipal reforms for strengthening governance, service delivery, institutional capacity building, and innovative municipal financing; (iv) inclusive urban development and mainstreaming gender in urban projects; (v) private sector participation in urban development; (vi) climate change resilient and environmentally sustainable urban development; and (vii) knowledge management and partnership in the urban sector.

This mid-year report covers the period January to June 2018. It describes the activities undertaken by Urban Environmental Infrastructure Fund (UEIF) and the Urban Climate Change Resilience Trust Fund (UCCRTF) in the first half of the year, and a brief overview of the activities under the Cities Development Initiative for Asia (CDIA) program as it transitions into a trust fund under UFPF.

The Urban Environmental Infrastructure Fund (UEIF) has been instrumental in seeing through the completion of three initiatives in various states and cities in India. The funding extended under direct charge financing translated into the provision of technical support and capacity building activities aimed at assisting states carry out India's national flagship urban programs. Areas covered include solid waste management, water supply, and wastewater, among others. On the implementation of investment grants, substantial gains have been achieved in terms of the completion of project activities. Although there were some delays experienced, overall implementation progress remains to be on the positive side.

The Urban Climate Change Resilience Trust Fund (UCCRTF) has developed a pipeline of \$42.41 million projects for completion by 2021. The trust fund has lined up several regional projects involving collaboration with the other Sustainable Development and Climate Change (SDCC) thematic groups as well as exploring opportunities to engage private sector in urban resilience initiatives. These efforts align with the ADB 2030 Strategy Operational Priorities where integrated and cross sectoral approaches are promoted. Thematic areas for the regional projects involve air quality monitoring, integrated flood risk management, energy, transport and cities, and climate resilience. More than just providing financial leverage and technical assistance to projects, UCCRTF has also commenced working at the community level on developing demonstration activities for community-led initiatives to promote climate resilience. Initial activities include the workshops for Community Resilience Officers (CROs) and carrying out of Climate Risk and Vulnerability Assessments (CRVAs) to produce Community Resilience Plans (CRPs). The community-led initiatives in selected communities in Indonesia and the Philippines are expected to commence construction by November 2018.

Current activities under the on-going Cities Development Initiative for Asia (CDIA) program is guided by its new Strategy 2018–2022, which builds on the program’s achievements under the CDIA Strategy and Business Plan 2013–2017. As contributions from financing partners to the CDIA Trust Fund have yet to be realized, CDIA still operates as a program in support of ADB operations, particularly on project due diligence work. As of June 2018, the CDIA program has provided project preparation support to 94 medium-sized cities in 19 countries in Asia and the Pacific to prepare and obtain financing for their priority infrastructure projects. Of the 94 cities, 71 cities have linked their priority infrastructure projects to downstream financing estimated at \$7.7 billion.

The CDIA TF Management acknowledges the significant achievements and high value addition of the CDIA in the past decade and is taking all necessary measures to ensure that CDIA retains its original structure, independence, functionality, and systems and processes as far as possible while moving towards a more institutionalized form of a Trust Fund. Specifically, the CDIA transformation to a Trust Fund will retain the following broad features of CDIA: (i) CDIA will continue to support cities in the areas of project preparation and capacity development; (ii) CDIA will continue to take up Projects based on cities’ needs; (iii) CDIA will continue to support various development partners in addition to ADB and will remain an open multi-donor initiative; (iv) CDIA will retain its high development orientation and impact through its focus on development results; (v) CDIA will continue to prioritize its efforts on innovation, knowledge sharing, and capacity development strategy; (vi) CDIA will continue its growth trajectory by making its services available to more cities, more projects and more infrastructure investments per year; (vii) CDIA will keep its own visual and organizational identity, handle financial and in-kind contributions, and provide all information and concrete products to individual donors, as requested; (viii) CDIA will continue to have competent experts and inter-disciplinary team comprising both project preparation and broader advisory and capacity building skills. To ensure smooth transition to TF, the CDIA will continue to proactively engage with all important stakeholders including its current and potential donors.







# URBAN ENVIRONMENTAL INFRASTRUCTURE FUND

## FINANCIALS

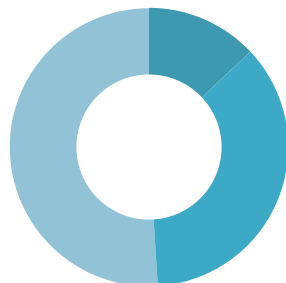
### Cumulative

As of 30 June 2018, UEIF has committed a total of \$20.75 million for 48 projects and activities, of which 31 have been completed. Total disbursements from these projects and activities amounted to \$10.9 million.

A total of 48 projects and activities financed by UEIF include six investment grants (IG), 22 technical assistance projects (TA), and 20 direct charge (DC) activities. Of the 31 completed activities, 14 are DC activities and 17 are TA initiatives.

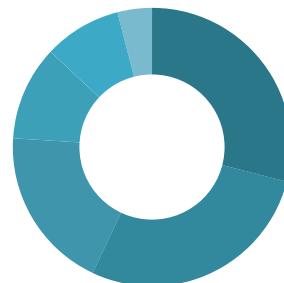
Project investment grants continue to take the bulk of the entire UEIF fund, accounting for 51% out of the \$20.75 million committed financing. In terms of fund distribution among regional departments, Southeast Asia received about \$5.92 million (29%) of UEIF funding support, followed closely by East Asia with \$5.91 million (28%).

