



# MANUAL FOR UNDERTAKING NATIONAL URBAN ASSESSMENTS

February 2014

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# Foreword

Urbanization in Asia is expected to reach 55% by 2030 and 64% by 2050 to constitute 53% of the world's urban population and contribute to half the world's gross domestic product (GDP). Cities generate up to 80% of GDP in many countries of Asia and the Pacific, and are the engines of economic growth that have lifted millions from poverty. But as cities swell in size and number, they are already struggling with environmental degradation, traffic congestion, inadequate urban infrastructure, and a lack of basic civic services. Maintaining vital economic growth—while creating sustainable livable cities for all—is one of the biggest urban challenges facing Asia. Transition to low-carbon and climate-resilient economies can be an opportunity to develop disaster-resilient infrastructure and environment-friendly green cities.

Since the 1960s, the Asian Development Bank (ADB) has been assisting its developing member countries with about \$22 billion in funding for over 200 urban development projects, which have improved urban transport, waste management, and access to clean water and sanitation. Currently, ADB's support for sustainable urban development is guided by the Urban Operational Plan 2012–2020 under ADB's Strategy 2020. It focuses on urban development that is inclusive, competitive, and environmentally sustainable. This requires urban investment decisions based on a comprehensive assessment of urban issues with their fiscal and institutional structures.

This publication, prepared by ADB's Urban Sector Group, provides guidelines for undertaking rapid National Urban Assessments (NUAs). The NUA Manual presents a framework to generate sufficient information to formulate policies, identify strategic projects, and prepare investment and financial plans that support the development of urban economies. It can help prioritize key investments to strategic spatial areas or with a thematic focus.

By 2017 and 2020, the Urban Operational Plan envisages NUAs to be the basis for 35% and 50% of ADB's country partnership strategy, respectively, for the urban sector assessment and road map, to identify the main environmental, social, and economic development issues relating to the urban sector and integrating input from other related sectors such as the transport, energy, and social sectors. It is expected that 25% and 40% of urban projects in 2030 and 2050, respectively, will be based on integrated urban plans (IUPs) or city development plans (CDPs). The Urban Sector Group has also prepared tool kits for guiding the preparation of IUPs/CDPs with Inclusive Cities, Competitive Cities, and Green Cities as a primary focus, depending on the relative importance of the 3E agenda: equity, economy, and environment.

We join the authors of this manual with the conviction that as urbanization grows rapidly in Asia and the Pacific, inclusiveness, competitiveness, and green growth will converge toward a sustainable urban future with the vision of leaders and urban managers.



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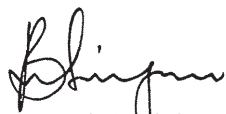
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<sup>1</sup> Known as Urban Sector Group since 2015.



# Abstract

The Asian Development Bank (ADB), under its Urban Operational Plan, will support its developing member countries (DMCs) in developing their urban economies, improving environmental sustainability, and in making pro-poor investments. This provides a critical opportunity for the urban sector to potentially play an integrative role, providing a way to focus ADB's operations, beyond the traditional urban investment sectors, in order to maximize their impact (ADB 2013). This Manual on National Urban Assessments (NUAs) provides a framework and toolbox for conducting rapid urban sustainability assessments at the national and urban region levels for ADB's DMCs. Under the Urban Operational Plan, ADB has prepared tool kits for assessment of cities and urban regions covering these themes—Competitive Cities, Green Cities, and Inclusive Cities. This Manual presents a higher-level analytical framework to provide a context for these tool kits. It aims to present an overarching integrated sustainable urban development framework for undertaking urban assessments at the national, state/provincial, and city levels in order to direct key investments to strategic spatial areas or through a thematic focus.

The integrated framework for sustainable urban development guides the readers through a series of steps in the assessment process. The outputs of the assessments are designed to give a snapshot view of the state of urban affairs at the national level with an urbanization profile, governance and urban management profile, capacity needs assessment, urban finance matrix, economic profile, environmental profile, and social equity profile. The Manual also provides an annotated outline for developing city development plans for cities based on the integrated urban development framework.

The NUA Toolbox includes assessment methodologies, implementation tool kits, and other resources for urban governance and management assessments, capacity needs assessments, and the urban finance matrix. The toolbox contains an inventory of tools that assists the user to collect information, and to structure and analyze data for the various thematic assessments. The inventory draws on tools referenced under the Competitive Cities, Green Cities, and Inclusive Cities tool kits that have relevant application at the national and urban region levels. Where applicable, the inventory links tools to the original resource websites for detailed information, manuals, and guidelines on application and best case examples.

These assessments are intended to generate sufficient information for governments and ADB staff to better understand the urban development needs in order to formulate policies, identify strategic projects, and prepare investment and financial plans that support sustainable urban development.

# Abbreviations

3E	economy, environment, and equity
A&M	adaptation and mitigation
ADB	Asian Development Bank
CBO	community-based organization
CDIA	Cities Development Initiative for Asia
CDP	city development plan
CoP	community of practice
CPS	country partnership strategy
DMC	developing member country
DRM	disaster risk management
DRR	disaster risk reduction
EGI	economic governance index
GAM	goals achievement matrix
GDP	gross domestic product
GIS	geographic information system
GPS	global positioning system
IUP	integrated urban plan
LFA	logical framework approach
NGO	nongovernment organization
NUA	national urban assessment
O&M	operation and maintenance
PPP	public–private partnership
SIC	standard industry classification
SWOT	strengths, weaknesses, opportunities, and threats
TA	technical assistance
UN–Habitat	United Nations Human Settlements Programme
UOP	Urban Operational Plan



# INTRODUCTION

Asian countries are urbanizing at a fast pace. Urbanization is a key process driving Asia's economic growth and paradoxically occurring as a result of increased economic activities. Progressively accepted as an inevitable phenomenon, it is a requisite for national governments in Asia to understand this process in order to meet the challenges of urbanization while sustaining economic growth. Asian countries face the critical urban challenge of maintaining economic growth that is equitable, inclusive, and sustainable. To achieve sustainable urban growth, there is a need to assess current and future socioeconomic challenges and opportunities for improvement, and the priority investments to achieve such improvement.

Urban regions increase the focus of economies and drive economic development of countries. Crucially, urban areas contribute from 60% to as high as 75% of gross domestic product (GDP) in Asian countries (ADB June 2008) (ADB 2011b). Thus, it is imperative to assess the structure of urban economies and to understand the role of such regions in the context of the national economy. Increasingly, the impact of global competitiveness and the national policy context on the constitution and restructuring of urban economies presents opportunities and threats that require careful analysis. These assessments can determine potential strategies and investment needs for creating an enabling environment. Critical to this challenge is the ability to meet the huge infrastructure deficit in the urban powerhouses of Asia. **To sustain even current level of economic growth, Asian countries need to invest in urban infrastructure and ensure sustainability of the investments.**

Resources that can single-handedly meet the challenge of infrastructure needs are beyond the capacity of any agency. These needs can only be met through a concerted effort between the national governments and its development partners, who range from the private sector, business groups, and citizen initiatives to international financial institutions, multilateral donors, and regional partnerships. Sustainable urbanization is critical to progressively advance urban economies.

## ADB Urban Operational Plan 2012–2020

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The Urban Operational Plan (UOP) 2012–2020 sets out the future direction and approach for the urban sector operations of the Asian Development Bank (ADB), one that will proactively respond to current and anticipated future needs by effectively addressing the investment opportunities and programmatic issues hindering the efficient, sustainable, and equitable development of cities and the financially sustainable investments on which this development depends. Through the UOP, ADB will support developing member countries (DMCs) in developing their urban economies, improving environmental sustainability, and in making pro-poor investments. The new approach takes into consideration the stages of development and the strategic priorities in ADB's DMCs. This provides a critical opportunity for the urban sector to potentially play an integrative role, providing a way to focus ADB's operations, beyond the traditional urban investment sectors, in order to maximize their impact for a new form of climate-friendly and resilient, inclusive, competitive, and environmentally sustainable urban development in Asia and the Pacific (ADB 2013). The approach to its urban development will be focused on improving urban systems, making them financially sustainable and maximizing the urban contribution to such development. In line with the UOP 2012–2020, ADB will also support actions to strengthen disaster risk as part of its wider efforts to strengthen urban resilience, and in recognition of the fact that a considerable share of urban expansion is occurring in hazard-prone areas (ADB 2014).

Opportunities to promote integrated urban planning in the use of thematic funds available in ADB, attached to water security, climate change adaptation, governance, poverty reduction, and regional economic integration and disaster resilience will be proactively explored. ADB will support the development of resource-use efficient and climate change-resilient urban infrastructure, and integrated disaster risk management for Asian cities through other trust fund arrangements, including the Urban Climate Change Resilience Trust Fund and the Water Financing Partnership Facility (ADB 2013, 2014).

There is a growing and collaborative response by international agencies to encourage national stakeholders to build in-country capacity and take ownership of the development process to ensure sustainable urban infrastructure. The first step toward this is to provide a systematic urban management platform for analysis and planning. The objective of this Manual is to provide an urban management platform in the form of national urban assessments (NUAs) at the national and state/provincial levels and integrated urban plans (IUPs), also known as city development plans (CDPs), to be prepared at the urban agglomeration and city level that will develop the link between analysis and the logical progression to project identification and sustainable investments in urban operations.

## National Urban Assessments

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Informing ADB's country partnership strategy (CPS), the NUAs, which use similar levels of resources as required by current urban sector investments, would analyze the urbanization process in the context of country development and identify the main environmental, social, and economic development issues relating to the urban sector, ADB's value addition in the sector, and the proposed areas of focus (ADB 2013).

Responding to the need to maximize the impact of ADB's limited resources and the differing circumstances of Asia's cities, it will be necessary to strategically select geographical areas where ADB will focus, in close consultation with the government and development partners. The assessments will effectively provide a standardized approach and format for existing urban sector assessments. They will ensure that the information needed to implement an integrated 3E approach (covering Economy, Environment, and Equity) for the country is available for the CPS process. Such assessments will provide a context for, and benefit to ADB operations beyond urban sector divisions.

NUA at the national and provincial/state levels, and IUPs or CDPs at the urban agglomeration and city level are designed to provide an overarching analytical framework and the strategic context for undertaking integrated urban development through targeted investment prioritization in strategic spatial areas based on a thematic 3E approach. It is only through such a process can economic growth that is both inclusive and sustainable be planned and implemented effectively. While there is a wide range of tools available for urban economic analysis, planning and management, most are heavily reliant on detailed quantitative information and data that are not necessarily available in most of ADB's DMCs. There is a need to provide governments and development agencies some simple tools that will enable relatively quick and low-cost assessment in the context of limited data.

NUAs provide the thematic areas and a toolbox for the analysis of key indicators affecting urban development in order to direct strategic investment prioritization. These tools generate sufficient information for governments, business, and official development assistance to formulate policies, identify strategic projects, and prepare investment and financial plans that support the development of local economies. Thus, NUAs enable better analytics and strategic focus for catalytic investments in the urban sector at the national and urban region levels.

## **Integrated Urban Plans**

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IUPs for cities or metropolitan regions are designed to be rapid planning exercises to respond to the need for more results-focused planning. These will be undertaken in selected city-regions and will follow a format similar to that of a national assessment. Such assessments will also provide the basis for project screening and prioritization to determine the most appropriate implementation modality—public, private, public–private partnership, sovereign, or nonsovereign. Prioritized projects with high potential impact and/or demonstration value may be further detailed and structured by project development facilities. Resources for such planning studies are currently included in project preparatory technical assistance, and it is envisaged that the resources for an urban city-region assessment will be of the same order as for a traditional planning study, but the assessment will be structured so as to focus on identifying the main constraints to competitive, inclusive, and environmentally sustainable development; the potential financing envelope available; and the priority investments needed to address these constraints within this envelope (ADB 2013).

## 3E Approach: Three Dimensions of Sustainability

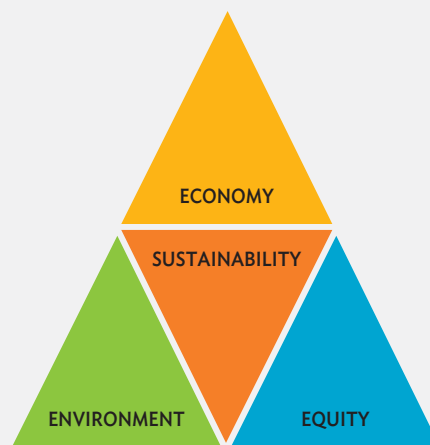
To enable an integrative process to maximize the impact of urban sector investments, ADB's UOP promotes the 3E approach comprising the three dimensions of **Sustainability—Economy, Environment, and Equity**. Sustainability in this context can be defined as a balanced approach where growth in any one dimension does not compromise and adversely affect the development potential of the other dimensions. Under the UOP, ADB has prepared tool kits for assessment of cities and urban areas to cover the **3E themes—Competitive Cities, Green Cities, and Inclusive Cities**. However, these tools are targeted at a detailed analysis of a specific urban area at the city scale. This manual for NUAs presents a higher-level analytical framework to provide a context for these tool kits to enable integrated investments in the urban sector operations that maximize development impact.

## Objectives for Undertaking National Urban Assessments

The NUAs are intended to provide a clear set of principles for action in the urban sector. This manual has been prepared for ADB staff working on planning and implementation of urban sector projects. The manual has been structured based on the recommendations of the consultations held with urban sector project processing staff in regional divisions to understand operational relevance of the manual to staff and to define useful and applicable outputs for the assessments.<sup>1</sup>

The results framework for the UOP proposed the NUAs to be the basis for DMC urban investment

**Figure 1:** Three Dimensions of Sustainability



Source: R. Naik Singru 2012.

**Figure 2:** Integrated Planning 3E Investments



Source: Authors.

<sup>1</sup> Comments and input given by the Urban Community of Practice (known as Urban Sector Group since 2015) have been constructive in defining the objectives and structure of the NUAs. Some comments have been annotated in boxes in the manual.

operations. The NUAs should be undertaken in preparation for ADB's country partnership strategy (CPS) dialogues progressively across regions as negotiations come due and should be used as the basis for urban sector investment programming.<sup>2</sup> The manual is intended to assist ADB staff in supporting DMC governments to prepare national urban profiles and urban sector strategies that guide the structuring of CPS preparation and discussions. These assessments could lay the basis for transformation of ADB's current urban sector portfolio, reorienting operations in the urban sector to a more integrated approach to urban investment, which will have both systemic benefits and improve the quality of life in the urban regions with which ADB engages. The scope and objectives of the assessments are as follows:

a. **Integrated framework for sustainable urban development**

- i. In view of the importance of urban systems in the economies of ADB's DMCs, the NUAs present an integrated framework for sustainable urban development that will enable governments to develop a proactive approach to improve coordination across sectors. NUAs will bring into focus geographically coherent areas for ADB investments to generate a broader systemic impact of ADB's urban sector projects.
- ii. The framework can inform urban staff on how urban projects could be structured to develop synergies across the sectors.

b. **Strategic policy planning and vision setting**

- iii. Basis for CPS dialogue with DMC governments on urban sector investments
- iv. Prioritizing ADB thematic areas identified in Strategy 2020 to achieve convergence with the mandates of the DMCs.
- v. Validation of National Urban Spatial Strategy/ Spatial Development Plan and, in the absence of such plans, to provide guidance on the

“Based on CPS dialogue, priority sectors and investments are identified by respective countries. So, in reality, it has been difficult linking the knowledge produced or strategic urban assessments/ national urban sector road maps with the decision making.”

— ADB project officers during consultations

“How do we view ‘urban’? There is need for a comprehensive understanding of what is meant by integrated urban development.”

— ADB project officers during consultations

“A disconnect exists between the mechanistic reality of urban operations and the strategic decision-making picture. CPS helps countries to methodologically understand the urban picture, but we need to link it with urban operations and project identification.”

— ADB project officers during consultations

<sup>2</sup> The results framework of the UOP requires 35% and 50% of all CPSs, respectively, to be informed by NUAs by 2017 and by 2020 (ADB 2013).

preparation of these plans. This process will enable the feedback loop of urban sector road maps into the decision-making process in identifying urban priorities.

c. **Strategic investment programming**

vi. ADB's urban sector investments need to be focused in order to maximize their impact. NUAs aim to identify a niche for targeted ADB investments, taking into consideration the 3E approach.

vii. NUAs will prioritize geographical areas for ADB investments.

d. **3E theme prioritization to streamline targeted investment**

viii. NUAs take into consideration a three-step process of analysis, strategy, and action. NUAs create urban sector profiles at the national, urban region, and city levels that identify geographically relevant areas for intervention, which could lead to strategic policies and programming of ADB's urban sector investments. The assessments will take into consideration priorities and mandates of any existing National Urban Sustainable Development Plan. In the absence of such a plan, the NUAs will provide guidance on the preparation of such plans. NUAs are expected to generate an urban needs assessment that establishes the demand for infrastructure investments. These form the basis for identifying a priority 3E theme for intervention. At the city level, city development plans will be developed based on the integrated urban development framework. In addition, one or more of the 3E tool kits—Competitive Cities, Inclusive Cities, or Green Cities—can be applied to develop a pipeline of projects for ADB investments based on a prioritized 3E theme. Thus, NUAs work at the macro level for programming, taking into consideration the government and ADB priorities to identify a pipeline of targeted investments for sector projects at the state/provincial and city levels based on the 3E thematic assessments.

## VALUE ADDED

The detailed activities under NUAs will vary among ADB regional departments (RDs) according to country circumstances and priorities, but will enable RDs to undertake preliminary/scoping work on broader national assessment of the urban sector as set out in the UOP. Consultants will focus on one or two countries per RD and on areas not covered by recent past assessments (the findings of which should be incorporated). These assessments should involve the analysis of at least one state/provincial region, which could form a focus for urban operations in the country(ies) concerned.

However, the elements of NUAs can be decoupled to make it purely program-oriented or purely sector-oriented based on the requirements of the country and the RDs.

a. **Development of Urban Indicators Database**

i. **Benchmarking** – Baseline Audit Studies to establish baseline indicators and to commence collection of baseline data at the national and regional levels to assess data availability and the relevance of indicators.

