

Urban Financing Partnership Facility

Annual Report
January to December 2010



ABBREVIATIONS

ADB	–	Asian Development Bank
TA	–	technical assistance
UEIF	–	Urban Environmental Infrastructure Fund
UFPP	–	Urban Financing Partnership Facility
UEIF	–	Urban Infrastructure Steering Committee

NOTES

- (i) In preparing any country program or strategy, financing any project, or by making any designation of, or reference to, a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.
- (ii) In this report, "\$" refers to US dollars.

Governance of the Urban Financing Partnership Facility

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I. INTRODUCTION

1. The Urban Financing Partnership Facility (UFPF or the 'Facility') was established in November 2009 with the Government of Sweden (Sida) commitment of \$14 million to the Urban Environmental Infrastructure Fund (UEIF) for investment co-financing and technical assistance (and a guarantee facility of \$ 70 million) for urban environmental infrastructure that benefits the poor. The aim of the UFPF is to raise and utilize development partner funds for investment co-financing in urban environmental infrastructure projects and support a wide range of technical assistance to help lay the groundwork for such projects.

2. The UFPF supports the following strategic priority: investments in climate change mitigation and adaptation urban infrastructure projects by local governments and cities that benefit the poor.

3. Specifically, the UFPF supports public transport, water supply and sanitation, solid waste management and urban renewal projects that are inclusive and benefit the poor, and are environmentally sustainable. It provides:

- (i) technical assistance for building DMC/local government/utility capacity for (a) pre-feasibility assessments and project structuring (b) project implementation, (c) guarantees utilization;
- (ii) early-stage investment or viability gap financing; and
- (iii) guarantees, to help build a pipeline of pro-poor bankable urban environmental projects that are able to borrow cost effectively from domestic markets and stimulate long-term investment interest from mainstream investors.

4. The UFPF is expected to deliver concrete outcomes:

- (i) greater coverage and access to improved infrastructure and services in drinking water, sanitation, transport, solid waste management for about 200 million people, with consequent impacts on improved health, mobility opportunities for employment and hence, economic growth;
- (ii) increased investments (including, private sector) in urban environmental infrastructure projects through UFPF upstream technical assistance, investment financing and / or credit enhancement (guarantee) support for whole projects or components thereof; and
- (iii) investment road maps for sustainable development in 50 cities;
- (iv) capacity development for national sustainable urban development strategies in 10 countries.

The impacts, outcomes and targets are detailed under the Facility's design and monitoring framework (DMF) provided in Appendix 1.

5. The UFPF is composed of:
- (i) the Urban Environmental Infrastructure Fund (UEIF), a multi-donor fund to support grant components of investment projects and technical assistance, and any other activities that may be agreed upon between partners and ADB;
 - (ii) bilateral grants through urban trust funds;
 - (iii) project-specific loans, grants, or guarantees under framework agreements to be negotiated with financing partners;
 - (iv) knowledge provision and exchange, such as through secondments and network building; and
 - (v) other forms of assistance, such as risk-sharing mechanisms.

II. CURRENT STATUS

A. Progress Towards Impacts and Outcomes

6. The first group of projects that will receive Technical Assistance (TA), investment co-financing and/or guarantee support under the Facility has been identified¹. The second group/pipeline of projects for UFPF support has also been identified and is in advanced stages of finalization for funds commitment. The projects selected and prioritized by the Facility are guided by the impacts, outcomes and targets set under the Facility's design and monitoring framework. Disbursement awaits only (a) the processing of the enabling TA project by RSDD (in process, and (b) the processing of project UFPF papers by the Regional Department concerned. The UFPF team has drafted additional guidelines for application for assistance and project selection, provided in Appendix 2, are meant to ensure that resources are directed to projects that are best able to deliver on the UFPF impacts and outcomes i.e., improved infrastructure and services that benefit the poor and environmental sustainability. These guidelines have been incorporated in the RSDD TA paper. The UFPF team has also undertaken liaison with OGC to draft a standard grant agreement to use with the UFPF.

B. Resource Utilization and Commitment

7. The available \$14 million of grant resources are already committed towards TA and investment for six projects. The six projects for which these resources have been committed are detailed in Appendix 3. Guarantee support of \$2 million is also proposed for one of these six projects, Coastal Urban Environmental and Climate Change Project (Viet Nam). Projects are being developed for use of the guarantee, particularly in Indonesia where inclusive climate-friendly public transports are being developed.