Approved Allocations by Modality



■ Investment Grant, 51% (\$10.64M)  
■ Technical Assistance, 36% (\$7.48M)  
■ Direct Charge, 13% (\$2.63M)

Approved Allocations by Region



■ Southeast Asia Regional Department, 29% (\$5.92M)  
■ East Asia Regional Department, 28% (\$5.91M)  
■ South Asia Regional Department, 4% (\$3.85M)  
■ Central and West Asia Regional Department, 11% (\$2.37M)  
■ Regional, 9% (\$1.97M)  
■ Pacific Regional Department, 4% (\$0.73M)







## HIGHLIGHTS

### Completed projects (as of 30 June 2017)

#### IND: Technical Support to Implement Solid Waste Management Component of Swachh Bharat (Clean India) National Program in Urban Areas.

There is strong interest from the government to develop and scale-up new models of solid waste management, in particular waste-to-energy, as part of India's Swachh Bharat (Clean India) Mission for Urban Areas (SBMU). SBMU, launched in October 2014, is a flagship program of the central government which seeks to (i) eliminate open defecation; (ii) eradicate manual scavenging; (iii) achieve modern and scientific municipal solid waste management; (iv) generate awareness and promote behavioural change in sanitation; (v) improve urban local bodies (ULB) capacity; and (v) create an enabling environment for private sector participation in capital expenditures and operation and maintenance.

To support the initiatives under SBMU, a direct charge funding of \$225,000 from UEIF was made available. This was utilized in facilitating a stand-alone activity to: (i) develop a pipeline of state-level investments in solid waste management to be supported by ADB, and (ii) support the scale-up of innovative approaches (i.e., waste-to-energy, regional landfilling, integrated processing facilities, etc.) in a critically weak area of sanitation in India.

The activity was deemed successful, with most outputs achieved. These included: (i) conduct of a detailed evaluation study and preparation of a report for the Ministry of Urban Development (MOUD) providing an assessment on the mid-term implementation performance of SBMU; (ii) conduct of awareness activities such as a branding toolkit on solid waste management; (iii) provide advisory services on waste-to-energy (WTE) initiatives including a review on the Central Electricity Regulatory Commission and how to push forward WTE from municipal solid waste; (iv) develop an advisory note on construction and demolition waste; (v) establish a Request for Proposal template for medical waste management services; and (vi) develop a handbook on municipal solid waste management technologies.

### **IND: Capacity Building of State Entities and Selected Cities in the State of West Bengal to Develop and Implement India's National Flagship Urban Programs**

The Government of India launched three flagship programs for promoting improved urban development, namely: (i) the Swachh Bharat (Clean India) Mission; (ii) the Atal Mission for Rejuvenation and Urban Transformation (AMRUT); and (iii) the Smart City Initiative. However, there is significant funding requirement from the state- and city-levels to match with Government of India's plans to achieve targets under these programs. West Bengal is one such example, being considered as having the fourth largest urban population in India with a pressing need to improve urban services in its cities.

A direct charge (DC) funding, amounting to \$225,000, was provided to support the Government of West Bengal and selected cities in West Bengal to conduct due diligence—technical, economic, financial, social and environmental safeguards, including climate change resilience—on project proposals prepared by the state entities and selected cities. The purpose of which is to ensure that proposed initiatives are in accordance with the State, Government of India, and ADB's policies and requirements to make the same eligible for funding under the flagship urban programs. This activity was instrumental in facilitating the provision of lending support by ADB for the West Bengal Drinking Water Sector Investment Program (WBDWSIP).

### **IND: Capacity Building of State Entities and Selected Cities in Tamil Nadu to Develop and Implement India's National Flagship Urban Programs**

A DC funding, amounting to \$225,000, was likewise provided to support the Government of Tamil Nadu and selected cities in these states to conduct due diligence—technical, economic, financial, social and environmental safeguards, including climate change resilience—on project proposals prepared by the state entities and selected cities. The DC supported the development of city-wide water and sanitation infrastructure, which is known to contribute directly towards improved public health, and hence highly consistent with ADB's Strategy 2020's vision for livable cities in Asia.

The activity was deemed effective in delivering feasibility studies for water and wastewater subprojects under Tranche 1 to support high readiness for timely and cost-effective achievement of the project outcomes.



## Ongoing projects

### Technical Assistance

**PRC: Hunan Xiangjiang River Watershed Existing Solid Waste Comprehensive Treatment Project.** The project preparatory technical assistance is requested to provide support in identifying the appropriate interventions from a range of technical options for municipal solid waste management including recycling of various waste streams. This will also include identifying the viable financing plans as well as validating that municipal solid waste management components are consistent/aligned with the principles of international best practice. Original funding of \$225,000 was requested in March 2015, with an additional financing of the same amount requested in mid-2017.

To date, loan fact-finding mission of the ensuing project was fielded in January–February 2018. Management review meeting was held on 30 May 2018. Two missions will be conducted in July for project readiness activities. Loan negotiation is scheduled on the 1st week of August, and Board approval will be on the 4th week of September 2018.

### Investment Grant

**MON: Ulaanbaatar Water and Wastewater Operations Improvement.** The investment grant extended is envisioned to provide support in the implementation of outputs identified under MFF Loan 3098/99 MON: Ulaanbaatar Urban Services and Ger Areas Development Investment Program—Tranche 1. In particular, the grant aims to improve the provision of water supply and sewerage services in the subcenters of Ulaanbaatar’s ger areas. A \$3.37 million civil works contract for water and sanitation works awarded in October 2016 have made significant strides in terms of completion of project activities. Overall project implementation progress is estimated to be around 86%, which covered the construction of various pump stations, a wastewater treatment facility, establishment of measuring wells, and installation of electro-mechanical instruments.