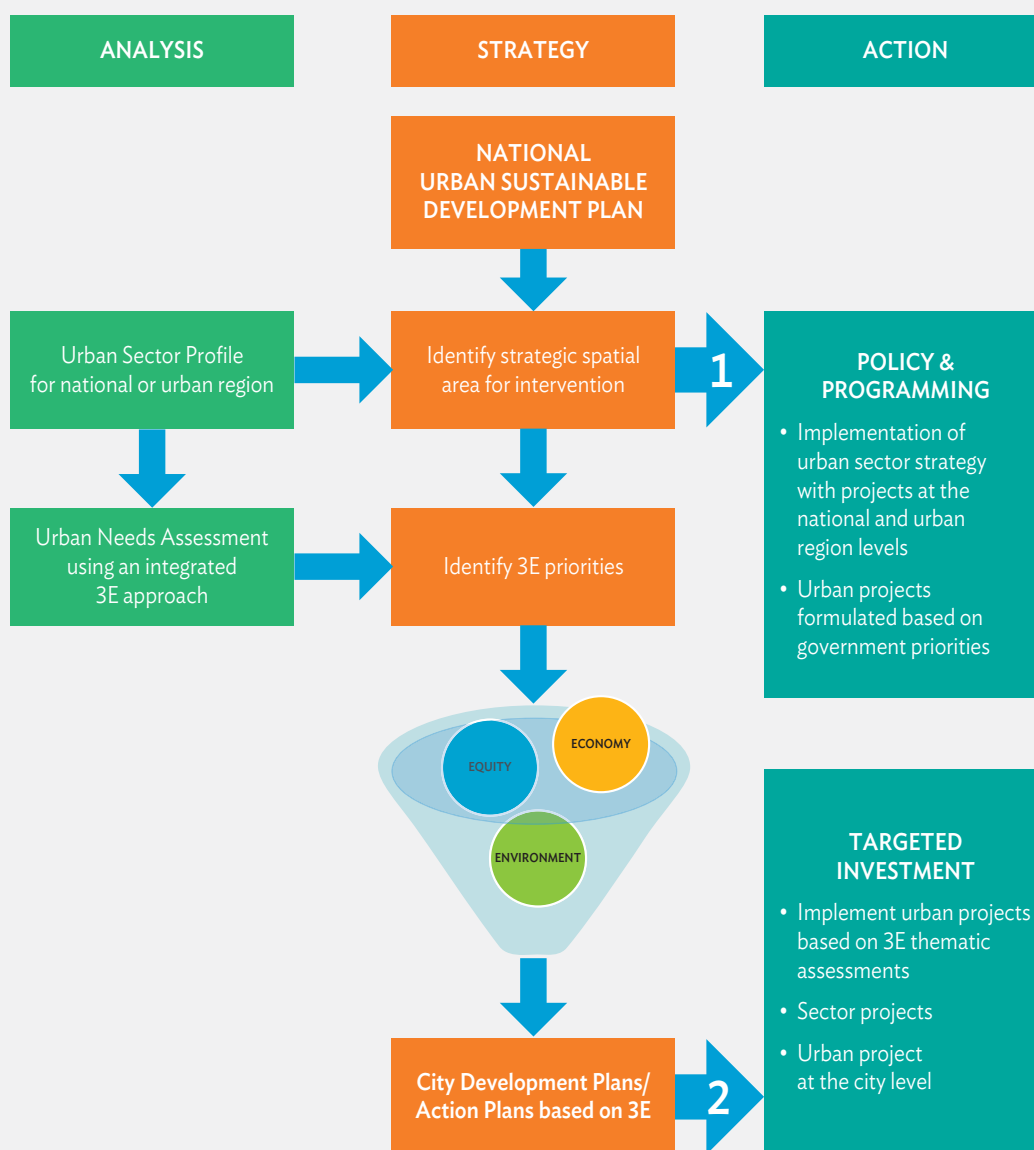
ii. **Time series** – Updating spatial plans to develop consistent urban database.

iii. **Standardized approach** – for cross-country and regional comparability

iv. **Results Framework** – Input for preparation for the Urban Sector Development Effectiveness Review (DEFER)

v. **Improving quality at entry** – of sovereign programs/projects and nonsovereign projects



**Figure 3: 3E Theme Prioritization for Targeted Investments**

3E = economy, environment, and equity.  
Source: R. Naik Singru 2012.

- vi. **Sustainability** – The assessments will enable programming that takes into account sustainability of impacts through the evidence-based approach to planning and financing. With regard to sustainability of impacts, a study<sup>3</sup> conducted by the Independent Evaluation Department emphasized the need to rigorously address risks to sustainability in CPS sector assessments at the national level and in the process of project formulation at the project level (ADB 2013).

<sup>3</sup> ADB. 2010. *Special Evaluation Study: Post-Completion Sustainability of Asian Development Bank-Assisted Projects*. Manila.

b. **Identification of cross-sectoral constraints**

vii. There have been concerns in the emergence of cross-sectoral constraints that hinder the success of urban sector projects given the complexity of the sector. Identifying the potential constraints, particularly those related to cross-cutting issues such as lack of institutional capacities or procurement delays, will enable focused interventions in the design of projects and effective implementation.

For example, a recent Independent Evaluation Department study<sup>4</sup> found that noncompliance of water sector reform was a hindering factor to the financial sustainability of an urban sector project. The importance of providing an enabling environment through relevant legal and regulatory reforms can be highlighted and identified through NUAs. This could potentially lead to reorienting the project cycle to bring in regulatory reforms and capacity development at the forefront of project planning.

c. **Strategic view on targeted investments**

The assessments generate an evidence-based system that supports informed decision making toward directing indicative investment needs in

viii. Key geographic areas within a country and urban region; and

ix. Key thematic sectors under the green, competitive, and inclusive agenda of the UOP.

d. **Financial sustainability**

Financial sustainability of infrastructure assets is an important aspect of asset management. Assessments could highlight the lack thereof within operation and maintenance (O&M) where encountered to propose actions to be undertaken for development of sustainable finance systems or innovative mechanisms for financing robust subnational infrastructure (both capital expenditure and O&M).

“Quite often, we do not know the status of other initiatives—finance, social, etc. in the same geographic region. It would be good if the manual can highlight interlinked issues/multisector issues.”

— ADB project officers during consultations

## MODALITY

a. **Scope**

i. **Undertaking Assessments:** The assessments should be undertaken by ADB’s operations departments in partnership with governments or the executing agencies. Ideally, these should be included by the concerned departments in their work plan toward the CPS studies.

ii. **Extent and Details:** The scope of the assessments should be limited to generating a quick overview of each thematic sector as outlined in Table 1. It should create a snapshot view of the sector. Where required, it can provide further detailed studies if the sector has been prioritized by the government or ADB for investment. **It is important to note that these assessments are not intended to replicate existing information or data collection procedures but are meant to lend better structure to current strategic urban planning exercises in DMCs.** The caveat holds that the extent and scope of the assessments will rely on the maturity of urban planning systems of the country.

<sup>4</sup> ADB. 2006. *Special Evaluation Study on Urban Sector Strategy and Operations*. Manila.

**Table 1: Scope and Objective of National Urban Assessments**

	Activity/Objective	Geographic Scale	Output	Applicability to ADB Operations
POLICY-LEVEL PROGRAMMING	Strategic Policy and Planning	National and State/Provincial Regions	National Urban Sustainable Urban Development Plan	Country Partnership Strategy dialogue
	Integrated Urban Development Framework	National and State/Provincial Regions		TARGETED INVESTMENT AT NATIONAL-LEVEL PROGRAMS
	Vision Setting	National and State/Provincial Regions	National Urban Sector Strategy	Urban projects formulated based on government priorities
	Strategic Investment Programming	National and State/Provincial Regions	National Urban Investment Plan	Implementation of urban sector strategy with projects at national and state/provincial region levels
SECTOR AND PROJECT LEVEL	Strategic Policy and Planning	City/Urban agglomeration	Regional Development Plan	Technical Assistance
	Integrated Urban Development Framework	City/Urban agglomeration	Regional Urban Sector Strategy	TARGETED INVESTMENTS URBAN REGION LEVEL OR SUBSECTOR
	Vision Setting	City/Urban agglomeration	City Development Plan/Action Plan/Integrated Urban Plan	Technical Assistance
	Targeted Investment Programming	City/Urban agglomeration	<b>3E Theme prioritization to streamline targeted investment</b>	Implement Urban Project based on 3E thematic assessment Exploring sub-sovereign lending options; leveraging and pooled finance

3E = economy, environment, and equity; ADB = Asian Development Bank.

Source: Authors.

#### b. Timing and Schedule

- iii. **Time requirement:** It is anticipated that the assessments will be carried out between 18 working days and 30 working days.
- iv. **Schedule within the Project Cycle:** An assessment that is expected to be a profile for an operations project should be scheduled before the fact-finding/reconnaissance mission of ADB project processing staff. The thematic areas and list of urban indicators can be sent to the concerned executing agency or government department to collect relevant data pertaining to the project. The project officer will clarify the data requirements to ensure optimal use of resources and simplification of the process.

#### c. Cost

- v. **Source:** Where DMCs are not able to finance assessments and other donors are not active in the sector, funding for the assessments at the national level may be available through CPS preparation funds for assessment, strategy, and road map activities. Urban agglomeration/city-level assessments should be sourced from project preparatory technical assistance or technical assistance budgets.
- vi. **Cost of Study:** Cost of a single country and state/provincial region assessment is estimated at between \$30,000 and \$50,000.
- vii. **Consultant Requirement:** Assessments are assumed to be carried out by 2–3 international consultants—urban regional planner, economist/financial specialist, and a social development specialist, with experience in rapid assessment of urban systems. These consultants will be supported by national consultants. Sample terms of reference (TOR) for national and city level assessments are provided in Annexes 5 and 6.

# 1

# URBAN DEVELOPMENT CONTEXT

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*“Investments that foster sustainable and Inclusive development that enables Asian urban inhabitants to enjoy a quality of life with access to basic services, secure shelter and employment opportunities while maintaining vibrant economic growth and developing Asian cities resilient to climate change”*

— Asian Urban Forum 2011, ADB

The Urban Challenge

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## 1.1 Urban Development Challenges in Developing Countries

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Asian countries face the critical urban challenge of maintaining economic growth that is equitable, inclusive, and sustainable. Countries in Asia have experienced rapid economic progress that has lifted millions out of poverty and have provided a quality of life to urban inhabitants hitherto unknown to them. This growth has been triggered by economic liberalization in most instances and has occurred despite huge infrastructure deficit in Asian cities. Growing economies, such as India, are estimated to incur a potential loss of almost 20% growth in its economy due to urban infrastructure deficit. An estimated \$1.2 trillion capital investment is necessary to meet the projected demand in India’s cities (McKinsey Global Institute 2010). To sustain even current level of economic growth, Asia needs to invest in urban infrastructure. Asia, as a whole, needs to reconfigure its approach in meeting the local, regional, national, and global demands to enable its cities to be competitive, inclusive, and sustainable in the interconnected global economic networks.

Economic growth is reshaping cities and urban regions through increased agglomeration economies and industrial clusters that promote spatial competitiveness or territorial competition. Spatial or territorial competition emerges out of economic competitiveness among cities whether through specialization in particular niche industries (export processing, textiles, tourism, etc.), or through establishing linkages with the broader global economic networks to deliver efficient producer services (knowledge process outsourcing/ business process outsourcing, information technology clusters) (Cheshire and Gordon 1995, 1996).

Spatial competition is leading to a new urban morphology as megacities, city-regions, and clusters gain prominence in the evolving spatial patterns. These patterns are created as cities merge with other urban areas around it or form a nexus of cities often related to the specialized services within an urban region.

ADB’s Urban Operational Plan (UOP) 2012–2020 broadly defines an urban region as a geographically coherent area containing one or more cities and other urban areas linked by strong economic ties and by comparatively—in relation to areas not in the region—good transport infrastructure (ADB 2013).

Urbanization brings opportunities accompanied by challenges. Urban spatial transformation needs to be analyzed through two dimensions. One is the intrinsic process of migration, rural-urban, and urban-urban that creates a demand for housing, infrastructure, and urban services qualitatively different from the spatial demand placed on cities with increased spatial mobility, interconnectivity, transfer of flows and knowledge networks that are part of extrinsic globalization processes (Naik-Singru 2008). The constricted supply of good quality affordable housing, efficient public transport and traffic management, and efficient provision and delivery of urban services; and the inadequate urban infrastructure place severe constraints on inclusive development and economic growth. Urbanization

is not limited to the movement of population but encompasses three dimensions—economic, environmental, and social—that constitute the key dynamics of the process. Urban areas provide concentrated employment opportunities acting as magnets to the rural population. The expansion of urban regions has urbanized rural poverty, placing greater demand on scarce urban resources and the urban environment.

In recent years, Asian cities have been highly vulnerable to the impact of climate change such as flooding, heat waves, and earthquakes. With sea-level rise, urban areas along the coasts, particularly those in low-elevation coastal zones, will be threatened with inundation and flooding, saltwater intrusion affecting drinking water supplies, increased coastal erosion, and reductions in livable land space (UN-Habitat 2011). The urban poor live in overcrowded areas with precarious housing, outdated drainage systems, and lack of infrastructure and urban services that contribute to unsafe urban environments highly susceptible to the risk of disaster with even the smallest change in the climate or natural habitation. Thus, there is a need for a conscious change in the approach toward resource management and disaster risk management to create resilient cities by mainstreaming risk reduction into urban planning and management strategies.

The changing structure of urban population across different size categories reveals a shift of growth dynamics from large to second-tier cities. Large and medium-sized cities have grown beyond their administrative boundaries to present complex governance and urban management issues. The fragmented nature of institutions and delivery mechanisms present a challenge for executing and implementing multisector urban infrastructure projects. Evaluating urban governance and management to streamline institutional arrangements becomes a key platform to develop them in a sustainable manner to ensure a good quality of life.

Territorial competition refers to a form of collective action undertaken on behalf of economic interests within a particular territory, which serves to advance these in competition with those of interests in other territories (Gordon 2010).

The effects of urbanization and climate change are converging in ways which threaten to have unprecedented negative impacts on urban quality of life, and economic and social stability (UN-Habitat 2011).

## 1.2 Strategic Approaches to Urban Development Planning

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ADB's UOP 2012–2020 presents a new paradigm for urban development to develop a systematic approach to planning and use of ADB resources to catalyze more inclusive and environmentally sustainable economic growth in urban regions (ADB 2013). The UOP sets out a new direction for ADB urban sector operations to proactively respond to current and anticipated future needs by effectively addressing the investment opportunities and programmatic issues hindering the efficient, sustainable, and equitable development of cities. The new approach takes into consideration the varying stages of development and the strategic priorities in ADB's developing member countries (DMCs). There is a growing and collaborative response by international agencies to encourage national stakeholders to build in-country capacity and take ownership of the development process. **The first step toward achieving this is to provide a systematic platform for analysis and planning.**

At the national level, human development indicators have formed the key basis for analyses of urbanization to provide quick access to basic data on urban demographic studies. Urban indicators have been developed in recent years to generate information to improve management of cities in developing countries (Westfall and De Villa 2001). Various international organizations, such as the World Bank, the United Nations Human Settlements Programme (UN-Habitat), and the United Nations Development Programme, maintain data and information on urban development indicators that are useful in urban assessments (World Bank 2011). However, there is a need for a framework to analyze the data through an integrated approach.

As early as 1986, the initiative Urban Management Programme (UMP) was established to promote innovative urban management practices, establish and strengthen municipal networks, and influence local and national urban policies and programs (UN-Habitat 1986). The Cities Development Initiative for Asia (CDIA), a regional initiative, was established in 2007 by ADB and the Government of Germany, with additional core funding support of the governments of Sweden, Austria, and Spain, and the Shanghai Municipal Government. CDIA provides assistance to medium-sized Asian cities to bridge the gap between their development plans and the implementation of their infrastructure investments. CDIA has developed a rapid prioritization tool kit that enables investment programming for cities through a user-friendly interface in a participatory manner (CDIA and UN-Habitat 2012). It has also developed capacity development training and guidelines for pre-feasibility studies to assist cities to strengthen their technical capacity in project planning (CDIA and UN-Habitat 2012).

To strengthen analytical skills with particular focus on the poor and vulnerable, the World Bank sourcebook on Poverty and Social Impact Analysis (PSIA) presents a framework and tools for institutional, political, and social analysis (TIPS) at the national level (World Bank 2007). Given the array of tools available, it is important that tools should be used selectively considering that a feasible framework for macro-level analysis requires the scope of the study to be kept manageable.

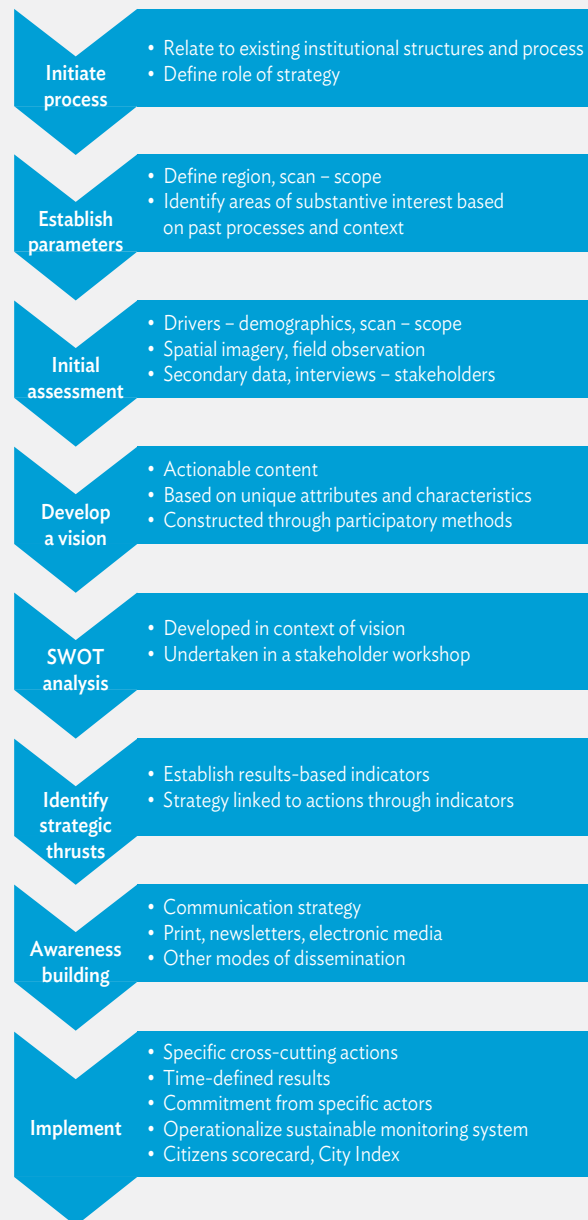
Qualitative methodologies for rapid assessments were primarily developed through business studies for strategic action planning of business corporations. Urban Planning has adopted strategic planning techniques popularized in business management strategies. Developed in the 1960s as a strategic planning method for data analysis, SWOT analysis evolved as a matrix for organizational analysis of strengths, weaknesses, opportunities, and threats. It has gained popularity as an urban strategic planning tool to prepare city

development strategies (CDSs). A range of tools and methods have been developed by international organizations to support cities in preparing CDSs that link their economic growth and poverty reduction objectives, often including citywide slum upgrading strategies (ADB 2004, Cities Alliance 2011, UN-Habitat 1986).

A CDS is defined as an action-oriented process, developed and sustained through participation, to promote equitable growth in cities and their surrounding regions to improve the quality of life for all citizens (Cities Alliance 2011). A City Development Strategy is a tool that helps a city harness the potential of urbanization. It also enables a city to develop a coordinated, institutional framework to make the most of opportunities. And, perhaps most importantly, a CDS gives residents a chance to have a voice in the future of the place where they live. A CDS helps cities integrate a strategic development approach and a long-term perspective into their urban planning. While CDS has been institutionalized in many countries such as the Philippines as part of their urban planning process, it has not been scaled up at the provincial or national level. The process for national urban assessments (NUAs) takes into account the CDS process to enable the scaling up to develop Urban Spatial Strategies at the state/provincial and national levels.

At the urban agglomeration level, the City Cluster Development (CCD) approach proposed enhancing the developmental potential of cities and towns within an urban region by strategically linking their development fields through efficient provision of urban infrastructure and services and innovative financing techniques (Choe and Laquian 2008). It concluded that a multisector approach that integrates different infrastructure projects to encompass all cities and towns in an urban cluster yields better results. Primarily these infrastructure and services require area-wide planning and, hence, an integrated approach can be efficiently implemented at the urban region level.

**Figure 4: City Development Strategy Process**



SWOT = strengths, weaknesses, opportunities, and threats.

Source: Author's analysis adapted from Cities Alliance (2006).

Undoubtedly, a wide variety of assessment tools and methods are available to analyze the urban sector; however, they cover only selective aspects of urban development planning. There is an evident lack of a comprehensive framework that can integrate the different steps and utilize the existing tools to generate a clear picture of the state of urban development in a country.

