



Urban Pathways

actsheet

on Financing Solutions
Asian Development Bank

ADB

Asian Development Bank



**Wuppertal
Institut**

UN HABITAT
FOR A BETTER URBAN FUTURE

UN
environment

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Project concept

Project aims

The Urban Pathways project helps delivering on the Paris Agreement and the NDCs in the context of the New Urban Agenda and the Sustainable Development Goals. It has established a facility in close cooperation with other organisations and networks active in this area to support national and local governments to develop action plans and concrete implementation measures to boost low-carbon urban development. This builds on UN-Habitat's role as "a focal point on sustainable urbanisation and human settlements including in the implementation and follow-up and review of the New Urban Agenda". The project develops national action plans and local implementation concepts in key emerging economies with a high mitigation potential. The local implementation concepts are being developed into bankable projects, focusing on the access to urban basic services to create a direct link between climate change mitigation and sustainable development goals.

The project follows a structured approach to boost Low Carbon Plans for urban mobility, energy and waste management services that deliver on the Paris Agreement and the New Urban Agenda. The project works on concrete steps towards a maximum impact with regards to the contribution of urban basic services (mobility, energy and waste management) in cities to global climate change mitigation efforts and sustainable and inclusive urban development. This project makes an active contribution to achieve global climate change targets to a 1.5°C stabilisation pathway by unlocking the global emission reduction potential of urban energy, transport and resource sectors. The project will contribute to a direct emission reduction in the pilot and outreach countries, which will trigger a longer term emission reduction with the aim to replicate this regionally and globally to make a substantial contribution to the overall emission reduction potential.

This project implements integrated urban services solutions as proposed in the New Urban Agenda providing access to jobs and public services in urban areas, contributing to equality and social coherence and deliver on the Paris Agreement and the Sustainable Development Goals. This is the first dedicated implementation action oriented project, led by UN-Habitat to deliver on inclusive, low-carbon urban services. Securing sustainability and multiplier effect, the project aims to leverage domestic and international funding for the implementation projects that will follow from this initiative.

Name of Initiative	5
Short description	5
Scope	6
Focal point	6
Funding focus	8
Eligibility	9
Budget available	9
Website	10
References	11

Table of Content



Development Bank of Latin America - CAF

Established in 1966, the Asian Development Bank (ADB) is a multilateral development bank owned by 67 members—48 from the region, and 19 from other parts of the world. In 2017, ADB operations totalled \$32.2 billion, including \$11.9 billion in co-financing. ADB's main instruments for helping its developing member countries are policy exchange, loans, equity investments, guarantees, grants, and technical assistance.

ADB has a long-term strategy (Strategy 2030) that responds to priorities of the Asian and Pacific regions on financing, expert knowledge and regional partnerships for a "prosperous, inclusive, resilient and sustainable region." ADB Strategy 2030 focuses on solutions tailored to regional specificities, taking a country-focused approach. It promotes the use of innovative technologies, and deliver integrated interventions that combine expertise across various sectors and themes and through a mix of public and private sector operations. To ensure 75% of the committed operations (sovereign and non-sovereign) for supporting climate change mitigation and adaptation by 2030, ADB will deploy its own resources of \$80 billion (2019-2030).¹

ADB's focus areas include²: infrastructure (energy, information and communications technology, transport, urban development, and water); agriculture and food security; climate change and disaster risk management; education; the finance sector; gender and development; governance and public management; health; public-private partnerships (PPPs); regional cooperation and integration; social development and poverty management; and sustainable development goals.



1 <https://www.adb.org/news/adb-launches-strategy-2030-respond-changing-needs-asia-and-pacific>

2 <https://www.adb.org/focus-areas>

Name of the Initiative

Short description

Asia and the Pacific region
Urban Pathways countries:

Urban Pathways countries

- **Bhutan**
- **Fiji**
- **India**
- **Nepal**
- **Vietnam**

Energy
Transport
Waste management

Yes

Bhutan

Bhutan Resident Mission (BHRM) - Asian Development Bank (ADB) 2nd Floor, Royal Textile Academy Building, Norzin Lam, Chhubachhu, Thimphu - 11001

India Resident Mission (INRM) - Asian Development Bank (ADB)
4 San Martin Marg, Chanakyapuri, New Delhi 110021 India

Nepal Resident Mission (NRM) - Asian Development Bank (ADB)
Metro Park Building, Lazimpat, Ward No. 2, P.O. Box 5017, Kathmandu, Nepal

Pacific Subregional Office (SPSO) - Asian Development Bank (ADB) 91 Gordon Street Suva, Fiji

Viet Nam Resident Mission (VRM) - Asian Development Bank (ADB) 3rd Floor, Cornerstone Building, 16 Phan Chu Trinh Street, Hoan Kiem District, Ha Noi, Viet Nam

ADB support at the national level

Geographic Scope

Bhutan

Fiji

India

Nepal

Vietnam

Urban Pathways Area

Directly accessible for cities - YES

Focal point at the national level

Bhutan¹:

ADB supports Bhutan by enhancing its infrastructure development, focusing on energy, water and transport in the urban sector, and on development of the finance sector. ADB places a strong emphasis on renewable energy production, transport connectivity and key urban infrastructure projects.