**IND: Karnataka Integrated Urban Water Management Investment Program.** The investment grant is in support of activities identified under MFF Loan 3148: Karnataka Integrated Urban Water Management Investment Program. Specifically, the UEIF grant financing will be utilized to engage a non-government organization (NGO) in the development of community-based

sanitation interventions (i.e., toilets) using an output-based modality. The output-based toilet and connection program aims to install around 5,000 new toilets targeting poor and vulnerable households (Output 1.2 Sanitation Infrastructure). The NGO selected to oversee the implementation of the toilet program has already been mobilized since April 2017. Steady gains have been achieved since then. Out of 2,824 toilets for which the procurement contract summary sheets (PCSS) have been issued, 348 are already completed. The rest of the toilets will be completed by 30 September 2019. The executing agency plans to send the request for contract award of another 1,000 toilets at the beginning of Q3 2018.

**CAM: GMS Corridor Towns Development Project - Mainstreaming 3R Approach.** The investment grant is in support of activities under Loan 2983: GMS Southern Economic Corridor Towns Development Project. The grant financing will be used to engage consultants and conduct civil works for the construction of materials recovery facilities (MRFs) for identified project towns to enhance their potential as agro-industrial and/or tourism hubs. As of June 2018, completed works for Battambang MRF, Bavet MRF and Poipet MRF are 97%, 84%, and 97%, respectively.

**LAO: GMS Corridor Towns Development Project - Mainstreaming 3R Approach.** The investment grant is in support of activities under Loan 2931: GMS East-West Economic Corridor Towns Development Project. UEIF grant financing will be utilized for the construction of an MRF for Kaysone Phomvihane, a border town considered as a major commercial, service, and agricultural center. The MRF facility will complement the proposed sanitary landfill in the same area. Civil works contract has been awarded (solid waste management, septage treatment, and MRF combined package) and the contractor has been mobilized and engaged on start-up activities. Main work is expected to commence by October this year, when weather conditions are more favorable.

**VIE: GMS Corridor Towns Development Project - Mainstreaming 3R Approach.** The investment grant is in support of activities under Loan 2969: GMS Economic Corridor Towns Development Project. UEIF financing will be used to construct MRFs for the towns of Dong Ha and Moc Bai, strategic areas with big potential for economic opportunities and growth. Works in the two MRFs are expected to be completed and commissioned by July 2018..



### Approved project (as of 30 June 2018)

**FIJ: Revitalization of Informal Settlements and Environment Using a Water-Sensitive Approach (RISE) Project (Technical Assistance, \$470,000).** Approved on 23 January 2018, the project will entail a pilot case in Suva, Fiji, showcasing an integrated set of high-level technologies that are both low-cost and nature-based towards improving urban water management. Informal settlement communities in Suva will be selected where water-sensitive technology will be tested/installed, operated and maintained. The inputs generated from the exercise will be used in scaling-up the pilot activities. It is envisioned that the project would help improve public health through a community-driven development approach, which includes rainwater harvesting, wastewater treatment and recycling, non-trunk community-based sanitation with nature-based biological treatment, and drainage and flood control. The knowledge and support technical assistance (KSTA) project, is co-financed by UEIF and the Urban Climate Change Resilience Trust Fund (UCCRTF) to be used for communities in Makassar, Indonesia).





# URBAN CLIMATE CHANGE RESILIENCE TRUST FUND

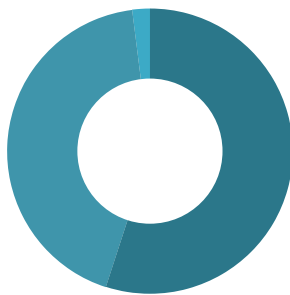
## FINANCIALS

To date, the UCCRTF has approved 39 projects with a total of \$87.54 million. Of this, \$34.74 million has been awarded with \$10.1 million in disbursements.

The UCCRTF portfolio includes 19 direct charges, 12 technical assistance and 8 investment grants. Approved allocations are \$3.23 million for direct charges, \$48.51 million for technical assistance and \$35.8 million for investment grants. Of the net contribution available, there is about \$43 million remaining to finance the UCCRTF pipeline.

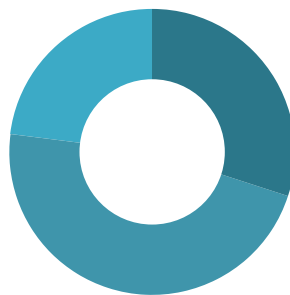
Year-to-date: Total: \$13.305 million

Approved Projects by Modality



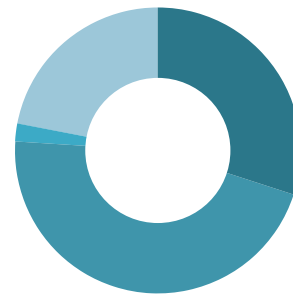
- Investment Grant, 55% (\$5.8M)
- Technical Assistance, 43% (\$7.3M)
- Direct Charge, 2% (\$0.02M)

Approved Projects by Region



- South Asia Regional Department, 30% (\$4M)
- Southeast Regional Department, 47% (\$6.3M)
- Regional, 23% (\$3M)

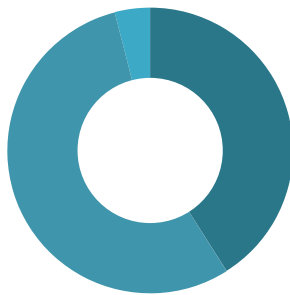
Approved Projects by Country



- India, 30% (\$4M)
- Indonesia, 46% (\$6.08M)
- Viet Nam, 2% (\$0.22M)
- Regional, 22% (\$3M)