Hence, there was a need to develop a framework and step-by-step guide that can effectively bring in the different strands of knowledge to create a holistic understanding of the urban sector. An integrated urban development framework has been developed to address this gap and to enable better analytics and strategic focus for catalytic investments in the urban sector at the national and urban region levels. NUAs provide a clear set of principles for action in the urban sector. NUAs at the national and urban region levels are designed to provide overarching analytical framework and the strategic context for undertaking integrated urban development through targeted investment prioritization to strategic spatial areas based on a thematic 3E focus—Economy, Environment, and Equity. It is only through such a process can economic growth that is both inclusive and sustainable be planned and implemented effectively.



# 2

## ANALYTICAL FRAMEWORK

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*“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:*

- i. the concept of needs, in particular the essential needs of the world’s poor, to which overriding priority should be given; and*
- ii. the idea of limitations imposed by the state of technology and social organization on the environment’s ability to meet present and future needs.”*

— Brundtland Report 1987

### Integrated Sustainable Urban Development

The concept of an “integrated” approach to urban issues was adopted in developing countries in the early 1990s through urban regeneration projects for disadvantaged areas. This holistic approach encompassed the physical, economic, and social dimensions of urban development primarily to address rising social problems in large housing estates in the developed countries. The urban environment is a microcosm of life consequently requiring assessment through a multidimensional perspective rather than a compartmentalized approach.

Sustainable development has been defined at various junctures and remains an evolving concept. Commonly accepted is the definition put forth by the World Commission on Environment and Development (1987, 43) in their Brundtland Report: “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” It urges the present generation to meet present needs with a conscious view to its impact on the potential needs of the future. Two key critical aspects of sustainability commonly agreed on are: it embraces economic and social aspects alongside environmental priorities; and it is an evolutionary process that is dynamic and adaptive ensuring balanced development (Camagni, Capello, and Nijkamp 1998). Sustainable development has three components: environment, society (equity), and economy. The well-being of these three areas is intertwined and cannot be considered independent of each other (McKeown 2002). To attain this requires a perspective of the world as a system connected through time and space. Only through such a viewpoint can one begin to understand the variables that affect development in each of these components. These principles have been applied to the urban system to define sustainable urban development as a process of synergetic integration and coevolution among the great subsystems making up a city (economic, social, physical, and environmental) without compromising the well-being of the surrounding areas (Camagni 1998). However, these parameters for sustainability require a framework to attain balanced development. Sustainable urban development can then be addressed through an integrated framework.

## 2.1 Framework for Integrated Sustainable Urban Development

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**Integrated Sustainable Urban Development** is defined here as a synergetic approach that incorporates the **economic**, **environmental**, and **social** dimensions within the **physical** dimension of urban development without compromising or adversely affecting the growth potential of any one dimension for the development goals of another.

The integrated framework for sustainable urban development provides an urban management platform to undertake NUAs that assess financial, management, governance, and institutional capacity for undertaking urban development programs and projects. Effective implementation of any urban development project is contingent on the critical structure provided by the urban governance and management of the organization responsible for implementation. The other critical component is the resource mobilization and financial sources for funding infrastructure projects. Understanding the structure of urban finance in a country is essential to sourcing critical funds to bridge urban infrastructure gaps. As critical to sustainable development is a strong foundation that is contingent on the capacity and ability of the responsible institutions and stakeholders to manage urban projects. Capacity development encompassing organizational, management, human resource, and technical skills provides the underlying foundation to planning and achieving sustainable urban development.

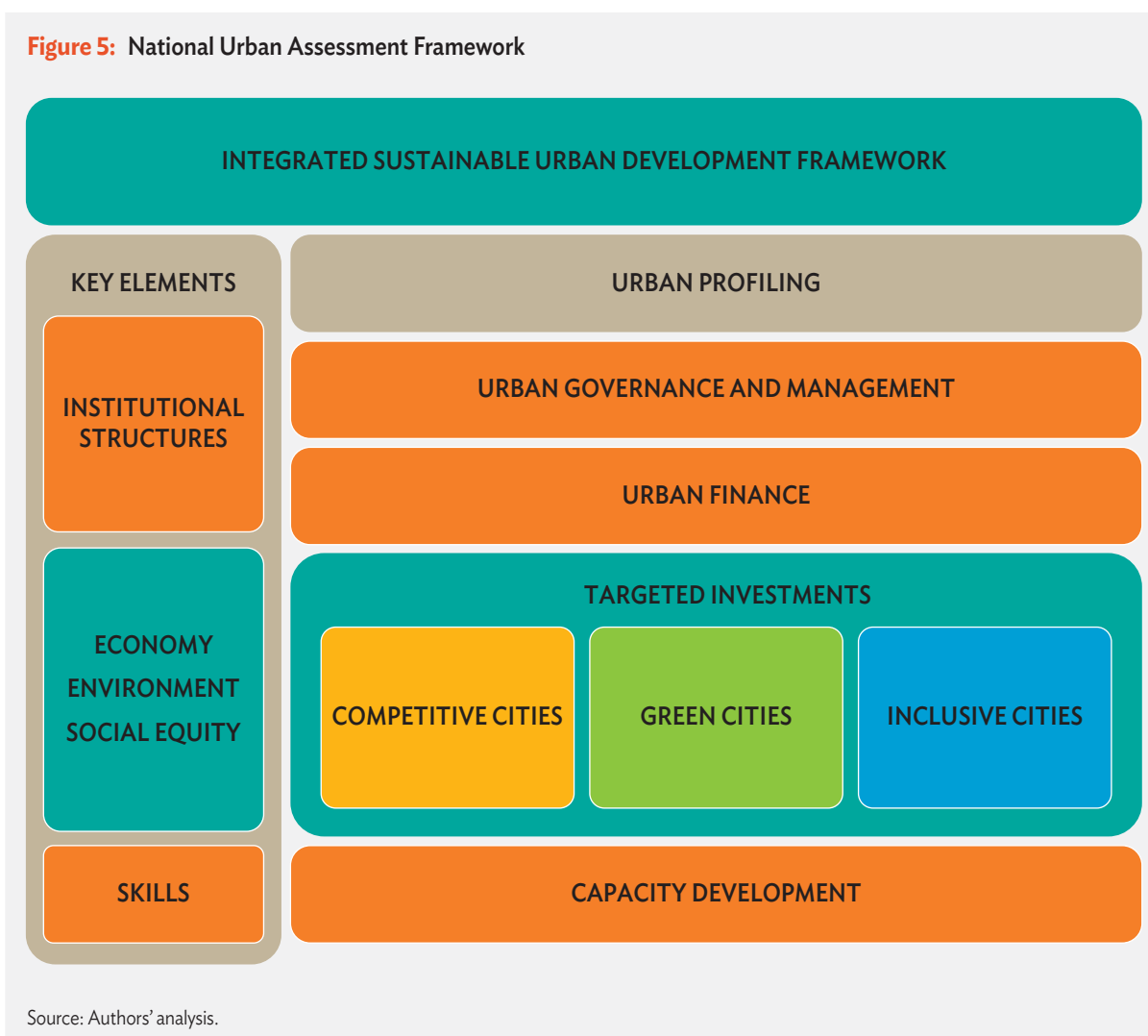
The framework presented in Figure 5 guides the readers through a series of steps in the assessment process. Assessments are undertaken under the three pillars of development—Economy, Environment, and Equity—to generate an urban profile. NUAs will enable governments to develop a proactive approach to improve coordination across sectors. NUAs bring into focus geographically coherent areas for ADB investments to generate a broader systemic impact of ADB’s urban sector projects. The outputs of the assessments undertaken under this framework are designed to give a snapshot of the state of urban affairs at the national level, which includes a governance and urban management profile, capacity needs assessment, urban finance matrix, economic profile, environmental profile, and social equity profile.

Sustainable urban development may be defined as a process of synergetic integration and coevolution among the great subsystems making up a city (economic, social, physical, and environmental), which guarantees the local population a nondecreasing level of well-being in the long term, without compromising the possibilities of development of surrounding areas and contributing by this toward reducing the harmful effects of development on the biosphere (Camagni 1998).

## 2.2 Process for National Urban Assessments

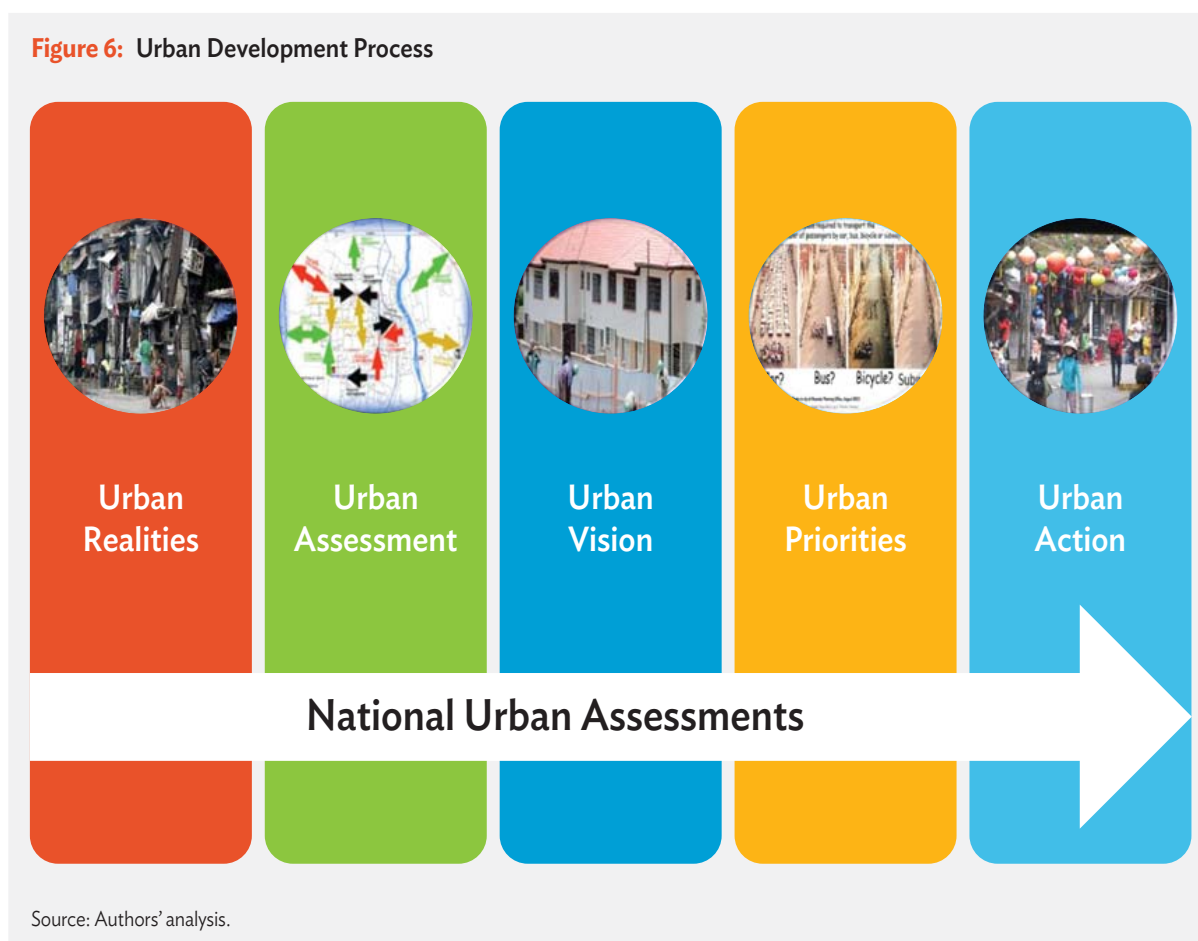
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NUAs span the entire urban development process, taking into account the urban realities to assess the current situation. Urban assessments account for future trends and development potential to assess the

**Figure 5: National Urban Assessment Framework**

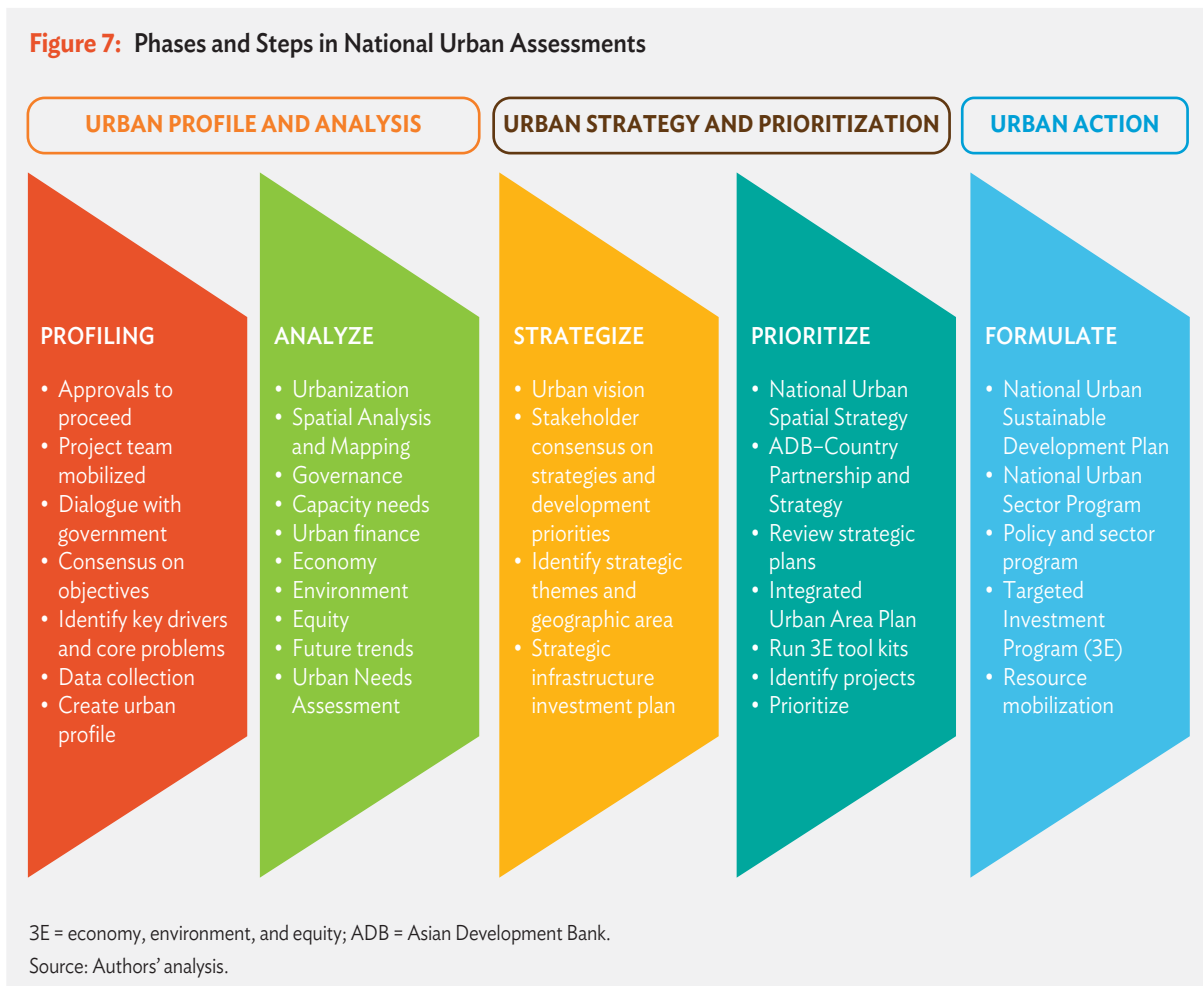
urban infrastructure needs. Every country and urban region has a strategic urban vision that establishes urban priorities and strategies that enable urban action. The primary function of the NUAs is to guide government officials in charge of urban development to collect and analyze urban data relatively quickly; assess future urban development options; identify development options; and to prepare strategies, plans, and prioritize projects to support sustainable urban development. The following section explains how to conduct National Urban Assessments (NUAs) including data collection, analyses, and planning studies to prepare a National Urban Development Plan (NUDP). Figure 5 shows the analytical framework to guide the user through the thematic areas of the NUAs. Figure 6 outlines the urban development process that covers the NUAs. The phases and steps to be undertaken for the NUAs are elaborated in Figure 7, and the tools to undertake the assessments are in the Toolbox.

The framework is articulated through three main analytical strategic processes to generate a series of outputs to develop an IUSDP with an investment program. The detailed process chart in Annex 1 maps out the required assessments and outputs. The following are three key phases in the process for NUAs.



## PHASE 1: URBAN PROFILE and ANALYSIS

This phase ensures that the assessments take into consideration existing urban realities and the future needs of the growing urban population. It identifies the key drivers of urban growth (TOOL 3: Socioeconomic Profile and Demographic Analysis), outlines existing urban conditions, and evaluates future trends and patterns of urbanization (TOOL 4: Spatial Analysis) that are likely to influence the 3E dimensions of sustainability. It takes into consideration the political and legislative dimensions of urban development that are critical in the creation of an enabling environment (TOOL 2: Political Economy Analysis; TOOL 8: Policy and Standards Review; TOOL 9: Enabling Environment Assessment), and the governance and management platforms (TOOL 5: Country Governance Assessment) and the institutional structures that are the mechanisms for implementation (TOOL 6: Institutional Assessment; TOOL 7: Municipal Checklist). The assessments are conducted under the 3E themes of sustainable urban development: Economy (TOOL 11: Economic Snapshot), Environment (TOOL 22: Integrated Disaster Risk Management Assessment; TOOL 23: Climate Change Impacts, Resilience Options, and Indicative Costs; TOOL 16: Urban Transport Assessment; TOOL 17: Urban Water Supply and Sanitation Assessment), and Social Equity (TOOL 13: Stakeholder Analysis; TOOL 18: Inclusive Service Delivery Assessment; TOOL 19: Infrastructure Needs Assessment; TOOL 20: Pro-Poor Shelter Strategy; TOOL 21: Urban HEART).



The assessments are conducted under the following thematic categories (Figure 5):

- ❖ Political System
- ❖ Urbanization
- ❖ Governance and Urban Management Profile
- ❖ Legislative and Regulatory Framework
- ❖ Urban Finance
- ❖ Capacity Development
- ❖ Economy
- ❖ Environment
- ❖ Equity

This phase will identify the economic, social, and environmental issues and challenges that currently constrain sustainable development of the urban sector. The key outputs of this phase are an Urban Sector Profile and the Urban Needs Assessment.

- ❖ To develop an **URBAN SECTOR PROFILE**:
    - ❖ **Scope:** Undertake preliminary/scoping work of the urban sector involving the analysis of the national urban system and at least one urban region, which could form a focus for urban operations in the country concerned.
    - ❖ **Review:** Conduct a comprehensive review of available literature on the urban sector in the country utilizing published works, evaluation studies, and project reports, identifying the determinants of a successful urban economy and poverty alleviating growth, laying particular emphasis on the identification of mechanisms that build the assets and incomes of the poor.
    - ❖ **Validation:** Validation of the National Urban Sector Strategy or Development Plan based on the following assessment criteria:
      - a. Time frame of the study and relevance
      - b. Specificity and realism of the vision
      - c. Nature of consultations carried out during preparation of the plan
      - d. Action plans identified to achieve the national strategy
      - e. Programmatic planning of investments (rolling plans) and realistic prioritization
  - ❖ **Baseline audit studies:** Compile quantitative and qualitative baseline information at the national and regional levels to assess current state of urbanization and urban hierarchy. Generate a spatial analysis to capture the key urban economic, environmental, and social development challenges. The data and information collected and analyzed, including digital maps and imagery, should be stored in a database as part of the Urban Sector Profile to enable updating of the information.
  - ❖ Identify and map governance and institutional structures to understand functional areas of responsibilities at the different levels of governance and management of urban affairs and to assess institutional capacity to structure and implement urban infrastructure projects.
  - ❖ Develop an Urban Finance Matrix (see Section 2.3, Figure 12) to understand urban financing systems and resource mobilization. Assess the sustainability of implementing agencies and private sector capacity for robust subnational infrastructure financing (both capital expenditure and operation and maintenance).
- A. **Audit:** Commence the collection of quantitative and qualitative baseline data and information at the national and regional levels to assess data availability and the relevance of development indicators under the 3E themes.
- ❖ Develop an **URBAN NEEDS ASSESSMENT**:
    - ❖ Prepare and analyze future demographic projections and trends and economic growth.
    - ❖ Conduct an urban infrastructure needs assessment, taking into account demand for infrastructure, housing, and urban services to include asset inventory performance, coverage, deficit, and the resource gap.
    - ❖ Analyze structural changes in urban activities through the lens of the 3E (Economy, Environment, and Equity) approach. The detailed indicators are elaborated under each thematic area (Figure A1.2).
- B. **Constraints:** Identify constraints to the urban sector's contribution to growth under the 3E sustainable approach
- ❖ Identify constraints to urban development—legislative and policy matters, governance and institutional capacities, economic growth of urban areas.