¹ Piloting Innovative Solid Waste Management (Philippines); (ii) Coastal Cities Urban Environment and Climate Change (Viet Nam); (iii) Pilot Project Action Plan for Application of Renewable Energy and Reduction, Reuse and Recycling of Resources (3R) (People's Republic of China); (iv) Ulaanbaatar Water and Wastewater Operation Improvement (Mongolia); (v) Pakse Urban Environmental Improvement Project (Lao PDR); and (vi) Hai River Estuary Area Pollution Control and Ecosystem Rehabilitation (People's Republic of China).

III. FINANCIAL STATUS

A. Financing Partner Contributions and Status of Grant

8. The Government of Sweden committed an initial Skr100m Swedish Krona (\$13.81 million equivalent) and a guarantee facility of Skr 500m Swedish Krona (around \$70 million equivalent) to the UEIF. The UEIF status of grant (contribution) as of this writing, is provided in Appendix 4. Separate urban trust funds involving bilateral grants will also be set up under the Facility.

9. The UFPF team has been active in canvassing resources and a contribution of over \$100 million is currently being negotiated focusing on climate adaptation investments, reflecting the need for larger grant components for larger projects.

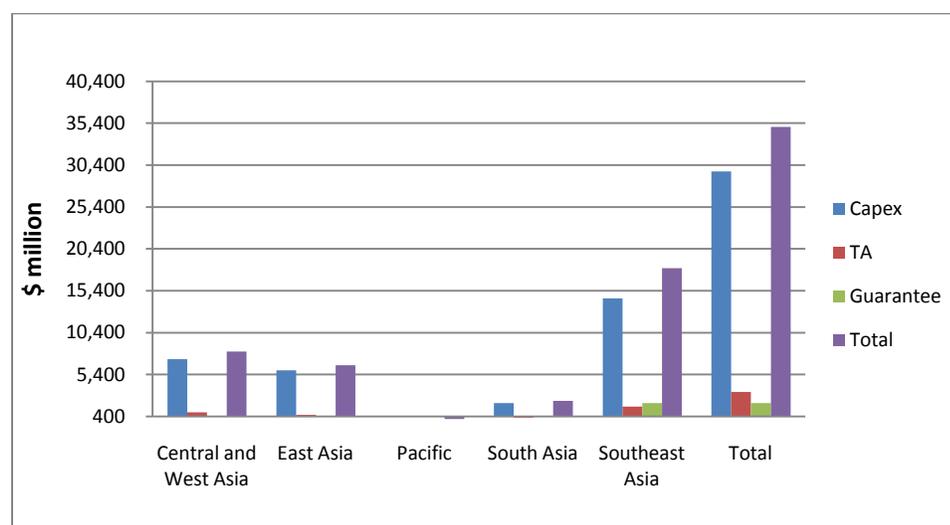
B. Status of Grant vis-à-vis Projected Demand for 2011

10. While the available \$14 million is committed towards the first group of six projects (with an additional \$2 million for guarantee support), an additional requirement of \$19 million for TA and investment is already in the pipeline based on applications received as of this writing. Details of this second pipeline of projects, along with their TA and investment support requirements, are provided in Appendix 5. The combined UFPF assistance (committed and emerging pipeline 2011) by region is summarized in Table 1 and Figure 1 below.

Table 1: Projected Demand for UFPF Assistance (2011)

Operations Department	Support Requested from UEIF			
	Capex	TA	Guarantee	Total (US\$'000)
Central and West Asia Department	7,250	900		8,150
East Asia Department	5,900	600		6,500
Pacific Department				
South Asia Department	2,000	250		2,250
Southeast Asia Department	14,500	1,580	2,000	18,080
TOTAL	29,650	3,330	2,000	34,980

Figure 1: Projected 2011 Demand for UFPF Assistance by Regional Departments



11. The emerging pipeline for 2011 is expected to grow further. This can be gauged from ADB programmed urban lending for 2011 which is currently at \$3.9 billion² as summarized in Table 2 below and detailed in Appendix 6.

Table 2. 2011 Programmed Urban Lending by Region

Region	No. of Investment Projects	Amount (US\$ Million)
Central and West Asia	5	1,715
East Asia	3	400
South Asia	8	880
Southeast Asia	4	898
Pacific	3	25
TOTAL	23	3,918

IV. MANAGEMENT OF THE FACILITY

A. Governance and Operating Structure

12. The UFPF governance and operating structure includes an Urban Infrastructure Steering Committee (UISC) and an Urban Infrastructure Working Group (UIWG). The UIWG is made up of representatives from the operational departments and chaired by the director general of RSDD (or designate). It reviews and makes recommendations on projects submitted for consideration by the operations departments for assistance under the UFPF. The UISC, comprising the directors general of the operational departments and chaired by the director general of RSDD, provides strategic direction to the UFPF. The Director, Regional and Sustainable Infrastructure Division (RSID), serves as the Facility Manager, overseeing the day to day operations, monitoring and evaluation, and reporting of the UFPF with assistance from Lead Professional (Urban Development), RSID. The Facility Manager approves the use of the Facility for direct charges within the framework of annual work program. The UFPF works in close co-ordination with the Office of Co-financing Operations (OCO) where the guarantee support line is to be utilized. The detailed Governance Structure of the UFPF is provided in Appendix 7.