ADB Assistance and Projects in Bhutan in 2017 included: energy, transport, public sector management, water and other infrastructural services, finance, industry and trade, agriculture, natural resources, rural development, education, health, and information and communication technology.²

India:

ADB has been supporting India on improvements to basic infrastructure and services as development initiatives for over the past 3 decades.³ ADB's Assistance and Projects in India in 2017 included: transport, energy, finance, water and other urban infrastructure and services, public sector management, agriculture, natural resources, rural development, industry and trade, health, education, information and communication technology.

ADB's partnership strategy for India from 2018-2022 will support inclusive economic transformation of the country, to foster job creation and economic competitiveness.⁴

Nepal⁵:

ADB's country partnership strategy for Nepal includes the country's infrastructure mainly in energy, transport, and urban facilities, while building human capital. Some of the projects and programs supported by ADB in Nepal are:

Electricity: The ongoing \$66.65 million Electricity Transmission Expansion and Supply Improvement Project aims to increase the reliability of energy supply, and to strengthen the transmission infrastructure needed for cross-border trade.

Transport: ADB is helping to strengthen Nepal's domestic and regional connectivity. It is supporting upgrades to key airports, including the Tribhuvan and Gautam Buddha international airports. ADB programs have also helped build, maintain, or upgrade strategic district and core roads—connecting villages, towns, and cities to enhance access to markets and social services. ADB is investing in integrated urban infrastructure and services for emerging towns where there is an influx of people migrating from rural villages.

Fiji⁶:

ADB's support in Fiji include improving transport infrastructure and extending the supply of clean water and modern sanitation to residents across the country. ADB's country partnership strategy for Fiji for 2014-2018 was on key development challenges, encourage private investment, reduce volatility and build resilience.

1 <https://www.adb.org/sites/default/files/publication/27755/bhu-2017.pdf>

2 <https://data.adb.org/dashboard/bhutan-numbers>

3 <https://www.adb.org/sites/default/files/publication/27768/ind-2017.pdf>

4 <https://www.adb.org/sites/default/files/publication/27768/ind-2017.pdf>

5 <https://www.adb.org/sites/default/files/publication/27783/nep-2017.pdf>

6 <https://www.adb.org/publications/fiji-fact-sheet>

Funding focus

ADB provides sovereign and non-sovereign:

- Loans
- Guarantees
- Grants
- Technical assistance
- Co-financing including Trust Funds

Mainly lower-income developing member countries (DMCs) receive ADB grants, with a strong emphasis on poverty reduction and quality-of-life improvement in the Asian and Pacific region.

Funding focus areas

Direct financial assistance to Private sector projects comprises the following: private sector participation in infrastructure, capital market development, agribusiness and social sectors; broadening of country and sector-specific impact; a wider use of credit enhancement and other instruments; and strategic alliances with other development agencies. The Asian Development Bank encourages policy dialogue, provides advisory services, and ensure financial resources through co-financing⁷.

Funding procedure

To receive funding from ADB, no standard application form is required, but ADB requests basic information on the projects, such as:

- Executive summary
- Project description
- Feasibility study
- Background on sponsor(s)
- Project ownership structure
- Project's implementation arrangements
- Project operations
- The market
- Environmental and social aspects
- Cost estimates
- Financing plan
- Financial model
- Risk analysis
- Permits and licenses

ADB receives funding through bond issues on the world's capital market, members' contributions, earnings from projects and loan repayments. Total operations of the ADB comprise \$32.2 billion (2017): \$20.1 billion of which have been dispensed in loans, grants and investments from ADB's own resources (including non-sovereign operations totalling \$2.3 billion); \$11.9 billion in co-financing from bilateral and multilateral financing partners; and \$201 million in technical assistance.

Scope of funding

⁷ <https://www.adb.org/site/private-sector-financing/overview>

Eligibility

ADB developing member countries (DMCs) are eligible for funding from “ordinary capital resources at near market terms,” or at concessional OCR loan (COL) terms, or receive grants from the Asian Development Fund (ADF).