- ❖ Assess illustrative bilateral, multilateral, government, private sector and nongovernment urban programs to conduct a Capacity Needs Assessment to determine
  - ❖ the institutional capacity of the sector;
  - ❖ the human resources, i.e., urban management and technical skills;
  - ❖ the interagency coordination among national and local governments, nongovernment organizations (NGOs), the community, and the private sector.

## PHASE 2: URBAN STRATEGY and PRIORITIZATION

This phase aligns and builds consensus for strategic development priorities at the national and urban region levels. Based on the analysis, this phase evaluates the potential and opportunities for urban development in the context of the country's urban vision. The key outputs of this phase are an Urban Sector Strategy and a Strategic Urban Infrastructure Investment Plan.

- ❖ To develop an **URBAN SECTOR STRATEGY**:
- C. **Consensus Building:** Develop consensus on the strategic vision of the development partner (National/urban region/local government) with the strategic focus of ADB's country partnership strategy. Through stakeholder consultation, develop consensus on the strategic investment priorities for the country/urban region in terms of
- ❖ Key geographical focus
  - ❖ Key thematic priority from the 3E themes
- ❖ Based on the 3E thematic audit studies, constraints analysis, and consensus through stakeholder consultation (Steps A, B, and C), set priority strategies under 3E themes.
  - ❖ In this context, develop consensus on the strategic sectoral priorities for the country/urban region
    - ❖ Water Supply and Sanitation, Solid Waste Management
    - ❖ Housing/Shelter
    - ❖ Urban Transport
    - ❖ Environment, Climate Change, Energy
    - ❖ Social Sectors—Health, Education, Gender and Development
- ❖ To develop a **STRATEGIC URBAN INFRASTRUCTURE INVESTMENT PLAN**:
    - ❖ Review current ADB urban support in terms of sectors and geographic areas, current and proposed future development assistance in the sector, and their relevance to the Urban Operational Plan agenda, focusing on the integration of activities and the operational impacts.
    - ❖ Scan current development partner focus and potential for cooperation with ADB.
    - ❖ Based on the urban infrastructure needs assessment and finance assessment, prepare a Strategic Urban Infrastructure Investment Plan that identifies infrastructure options, provides indicative costs, defines resource gap, and suggests finance options.
    - ❖ Provide indicative investment needs in key sectors under the 3E themes.

### PHASE 3: URBAN ACTION—PROGRAM/PROJECTS

In order to achieve integrated urban development, this phase will establish specific objectives and activities for economic, social, and environmental management that support the attainment of the vision/mission manifested in the Urban Sector Strategy.

- ❖ Formulate a **NATIONAL URBAN DEVELOPMENT ACTION PLAN:**
  - ❖ Vision statement for a National Urban Development Action Plan (NUDAP)
  - ❖ Identify strategic polices, actions, and responsibilities with a timeline to address the core problems and constraints facing urban development and to address priorities.
  - ❖ Identify strategic action required to create an enabling environment through legal and regulatory reforms and policies to address priorities in the sector.
  - ❖ Define strategic action for institutional strengthening, technical skills development, and urban management capacity development.
  - ❖ Based on the Strategic Urban Infrastructure Investment Plan, prepare an investment program for the identified pipeline of prioritized urban projects under two broad programs.
    - **POLICY AND SECTOR PROGRAM SUPPORTING INVESTMENTS**
    - ❖ Including
      - Legislative and Regulatory reforms
      - Basic Infrastructure Program
      - Institutional Strengthening
      - Capacity Development
      - Private Sector Participation
    - **TARGETED INVESTMENT PROGRAM (3E)**
    - ❖ Including investments in support of
      - Economic growth – infrastructure investments supporting competitive growth
      - Environmental improvements – energy efficiency, innovative waste treatment technologies, efficient and resilient urban infrastructure, public transport;
      - Equity – pro-poor (poverty reducing) strategies such as provision of social infrastructure, livelihood programs, and local skills development programs.
    - **Innovative Finance Mechanisms** – based on a sound fiscal base, to further develop and integrate facilities for viability gap funding, credit enhancement, etc., to facilitate climate-related and pro-poor investments and participation of the private sector. Assess viability of infrastructure funds at the national and regional levels.

## 2.3 Thematic Areas for National Urban Assessment

Having described the analytical framework and process, this section sets out the contents and available tools for undertaking the assessments. The assessment should comprise of a national urban assessment (NUA) and a provincial/state-level assessment. The assessments will follow the thematic areas as defined in the National Urban Assessment Framework (Figure 5). The themes and indicators of development to be covered with proposed page limits are described in detail in Annex 2. Recommended themes and indicators of development under each of these thematic areas are shown in respective charts. The sample assessments on the Philippines and Sri Lanka can be referred for guidance.



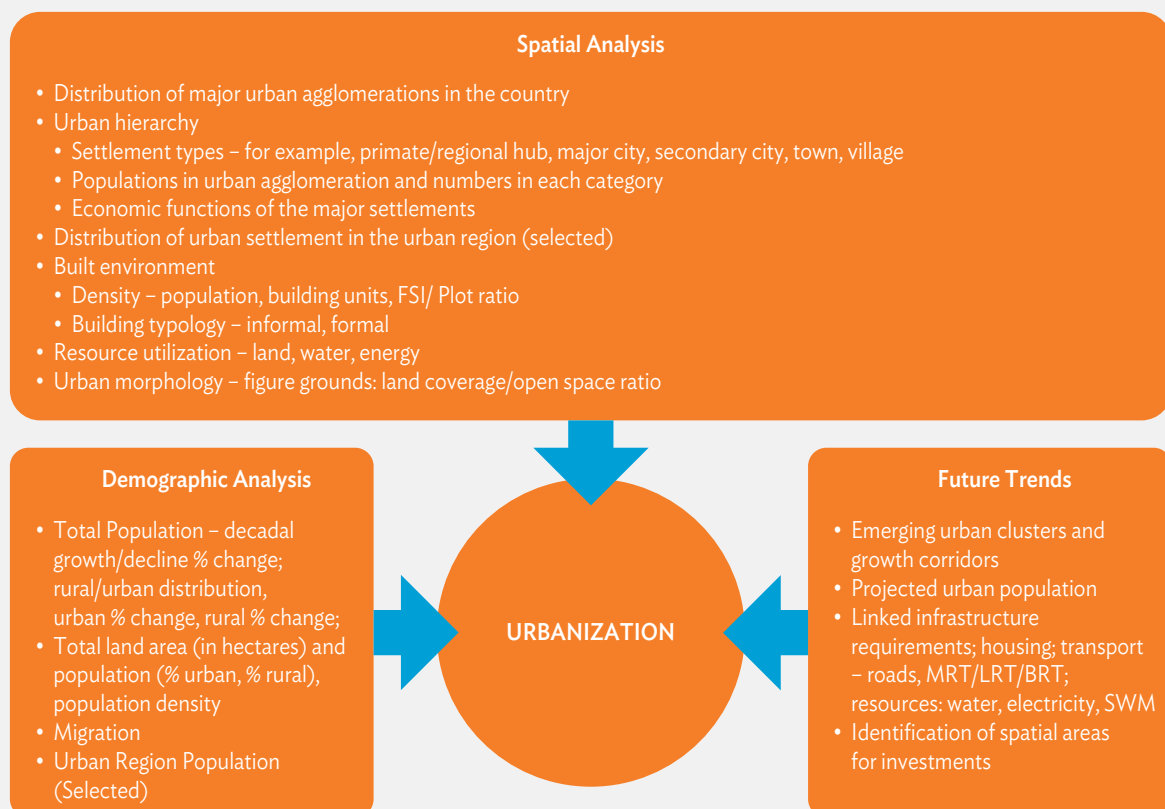
## Country Profile

NUAs should start with a country overview. Understanding the country context is essential to view its development policy and reform agenda through the historical lens as well as in the midst of an evolving economic, social, and political frame (World Bank 2007). It is well recognized that the lessons of the past are good indicators for present and future development trajectories. The country profile should include the geographical location, and an overview of the political history and systems of governance.

## Urbanization Profile

An urbanization profile (Figure 8) consists of demographic analysis and spatial analysis. The demographic analysis establishes an understanding of the demographic distribution in the country, including urban–rural change in population, population trends and densities, and migrant movements within urban regions. The spatial analysis consists of information on patterns of land use, land management policies, spatial distribution of urban settlements, comparative population densities, and total areas of metropolitan areas and urban regions. The urbanization profile should provide information regarding future areas of population growth and trends in urbanization that help in establishing the urban infrastructure needs and can guide targeted investments in the urban sector.

**Figure 8: Urbanization Profile**



BRT = bus rapid transit, FSI = floor space index, LRT = light-rail transit, MRT = mass rapid transit, SWM = solid waste management.

Source: Authors' analysis.

**Figure 9: Urban Governance and Management Profile**

### Urban Governance and Management Profile

Urban governance should be analyzed in the context of the political and governance systems and the institutional framework established for the delivery of urban services (Figure 9). Analysis should be undertaken for the following:

- ❖ Decentralization and Devolution
- ❖ Institutional Structures for Urban Development
- ❖ Key Urban Development Framework
- ❖ Key Urban Development Legislation

The extent of decentralization and devolution should be assessed alongside governance mechanisms for coordination of planning, implementation, and operation of urban infrastructure and services. Identify the institutional structures involved in urban development and map interlinkages between the three tiers of governance (national, subnational, and local) for overlapping roles or mandates in the functional areas of responsibilities (Figure 10) for urban planning and management. Assess the strengths and weaknesses of the key development framework that directs urban development in the country. Provide an overview of the key urban development legislations and reforms that create an enabling environment.

**Figure 10: Urban Governance and Institutional Assessment: Functional Areas and Responsibilities for Urban Affairs**

Urban Development	Economic Development	Environment	Equity/Social Development
<ul style="list-style-type: none"> <li>• Urban and Regional Spatial Planning</li> <li>• Tourism</li> <li>• Infrastructure <ul style="list-style-type: none"> <li>• Urban transport</li> <li>• Roads</li> <li>• Railways</li> <li>• Ports</li> <li>• Airports</li> <li>• Telecommunications</li> </ul> </li> <li>• Urban Services <ul style="list-style-type: none"> <li>• Water supply</li> <li>• Sewage</li> <li>• Electricity</li> <li>• Gas/district heating</li> </ul> </li> <li>• Land Markets and Housing</li> </ul>	<ul style="list-style-type: none"> <li>• Economic Development Plan</li> <li>• Local Economic Development</li> </ul>	<ul style="list-style-type: none"> <li>• Sanitation</li> <li>• Solid Waste Management</li> <li>• Pollution Control</li> <li>• Environmental Protection</li> <li>• Resource Management</li> <li>• Emergency/Disaster Management</li> </ul>	<ul style="list-style-type: none"> <li>• Education</li> <li>• Health</li> <li>• Social Welfare</li> <li>• Gender and Development</li> <li>• General Administration/ Civic Services <ul style="list-style-type: none"> <li>• Authoritative functions</li> <li>• Administration functions</li> <li>• Police</li> <li>• Civil defense</li> <li>• Civic accountability – consumer rights protection, right to information</li> </ul> </li> <li>• Fire brigades</li> </ul>

Source: Authors' analysis.

## Urban Finance Matrix

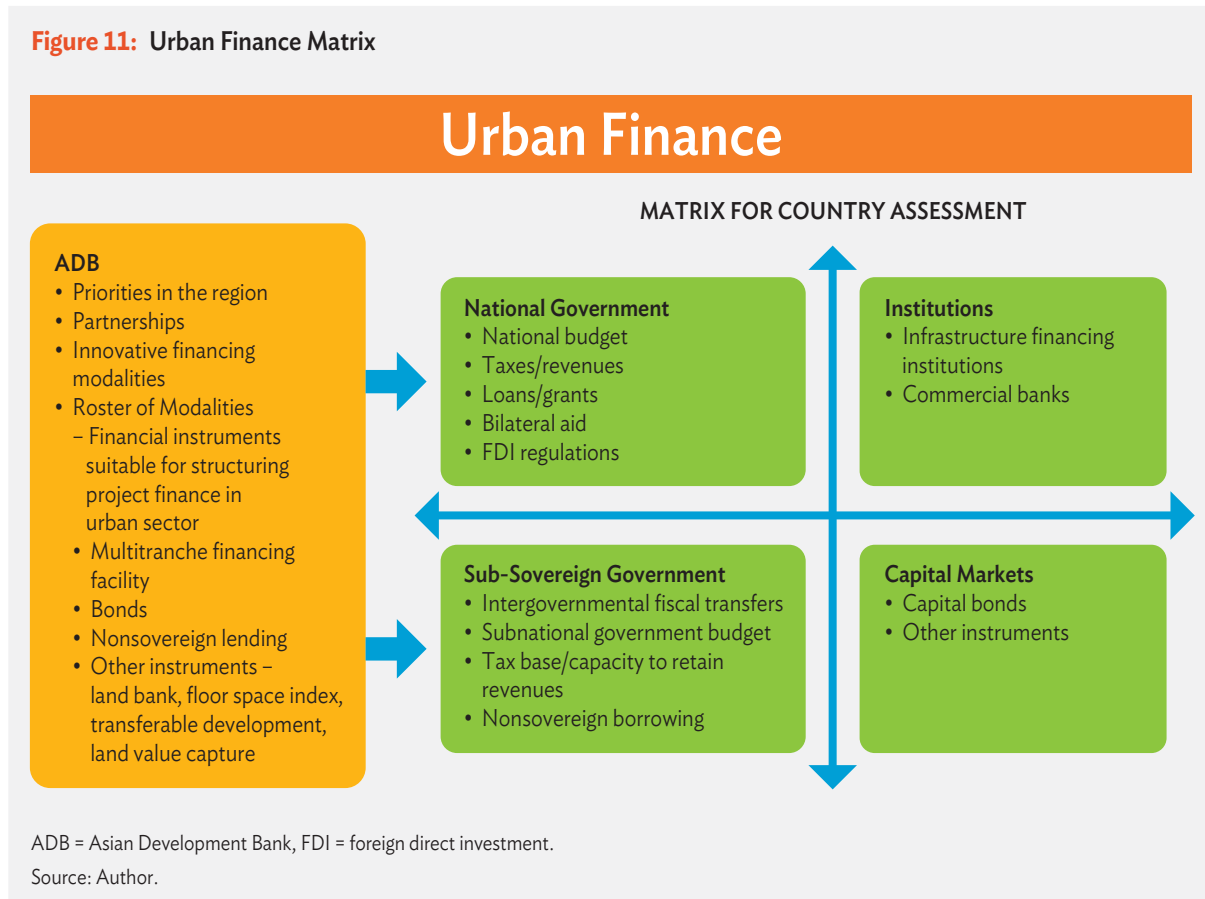
Estimates vary, but several hundred billion dollars a year worth of new urban infrastructure will be needed to fill prior gaps and keep pace with the unprecedented urban growth in Asia.<sup>5</sup> Over the 10-year period from 2010 to 2020, the 32 developing member countries (DMCs) of ADB require financing of \$747 billion annually to meet the growing demand for energy, transport, telecommunications, water, and sanitation. About 68% of this is needed for new capacity investments in infrastructure, and about 32% is needed for maintenance or replacement of existing assets. The total investments required to meet demand for regional infrastructure is valued at approximately \$320 billion, with an average infrastructure investment need of about \$29 billion per year during 2010–2020 (Sood, Mays, and Lindfield 2012).

The assessments for urban finance will provide a good understanding of the status of public finance including sovereign/sub-sovereign, financial institutions (public, quasi-government, commercial), and capital markets.

<sup>5</sup> The ADBI 2009 report, *Infrastructure for a Seamless Asia*, estimates the unfilled infrastructure needs of Asia that grew in the wake of the 1997–1998 financial crisis and that have increased rapidly with Asia's urban migration and rising middle class. Its estimate of \$750 billion a year for 2010–2020 exceeds others by several multiples but agrees with some other estimates that over half of the need is for municipal infrastructure. A McKinsey study in May 2010 projected that India needs to spend \$60 billion a year over the next 20 years to 250 million new urban dwellers. Sector wise, of the total investment, approximately 49% is estimated to be needed for energy infrastructure, 35% for transport, 13% for information and communication technology, and 3% for water and sanitation. Overall, the top 11 countries—most of which are in Southeast and South Asia—constitute 97% of Asia's total infrastructure investment needs. By subregion, the largest investment needs are in East and Southeast Asia at \$5.47 trillion, or 67% of the total, and South Asia at \$2.37 trillion, or 29% of the total. This can be explained by the fact that the largest economies in Asia—the PRC and India—are located in these subregions.

It builds a matrix (Figure 11) of the various revenue streams available in the country for funding urban infrastructure. These assessments should scan the different tiers of government for resource budget allocations and identify other external including multilateral banks, financial institutions, and commercial banks to develop an urban finance matrix as shown in Figure 11.

**Figure 11: Urban Finance Matrix**



With fiscal decentralization and devolution of power, DMCs have divested their service provision responsibilities at the subnational level. Local governments and their entities are becoming increasingly central to the provision of urban infrastructure. As they seek to improve their financial standings, national governments are also requesting development agencies to support directly at the subnational level, including lending to subnationals without sovereign guarantees.

Current mechanisms for financing urban infrastructure in DMCs rely heavily on the public sector. As a result, the government's fiscal position becomes the limiting factor in what can get built. While the public sector must still improve its fiscal position, it must also be more effective in using its relatively scarce budget to leverage more private sector financing and raising it to above the 20%–30% share it currently holds. This includes catalyzing the participation of domestic sources of finance, including capital markets, if sustainable systems of infrastructure financing are to be developed. Attracting such funds requires improvements in market structures, incentives, and instruments and in accountability by all participants, including governments. It also

requires better coordination among donor agencies. Taken together, such actions can lower costs and improve performance, making room for commercially priced finance to support a larger share of infrastructure projects, as in the more developed markets (Sood, Mays, and Lindfield 2012).

The assessment should discuss options to catalyze such leverage given that subnational financing options need to be strengthened as DMCs expand the range of conduits through which they fund infrastructure. It should (i) examine ways to move beyond some of the constraints commonly observed in mobilizing finance for subnational infrastructure, and (ii) propose areas for ADB financial support and intervention to support infrastructure financing at the subnational level. As cities take charge of urban infrastructure provision, the enabling environment at the municipal level will assume greater significance. The urban region-level assessment and city assessments should cover the following aspects:

- ❖ Enabling environment for municipal-level autonomy
  - ❖ Assignment of responsibilities
  - ❖ Intergovernmental transfer mechanism
  - ❖ Enabling environment for own-source revenues
  - ❖ Enabling environment for municipal borrowing
- ❖ Management of municipal financial resources
- ❖ Trends in municipal finances
  - ❖ Revenue
  - ❖ Financial operating position
  - ❖ Municipal debt

## Legislative and Regulatory Framework

Conduct an assessment of the impact of legislative and regulatory reforms on the economic performance of the country and outline any constraints on an enabling environment. Structural changes and reforms have a strong impact on creating an enabling environment conducive to establishing a competitive business environment as well as stimulating private sector investment in urban development. The *Doing Business 2011* report conducts a study for 139 countries to place them in a worldwide ranking and at the regional level (World Bank 2012). This includes the positive and negative impacts of reforms undertaken.