B. Administrative Arrangements/Operations

13. The UFPF implementation guidelines have been finalized and will be used to operationalize the Facility. Required documents and templates for accessing the Facility's resources have been prepared and appended to the implementation guidelines.

² Based on ADB's Operations Dashboard as of 21 January 2011.

UFPF Design and Monitoring Framework

Introduction

1. The Urban Financing Partnership Facility (UFPF) was established to provide additional financial and knowledge resources for the implementation of urban environmental infrastructure, a core focus of ADB's Strategy 2020. The design and monitoring framework (DMF) sets out the objectives of the UFPF.
2. The key points to note are:
 - a. The DMF provides more detail on specific outputs that fall within its three major output components defined under UFPF; and
 - b. The "outputs" section of the DMF is defined using as basis the \$100 million expected total grant contributions and \$150 million in guarantees from the financing partners and using 2010-2015 period as a base.
3. ADB's urban community of practice and operations departments are implementing new approaches to investment in environmental infrastructure and other priority areas under Strategy 2020 to achieve more livable cities in Asia, but additional resources are needed for these approaches to be made operational. Concrete outcomes will be an improved environment, safe drinking water, improved sanitation, better access to employment and improved health for about 200 million people, investment road maps for sustainable development in 50 cities, and capacity development for national sustainable urban development strategies in 10 countries. With these as targeted outcomes, the activities to be supported by the resources from UFPF are those directly contributing to the achievements of such outcomes as described below:

How UFPF Resources will help achieve Targeted Outcomes: Rationale for Choice of Indicators

4. The specific output indicators used in the proposed DMF for UFPF are those that directly reflect the activities to be financed from UFPF resources. They are:
 - a. **Component 1: Increased levels of urban environmental infrastructure investment** – to be supported by UFPF in terms of additional resources to:
 - (i) prepare projects (through PPTAs) resulting in fundable investment proposals;
 - (ii) finance grant components of investments that support either works, goods and services designed to enhance project design and implementation; and
 - (iii) finance specific activities that directly support a programmatic approach to the above outputs.
 - b. **Component 2: Technical Assistance** – UFPF funds may also be used for technical assistance to support business and/or financial advisory and engineering services to:
 - (i) undertake economic and sector work, linking urban investments to sustained, inclusive growth and other Strategy 2020 objectives including selective

support for other nonlending measures—such as policies, regulations, standards, and institutional capacity building;

- (ii) prepare projects, transactions, and programs for investment and structure the financing of urban projects appropriate for local governments and capital market conditions;
 - (iii) share costs of implementing TA components of urban investment programs in combination with other government, donor, and commercial funding;
 - (iv) support knowledge development and sharing through transfer of technology and experience by developing networks of practice, and through participation at learning events; and
 - (v) build the capacity of capital markets to finance urban investments and programs.
- c. **Component 3: Guarantees** – support will be provided by UFPF to reduce financing costs and enhance the credit quality of projects, for pilot and demonstrations projects and for investments that produce new and innovative financing approaches to urban environmental infrastructure implementation targeted at local governments and utilities, community associations and apex bodies, local financial institutions, and other organizations involved in the financing of such projects either on the supply or demand side of the market.

5. Furthermore, it is envisaged that the UFPF will not only provide additional resources to produce the outputs described above but also provide added value such as:

- (i) **greater assurance of outcomes** by providing support to counterpart agencies in respect of improving implementation and through improved dialogues with government.
- (ii) **greater reach to underserved**, particularly the poor, by facilitating preparation of additional projects and leveraging more resources from partners.
- (iii) **fostering innovation** by supporting activities like pilot and demonstration, development of knowledge products and organization of knowledge events in areas of emerging priority such as climate change.
- (iv) **being more strategic** by addressing policy and institutional issues of replication specific and priority issues such as gender, climate change, environment and sanitation.