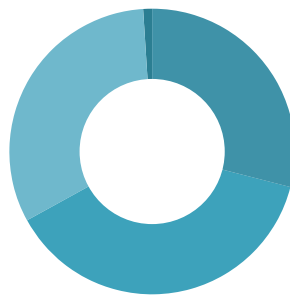
Project-to-date: Total: \$87.537 million

Approved Projects by Modality



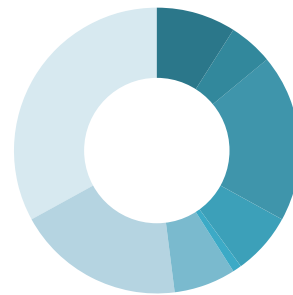
- Investment Grant, 41% (\$35.8M)
- Technical Assistance, 55% (\$48.5M)
- Direct Charge, 4% (\$3.2M)

Approved Projects by Region



- Central and West Asia Regional Department, 0.4% (\$0.4M)
- South Asia Regional Department, 29% (\$25.1M)
- Southeast Regional Department, 38% (\$33.3M)
- Regional, 32.6% (\$28.7M)

Approved Projects by Country



- Bangladesh, 9% (\$8.1M)
- India, 19% (\$17M)
- Indonesia, 7% (\$6.3M)
- Myanmar, 5% (\$4.6M)
- Pakistan, 1% (\$0.38M)
- Philippines, 7% (\$5.7M)
- Viet Nam, 19% (\$16.7M)
- Regional, 33% (\$28.8M)



## HIGHLIGHTS

### Ongoing Projects

**Resilience implementation.** The following UCCRTF investment grants commenced with implementation: (i) BAN: Improved Inclusive Access to Climate Resilient Infrastructure and support to the Integrated Drainage Plan and Waste (Solid and Faecal) Management Plan for Two Towns (Bagerhat and Patuakhali) in the Coastal Towns Environmental Infrastructure Project (CTEIP); (ii) MYA: Mandalay IG Climate Change Resilient Planning and Community-based Solid Waste Management; and, (iii) VIE: Flood Management and Coastal Protection in support to Urban Environmental and Climate Change Adaptation Project. The following technical assistance grants were also initiated: (i) IND: Kolkata TA Flood Forecasting and (Early) Warning System (FFSW), and, (ii) VIE: Ho Chi Minh Wastewater Management Project.

**Launching of the Spatial Data Analysis Explorer (SPADE).** With the completion of the Spatial Data Analysis and Explorer (SPADE) piloting in Viet Nam and Bangladesh, there was a soft launch of the SPADE platform at ADB, 23 May 2018. It was attended by 44 participants composed of ADB Project Officers (POs), DMC representatives and Knowledge partners. The morning session included a live demonstration of the online platform illustrating how the tool can support planning, project design and implementation monitoring. A roundtable discussion was held in the afternoon with other organizations involved in geospatial mapping to discuss areas for improvement and possible collaboration. Both DMCs, Bangladesh, Pakistan and Philippines, Project Consultant (Haskoning DHV) and Knowledge Partners University of Tokyo, Japan Space Agency (JAXA), Asian Institute of Technology, International Center for Water Hazard (ICHARM) and Future Cities Lab (UrScape) participated in both sessions of the launch. This was complemented by a 1-day training on SPADE for DMC representatives in Viet Nam on 29 May 2018, which was attended by 44 participants.

**Building resilience on city level.** Baseline for Indicators 1 (at least 50% of poor and vulnerable have improved their resilience) and 3 (at least 2.2 million poor and vulnerable have improved their resilience) has been completed in 15 cities in 4 countries, 15 at city level and 12 at household level. This includes Pakistan (Abbottabad, Peshawar, Mardan, Sialkot, Sahiwal); Bangladesh (Patuakhali, Bagerhat, Kushtia, Gopalganj, Faridpur); Viet Nam (Ha Giang, Hue, Hoi An, Dong Hoi, Vinh Yen). In addition, two Philippines cities are currently underway: La



Trinidad and Janiuay. City level baselining is carried out through focused group discussions with local stakeholders. Household level baselining is conducted through surveys covering 100 households that are within the UCCRTF project's catchment area (if the site is identified) or from among identified poor and vulnerable communities (when the location for the project has not yet been identified). For Indicator 2 (reduced loss), a draft methodology detailing the approach, methodology and data collection process for the assessment of the socio-economic benefits of the URF programme has been developed. This was presented to ADB in May 2018. Baselining completed in 15 cities (of which 12 included household surveys) has captured economic indicators to inform measurement of Indicator 2.

**Building resilience on community level.** SP3 started operations with the organization of the PMU comprising of the Team Leader and Communications Specialist in December 2017. In February 2018, the regional inception workshop convened the nine Community Resilience Officers (CROs) from nine cities/municipalities (excluding Makassar, Indonesia), international experts and partner organizations in Manila for one week. Thereafter, the CROs have been mobilized and deployed to their assigned areas and completed a stakeholders analysis and mapping, general profiling of the city/municipality, and shortlisted highly vulnerable communities in the city/municipality considered as potential "partner community". The PMU have further refined and finalized the project methodology with the UCCRTF Secretariat and submitted the Inception Report in July 2018. The agreed methodology has been rolled out to the CROs and the series of workshops to be organized in each city has been kickstarted in La Trinidad, Philippines in June 2018 with the Kick-Off Workshop followed by the Climate Risk and Vulnerability Assessment (CVRA) Workshop with the Community Resilience Planning Workshop as a final activity to come up with the Community Resilience Plan (CRP). Other cities/municipalities will follow suit until October 2018. Implementation work related to the chosen Community-Led Projects (CLP) in each community will commence in November 2018.