## Enabling Environment

Creating an enabling environment is key to developing urban competitiveness in a global economy. This can be analyzed by different indicators. Several studies are conducted every year to assess the enabling environment.

### ❖ Business Environment

The *Doing Business* is a series of annual reports by the World Bank Group, measuring the regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 189 economies—from Afghanistan to Zimbabwe—and over time to give an indication of the enabling environment of the country. The rankings use three indicators: ease of starting a business, dealing with construction permits, and

registering property. These indicators are a cumulative result of a host of variables connected to the regulatory environment, such as getting electricity to registering a property, getting credit to protecting investors and enforcing contracts. The ranking of the country will provide insight into the impact of legislative reforms on the business environment.

#### ❖ Global Competitiveness

The *Global Competitiveness Report* annually assesses the competitiveness landscape of 144 economies, providing insight into the drivers of their productivity and prosperity. The report remains the most comprehensive assessment of national competitiveness worldwide, providing a platform for dialogue between government, business and civil society about the actions required to improve economic prosperity. Competitiveness is defined as the set of institutions, policies, and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the level of prosperity that can be earned by an economy. The different aspects of competitiveness are captured in the Global Competitiveness Index composed of 150 indicators of competitiveness revolving around 12 pillars under the three subindexes—basic requirements, efficiency enhancers, and innovation and business sophistication (Figure 12). The countries are ranked on the basis of basic requirements such as institutions, infrastructure, macroeconomic environment, and health and primary education. The pillars for the efficiency enhancers are higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, and market size. The other pillars are innovation and business sophistication.

#### ❖ Competitiveness of Cities

Various studies are conducted regarding the competitiveness of cities. A good example is the City Competitiveness Study of Philippine Cities conducted annually by the Asian Institute of Management. The drivers for competitiveness can include infrastructure provision, enabling environment (legislation), government response to business development (including registration of property particularly ease of process and time required), the cost of doing business (land, permits, labor costs, etc.), human resources (skills, availability, and cost), and quality of life. The *Doing Business* reports use the indicator of “Ease of dealing with Construction Permits” as a proxy for government response to business needs. The variables included the number of procedures required, the number of days (time) taken to process the application, and the cost (percent of gross national income per capita).

**Figure 12: Global Competitiveness Index**

	Rank (out of 144)	Score (1–7)
<b>GCI 2012–2013</b> .....	<b>65</b>	<b>4.2</b>
GCI 2011–2012 (out of 142).....	75	4.1
GCI 2010–2011 (out of 139).....	85	4.0
<b>Basic requirements (55.5%)</b> .....	<b>80</b>	<b>4.3</b>
Institutions .....	94	3.6
Infrastructure .....	98	3.2
Macroeconomic environment .....	36	5.3
Health and primary education.....	98	5.3
<b>Efficiency enhancers (38.4%)</b> .....	<b>61</b>	<b>4.2</b>
Higher education and training.....	64	4.3
Goods market efficiency .....	86	4.2
Labor market efficiency .....	103	4.0
Financial market development .....	58	4.3
Technological readiness.....	79	3.6
Market size.....	35	4.6
<b>Innovation and sophistication factors (6.1%)</b> .....	<b>64</b>	<b>3.6</b>
Business sophistication .....	49	4.2
Innovation.....	94	3.0

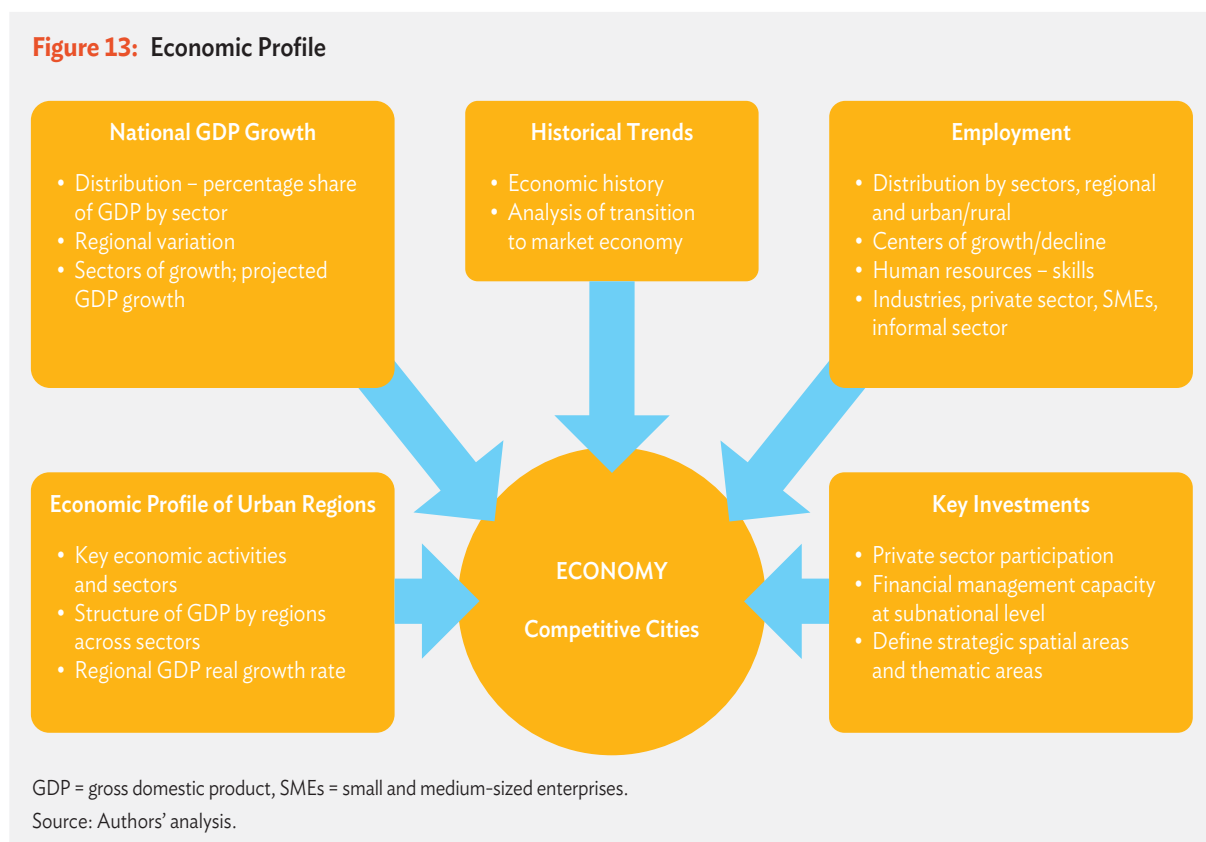
GCI = Global Competitiveness Index.

Source: World Economic Forum. 2012. *Global Competitiveness Index Report 2012–2013*. Geneva, Switzerland.

The competitiveness assessment should analyze the strengths and weaknesses of the economy through these indicators to indicate potential impacts such as the loss of productivity due to congestion, and transaction costs to business and government. The assessment should also flag issues about efficiency and effectiveness, corruption, transparency accountability, laws, costs of capital, knowledge management, information systems, and bureaucracy.

### Competitive Base: Economic Profile

Figure 13 outlines the thematic areas to be addressed to develop an economic profile of the country relevant for urban development. The economic profile charts the historical trends and the economic history of the country. It presents an analysis of the country's current status and transition (if any) to a market economy. The economic profile should present information on the national gross domestic product (GDP) growth, including the distribution as a percentage share of GDP by sector and the regional variation as a percentage share of GDP by regions across sectors. It should elaborate on the various sectors of growth to give indication of projected GDP growth. The key economic activities and sectors should be charted to give a complete understanding of the structure of GDP. This should be disaggregated at the urban region level to demarcate progressive and lagging regions. Key industries, small and medium-sized enterprises (SMEs), and informal sector activities should be noted to provide an understanding of the economic activities in the country and their contribution to the economy. Define the industry structure as number of micro, small, medium-sized, and large businesses by sector. Existing and future trends for foreign direct investments (FDIs) and import-export

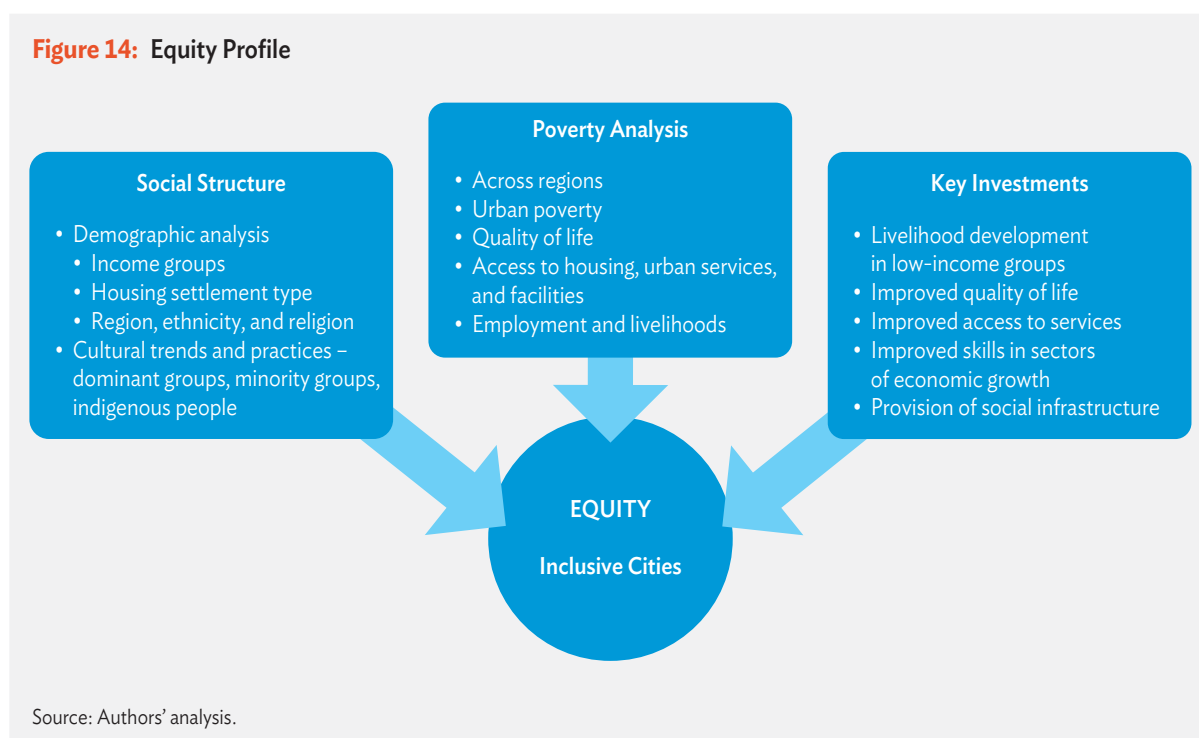


trends may affect employment patterns. Provide data on FDI, import–export, and tourism. Employment should be analyzed as per the distribution by sectors (agriculture, services, industry and manufacturing, and others) including regional distribution and urban–rural ratios. Formal sector employment data and informal sector estimates should be included. Define the centers of growth and/or decline. Based on employment patterns and trends, indicate the area for human resource development and capacity development (skills, education). Present other economic data with tables and graphic analysis.

Indicate the key investments required to boost and maintain economic growth and competitiveness of urban areas. Describe the current state of the sector and performance, stakeholder involvement, including summary of public–private partnership experience and civil society stakeholders, if applicable. Typical investment needs could be identified as infrastructure and transport provision, Industrial policy and estate development, incentivizing private sector participation, and financial management capacity at the subnational level. Recommend the strategic spatial areas and thematic areas for targeted investments.

### Inclusive Base: Equity Profile

The equity profile analyzes the inclusive base of the country as per the broadly outlined themes in Figure 14. Provide a description of the structure of urban society including cultural trends and practices (region, ethnicity, and religion) of dominant groups, minority groups, and indigenous people. Chart the distribution of population according to income groups and housing settlements. Describe the country’s progress with respect to gender and development. Refer to the ADB tool kit on gender equality results and indicators.<sup>6</sup>



<sup>6</sup> ADB. 2013. *Tool Kit on Gender Equality Results and Indicators*. Manila.



Provide a poverty analysis across regions. Define the urban poverty in the country with characteristics that portray the severity of conditions. Assessment should include quality of life indicators. Provide information on access to housing, urban services, and facilities. Analyze access to employment and livelihoods.

Indicate investment needs along the following:

- ❖ Livelihood development in low-income groups, minority groups gender-equity
- ❖ Improved quality of life
- ❖ Improved access to services
- ❖ Improved skills in sectors of economic growth
- ❖ Provision of social Infrastructure

Based on the equity analysis, identify the strategic spatial areas and thematic areas for targeted investments.

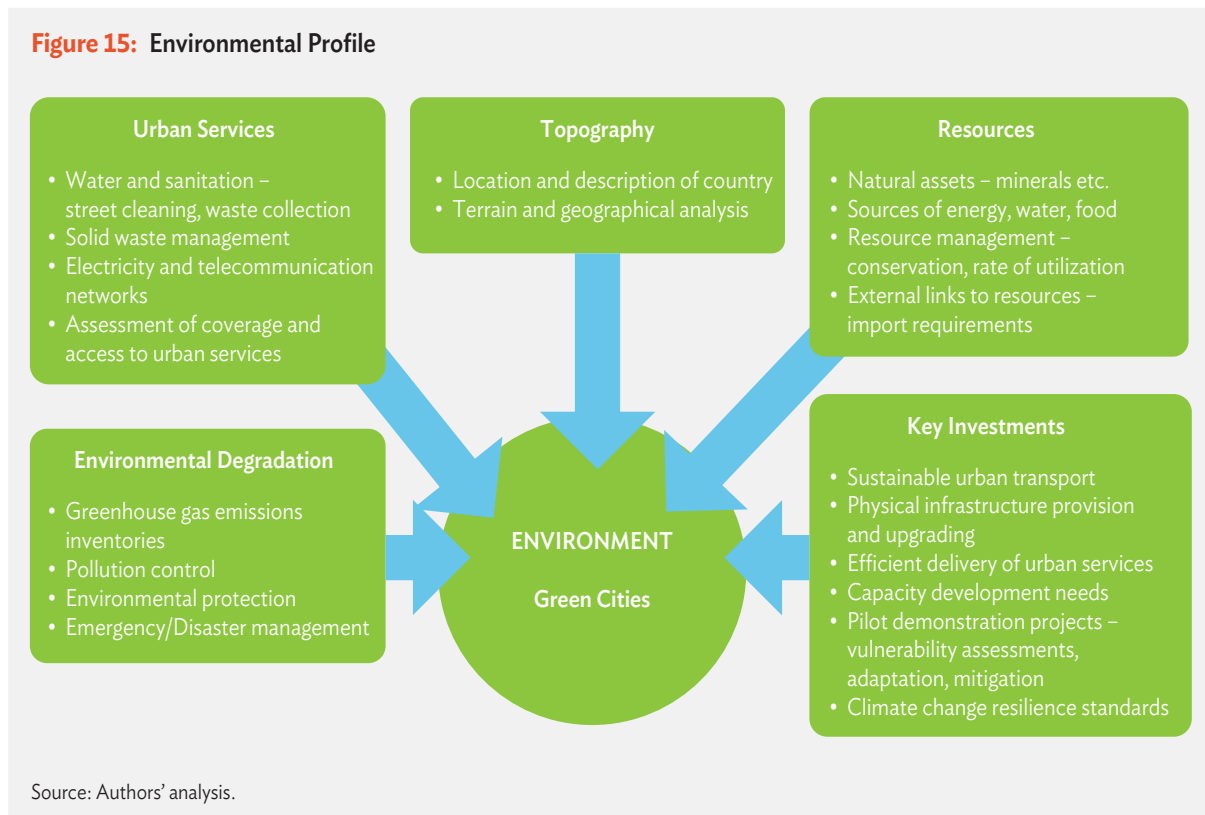
### Green Base: Environmental Profile

The environmental profile establishes the basic physical traits and natural resources of the country. The topography of the country, including its location and terrain, should be described to identify the challenges and constraints to its development. The potential of the country in terms of its natural resources and assets can be identified to provide input into development of industries such as eco-tourism or production of renewable energy, etc. Trace the sources of energy, water, and food for efficient resource management, conservation, and rate of utilization. Identify the external reliance on imports.

Describe and provide information on the status of urban infrastructure and transport. Provide baseline greenhouse gas emissions, if available. Identify causes of pollution and controls, if any. Provide information on environmental protection regulation and compliance.

Identify environmental risks and hazards due to geographic location of the country. Refer to *The Operational Plan for Integrated Disaster Risk Management, 2014–2020*, which seeks (i) to promote an integrated disaster risk management (DRM) approach in ADB's operations, supporting related products and business processes to strengthen disaster resilience and enhance residual risk management and encouraging a more coordinated, systematic approach to DRM; (ii) to further strengthen DMCs' integrated DRM capabilities, knowledge, and resources to reduce disaster risk and to respond to disaster events in a timely, cost-efficient manner; and (iii) to mobilize additional public and private partnerships and resources for integrated DRM (ADB 2014).

The operational plan introduces an integrated DRM approach that is based on a vision of disaster resilience combined with three basic DRM principles: (i) many development actions carry potential disaster risk but also provide opportunities to strengthen resilience; (ii) DRM investments may underperform and, ultimately, even exacerbate disaster risk if climate change is ignored; and (iii) levels of expenditure on risk reduction and residual risk management should reflect relative expected long-term social and economic returns. These principles, in turn, imply three key DRM requirements: to integrate disaster risk reduction (DRR) into development, to address the intersection between DRM and climate change adaptation, and to ensure that there are adequate financing arrangements in place to reduce risk and to manage and transfer residual risk.



Identify national policies that address integrated DRM and assess if these are integrated into the country's urban development projects and programs. ADB's operational plan for integrated DRM recognizes significant synergies between actions to support disaster resilience and to support poverty reduction, urban resilience, gender equality, food and water security, and the particular needs of fragile and conflict-affected situations.

Define any disaster management programs. Identify potential exposure to disasters related to climate change, and describe adaptation and mitigation programs, if any. ADB's recent investments have stretched from large-scale urban integrated water resource management and river basin projects incorporating flood control components, such as the Citarum river basin project in Indonesia, through to support for community-based DRM projects and disaster risk modeling. They have included DRR interventions as part of climate change adaptation projects (ADB 2014).

As such, DRR actions can take the form of both structural and nonstructural measures. They also cover stand-alone initiatives such as seismic retrofitting of school buildings; the incorporation of DRR components into wider projects, such as flood control elements of urban development projects; and the integration of DRR measures into other development actions, such as adjustments in road engineering design and location to strengthen resilience against extreme rainfall or landslides. The latter two can be referred to as embedded actions (ADB 2014).

The second principle focuses on the intersection between DRM and climate change adaptation, planning for changes in the intensity and frequency of extreme climate events and taking action to reduce risk today, tomorrow, and many years into the future. Hence, there should be due consideration of these potential future

changes in extreme climate events in the design of both stand-alone and embedded DRM actions, and the integration of the results into urban development and infrastructure planning.

Describe the current status of the urban development sector, including performance of the land and housing markets. Describe the regulatory framework including urban and regional planning regulations, land laws, planning, and control that enable or constrain urban development.