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact Improved livability in cities of all sizes in developing member countries (DMCs)</p>	<p>Improved environmental infrastructure/service delivery. Improved environmental parameters in cities</p> <p>Achievements of Millennium Development Goals (MDGs) in cities</p>	<p>Urban sector and sector and/or thematic reports of DMC governments and international organizations</p> <p>Asian Development Bank (ADB) and international progress reports on the MDGs</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • There is greater commitment by stakeholders and policymakers in DMCs to improve environmental quality • Sustained emphasis on environmental infrastructure investment to keep pace with increased demand – population and economic growth • Financial mechanisms for sustainable maintenance programs in place
<p>Outcome Improved coverage, quality and continuity of environmental service delivery and sustainability.</p>	<p>200 million in cities benefiting from improved investments or systems.</p> <p>Improved urban environmental management as demonstrated by pilot project achievements influence on policy and reform measures</p> <p>Funding commitments. Between 2010-2015, at least 20% of ADB lending projects will be urban-related, over \$10 billion in ADB funds invested in urban Asia, and \$5 billion additional investments leveraged from other donors, government and private sector</p>	<p>Country sector reports and analysis prepared by ADB</p> <p>Reports of UN and other agencies</p> <p>Government reports on sector matters in targeted countries.</p> <p>CPS, CAPEs and DMC feedback received through various formal and informal channels</p> <p>Reports of research bodies</p> <p>Project Processing Information System (PPIS)</p> <p>Project documents</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • Leadership of key local governments, agencies and utilities • Implementation of governance reforms for service delivery and sustainable management • Community involvement <p>Risks</p> <ul style="list-style-type: none"> • Intensified opposition to private sector involvement in service delivery • Budgetary constraints

<p>Output Component 1 Increased levels of investment</p> <ul style="list-style-type: none"> Fundable investment projects 	<p>70% of guarantees or \$70 million of UFPF resources spent on project investment support for either goods, works or systems</p> <p>At least 20³ investments either funded in full or cofinanced with ADB or other sources</p>	<p>Published ADB data on past and future public and private sector investments and technical assistance</p> <p>Government evaluation studies/ research reports</p> <p>ADB databases</p>	<p>Assumptions</p> <ul style="list-style-type: none"> ADB investment products are attractive to DMCs Replenishment of OCR/ADF to support increased urban investment Internal resources allocated to deliver increased urban program UFPF contributions are received based on the committed date of contributions
<p>Component 2 Technical Assistance</p> <ul style="list-style-type: none"> Project development support Project implementation support Nonlending assistance addressing reforms in the areas of: <ul style="list-style-type: none"> policy legislation regulation institutional arrangements 	<p>35% of grant resources or \$30 million of UFPF resources allocated to this component</p> <p>At least 20⁴ applications for support to project development through improved design and implementation, better communication with stakeholders, etc.</p> <p>At least 20⁵ applications for support to project implementation through improved supervision, better communication with stakeholders, etc.</p> <p>At least 100 TAs from direct charge applications⁶ designed to advance reform measures in each of the areas of policy, legislation, regulation or institutional arrangements or to improve monitoring and evaluation of results</p>	<p>TA documents, reports on sector work dealing with policies and legislation</p> <p>Government evaluation studies/ research reports</p> <p>Knowledge products developed on schedule and achieve targeted distribution levels</p>	<p>Risks</p> <ul style="list-style-type: none"> Low DMC demand for increased investment in the sector

³ 20 grants for investments based on average cost of \$3.5 million per intervention during 2010-2015.

⁴ 20 grants for TA based on average cost of \$500K per project or a total of \$10 million during 2010-2015.

⁵ 20 grants for TA based on average cost of \$500K per project or a total of \$ 10 million during 2010-2015.

⁶ 100 applications for direct charges is based on average cost of \$100K each or a total of \$10 million during 2010-2015.

Component 3 Guarantees	<p>At least \$150 million of guarantee resources allocated to this component</p> <p>Guarantees applied to at least 10 projects either standalone or in conjunction with UFPF grant, UFPF resources spent on project investment support for either goods, works or systems</p>	<p>Published ADB data on past and future public and</p> <p>Published ADB data on past and future public and private sector investments with guarantee involvement</p> <p>Government evaluation studies/ research reports</p>	
<p>Added value provided by UFPF in terms of:</p> <p>Greater assurance of outcomes by increasing country commitment and capacity</p> <ul style="list-style-type: none"> • Investment Dialogues • Use of knowledge products <p>Greater reach to poor and underserved by</p> <ul style="list-style-type: none"> • Pro-poor orientation • Funding proper sanitation/recycling • Funding gender initiatives • Funding initiatives that help strengthen partnership with or empower civil society 	<p>Dialogues conducted in each of five priority countries that produce updated urban priorities</p> <p>At least 10 pilot projects demonstrating involvement of poor communities as integral to project implementation</p> <p>At least 10 pilot projects demonstrating increased investment in sanitation</p> <p>At least 5 pilot projects demonstrating gender mainstreaming</p> <p>At least 10 pilot projects demonstrating greater involvement of civil society both at policy and project levels</p>	<p>BTOR on dialogues ADB UCoP database</p> <p>Post evaluation study of PPTAs and subsequent loan project design, UFPF reports</p> <p>Project documents/UFPF reports</p> <p>As above</p> <p>As above</p>	
<p>Fostering Innovation</p> <ul style="list-style-type: none"> • Pilot financing • Knowledge products 	<p>Post evaluation confirms new ideas, methods, technology and approaches</p>	<p>Post evaluation of approved technical assistance projects, UFPF</p>	