**UCCRTF on the ground.** UCCRTF has deployed city and CROs in the eight priority DMCs to support the implementation of trust fund supported projects on the ground. CROs have been assigned in five countries covering 22 cities to support SP2 activities on monitoring and evaluation; capacity building and knowledge management. Under SP3, community resilience officers have been assigned in nine cities across four countries to support the implementation of community-led projects.

**Change in scope for Visakhapatnam.** The \$5 million investment grant for the IND: Visakhapatnam-Chennai Industrial Corridor Development Program was approved by UCCRTF in March 2016. In August 2016, Visakhapatnam was selected for development as a smart city in Andhra Pradesh under the Smart Cities Commission of India. In September 2017, the Steering Committee, under the State Chief Secretary of Andhra Pradesh reviewed and identified the change in scope of activities for the investment grant. The project will (i) support the preparation of a disaster response plan; (ii) develop and management program for Mudasarlova Watershed and Lake; (iii) development of a solar energy park at Mudasarlova/ Megadhrigadda Reservoir; and, (iv) pilot the establishment of an e-vehicle zone, including the deployment of e-vehicles.

**Building resilience in climate and conflict-affected areas in the Philippines.** Marawi City in southern Philippines was besieged with a six-month conflict, leading to widespread destruction of infrastructure and social service facilities. Due to the influx of local and foreign-assisted projects in the area, UCCRTF approved a direct charge (\$225,000) for a scoping study to determine strategic interventions that can be undertaken by the trust fund. On the basis of this study, ADB has proposed the following projects to be financed under the \$5 million investment grant: (i) health component: mobile health clinics, improvements to rural health clinics, and installation of medical waste treatment facility in Amai Pakpak Medical Center in Marawi; and (ii) water supply component: support the repair/rehabilitation of the existing water supply facilities in the Marawi City Water District (MCWD) area, support to bulk water and/or distribution infrastructure for seven barangays, and preparation of a water supply and sewerage master plan for Marawi City.

## Pipeline

UCCRTF has developed a pipeline of \$42.41 million projects for completion by 2021. The trust fund has lined up several regional projects involving collaboration with the other SDCC thematic groups. The RETAs prioritize the UCCRTF's 25 priority cities for their technical analysis and pilot testing and will help UCCRTF to cast a wider impact on each city and to have a deeper engagement with the cities. These efforts align with the ADB 2030 Strategy Operational Priorities where integrated and cross sectoral approaches are promoted. Thematic areas for the regional projects involve air quality monitoring, integrated flood risk management, energy, transport and cities, and climate resilience.

UCCRTF Facility Manager and Secretariat are also exploring opportunities for projects with private sector engagement in order to utilize the \$30 million allocation for projects that lead to increased urban resilience through collaboration with the private sector. There are initial ideas to support activities in water and renewable energy in New Clark City, public-private-partnerships for delivery of resilient infrastructure in selected Philippine cities; microinsurance, water-to-energy in India and trade finance.

About \$18 million is also in the pipeline to finance investment grants in cities previously supported by UCCRTF. In Pakistan, one investment grant will complement the recently approved PAK: Punjab Intermediate Cities Improvement Investment Program, for which pre-feasibility studies for climate resilient infrastructure were prepared under UCCRTF support to CDIA. The proposed Project Readiness Facility (PRF) project for the Khyber Paktunkhwa Province, on the other hand, is the first facility of this kind proposed in ADB which is part of a new set of financing instruments recently approved by the Board of Directors. The PRF features simplified documentation and supports project preparation and design activities that help ensure projects are "shovel ready." The UCCRTF grant will support the integration of climate resilient technologies into detailed designs of urban infrastructure under ensuing loans.



The first investment grant for Nepal is proposed for a water supply improvement project in Kathmandu Valley. A follow-on investment grant is also planned for the Bangladesh CTEIP to finance climate resilient infrastructure investments.

Two Resilience Academies are planned for the second semester of 2018. One is being organized jointly with the Yangon City Development Committee to identify a community-led project under SP3 and to support the project preparation for the MYA: Yangon Urban Services Improvement Project (YUSIP). Another one is planned for five cities in Pakistan to promote peer-to-peer learning and identify projects around water and sanitation, solid waste management, urban transport and energy and mainstreaming resilience in connection with the ongoing/planned loans.

## Approved projects

A total of six projects were approved in the first half of 2018 with a total volume of \$13.305 million. It includes 1 direct charge, 4 technical assistance grants, and 1 investment grant.

**VIE: Urban Environmental and Climate Change Adaptation project (Direct Charge, \$225,000).**

The UCCRTF DC (\$225,000) is linked to ADB Loan 3340-VIE: Urban Environment and Climate Change Adaptation Project. Physical components of the loan directly related to the DC are its road components consisting of the Horizontal Road No. 3 and the Vertical Roads in Bao Ninh Peninsula in Dong Hoi; and the Provincial Road 608 and the Access Road to Cua Dai Bridge in Hoi Anh. The objective of the DC is to expedite the start-up of ADB Loan 3340 VIE: Urban Environment and Climate Change Adaptation Project and to help Dong Hoi Project Management Unit (PMU) and the Chu Lai PMU enhance their ability to deliver climate resilient infrastructure. The DC also aims to serve as the catalyst supporting PMUs to kick-off activities in the two project cities – Dong Hoi and Hoi Anh. The DC includes the following outputs: (i) detailed engineering designs updated for the packages for the Horizontal Road No. 3 and the Vertical Roads in Bao Ninh Peninsula in Dong Hoi; and the Provincial Road 608 and the Access Road to Cua Dai Bridge in Hoi Anh, fully integrating urban climate change resilience principles; (ii) bidding documents and bid evaluation reports prepared for the road components in contributing to enhance the ability of PMUs to deliver climate resilient urban infrastructure; and (iii) inception reporting of UCCRTF grant projects held by June 2018.