Describe the current state of urban services and performance of the sector. Define the stakeholder involvement including private sector participation in the delivery of services. Include summary of PPP experience and civil society stakeholders, if applicable. Provide data and information on the coverage and access of water (water supply/treatment/distribution), sanitation (liquid waste collection/disposal/recycling/wastewater treatment plants—cogeneration power also known as combined heat and power (CHP), and solid waste management (collection/disposal/recycling—cogeneration power/CHP). Identify the sources of energy and the production, distribution, and consumption of electricity. Provide data on the proportion of renewable energy utilized, including solar power, water regulation, and incentives provided. Provide information on telecommunication networks and infrastructure.

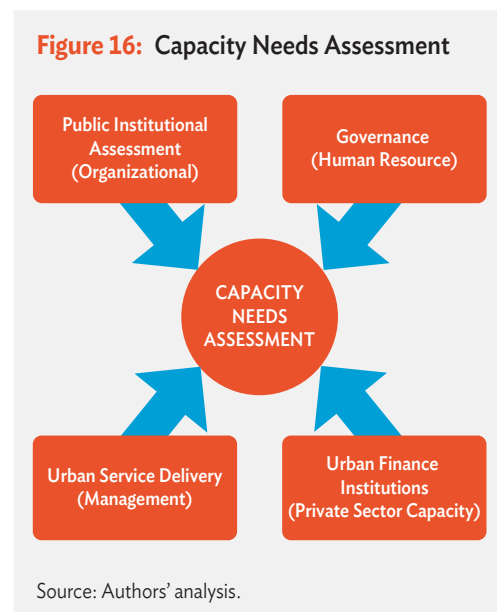
Identify key investments needs along the following:

- ❖ Sustainable urban transport
- ❖ Physical infrastructure provision and upgrading
- ❖ Efficient delivery of urban services
- ❖ Capacity development needs
- ❖ Pilot demonstration projects—Vulnerability/adaptability

### Capacity Development Needs Assessment

The capacity of the public sector administration and its agencies in the development of urban infrastructure and the delivery of urban services is crucial for well-functioning cities and urban areas. Figure 16 charts the areas for evaluation of the capacity needs assessment. The assessment should evaluate

- ❖ Urban Service Delivery (Management) by sector
- ❖ Public Institutional Assessment (Organizational)
- ❖ Governance (Human Resource)
- ❖ Urban Finance Institutions (Private Sector capacity)
  - ❖ Capacity of the private sector for infrastructure financing, and investment preparation and implementation with indicative terms/constraints
  - ❖ Financial sector strengthening for infrastructure investment



It should scan capacity development institutions to assess their scope and strength to cope with national and regional capacity training/skills development needs.

# 3

## PROCESS FOR STATE/PROVINCIAL REGION ASSESSMENTS

The process for the state/provincial assessments follows the same framework as the national urban assessment (NUA).<sup>7</sup> The framework is articulated through three main analytical strategic processes to generate a series of outputs to develop a state or provincial development action plan. The three key phases in the assessment process are as follows:

### PHASE 1: URBAN PROFILE and ANALYSIS

This phase ensures that the assessments take into consideration existing urban realities and the future needs of the growing urban population. It identifies the key drivers of urban growth, outlines existing urban conditions, and evaluates future trends and patterns of urbanization that are likely to influence the Economy, Environment, and Equity (3E) dimensions of sustainability. The assessments are conducted under the following thematic categories based on the framework outlined in Figure 5:

- ❖ Urbanization
- ❖ Governance and Management
- ❖ Legislative and Regulatory Framework
- ❖ Urban Finance
- ❖ Capacity Development
- ❖ Economy
- ❖ Environment
- ❖ Equity

This phase will identify the economic, social, and environmental issues and challenges that currently constrain sustainable development of the urban sector. The key outputs of this phase are a State or Provincial Profile and the State or Provincial Needs Assessment.

- ❖ To develop an **URBAN REGION PROFILE**:
  - ❖ **Scope:** Undertake preliminary/scoping work of the urban sector involving the analysis of the urban region, which could form a focus for urban operations in the country concerned. This should be in the context of the national urban system as well as the main urban centers and cities within the state/province selected.

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<sup>7</sup> It is expected that the NUA will be conducted as a first step to identify the urban region(s) for assessment.

- ❖ **Review:** Conduct a comprehensive review of available literature on the urban sector in the urban region and the selected cities utilizing published works, evaluation studies, and project reports, and identifying the determinants of a successful urban economy and poverty-alleviating growth, laying particular emphasis on the identification of mechanisms that build the assets and incomes of the poor.
  - ❖ **Validation:** Validation of the State or Provincial Sector Strategy or Development Plan (if any) based on the following assessment criteria:
    - a. Time frame of the study and relevance
    - b. Specificity and realism of the vision
    - c. Nature of consultations carried out during preparation of the plan
    - d. Action plans identified to achieve the regional and national strategy
    - e. Programmatic planning of investments (rolling plans) and realistic prioritization
  - ❖ **Baseline audit studies:** Compile quantitative and qualitative baseline information at the urban region level to assess current state of urbanization and urban hierarchy. Generate a spatial analysis to capture the key urban economic, environmental, and social development challenges. The data and information collected and analyzed, including digital maps and imagery, should be stored in a database as part of the State or Provincial Profile to enable updating of the information.
  - ❖ Identify and map governance and institutional structures to understand functional areas of responsibilities at the different levels of governance and management of urban affairs and to assess institutional capacity to structure and implement urban infrastructure projects.
  - ❖ Develop an Urban Finance Matrix to understand urban financing systems and resource mobilization. It is important to assess the potential and capacity of local government units for subnational borrowing. Assess the sustainability of implementing agencies and private sector capacity.
- D. **Audit:** Commence the collection of quantitative and qualitative baseline data and information at the national and regional levels to assess data availability and the relevance of development indicators under the 3E themes.
- ❖ Develop an URBAN REGION NEEDS ASSESSMENT:
    - ❖ Prepare and analyze future economic growth as well as demographic projections and trends.
    - ❖ Conduct an urban infrastructure needs assessment, taking into account demand for infrastructure, housing, and urban services to include asset inventory performance, coverage, deficit, and the resource gap.
    - ❖ Analyze structural changes in urban activities through the lens of the 3E approach. The detailed indicators are elaborated under each thematic area (Figure A1.2).
- E. **Blocks:** Identify constraints to the urban sector's contribution to growth under the 3E sustainable approach.
- ❖ Identify constraints to urban development—legislative and policy matters, governance and institutional capacities, and economic growth of urban areas.
  - ❖ Assess illustrative bilateral, multilateral, government, private sector, and nongovernment urban programs to conduct a capacity needs assessment to determine
    - the institutional capacity of the sector;
    - the human resources, i.e., urban management and technical skills; and
    - the interrelations between urban region/provincial and local governments, nongovernment organizations (NGOs), the community, and the private sector.

## PHASE 2: URBAN STRATEGY and PRIORITIZATION

This phase aligns and builds consensus for strategic development priorities at the urban region level. Based on the country-level and state/provincial-level analyses, this phase evaluates the potential and opportunities for urban development in the context of the urban vision set by the selected region. The selected cities within the state/province may have established their own strategic vision, which should be validated and taken into consideration to plan the investment program. The key outputs of this phase are a State/Provincial Strategy and a Strategic State/Provincial Infrastructure Investment Plan.

- ❖ To develop a **STATE/PROVINCIAL STRATEGY**:
  - ❖ Develop consensus on the strategic vision of the development partner (National/State/Province/local government) with the strategic focus of ADB's country partnership strategy.
- F. **Consensus:** Through stakeholder consultation, develop consensus on the strategic investment priorities for the country/urban region in terms of the following:
  - key geographical focus
  - key thematic priority from the 3E themes
  - ❖ Based on the 3E thematic audit studies, 3E constraints analysis, and consensus through stakeholder consultation (Steps A, B, and C), set priority strategies under the 3E themes.
  - ❖ In this context, develop consensus on the strategic sectoral priorities for the urban region:
    - Water Supply and Sanitation, Solid Waste Management
    - Housing/Shelter
    - Urban Transport
    - Environment, Climate Change, Energy
    - Social Sectors—Health, Education, Gender and Development
- ❖ To develop a **STRATEGIC URBAN INFRASTRUCTURE INVESTMENT PLAN**:
  - ❖ Review current ADB urban support in terms of sectors and geographic areas, current and proposed future development assistance in the sector, and their relevance to the Urban Operational Plan (UOP) agenda, focusing on the integration of activities and the operational impacts
  - ❖ Scan current development partner focus and potential for cooperation with ADB
  - ❖ Based on the urban infrastructure needs assessment and finance assessment, prepare a Strategic State/Provincial Urban Infrastructure Investment Plan that identifies infrastructure options, provides indicative costs, defines the resource gap, and suggests potential finance options
  - ❖ Provide indicative investment needs in key sectors under the 3E themes

## PHASE 3: URBAN ACTION—PROGRAM/PROJECT

In order to achieve integrated urban development and inclusive cities, this phase will establish specific objectives for economic, social, and environmental management that support the attainment of the vision/mission manifested in the Urban Region Strategy.

- ❖ Formulate a **STATE/PROVINCIAL DEVELOPMENT ACTION PLAN:**
  - ❖ A vision statement, and strategic policies for a State/Provincial Development Action Plan
  - ❖ Identify strategic action to address priorities in the sector and to address the core problems and constraints facing urban development in the urban region
  - ❖ Identify strategic action required to create an enabling environment through legal and regulatory reforms and policies to address priorities in the sector
  - ❖ Define strategic action for institutional strengthening, technical skills development, and urban management capacity development
  - ❖ Based on the Strategic State/Provincial Infrastructure Investment Plan, prepare an investment program for the identified pipeline of prioritized urban projects under two broad programs
    - **POLICY AND SECTOR PROGRAM**
    - ❖ Including
      - Legislative and Regulatory Reforms
      - Basic Infrastructure Program
      - Institutional Strengthening
      - Capacity Development
      - Private Sector Participation
    - **TARGETED INVESTMENT PROGRAM (3E)**
    - ❖ Including investments in support of
      - Economic growth – such as infrastructure supporting key competitive investments;
      - Environmental improvements – energy efficiency, innovative waste treatment technologies, efficient and resilient urban infrastructure, public transport; and
      - Equity – pro-poor (poverty reducing) strategies such as provision of social infrastructure, livelihood programs, and local skills development programs.

The key thematic areas for the State/Provincial Sustainability Assessments are detailed in Annex 3.

# 4

## PROCESS FOR INTEGRATED URBAN PLAN/CITY DEVELOPMENT PLAN

The process for developing an Integrated Urban Plan (IUP) or a City Development Plan (CDP) is based on the integrated sustainable urban development framework as the national urban assessment (NUA).<sup>8</sup> The IUP is an action plan or investment plan for the city that uses the integrated 3E approach. The framework is articulated through three main analytical strategic processes to generate a series of outputs to develop an IUP. The three key phases in the process for the IUP are as follows:

### PHASE 1: URBAN PROFILE and ANALYSIS

This phase ensures that the assessments take into consideration existing urban realities and the future needs of the growing urban population. It identifies the key drivers of urban growth, outlines existing urban conditions, and evaluates future trends and patterns of urbanization that are likely to influence the 3E dimensions of sustainability. The assessments are conducted under the following thematic categories based on the framework outlined in Figure 5:

- ❖ Urbanization
- ❖ Governance and Management
- ❖ Legislative and Regulatory frameworks
- ❖ Urban Finance
- ❖ Capacity Development
- ❖ Economy
- ❖ Environment
- ❖ Equity

This phase will identify the economic, social, and environmental issues and challenges that currently constrain sustainable development of the urban sector. The key outputs of this phase are an Urban Region Profile and the Urban Region Needs Assessment.

- ❖ To develop an **URBAN PROFILE**:
  - ❖ **Scope:** Undertake preliminary/scoping work of the urban sector involving the analysis of the city which could form a focus for urban operations in the country concerned. This should be in the context of the national urban system as well as the urban region in which it is located.
  - ❖ **Review:** Conduct a comprehensive review of available literature on the urban sector in the selected cities utilizing published works, evaluation studies, and project reports, and identifying the determinants

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<sup>8</sup> It is expected that the NUA and urban region assessment will be conducted as a first step to identify the cities that need to develop an Integrated Urban Plan or City Development Plan.



of a successful urban economy and poverty alleviating growth, laying particular emphasis on the identification of mechanisms that build the assets and incomes of the poor.

- ❖ **Validation:** Validation of the City Development Plan based on the following assessment criteria:
  - a. Time frame of the study and relevance
  - b. Specificity and realism of the vision
  - c. Nature of consultations carried out during preparation of the plan
  - d. Action plans identified to achieve the regional and national strategy
  - e. Programmatic planning of investments (rolling plans) and realistic prioritization

**Identify opportunities to introduce Competitive, Inclusive, and Green actions and principles in the projects identified.**

- ❖ **Baseline audit studies:** Compile quantitative and qualitative baseline information at the city level to assess current state of urbanization and urban hierarchy. Generate a spatial analysis to capture the key urban economic, environmental, and social development challenges. The data and information collected and analyzed, including digital maps and imagery, should be stored in a database (it can also be an Excel sheet) as part of the Urban Profile to enable updating of the information.
  - ❖ Identify and map governance and institutional structures to understand functional areas of responsibilities at the different levels of governance and management of urban affairs and to assess institutional capacity to structure and implement urban infrastructure projects.
  - ❖ Develop an Urban Finance Matrix to understand urban financing systems and resource mobilization. Conduct a Municipal Finance Assessment/Health Check to assess the potential and capacity of local government units for subnational borrowing. Assess the sustainability of implementing agencies and private sector capacity.
- A. **Audit:** Commence the collection of quantitative and qualitative baseline data and information at the city level to assess data availability and the relevance of development indicators under the 3E themes.
- ❖ Develop an **URBAN NEEDS ASSESSMENT:**
    - ❖ Prepare and analyze future economic growth as well as demographic projections and trends.
    - ❖ Conduct an urban infrastructure needs assessment, taking into account demand for infrastructure, housing, and urban services to include asset inventory performance, coverage, deficit, and the resource gap.
    - ❖ Analyze structural changes in urban activities through the lens of the 3E (Economy, Environment, Equity) approach. The detailed indicators are elaborated under each thematic area (Figure A1.2).
- B. **Blocks:** Identify constraints to the urban sector's contribution to growth under the 3E sustainable approach.
- ❖ Identify constraints to urban development—legislative and policy matters, governance and institutional capacities, and economic growth of urban areas.
  - ❖ Assess illustrative bilateral, multilateral, government, private sector, and nongovernment urban programs to conduct a capacity needs assessment to determine
    - the institutional capacity of the sector;
    - the human resources, i.e., urban management and technical skills; and
    - the interrelations among urban region/provincial and local governments, NGOs, the community, and the private sector.

## PHASE 2: URBAN STRATEGY and PRIORITIZATION

This phase aligns and builds consensus for strategic development priorities at the urban region level. Based on the analyses at the country level and urban region level, this phase evaluates the potential and opportunities for urban development in the context of the urban vision set by the selected region. The selected cities within the region may have established their own strategic vision, which should be validated and taken into consideration to plan the investment program. The key outputs of this phase are a City Vision and a City Action Plan.

- ❖ To develop a **CITY VISION**:
  - ❖ Develop consensus on the city strategy of the development partner (Provincial/state/local government/stakeholders) for the strategic vision for the city.
  
- C. **Consensus**: Through stakeholder consultation, develop consensus on the strategic investment priorities for the city in terms of
  - vision for the city and priority setting
  - key geographical focus
  - key thematic priority from the 3E themes
  - ❖ Based on the 3E thematic audit studies, 3E constraints analysis, and consensus through stakeholder consultation (Steps A, B, and C), set priority strategies under the 3E themes.
  - ❖ In this context, develop consensus on the strategic sectoral priorities for the city
    - Water Resource Management, Water Supply and Sanitation, Solid Waste Management
    - Housing/Shelter
    - Urban Transport
    - Environment, Climate Change, Energy
    - Social Sectors—Health, Education, Gender and Development
  
- ❖ To develop a **CITY ACTION PLAN**:
  - ❖ Review current ADB urban support in terms of sectors and geographic areas, current and proposed future development assistance in the sector, and their relevance to the UOP agenda, focusing on the integration of activities and the operational impacts.
  - ❖ Scan current development partner focus and potential for cooperation with ADB.
  - ❖ Based on the urban infrastructure needs assessment and finance assessment, prepare a City Action Plan/Investment Plan that identifies infrastructure options, provides indicative costs, defines the resource gap, and suggests potential finance options including a finance mechanism at the city or national level.
  - ❖ Provide indicative investment needs in key sectors under the 3E themes with short-, medium-, and long-term investments.

## PHASE 3: URBAN ACTION—PROGRAM/PROJECT

In order to achieve integrated urban development and inclusive cities, this phase will establish specific objectives for economic, social, and environmental management that support the attainment of the vision/mission manifested in the Urban Region Strategy.

- ❖ Formulate an INTEGRATED URBAN PLAN (IUP)/CITY DEVELOPMENT PLAN (CDP):
  - ❖ A vision statement, and strategic policies for an IUP/CDP
  - ❖ Identify strategic action to address priorities in the sector and to address the core problems and constraints facing urban development in the urban region.
  - ❖ Identify strategic action required to create an enabling environment through legal and regulatory reforms and policies to address priorities in the sector.
  - ❖ Define strategic action for institutional strengthening, technical skills development, urban management capacity development, and public awareness campaigns.
  - ❖ Based on the City Action Plan/Investment Plan, prepare an investment program for the identified pipeline of prioritized urban projects under the two broad programs
  - ❖ Establish institutional arrangements/mechanisms for agency coordination, and civil society and private sector participation. Establish a citizens scorecard or monitoring mechanism for the implementation of the City Vision.
- **POLICY AND SECTOR PROGRAM**
  - ❖ Including
    - Legislative and Regulatory reforms
    - Basic Infrastructure Program
    - Institutional Strengthening
    - Capacity Development
    - Private Sector Participation
- **TARGETED INVESTMENT PROGRAM (3E)**
  - ❖ Including investments in support of
    - economic growth such as infrastructure supporting key competitive investments;
    - environmental improvement such as energy efficiency, waste treatment technologies, resilient urban services and public transport; and
    - pro-poor (poverty reducing) strategies such as provision of social infrastructure, livelihood programs, and local skills development programs.

The key thematic areas for the IUP are detailed in Annex 4. Suggested terms of reference (TOR) to undertake an IUP is provided in Annex 6. An example of an IUP covering the 3E approach are the Green City Action Plans (GCAPs) prepared for cities under the GrEEEn Cities Initiative in Southeast Asia. The GrEEEn Cities Approach operationalizes the “3E” strategies of economic competitiveness, environmental sustainability, and equity of ADB’s Urban Operational Plan, 2012–2020 (Sandhu and Naik Singru 2014). The GrEEEn Cities Approach responds to rapid urbanization by integrating urban development with environmental management to improve livability and sustainability in cities and build their resilience. The process results in a GCAP, which is a time-bound, overarching investment plan with identified short-, medium-, and long-term investments linked to goals and enabling actions for achieving competitive and sustainable growth and improving livability. Urban Management Partnerships developed under this regional technical assistance are a platform for coordinating and managing implementation of such integrated urban investment/action plans.