<ul style="list-style-type: none"> • Knowledge events • Take up of new products 	<p>taken up and applied from UFPF finance initiatives</p>	<p>reports</p> <p>Government evaluation studies/ research reports</p>	
<p>Being more strategic by</p> <ul style="list-style-type: none"> • Funding climate change • Linking to more partners • Better dissemination of knowledge products 	<p>At least 15 projects demonstrating climate change adaptation measures</p> <p>At least 10 projects implemented with cofinancing</p> <p>At least 50 million population in cities where knowledge activities have been targeted</p>	<p>ADB project documents (loans and TAs); UFPF application documents and reports</p> <p>Government evaluation studies/ research reports</p> <p>As above</p> <p>As above</p>	
<p>Activities</p> <p>Investment</p> <ul style="list-style-type: none"> • Demonstrate expansion of urban environmental investment in at least 5 countries • Mobilize private finance • Build momentum for urban environment infrastructure investments <p>Reforms</p> <ul style="list-style-type: none"> • Intensify support for national infrastructure sector reforms • Support development of regulatory frameworks <p>Capacity Development</p> <ul style="list-style-type: none"> • Develop new and innovative approaches, methodologies • Strengthen institutional capacity • Enhance the knowledge base and knowledge products • Strengthen regional partnerships 			<p>Inputs:</p> <p>Urban Financing Partnership Facility approx. \$250 million</p> <ul style="list-style-type: none"> • Project Support Window • TA Window • Guarantee Window <p>ADB TA grant resources ADB Lending ADB staff resources Government resources Private sector resources NGO resources</p>

Guidelines for Application for Assistance and Project Selection under UFPF

1. The applications for assistance will be proposed by the Operations Departments and the Urban Infrastructure Working Group (UIWG), made up of representatives from the operational departments and chaired by the director general of RSDD (or designate), will review, assess and make recommendations on projects that are suitable candidates for assistance under UFPF.
2. Operations Departments and the UIWG will use the following criteria as guidelines for project selection and approval to ensure that resources are directed to projects and activities that are best able to demonstrate bankability, capacity enhancement, pilot scalability and leveraging of both public and private sector finance with UFPF assistance.

Eligible Urban Infrastructure Sectors	Water, Sanitation, Wastewater, Transport, Energy, Roads (city)
Eligible Countries	ADB Developing Member Countries (DMCs)
Eligible Activities	TA, Investment, Guarantee
Government Commitment	DMC government discussion and corresponding Operations Department endorsement
Consistent	With ADB Urban Initiatives under Strategy 2020
Funding	Not be more readily available from other sources
Value for Money	Activities aimed at ensuring value for money, including adopting the lowest cost strategies consistent with appropriate standards of quality
Additionality	
a) Pilot, pro-poor, environmental sustainability	pilot projects demonstrating scalability, pro-poor benefits and environmental sustainability
b) Technical	project proposing operations department demonstrate that without technical advisory support, for example in the form of pre-feasibility assessments, PPTAs and / or project structuring including identification of scope and nature of private sector involvement' the proposed project would not be formulated/structured well enough to be 'marketed' to potential financiers
c) Financial	project proposing operations department demonstrate that without viability gap investment funding assistance and /or guarantee support, the project would not be viable and/or commercially attractive

3. To ensure alignment of bankwide sector operations and close co-ordination with operations departments, proposals for UFPF assistance must originate in the operations departments of the ADB.
4. Consistent with the approval criteria, proposals relating to country-specific activities will require evidence of commitment from the government towards the project.
5. To ensure a rapid response capability, applications will be considered on a rolling basis as requests arise, without the need for a relative assessment of proposals through the periodic batching of proposals.
6. The Urban Infrastructure Working Group (UIWG) will undertake an initial screening of all proposals to ensure that the application is complete and consistent with the eligibility criteria with respect to eligible countries, DMC country commitment, sectors and additionality and nature of intervention/activities.
7. Proposals that meet the eligibility requirements will then be subject to more intensive scrutiny /technical assessment. The UIWG may undertake this assessment using RSID staff. The findings of the technical assessments shall be more in the nature of recommendations and not binding on the UIWG.