The main focus countries for the Asian Development Bank are lower-income developing countries, which are eligible for concessional assistance only. 18 countries are currently eligible for Asian Development Fund grants: Afghanistan, Cambodia, Kiribati, Kyrgyz Republic, Lao People’s Democratic Republic, Maldives, Marshall Islands, Federal States of Micronesia, Myanmar, Nauru, Samoa, Solomon Island, Tajikistan, Tonga, Tuvalu, Vanuatu, Bhutan, and Nepal.

Countries eligible for a blend of concessional and OCR assistance are: Bangladesh, India, Mongolia, Pakistan, Palau, Papua New Guinea, Sri Lanka, Timor-Leste, Uzbekistan, and Viet Nam. Countries eligible for regular OCR assistance only are: Armenia, Azerbaijan, People’s Republic of China, Cook Islands, Fiji, Georgia, Indonesia, Kazakhstan, Malaysia, Philippines, Thailand, and Turkmenistan.

ADB mainly works with a “performance-based allocation system,” using a formula with key development variables to equally and fairly provide support among applicants.

The provision of grants needs to be balanced according to the country’s risk of debt distress. ADB uses a “forward-looking debt sustainability analysis,” in which high-risk countries receive 100% grants, while moderate-risk countries receive 50% grants and 50% loans, and low-risk countries receive loans only. 20% volume discount is applied to the provided grants to avoid rewarding poor performance.

Budget available

Multilateral Banks and Multilateral Financial Institutions

- World Bank (WB)
- Asian Infrastructure Investment Bank (AIIB)
- European Bank for Reconstruction and Development (EBRD),
- European Investment Bank (EIB)
- Inter-American Development Bank (IDB)
- New Development Bank (NDB)

Institutions with global outreach

- Global Environment Facility (GEF)
- Organisation for Economic Co-operation and Development (OECD)
- World Health Organization (WHO)
- World Trade Organization (WTO)

Regional organisations

- Association of Southeast Asian Nations (ASEAN)
- South Asian Association for Regional Cooperation (SAARC)
- Southeast Asian Ministers of Education Organization (SEAMEO)

Bilateral organisations

- Agence Française de Développement (AFD)

Institutions typically involved

- Australian Aid
- Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)
- Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)
- Japan Water Agency (JWA)
- Swedish International Development Cooperation Agency (Sida)
- United States Environmental Protection Agency (US-EPA)

United Nations

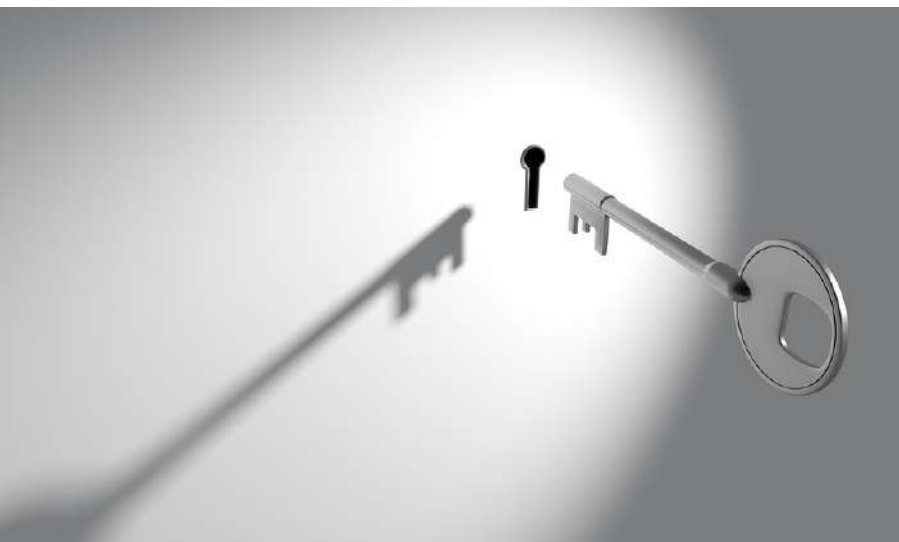
- UN Economic and Social Commission for Asia and the Pacific (ESCAP)
- UN Food and Agriculture Organization (FAO)
- UN Human Settlements Programme (HABITAT)
- UN International Labour Organization (ILO)
- UN Joint Programme on HIV/AIDS (UNAIDS)
- UN Development Programme (UNDP)
- UN Children's Fund (UNICEF)
- UN Industrial Development Organization (UNIDO)
- UN Office on Drugs and Crime (UNODC)

Other organizations

- Civil Society
- Foundations
- Think Tanks, Research and Academic Institutions

<https://www.iadb.org/en>

Website



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References





Urban Pathways

www.urban-pathways.org

More Information

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based on a decision of the German Bundestag