# 5

## TOOLBOX

The National Urban Assessment (NUA) Toolbox includes assessment methodologies, implementation tool kits, and other resources for urban governance and management assessments, capacity needs assessments, and the urban finance matrix. The NUA toolbox contains an inventory of tools that assists the user in collecting information, and in structuring and analyzing data for the various thematic assessments. ADB has prepared three tool kits at the city level on Competitive Cities (City Cluster Economic Development [CCED]), Inclusive Cities, and Green Cities, which can be applied to outline targeted investments based on the priorities of the urban region. The inventory draws on tools referenced under the CCED, Green Cities, and Inclusive Cities tool kits that have relevant application at the national and urban region levels. The premise of the NUAs framework is that sector-specific studies and assessments are conducted in an ongoing manner by multilateral or bilateral development agencies. Extensive data and information are available from such studies. The aim of the NUAs is not to replicate such assessments but to collate information and data from existing studies as relevant to the urban sector and update it as needed. Where applicable, the inventory links tools to the original resource websites for detailed information, manuals and guidelines on application, and best case examples.

For consistency, the tools have been presented using a standard template also used for the Competitive Cities and Inclusive Cities Tool Kit, as shown in the format below (Roberts 2015).

Tool # Name of Tool	Flowchart Reference
Objectives:	
Approach:	
Steps:	Insert Graph (optional):
Auxiliary Steps (if any):	
Expected Results:	
Resources:	Sustainability:
Pointers for Implementation:	
References:	
Examples:	

## TOOLBOX: INVENTORY OF TOOLS

- TOOL 1: Project Preparation Work Plan
- TOOL 2: Political Economy Analysis
- TOOL 3: Socioeconomic Profile and Demographic Analysis
- TOOL 4: Spatial Analysis
- TOOL 5: Country Governance Assessment
- TOOL 6: Institutional Assessment
- TOOL 7: Municipal Checklist
- TOOL 8: Policy and Standards Review
- TOOL 9: Enabling Environment Assessment
- TOOL 10: Municipal Finance Assessment
- TOOL 11: Economic Snapshot
- TOOL 12: Economic Trends Analysis
- TOOL 13: Stakeholder Analysis
- TOOL 14: Problem Tree Analysis
- TOOL 15: SWOT Analysis
- TOOL 16: Urban Transport Assessment
- TOOL 17: Urban Water Supply and Sanitation Assessment
- TOOL 18: Inclusive Service Delivery Assessment
- TOOL 19: Infrastructure Needs Assessment
- TOOL 20: Pro-Poor Shelter Strategy
- TOOL 21: Urban HEART
- TOOL 22: Integrated Disaster Risk Management Assessment
- TOOL 23: Climate Change Impacts, Resilience Options, and Indicative Costs
- TOOL 24: Inventory of Projects/Programs and Investments
- TOOL 25: Capacity Needs Assessment and Capacity Development Plan
- TOOL 26: Vision, Mission, and Strategies
- TOOL 27: Project/Program Preparation
- TOOL 28: Goals Achievement Matrix (GAM)
- TOOL 29: Basic Urban Infrastructure Program

TOOL 1: Project Preparation Work Plan		Flowchart Reference: Urban Profile and Analysis Inclusive Cities Tool Kit Phase 1: Urban Context Competitive Cities Tool Kit CEDA Step 1
<b>Objective:</b> To prepare a project management work plan for mobilizing and managing the collection and analysis of data and information to prepare a National Urban Assessment (NUA) and management information system (MIS)		
<b>Approach:</b> To plan and manage the preparation of NUA report, it is advisable to develop a project work plan. The use of a basic project management package is advisable so that tasks, timelines, responsibilities, and resource requirements to collect and analyze information on the economy can be properly managed.		
<b>Steps:</b> <ol style="list-style-type: none"> <li>1. Gain approvals to proceed</li> <li>2. Select advisory group of stakeholders</li> <li>3. Select and brief project team</li> <li>4. Decide on data to be collected and protocols and collection timetable</li> </ol>		
<b>Auxiliary Steps (if any):</b> See "Getting Started" suggestions at end of Section 2 in the Competitive Cities Tool Kit (Roberts 2015).		
<b>Expected Results:</b> <ul style="list-style-type: none"> <li>• Work plan that will be used by staff and contractors responsible for assigned data collection and analysis tasks.</li> </ul>		
<b>Resources:</b> All tasks and stages of the project should be programmed and costed for labor, consultants, and operations costs including workshops, travel, procurement, and miscellaneous items. As a guide, add 5% to budget for project contingencies.	<b>Sustainability:</b> Monitoring and evaluation of project progress during implementation is essential to ensure logframe outputs are met according to the work plan.	
<b>Pointers for Implementation:</b> Create a small core working group to manage implementation. Groups should include technical, public relations, and financial management skills. Identify examples of projects management plans which can be used as format to prepare a work plan. <i>Logical Framework:</i> Unless structured and focused, consultations and group work do not lead to meaningful results and can, indeed, become counterproductive because of participants' frustration at the lack of progress. Facilitation is grounded on principles of a logical discussion process which mirrors the strategy decision-making process and ensures a clear focus and visible progress (UN-Habitat 2001).		
<b>References:</b> There are many project management packages available, some of which must be purchased. Others are open source. The following source includes a list of some of these: <i>Project Management Plan for Project: Project Initiation Handbook</i> Process Impact. <a href="http://www.processimpact.com/handbooks.shtml#pihb">http://www.processimpact.com/handbooks.shtml#pihb</a> <i>Project Management Software Packages</i> <a href="http://en.wikipedia.org/wiki/Comparison_of_project_management_software">http://en.wikipedia.org/wiki/Comparison_of_project_management_software</a>		
<b>Examples:</b> <i>Using the Logical Framework for Sector Analysis and Project Design: A User's Guide.</i> <a href="http://www.adb.org/documents/using-logical-framework-sector-analysis-and-project-design-users-guide">http://www.adb.org/documents/using-logical-framework-sector-analysis-and-project-design-users-guide</a>		

## Political Structure

### TOOL 2: Political Economy Analysis

### Flowchart Reference: Urban Profile and Analysis

#### Objective:

To conduct a political economy analysis to determine the enablers or constraints for urban development. The political structure enables development through different institutional mechanisms.

#### Approach:

The political economy analysis can be carried out using the following tool kits—Political Economy Analysis for Development Effectiveness and/or State of Democracy.

The State of Democracy assessment methodology of the International Institute for Democracy and Electoral Assistance (International IDEA) is intended for use by citizens to assess the quality of their democracy, and define priority areas for policy development and democratic reform.

#### Steps:

1. Describe the constitution and the political system in the country with a brief history of its political economy. Give a profile of the current government, including its priorities and approach.
2. Identify assessments carried out by the Asian Development Bank (ADB), the World Bank, the United Nations Development Programme, and other development partners.
3. Based on these assessments, identify the roadblocks or constraints to urban development, if any.
4. Write a qualitative summary of the assessment findings.
5. Develop a set of recommendations on specific areas for action.

#### Auxiliary Steps (if any):

ADB links the allocation of Asian Development Fund (ADF) resources to country performance. This system is based on the principle that aid is most effective in accelerating economic growth and poverty reduction in countries where policy and institutional performance is strong. Under the Performance-Based Allocation (PBA) Policy, ADB gauges the relative performance of eligible borrowers with access to the ADF by conducting annual country performance assessments (CPAs). This annual report provides information on the conduct and results of the 2010 assessments. It also summarizes efforts to harmonize ADB's allocation system with similar approaches to the PBA of concessional resources at other multilateral development banks.

<http://www.adb.org/site/adf/country-performance-assessment>

#### Resources:

This analysis, which is based on secondary research, will be conducted by the NUA team.

#### Sustainability:

Based upon the timing of the assessment in the country programming cycle, it will be a useful tool to provide input for the country partnership strategy (CPS) and other assessments such as the CPA. Likewise, this assessment can draw on the previous CPS and CPA.

#### References:

International Institute for Democracy and Electoral Assistance. <http://www.idea.int/sod/>

O. Serrat. *Political Economy Analysis for Development Effectiveness*. <http://beta.adb.org/sites/default/files/political-economy-analysis.pdf>

#### Examples: Philippine Democracy Assessment

The need to improve access to justice for citizens, especially at the local level, is one of the key findings of the fourth Philippine Democracy Assessment. Barriers to access to justice for ordinary citizens include the high cost and the lengthy delays for cases to go through the court process. The lack of information about the judicial system, and how it works, is also an impediment to access to justice. The assessment also shows that public trust in the institutions of the Philippines is mixed, and that the lowest level of trust is in trial courts and the police.

E. E. A. Co et al.; Action for Economic Reforms, Inc.; and International Institute for Democracy and Electoral Assistance (IDEA). 2010. *Philippine Democracy Assessment: Rule of Law and Access to Justice*. Quezon City. [http://www.idea.int/publications/philippine\\_democracy\\_assessment/index.cfm](http://www.idea.int/publications/philippine_democracy_assessment/index.cfm)

## Urbanization Profile

### TOOL 3: Socioeconomic Profile and Demographic Analysis

Flowchart Reference: Urban Profile and Analysis  
Inclusive Cities Tool Kit Phase 1: Urban Context

#### Objective:

To understand urbanization trends in the country

#### Approach:

Generating an urbanization profile for a national urban assessment requires census data and information from household surveys, which are available from the national statistical organization. Other databases, such as the World Bank's World Development Indicators (WDI) and the United Nations World Urbanization Prospects (WUP), are useful resources.

The information to be collected has been outlined in the thematic chart on Urbanization (Figure 8, p. 23).

#### Steps:

1. Collect the information on thematic areas outlined in Figure 9. Further chart can be referred to in Annex 2. Use the national statistics available from the census data. Compare with data from worldwide databases such as the WDI and WUP and country reports from ADB, the World Bank, the United Nations Development Programme, and other development partners.
2. Prepare charts and graphs for data visualization of urbanization trends and data on key sectors.
3. Interpret and analyze the data and trends to create an urbanization profile that includes a socioeconomic analysis and a demographic analysis. Migration data and trends should be included in the profile.
4. Write a qualitative summary of the assessment findings.

#### Auxiliary Steps (if any):

ADB project officers can refer to the Urblnfo data for a quick assessment on country-level urban data. The ADB's Statistical Database System can provide most of the data on economy and socioeconomic indicators.

#### Expected Results:

Urbanization profile depicting current status of urbanization and projected trends

#### Resources:

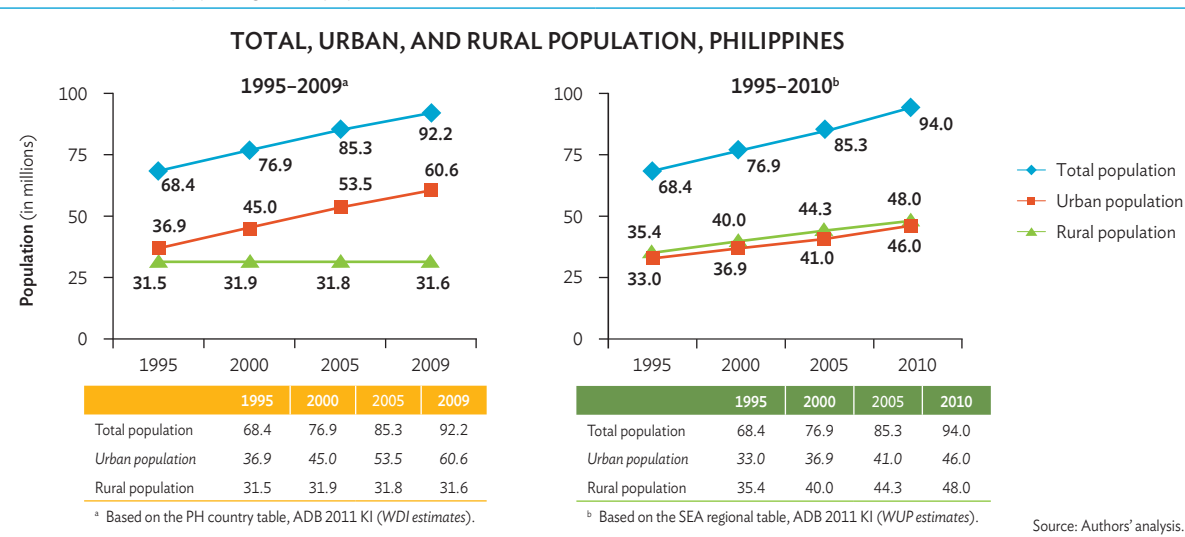
The secondary research is part of the baseline studies. Access to national data should be provided by the developing member country involved.

#### Sustainability:

Urban-level data, particularly urban region-level data, are difficult to obtain as these are not collected but are aggregated from census. It is important for city regions to start compiling a database and to benchmark some of the baseline information and indicators to maintain the urbanization profile.

#### Pointers for Implementation:

The projections for the percentage of urban population are different for the different databases. The difference arises from the method used for the projections by every database. It is important to remain consistent and closer to the national figures. For example, the figures below show that, in the Philippines, the percentage of urban population, as per WDI projections, was 60.6% in 2009, while the WUP estimates in 2010 gave a figure of 46%. This can affect the interpretation and estimation of trends in urbanization. One figure shows rapid urbanization, while the other depicts a steady pace of urbanization. Hence, the team conducting the national urban assessment must be careful in the interpretation of data and statistics, taking into account the methods used for projecting urban population.





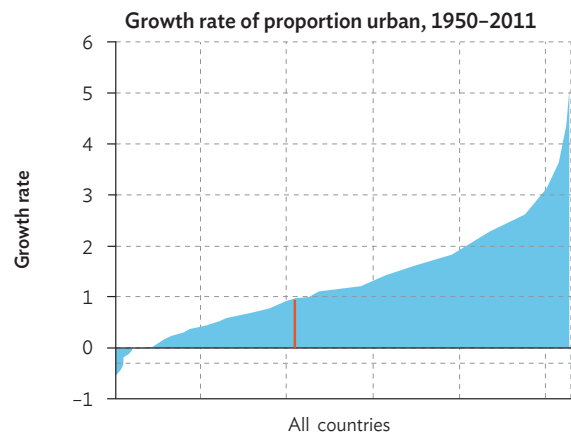
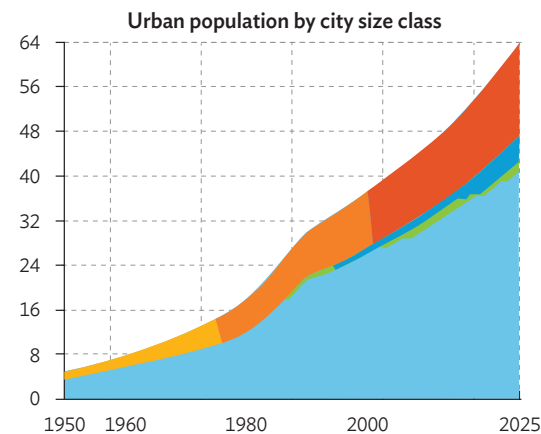
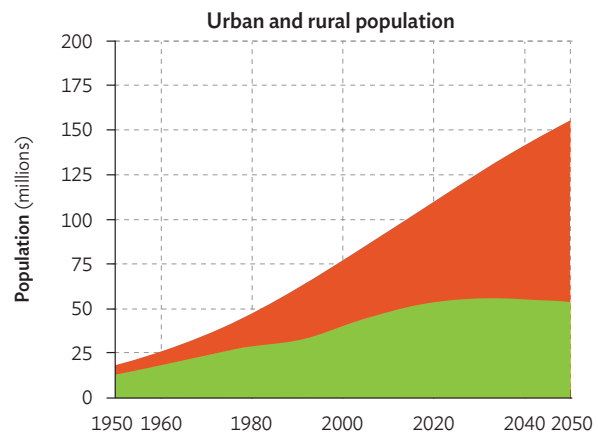
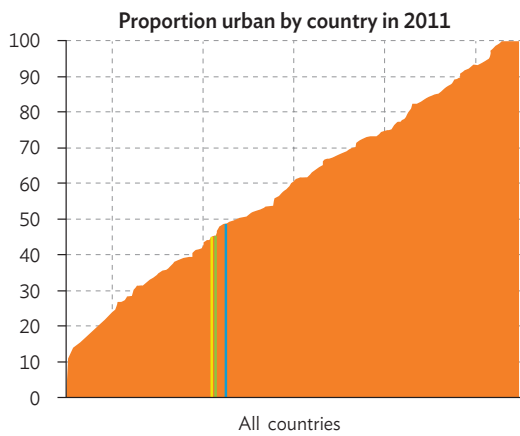
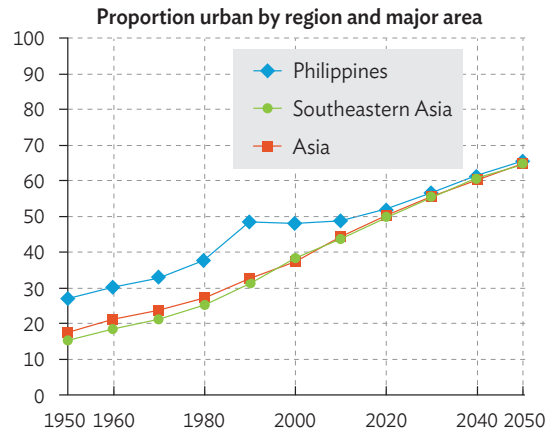
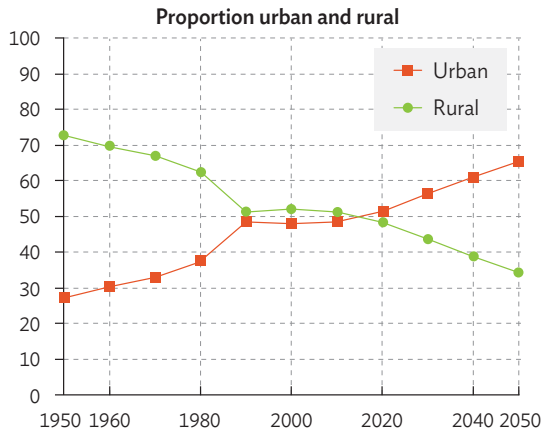
**References:**

United Nations Department of Economic and Social Affairs. <http://esa.un.org/unpd/wup/index.htm>

The World Bank. 2011. Data Urban Development. <http://data.worldbank.org/indicator/SP.POPTOTL> (accessed 31 October 2011).