Pipeline of Urban Projects with Committed Assistance for 2011

Project Name	Country	Support Requested from UFPF (\$'000)				Description
		Capex	TA	Guarantee	Total	
Piloting Innovative Solid Waste Management	PHI	2,000	200		2,200	The proposed project will assist local government units in the Philippines through financing and capacity building support. The subprojects funded under the UFPF will serve to pilot pro-poor component of a larger ADB loan for a solid waste management (SWM) credit line within a suitable government financing institution. UFPF support will be utilized for a project feasibility study and for grant support to a group of pilot initiatives in SWM that demonstrate the 3-R approach on a city-wide scale, integrating poverty groups who have a significant role in the collection.
Coastal Cities Urban Environmental and Climate Change Project	VIE	2,800	410	2,000	5,210	The proposed project will pilot initiatives in urban environment and climate change adaptation and mitigation for coastal secondary cities in Viet Nam. The proposed financing from UFPF will partly finance preparatory activity to the project preparation technical assistance on urban development, urban environment and municipal finance. The UFPF activity will support the promotion of public-private partnership and waste wastewater management through a pilot project and pro-poor sanitation linked to climate change resilience infrastructure, in particular, for a waste water treatment in the city of Dong Hoi.
Pilot Project Action Plan for Application of Renewable Energy and Reduction, Reuse and Recycling of Resources (3R)	PRC	850	150		1,000	The UFPF assistance will maximize the benefits of the infrastructure improvements from the proposed Xianjiang Altay Urban Infrastructure and Environment Improvement Project loan, focusing on a poor province in far western China, by investing in the environmental and ecological facilities to promote wastewater reuse, and solid waste reuse, reduce and recycle (3R). The investment will focus on piloting approaches appropriate to low income areas in (i) renewable energy, such as wind power and ground heat resource; (ii) demonstration of solid waste classification and recycle; and (iii) improving people's awareness of water conservation and to develop a community-driven model (CDM) on 3R principles of resource management.
Ulaanbaatar Water and Wastewater	MON	3,600	300		3,900	The proposed project is a key initiative to improve the energy efficiency of water

Project Name	Country	Support Requested from UFPF (\$'000)				Description
		Capex	TA	Guarantee	Total	
Operation Improvement						supply and wastewater systems, water conservation and affordability, and reduce the wastewater pollution of Ulaanbaatar. UFPF support will be utilized for preparation of feasibility studies and for grant financing of (i) energy saving and operational control improvement; (ii) reduction of non-revenue water and water consumption; (iii) utilizing water and revenue savings to extend water and sanitation systems to poorer (Ger) areas of Ulaanbaatar; and (iv) capacity development and institutional strengthening.
Pakse Urban Environmental Improvement Project	LAO	1,900	190		2,090	The proposed project will develop priority urban and environmental infrastructure in Pakse, the growth center in southern Lao PDR, and strengthen the city's economic ties with the neighboring countries of Cambodia, Thailand and Viet Nam. The project will deliver the following outputs: (i) improvement of solid waste management facilities; (ii) improvement of urban roads and drainage; (iii) protection of riverbanks; (iv) development of green infrastructure; and (v) strengthening of institutional capacity. The project will integrate poverty groups currently involved in different aspects of SWM.
Hai River Estuary Area Pollution Control and Ecosystem Rehabilitation	PRC	1,450	150		1,600	The 'Hai River estuary area pollution control and ecosystem project' aims to demonstrate sustainable investments in the Tianjin Binhai New Area (TBNA), as part of its green-growth strategy. UFPF co-financing (\$1.6 million) is requested to ensure sustainable development (and demonstration) of a constructed wetland for tertiary pilot treatment and re-use of treated wastewater, which could be replicated in similar coastal areas in PRC and Asia. UFPF support would focus on ensuring (i) the application of appropriate technology; (ii) adequate water, salt, and nutrient balances; and (3) sustainable operation and water quality monitoring.
Total		12,600	1,400	2,000	16,000	

Statement 1

ASIAN DEVELOPMENT BANK
ADMINISTRATOR FOR
URBAN ENVIRONMENTAL INFRASTRUCTURE FUND
FROM THE GOVERNMENT OF SWEDEN

STATUS OF GRANT (CONTRIBUTION)
As of 31 December 2010
(Amounts in US dollar)

TOTAL CONTRIBUTION COMMITTED (SEK 100,000,000)		14,003,150.71 ¹
Loss arising from change in value of currency		<u>(202,169.19)</u>
NET CONTRIBUTION AVAILABLE		13,800,981.52
Add: Interest income	1,062.69	
Income from investments	<u>32,214.34</u>	<u>33,277.03</u>
TOTAL AMOUNT AVAILABLE		13,834,258.55
Less: Amounts utilized for		
Financial expense - bank charges		<u>(10.00)</u>
UNUTILIZED BALANCE		<u><u>13,834,248.55</u></u> ²

¹ Represents the actual US\$ equivalent of contributions received.