**INO: Revitalization of Informal Settlements and their Environments (RISE) using a Water Sensitive Approach Pilot (Technical Assistance, \$280,000); and INO: Revitalization of Informal Settlements and their Environments (RISE) using a Water Sensitive Approach Upgrading 12 Communities (Investment Grant \$5,800,000)**

The pilot project will demonstrate a water-sensitive, green, nature-based approach to providing sustainable infrastructure and addressing climate change resilience in informal settlements through a participatory co-design process. It seeks to demonstrate an alternative to the traditional larger-scale trunk infrastructure approach that typically does not service lower income communities. Pilot initiatives (Site 0) will be implemented in the Batua Community in Makassar, Indonesia and the Tamavua-I-Wai community in Suva, Fiji. Makassar is included

in the ADB's ongoing Neighborhood Upgrading and Shelter Project (NUSP). Several of the project sites are covered by NUSP and therefore this support to community engagement and implement neighborhood infrastructure upgrading is complementary. Suva received Green Climate Fund co-financing with ADB for the Urban Water Supply and Wastewater Management Investment Program. The impact of the project is inclusive and sustainable growth, increasing quality of environment and public health, disaster mitigation and tackling climate change. The project outcome is improved access to sustainable environmental infrastructure and services in informal settlements. The project has three outputs: (i) community engagement for co-design of neighborhood infrastructure employed; (ii) water-sensitive technologies for water supply, wastewater treatment, sanitation and drainage constructed, operated and maintained; and (iii) local and international government policies on revitalizing informal settlements using a water sensitive approach formulated.

UCCRTF/UEIF funding through the TA will support the development of pilot sites in each project city to test and demonstrate the proposed co-design approach, water-sensitive green infrastructure design and construction, costing, and related project implementation and procurement procedures. Lessons learned will inform the main project in a further twelve (12) communities in Makassar (through UCCRTF IG) and Suva (through other sources).

#### **IND: Smart Water Management in West Bengal (Technical Assistance, \$2,000,000)**

The TA will support the IND: West Bengal Drinking Water Sector Improvement Project and will provide safe and reliable piped drinking water, as per standards sets by the Government of India to about 1.65 million people in selected arsenic, fluoride and salinity affected areas of Bankura, East Medinipur, North 24 Parganas and South 24 Parganas districts of West Bengal. The project will: (i) build climate resilient drinking water infrastructure (i) build climate resilient drinking water infrastructure to provide a minimum of 70 liters per capita per day, 24/7 piped potable water through metered household connections; and (ii) strengthen institutions, skills and capacity for inclusive operational sustainability. The impact of the project is that rural and peri-urban people in selected districts of West Bengal and their drinking water systems are resilient to the impacts of climate change and other disasters. The project outcome is that drinking water supply efficiency, climate and disaster resilience capacity of state, district and local authorities of selected districts in West Bengal are improved.



The UCCRTF Grant will support: (i) implementation of a state and district level smart management system for water supply in project districts; (ii) design and implementation of flood forecasting and early warning system for selected local authorities in East Medinipur District; and (iii) improvement of capacity and community awareness on drinking water supply efficiency, climate change and disaster resilience in project districts.

**IND: Strengthening the Capacity of Kolkata Municipal Corporation (KMC) for Resilient Urban Services (Technical Assistance, \$2,000,000)**

Since 2000 ADB has supported the Kolkata Municipal Corporation (KMC) in improving the city's infrastructure through expansion of drainage and sewerage coverage, improvement in water supply services and solid waste management, and increase in financial management and efficiency. Efforts started with two loans provided in 2000 and 2006 for the IND: Kolkata Environmental Improvement Project (KEIP), which financed construction and rehabilitation of around 564 kilometers of the sewer drain network, rehabilitation of three sewage treatment plants (STP), improvements in water supply and solid waste management, and financial reforms.

In September 2013, ADB approved loans under a multi-tranche financing facility (MFF) for the IND: Kolkata Environmental Improvement Investment Program (KEIIP) for an aggregate amount not exceeding \$400 million until August 2023. ADB approved a \$100 million loan under the MFF for Project 1, which is designed to rehabilitate inefficient water supply facilities in Kolkata; extensions to sewerage and drainage network; and improvements to KMC's financial and project management capacity. Project 2 under the MFF was approved in August 2016 and continues to focus on rehabilitation of water supply facilities, improve the coverage, climate resilience and operational sustainability of KMC's sewerage and drainage and water supply services. The Government is preparing for Project 3 to be financed by Tranche 3 of the MFF amounting to \$100 million and has requested a transaction technical assistance (TRTA) grant from the Urban Climate Change Resilience Trust Fund (UCCRTF) to strengthen Kolkata's climate resilience through resilient design and due diligence of sanitation and solid waste management infrastructure and improved public safety. The impact of the project is that access to resilient water supply and sanitation in the service areas of KMC is improved. The expected outcome is that KMC's capacity to provide resilient urban services is improved.

The UCCRTF grant will: (i) support resilient design and due diligence of solid waste management services for Kolkata City; (ii) analyze gaps and fund infrastructural interventions

for improving public safety in pilot areas of Kolkata City by creating secure spaces for women and the vulnerable; and (iii) develop institutional capacity, including smart urban services management systems, and community awareness for improved resilience in Kolkata City.

**REG: Southeast Asia Urban Services Facility (SURF) (Technical Assistance, \$3,000,000)**

The proposed transaction technical assistance (TA) facility will support Southeast Asian Developing Member Countries (DMCs) in improving urban services through technical, policy and capacity development support for projects and investment programs in urban development and water over the 2019–2021 period. During this period, the ADB’s Southeast Asia urban development and water portfolio is expected to increase by \$2.4 billion, equivalent to its current portfolio developed between 2010–2018. The TA facility will combine the preparation of various projects in Southeast Asia DMCs over the 2019–2021 period. The expected benefit of a combined regional TRTA versus several project-specific TRTAs is a better performing urban development and water portfolio in Southeast Asia due to improved: (i) response time by providing DMCs with consistent urban solutions; (ii) quality of outputs through efficient delivery systems; (iii) sector assessment and policy support; and (iv) knowledge sharing across the region. The TA facility is in line with the findings and recommendations of the mid-term review of ADB’s Strategy 2020: Project Impact, Outcome and Outputs. The impact of the project is that urban resilience is improved in project cities. The project outcome is that urban climate change resilience principles are effectively integrated into project planning, preparation, implementation, and monitoring.

The UCCRTF Technical Assistance of \$3 million will be dedicated to the preparation of the urban development portfolio in the four (4) UCCRTF countries which are vulnerable to climate change. This support will help the operation department (SEUW/SERD) to integrate urban climate resilience principles into their project preparation process in a more systematic way, adopting the UCCRTF approach and prioritizing the urban poor and vulnerable as direct beneficiaries. The projects will demonstrate changes made to design, location, or targeting to ensure resilience infrastructure and the overall contribution of the project to building the city’s resilience to climate change, and how city resilience planning and the implementation of non-infrastructure projects related to resilience building are incorporated into the project. Project outputs include: (i) Integrated planning, project design and readiness improved; (ii) DMC capacity in urban resilience project administration and urban service delivery improved; and, (iii) UCCR related knowledge management and sharing among Southeast Asia DMCs improved.







## KNOWLEDGE AND LEARNING

Three knowledge products—Relationship between climate change mitigation, adaptation and urban (climate change) resilience; Relationship between urban (climate change) resilience and sustainable development; and Relationship between “green urban space” and “green infrastructure” have been produced and will be disseminated upon finalization of graphics. A newsletter, with video and blog will be launched in August. This is intended to provide financing partners and ADB Project Officers and other partners updated information on the trust fund’s activities.

Two blogs on UCCRTF projects—IND: Kolkata Flood Early Warning System and BAN: Coastal Towns Environmental Improvement Project (CTEIP)—were published in the Livable Cities Website. The New Clark City Project was featured in articles in Development Asia, Reuters, Christian Science Monitor and CNN.



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# CITIES DEVELOPMENT INITIATIVE FOR ASIA TRUST FUND

## Overview

In October 2017, ADB approved the establishment of the Cities Development Initiative for Asia (CDIA) Trust Fund under the UFPF. The overall objective of the Fund is to support cities in ADB's DMCs to prepare urban infrastructure investments and link these to financing. Specifically, the objectives of the Fund are to: (i) assist medium-sized Asia-Pacific cities<sup>1</sup> to prepare sustainable and bankable infrastructure projects; (ii) ensure financing for these urban infrastructure projects is secured; and (iii) strengthen individual and organizational capacities of DMC stakeholders related to the preparation and financing of high priority urban infrastructure investments.

The Fund builds on the 10-year track record of the CDIA program<sup>2</sup> in supporting cities in Asia and the Pacific to bridge the gap between their development plans and the implementation of their infrastructure investments through technical assistance in project preparation and capacity building activities. Using a demand-driven approach, CDIA supports the identification and development of urban investment projects that emphasize one or more of the following impact areas: urban environmental improvement, urban poverty reduction, climate change mitigation and adaptation, and improved governance.

As of June 2018, the CDIA program has provided project preparation support to 94 medium-sized cities in 19 countries in Asia and the Pacific to prepare and obtain financing for their priority infrastructure projects. Of the 94 cities, 71 cities have linked their priority infrastructure projects to downstream financing estimated at \$7.7 billion.

Current CDIA activities are guided by its new Strategy 2018–2022<sup>3</sup> which builds on the program's achievements under the CDIA Strategy and Business Plan 2013–2017. As contributions from financing partners to the CDIA Trust Fund have yet to be realized, CDIA still operates as a program operations with financing provided financed ADB's regional technical assistance and funds managed by other entities such as GIZ.

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<sup>1</sup> Within the context of Asia and the Pacific, medium-sized cities have been defined by the CDIA program as cities between 250,000 and 5 million inhabitants.

<sup>2</sup> The CDIA program was established in 2007 by the ADB and the government of Germany, with additional support from the governments of Austria, Spain, Sweden, and Switzerland, the Nordic Development Fund, and the Shanghai Municipal Government.

<sup>3</sup> Approved by the CDIA Financing Partners in November 2017, the Strategy defines the strategic orientation and work plan of CDIA for the next phase, 2018–2022. ([www.cdia.asia/publications/cdia-strategy](http://www.cdia.asia/publications/cdia-strategy))





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## Operational Highlights Under the Existing CDIA Program

### Completed Projects

Four project preparation studies (PPSs) were completed by end of June 2018.

INO: Sewerage System Development Project

CDIA PPS Support: \$750,000

Linked to ADB Loan: tbc

The main objective of the CDIA assistance is to prepare the technical elements of a feasibility study as part of the project preparatory technical assistance on the Sewerage System Development Project that aims to improve sanitation in the cities of Banda Aceh, Bekasi and Mataram. The key activities of the study include: (i) review of each city's sewerage wastewater sector in its entirety; (2) formulation of high priority wastewater sector investments for implementation in the short-term; and (iii) capacity building support to stakeholders. The PPS work was completed in February 2018.