² Represented by:
Cash in bank
Investments
Accrued interest

	1,703,475.04
	12,130,113.09
	<u>660.42</u>
	<u><u>13,834,248.55</u></u>

Emerging Pipeline of Urban Projects Requesting UFPF Assistance 2011

Project Name	Country	Support Requested from UFPF ('000)				Description
		Capex	TA	Guarantee	Total	
Greater Mekong Subregion Clean Corridor Towns- Mainstreaming the 3R Approach of Solid Waste Management	CAM LAO VIE	3,000	300		3,300	The project is a supplement to the proposed GMS Corridor Towns Development Project (2012 loan). This project will pilot the 3R approach of reduce-recycle-reuse in solid waste management in 10 corridor towns of the 3 participating GMS countries. These 10 corridor towns are located along two of the fastest growing economic corridors (Southern Corridor and East-West Corridor), the poor are drawn to solid waste facilities and living conditions for workers are low. The Project will pilot investments in Material Recovery Facilities (MRF) in all 10 towns, and will help structure the towns' SWM systems, including a regularization and formalization of the existing informal waste picking and recycling industries. The poor who are involved with various aspects of SWM informally will be integrated into this formal SWM system improving their livelihoods and quality of life.
Sustainable Solid Waste Management in the Tonle Sap Basin	CAM	1,800	180		1,980	The project is a pilot investment to guide the formulation of the proposed Sustainable Urban Development Project for Tonle Sap Basin (2012 loan) which will support infrastructure development in six cities and towns of the Tonle Sap Basin region, which is a poor area of Cambodia. The project aims to develop an inclusive and sustainable solid waste management system in these cities and towns. The Project will prepare investments in Material Recovery Facilities (MRF) in 10 towns, and will structure the towns' solid waste management systems, including a regularization and formalization of the existing informal waste picking and recycling industries improving their livelihoods and quality of life.
Sustainable Communities in Manila	PHI	3,000	300		3,300	The proposed project will pilot an in-situ urban renewal and settlement rehabilitation approach to informal settlements along

						<p>Manila's 'esteros' (canals and waterways) which are prone to annual flooding and at risk of out-of-city relocation. The project will pilot (i) environmentally friendly and adaptive living, (ii) flood-resistant building modality on elevated platforms along the 'esteros', making use of designs which have been developed for Urban Poor Associates, an advocate NGO. The project will also apply practical means of disaster risk management (DRM).</p> <p>This pilot will provide the learning for a proposed 2012 TA for the Urban Development Investment program, leading to loan financing proposed under the Urban Sector Multitranchise Financing Facility (MFF) of 2013-2015.</p>
Industrial Wastewater Treatment Facility for Rubber Cluster Eco-Park	SRI	2,000	250		2,250	<p>The project will work with existing poor rubber processors to undertake a pilot effluent discharge treatment facility and a materials recycling and reuse facility greatly improving the quality of life of workers and increasing incomes from recycling operations.</p>
Integrated Housing , Energy Efficiency and District Heating	KAZ	3,750	500		4,250	<p>The proposed project will serve to pilot an integrated approach to energy efficient housing renovation and a full cycle district heating rehabilitation in three intermediate cities. About 40% of the total housing stock needs urgent renovation whereas about 80% of the district heating systems and networks in the three intermediate cities is totally obsolete, which has left vulnerable populations without heat and/or hot water at temperatures as low as -44 degrees celsius. A prospective ADB loan using integrated approach to these issues from pilot findings will finance efficient rehabilitation and also push for linking governance reforms with a creation of proper incentive mechanisms to create sustainable solution to finance energy efficient heat, warm water and housing provisions.</p>
Sindh Cities Improvement Investment Program	PAK	3,500	400		3,900	<p>The proposed project will pilot inclusive solid waste management in local government units of the</p>

						<p>Sindh Province of Pakistan through financing and capacity building support. The projects funded under the UFPF will serve to pilot pro-poor approaches to solid waste management (SWM) which can be funded under an ongoing ADB multitranche financing facility for SWM. UFPF support will be utilized for a project feasibility study and for grant support to a group of pilot initiatives in SWM that demonstrate the 3-R approach on a city-wide scale, integrating poverty groups who have a significant role in the collection, recycling, and reusing stages. It will also look at potentials of including these groups in wider systems of municipal solid waste treatment and disposal.</p>
Total		17,050	1,930		18,980	