GEO: Tbilisi Metro Upgrading Project

CDIA PPS Support: \$350,000

Linked to ADB Loan: \$14 million

The key objective of the CDIA-supported activities is to develop an investment program to improve the operation of the Tbilisi Metro System to meet present-day technical, operational, safety and accessibility standards. The key TA outputs include: (i) audit and inventory of the Tbilisi Metro System; (ii) specific recommendations for Tbilisi Metro System modernization and refurbishment; (iii) phased investment plan for Tbilisi system modernization; and (iv) detailed design and technical specification for the top priority works including cabling and ventilators. The TA was concluded in June 2018 and the project has been linked to our ADB loan estimated at \$14 million.

PRC: Heilongjiang Coal Rich Cities Development Project

CDIA PPS Support: \$70,000

Linked to EIB Loan: \$200 million

The objective of the CDIA engagement is to participate in the due diligence mission and to perform a techno-economic due diligence, procurement, environmental and social aspects assessment of the Coal Rich Cities Development Project. The project consists of: (i) building urban sewers and wastewater treatment plants; (ii) remediation and environmental clean up of coal mining sites; (iii) developing electronic bus system in one of the project cities; (iv) rehabilitation of heat supply pipes and utility distribution pipes including reducing non-revenue water measures; and (v) improvement of storm water infrastructure and management system. To be co-financed by ADB and European Investment Bank, the project will revitalize the economy and improve the environmental sustainability of East Heilongjiang Province by establishing non-coal, high-tech industries.

TAJ: Dushanbe Water Supply and Sanitation Project

CDIA PPS Support: \$530,000

Linked to ADB Loan: \$41 million

The prime objective of CDIA PPS is to identify and prepare to pre-feasibility/preliminary engineering design stage a priority sub-project targeting demand management and the reduction of non-revenue water (NRW) in Dushanbe through the introduction of district metering areas, together with the rehabilitation of the water transmission, storage, distribution system and customer connections and the installation of customer water meters. Parallel objectives include the preparation of a sanitation road map, improved water supply and sanitation infrastructure resilience and an institutional capacity development road map for Dushanbe Vodakanal, the authority responsible for water supply and sanitation in the city. The PPS was carried out in close cooperation with a parallel ADB-financed TRTA which will address commercial aspects and the due diligence tasks leading to a subsequent ADB loan.



## Ongoing Projects

As of June 2018, CDIA has 10 ongoing PPSs in eight Asia-Pacific countries with total CDIA support amounting to about \$5.9 million. Of these 10 projects, eight are pipelined for ADB financing.

- CAM: Siem Reap Wastewater Collection Network Development Project (\$700,000)
- IND: Jalandhar Surface Water Supply System Project (\$650,000)
- INO: Balikpapan/Singkawang Bulk Water Supply Project (\$570,000)
- VAN: Luganville Strategic Infrastructure Plan (\$750,000)
- MON: Ulaanbaatar Air Quality Improvement Project (\$250,000)
- MYA: Yangon Sustainable Urban Transport Project (\$775,000)
- PAK: Punjab Intermediate Cities Infrastructure Investment Program II (\$900,000)
- PRC: Chongqing (Yangze River Economic Belt) Green Transformation Project (\$450,000)
- PRC: Kaili Green Transformation Hub (\$350,000)
- PRC: Ziyang (Yangtze River Economic Belt) Green Transformation Project (\$500,000)

## Approved Projects

In the first half of 2018, CDIA approved three city applications for technical assistance in conducting Project Preparatory Studies (PPSs) amounting to \$2.2 million.

INO: Slum Improvement in Strategic Human Settlement Area (SISHA)

CDIA PPS Support: \$600,000

Linked to ADB Loan: tbc

The SISHA project aims to improve the living conditions in slum areas by providing and/or the urban infrastructure. Key objectives of the CDIA PPS support are to: (i) identify priority urban infrastructure sub-projects in slum areas within five Indonesian cities and prepare them to pre-feasibility level; (ii) further develop the SISHA concept; and (iii) develop the readiness criteria for slum alleviation projects. The PPS supports the SISHA component of the Slum Alleviation Program under the ADB's updated Country Operations Business Plan 2019-2021 for Indonesia.

IND: Smart City - Panaji 24/7 Water Supply and Saint Inez Creek Rejuvenation Project

CDIA PPS Support: \$600,000

Linked to ADB Loan: tbc

CDIA will provide PPS support to two key sub-projects: (i) upgrading of the city's water supply system into a 24/7 customer-focused service; and (ii) rejuvenation of St. Inez Creek. Aimed at improving the livability of Panaji City and the Panaji Agglomeration Area, the PPS will assist Imagine Panaji Smart City Development Ltd to formulate two sub-components of a proposed ADB loan on water supply and sewerage infrastructure.

MYA: Yangon Urban Services Improvement Project

CDIA PPS Support: \$995,000

Linked to ADB Loan: tbc

The CDIA will support Yangon in the preparation of pre-feasibility study and preliminary engineering design, contract preparation and loan diligence for two sub-projects: (i) replacement of the existing open raw water channel from the Ngamoeyeik reservoir to the Nyaunghnapin water treatment plant and subsequently to the Aungtagon pumping station with a dedicated raw water transmission pipeline; and (ii) construction of a new sewerage system and wastewater treatment plant serving Zone W1 and W2. The PPS is pipelined to a proposed ADB loan that will support urban services improvement in Yangon City included under the ADB's updated Country Operations Business Plan for Myanmar.



CDIA Operations at a Glance





## About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.7 billion people who live on less than \$2 a day, with 828 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.



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