2011 ADB Urban Lending Pipeline

Division	Country	Project Name	Amount (\$ million)		Total
			OCR	ADF	
CWUW					
1	ARM	MFF-Yerevan Sustainable Urban Transport (Facility Concept)		300.00	300.00
		MFF-Yerevan Sustainable Urban Transport-Tranche 1		85.00	85.00
		MFF-Yerevan Sustainable Urban Transport-Tranche 2	40.00		40.00
		MFF-Yerevan Sustainable Urban Transport-Tranche 3		60.00	60.00
2	GEO	MFF-Sustainable Urban Transport Investment Program Tranche 2		95.00	95.00
3		MFF-Urban Services Improvement Investment Program-Facility Concept		500.00	500.00
		MFF-Urban Services Improvement Investment Program-Tranche 1	0.10		0.10
4	PAK	MFF-Punjab Cities Improvement Investment Program (Facility Concept)	250.00		250.00
		MFF-Punjab Cities Improvement Investment Program-Tranche 1		85.00	85.00
		MFF-Punjab Cities Improvement Investment Program (Facility Concept)		250.00	250.00
5	UZB	MFF-Water Supply and Sanitation Services Investment Program-Tranche 3		50.00	50.00
EASS					
1	PRC	Guangxi Beibu Gulf Cities Development Project	200.00		200.00
2		Xinjiang Altay Urban Infrastructure and Environment Improvement Project	100.00		100.00
3		Gansu Tianshui Urban Infrastructure Development	100.00		100.00
SAUW					
1	BHU	Urban Infrastructure Project		16.22	16.22
2	IND	MFF-North Karnataka Urban Sector Investment Program-Tranche 3	114.00		114.00
3		MFF-Uttarakhand Urban Sector Development Investment Program-Tranche 2	100.00		100.00
4		MFF-Bihar Urban Infrastructure Development Sector Program (Facility Concept)	200.00		200.00
		MFF-Bihar Urban Infrastructure Development Sector Program-Tranche 1	80.00		80.00
5		MFF-Assam Urban Infrastructure Project (Facility Concept)	200.00		200.00
		MFF-Assam Urban Infrastructure Project-Tranche 1	50.00		50.00
6	NEP	Kathmandu Valley Water Distribution, Sewerage, and Urban Development		40.00	40.00
7		Integrated Urban Development		30.00	30.00
8	SRI	Lagging Local Authorities Infrastructure Development		50.00	50.00
SETC					
1	LAO	Pakse Clean Environment Management Project		15.00	15.00
2	VIE	HCMC Urban Mass Rapid Transit Line 2	500.00		500.00
3		Hanoi Metro Rail System	293.00		293.00
4		Comprehensive Socio-economic Development of Selected Cities	20.00	70.00	90.00
PAHQ					
1	SAM	Water Supply, Sanitation and Drainage Project		20.00	20.00
2	TON	Integrated Urban Development Sector Project (Phase II)		2.90	2.90
3	VAN	Port Vila Drainage and Sanitation Investment Projects		2.00	2.00
		TOTAL 2011 URBAN LENDING PIPELINE	2,247.10	1,671.12	3,918.22

Governance Structure of UFPF

Party	Responsibilities
Financing Partners	
Members: UFPF contributors	<ul style="list-style-type: none"> (i) Provide strategic direction to UFPF (ii) Meet with ADB for Annual Consultation (iii) Review progress and administration and Annual Work Program
Urban Infrastructure Steering Committee (UISC)	
Chair: DG, RSDD Secretariat: RSID Members: DGs of UDs	<ul style="list-style-type: none"> (i) Provide strategic direction to UFPF (ii) DG, RSDD approves UFPF policy and procedures (iii) Approves allocation of funds to applications for TAs and grant components of investments
Urban Infrastructure Working Group (UIWG)	
Chair: DG, RSDD (or Designate) Secretariat: RSID Members: Urban Development Specialists nominated by Urban Division Directors as members	<ul style="list-style-type: none"> (i) Review and endorse proposals for UFPF support (ii) Recommend policy & procedures of UFPF to UISC
Facility Manager (RSID)	
Manager: Director, RSID Assistant: A team of consultants	<ul style="list-style-type: none"> (i) Serve as Secretariat and oversee UFPF day-to-day operations (ii) Oversee review process for applications (iii) Review applications for compliance with Implementation Guidelines for use of funds (iv) Prepare Annual Work Program and progress reports (v) Serve as focal point for UFPF partners for technical matters
OCO	
Contact: Designated by Head, OCO	<ul style="list-style-type: none"> (i) Facilitate partner contributions to UFPF (ii) Communicate on financial issues among the partners (iii) Lead negotiations with partners on financial and procedural agreements for UFPF contributions and framework agreement