**Examples:**

**COUNTRY PROFILE: PHILIPPINES**



Source: World Urbanization Prospects. 2012. [http://esa.un.org/unpd/wup/Country-Profiles/country-profiles\\_1.htm](http://esa.un.org/unpd/wup/Country-Profiles/country-profiles_1.htm)

TOOL 4: Spatial Analysis	Flowchart Reference: Urban Profile and Analysis
<p><b>Objective:</b></p> <p>To identify the spatial concentration and changes in the spatial pattern of land use (housing, public, and commercial) and industries and business activities in a region</p>	
<p><b>Approach:</b></p> <p>Spatial Analysis can be used to assess the distribution of major urban agglomerations in the country and determine the urban hierarchy such as settlement types, for example, primate/regional hub, major city, secondary city, town, or village. Spatial analysis can also be used for mapping resource utilization of land, water, and energy. This is best achieved through geographic information system (GIS).</p> <p>For urban region-level analysis, map the distribution of urban settlement in the selected urban region. At the city level, describe the built environment including densities (population, building units, floor space index/plot ratio) and building typologies (informal/formal, single dwelling/apartment block).</p> <p>The urban morphology of the city can be mapped and understood through a figure ground study that gives an open space/land coverage ratio, which enables integrated urban transport and land-use planning. Use of figure grounds gives an understanding of the urban fabric. Random urban fabric and dense areas are difficult for laying water and sewage lines. Overlay of plans on figure grounds enables better planning and implementation.</p> <p>The Cluster Spatial Mapping tool from the Competitive Cities Tool Kit (CEDA Step 2) provides the method for mapping the spatial concentration and changes in the pattern of land use for industries and business activities in a region. These are done by generating a map showing the spatial distribution and concentration of industries and businesses by sector and maps showing the spatial change, growth, and migration of industries and businesses in a region/city.</p>	
<p><b>Steps:</b></p> <p>Outline the urban hierarchy in the country by mapping the megacities, secondary cities, and tertiary cities. Provide data on the populations in urban agglomeration and numbers in each category. Provide maps/charts showing urbanization, population densities, and land area. Provide land use maps demarcating the utilization of land for residential, commercial, public use, forest and open areas. In the absence of GIS, use simple maps and plot the information on these using graphic coding or spreadsheets to produce simple graphs and charts. (See The Republic of the Philippines National Urban Assessment.)</p> <p>Overlay the population densities with a map of the economic activities in these cities. Describe the economic functions of the major settlements. In the study of economies of cities, there is a tendency to concentrate on the analysis of sociodemographic and sector industry patterns and change, without reference to their spatial context. The efficiency and effectiveness of local economies are significantly affected by the spatial pattern and distribution of economic activities and the linkages that occur between these. Spatial mapping of economic activities and land use is important to developing a deeper appreciation of the patterns of economic activity that occur in cities and regions, and to provide explanations about why some businesses choose to locate where they do. This can help in spatially targeting investment to lagging regions and in determining the potential industry or enterprise to support local economic development.</p> <p>In developing economies, there is poor information on the spatial location of economic activities. There are, however, sources of data that can be captured and processed to prepare spatial maps showing the geographic concentration of land use activities in cities. Some cities have land and business tax records, industry census, and Yellow Pages telephone information that contain useful spatial information about land use and economic activities. Much of this information is held in hard copy, but with the use of optical character recognition (OCR) scanning, this can be converted into digital data depicted on a map using GIS technology. The spatial location of business activities, by industry type, can be plotted by zip code or district-level classification.</p> <p>Most cities have Yellow Pages or business page data containing the names, addresses, and telephone numbers of categorized business enterprises. Yellow Pages data can normally be obtained from telecommunications companies. The increasing demand for internet access means more Yellow Pages data on developing cities are available. If such data can be obtained electronically, plotting the location of industry and business activities by standard industry classification (SIC) would not be difficult. If electronic data are not available, OCR scanning can be undertaken to compile a dataset of business activities.</p> <p>If using Yellow Pages data, it is useful to aggregate business activities to the two-level SIC classification for the purpose of analysis. If time series data are gathered, it is possible to show the spatial migration and shift in the agglomeration of business activities occurring in a metropolitan region over a certain time period.</p> <p>There are known problems with the use of Yellow Pages data to produce maps showing the location of business activities, but these can be reduced with supporting land-use information, business tax, and electricity records, if these can be secured. Time series data provide important insights into geographic concentrations of business activities and may enable the anticipated demand for infrastructure, community, and business support services activities to be identified. It is also possible during land use surveys to use a global positioning system (GPS) tracker to locate businesses by activity type.</p> <p><b>Cluster Spatial Mapping</b></p> <p>Step 1. Identify all sources of digital data, e.g., telephone companies, utility companies, chamber of commerce members, business tax and property tax records, water and electricity, zoning maps, and satellite imagery.</p> <p>Step 2. Identify which data can be procured. It is usually possible to get information on business name, address, and zip code.</p> <p>Step 3. Set up the GIS using street, zip code, or other geographic indicator. Try to make this as site- or area-specific as possible.</p>	

Step 4. Input and code all data by SIC and geographic location. Set up available time series data for later comparisons.

Step 5. Produce spatial maps showing the geographic location of business activities by SIC or land use activity.

Step 6. Analyze the spatial concentration and changes in industry locations.

#### Auxiliary Steps (if any):

It is often possible to get site- or business-specific data on employment, floor space area, and energy use. These data can provide insights into the intensity of land use activities, which will be useful in planning infrastructure and services.

Google maps provide an excellent source of information. It is useful to purchase time series data to be able to show changes that have occurred in parts of cities.

#### Expected Results:

- Maps showing the distribution and urban hierarchy of the urban agglomerations in the country
- Maps/charts showing urbanization, population densities, and land area
- Land use maps demarcating utilization of land for residential, commercial, and public use, and forest and open areas
- Maps showing the economic centers in the country, which helps to determine progressive and lagging regions
- Maps showing the spatial location of firms by SIC types
- Time series data on spatial changes in the location and concentration of firms by SIC

#### Map Sample:

Distribution of Major Urban Settlements and Transport Networks in Sri Lanka

City	Population 2004	Density (p/ha)	Economic Base of City
Colombo	642,163	160	Commercial/Services/Tourism
Kadawatha	271,490	28	Services
Kandy	219,230	77	Administrative/Tourism
Dehiwala-	209,787	97	Industrial/Tourism
Ja-Ela	185,562	23	Industrial/Tourism
Maharagam	180,112	81	Services
Moratuwa	177,190	89	Industrial/Tourism
Piliyandala	174,264	28	Industrial/Services
Battaramulla	166,157	78	Administrative
Panadura	162,979	30	Services/Tourism
Wattala-	161,644	35	Industrial
Kolonnawa	160,417	50	Industrial/Services
Seeduwa-	146,040	58	Industrial
Negombo	144,551	30	Tourism/Fisheries/Services
Pelivagoda	134,588	61	Industrial
Homagama	133,887	74	Industrial/Agricultural
Kotte	115,826	69	Administrative
Beruwala	114,251	16	Fisheries/Tourism
Kalutara	105,873	20	Administrative/Educational
Galle	104,015	16	Administrative/Heritage/Tourism

p/ha = persons/hectare.

Source: Urban Development Authority.

#### Urban Morphology—Figure Grounds



DELHI

KOLKATA

BANGALORE

NEW YORK CITY

SHANGHAI

LONDON

MEXICO CITY

JOHANNESBURG

BERLIN

**Resources:**

Simple mapping of distribution of urban centers and population densities does not require extensive equipment or software. In the absence of GIS, the information collected can be mapped using basic ordinance maps. Use Microsoft Excel to develop charts and graphs that depict the urban population densities. Land use information can be color coded. Urban morphology figure grounds can be prepared using ordinance maps as base maps and coloring the built mass using graphic software such as Vectorworks, Autocad, etc.

Collecting information for cluster mapping is time-consuming. Data analysis below the two-digit SIC classification level can be expensive. If additional field survey work is required, cost can be reduced by using a handheld GPS and linking this to the GIS or Google maps.

**Sustainability:**

This mapping tool provides useful information on spatial agglomeration of industries and environmental issues. It can help identify opportunities to intervene and solve problems that are constraining economic development.

**Pointers for Implementation:**

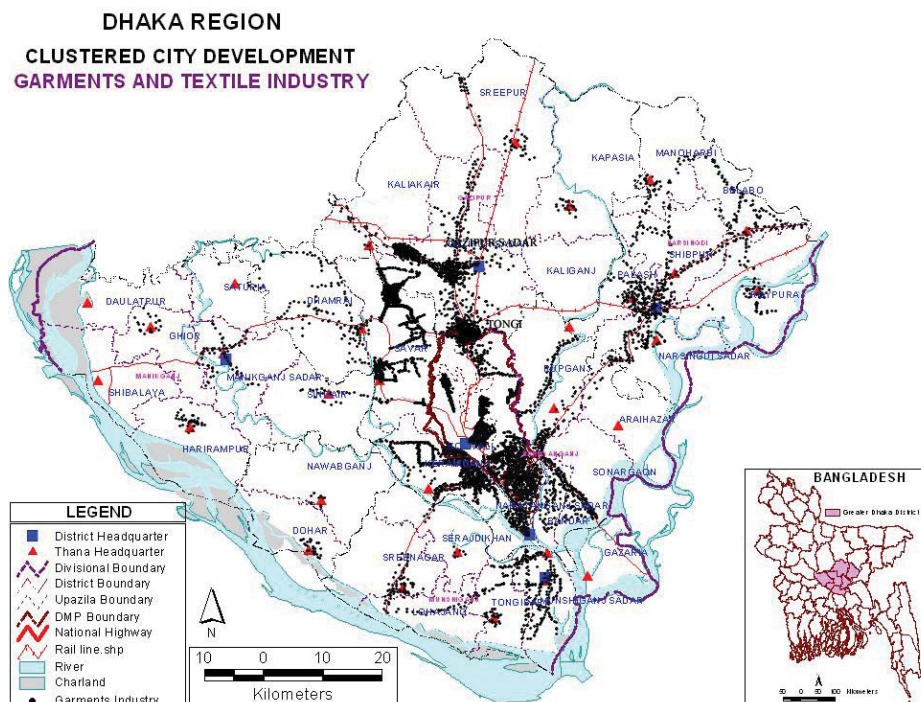
Any of the basic GIS software packages can be used to conduct spatial cluster analysis; however, in using high-quality equipment, a team of data processors and checkers will have to be trained to code, check, and process the data. If field survey work is required, a simple handheld GPS can be used for the data collection. In conducting field surveys or satellite remote sensing, it is also useful to capture other data, such as building area and property valuation, for later use in land use planning and tax mapping.

**References:**

K.-A. Choe and B. H. Roberts. 2011. *Competitive Cities in the 21st Century: Cluster-Based Local Economic Development*. Manila: ADB.  
 B. Roberts. 2015. *Tool Kit for Rapid Economic Assessment, Planning, and Development of Cities in Asia*. Manila: ADB.  
<http://www.adb.org/documents/tool-kit-economic-assessment-planning-development-cities-asia>  
 Spatial Mapping of Knowledge-based Developments in Melbourne. See Badenhorst and Scarf 2010.

**Examples: Case Study Examples of Mapping of Industry Clusters***Dhaka Spatial Concentration of Industries*

As part of the analysis undertaken for the City Cluster Economic Development study of Dhaka, Bangladesh, Yellow Pages data for three core industries in the economy (ready-made garments, tanneries, and food and beverage) were collected and coded to two-digit SIC level for subdistricts of a metropolitan region. Metropolitan-scale maps showing the spatial location of the three industry types were prepared. This was the first time spatial maps of this kind had been produced for the Dhaka Metropolitan region. From the analysis, it was possible to identify six distinct spatial agglomeration patterns of economic activities. The plotting of tanneries was useful in identifying spatial location environmental problems associated with this economic activity.



Source: Roberts 2015.

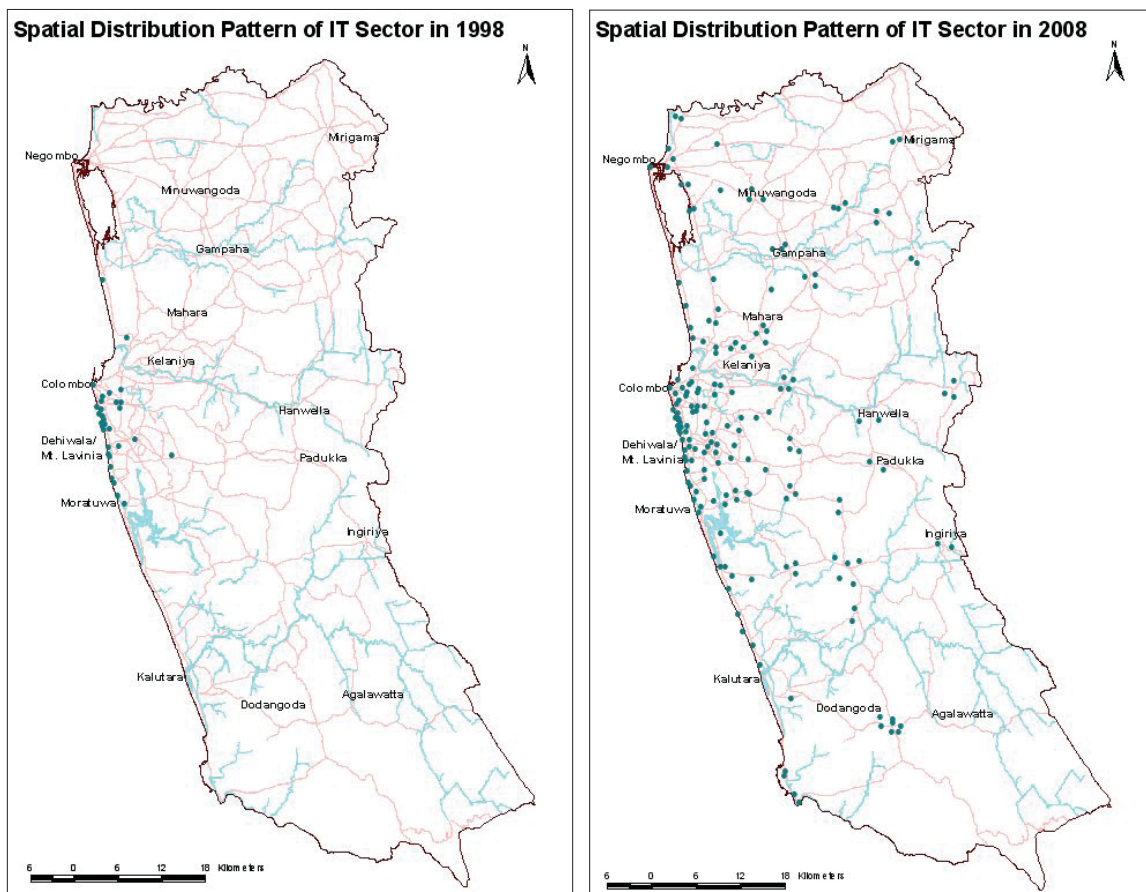
### Map 1: Location of Ready-Made Garment Industries, Dhaka, Bangladesh

#### Colombo Spatial Migration of Industries

In order to identify and analyze the spatial concentration and change in the pattern of industry agglomeration within the Colombo Metropolitan Region, Sri Lanka, GIS technology was used to plot the location of firms for eight industry sectors for two time periods: 1998 and 2008. Data were collected from various sources such as detailed land use maps prepared by the Urban Development Authority, statistical information compiled by the Board of Investment of Sri Lanka, information collected from the Ministry of Industries, and Yellow Pages telephone directory, etc.

Those data were used in plotting the spatial locations of industries in 1998 and 2008. The GIS maps below show the spatial change in the information technology industry cluster for Colombo in 1998 and 2008. The size of the red dots shown on the GIS maps represents the concentration of firms. More detailed interrogation of the analysis enabled the magnitude of the shifts to new areas to be identified, with additional research work involving cluster meetings revealing some of the reasons for these changes.

### Map 2: Spatial Changes in Distribution of Information Technology Sector Industries, Colombo, 1998 and 2008



Source: Roberts 2015.

<b>Governance and Urban Management Profile</b>	
<b>TOOL 5: Country Governance Assessment</b>	<b>Flowchart Reference: Urban Profile and Analysis Inclusive Cities Tool Kit Phase 1: Urban Context</b>
<p><b>Objective:</b></p> <p>To understand the parameters for planning and implementing urban development projects to mitigate risks associated with governance</p>	
<p><b>Approach:</b></p> <p>Country governance assessments are carried out by ADB to systematically assess the quality of governance for developing member countries, and to strengthen the linkage between the quality of governance and levels and composition of assistance. A ranking is awarded based on the assessment. The index is a useful indicator to assess the quality of governance.</p>	
<p><b>Steps:</b></p> <ol style="list-style-type: none"> <li>1. Define areas of governance relevant to urban development in the country. Chart the roles and responsibilities of the different tiers of government for these functions.</li> <li>2. Identify assessments carried out by ADB, the World Bank, the United Nations Development Programme, and other development partners.</li> <li>3. Based on these assessments, identify issues pertinent to urban governance.</li> <li>4. Conduct consultations with relevant government organizations dealing with urban development.</li> <li>5. Write a qualitative summary of the assessment findings. Develop a Governance and Urban Management Profile. Describe the extent of decentralization and devolution in the country. Define the tiers of governance and the linkage between these tiers and the urban planning process.</li> <li>6. Develop a set of recommendations on specific areas for action.</li> </ol>	
<p><b>Expected Results:</b></p> <ul style="list-style-type: none"> <li>• Governance and Urban Management Profile that gives an understanding of the various institutions and organizations involved in urban affairs in the country and an assessment of the quality of governance.</li> <li>• Identification of policy bottlenecks that delay or prevent timely infrastructure delivery</li> <li>• Agenda for onward policy and governance reforms</li> </ul>	
<p><b>Resources:</b></p> <p>There are several assessments undertaken by ADB to assess the quality and performance of the government. These assessments will provide the baseline indicators for the quality of governance. The consultant team for the national urban assessment should further assess the parameters of governance relevant for urban development. This should be carried out in consultation with relevant government departments for urban development in the country.</p>	<p><b>Sustainability:</b></p> <p>This step is extremely important for sustainable urban development. A fragmented and uncoordinated governance and management structure will result in project delays and increased costs.</p>

**Pointers for Implementation:**

It is useful to observe the activities of government agencies involved in urban development. During consultations with relevant departments, ask questions on the effectiveness of coordination between agencies. While the mechanisms for institutional coordination are usually well defined, often cooperation of the various departments is subjective to those who lead the organization. It is important to observe and assess the actual functional capacity of the government and understand the dynamics and politics of the leaders.

ACTIVITY	HUDCC	NEDA	HUJRB	Local Governments	Regional Development Councils	DOT	DOJ-LRA	DBAR-LMB	DILG-BLGD	NAMRIA	DOTC	DPWH	Public Development Agencies	Private Sector
<b>POLICY</b>														
National	■	■				■					■	■		
Local		■			■									
<b>LAND USE MANAGEMENT</b>														
Overall planning		■												
Land records							■	■		■		■	■	
Land management								■					■	
Physical planning			■											
Monitoring local plans									■					
Mapping and data										■		■		
<b>LAND USE PLANNING</b>														
Regional		■	■		■		■							
Provincial			■	■										
City and Municipal			■	■										
<b>DEVELOPMENT PLANNING</b>														
Regional		■			■									
Provincial		■												
City and Municipal				■										

Source: ADB. 2009. *Institutional Strengthening of Housing and Urban Development Sector (TA-3476 PHI), Final Report*. Manila.

[1] Public development agencies including Metro Manila Development Authority, Subic Bay Metropolitan Authority, Clark Development Authority, Bases Conversion Development Authority and Public Estates Authority, and other integrated area development agencies with Urban Development Planning Functions.

**References: ADB Tool Kits for Governance Assessment**

- Governance risk assessments and risk management plans (RA/RMPs) <http://www.adb.org/publications/risk-based-governance-assessment-approach-assist-mainstreaming-governance>
- Governance and Capacity Building Assessment Guide
- Public Financial Management
- Second Governance and Anticorruption Action Plan (GACAP II) <http://www.adb.org/documents/revise-guidelines-implementing-adbs-second-governance-and-anticorruption-action-plan>

**Example: Cambodia: Country Governance Risk Assessment and Risk Management Plan**

This study assesses the governance risks for activities of ADB in Cambodia and recommends risk mitigation measures for the public sector. It follows the guidelines for Implementing ADB's Second Governance and Anticorruption Action Plan (GACAP II), focusing on public financial management, procurement, and anticorruption. The assessment explores the status of public procurement, internal controls, and the accountability framework for public expenditures, including internal audit and external audit capacities. It also examines the adoption of the Anti-Corruption Law in 2010.

<http://www.adb.org/documents/cambodia-country-governance-risk-assessment-and-risk-management-plan>

## Institutional Assessment

### TOOL 6: Institutional Assessment

Flowchart Reference: Urban Profile and Analysis  
Inclusive Cities Tool Kit Phase 1: Urban Context

#### Objectives:

- To assess the operational constraints in the enabling environment supporting an integrated urban development.
- To conduct an institutional assessment and develop an institutional map to inform project planning and implementation. Identify and assess the main institutional and governance issues with a bearing on the planning, programming, structuring, and marketing of infrastructure investment programs and projects, and make recommendations for enhancing the capacity of the government departments and the context for urban infrastructure investment.

#### Approach:

An institutional assessment presents an opportunity to look more carefully at the institutional structures and the governance context for high-priority infrastructure projects, and identify areas where strengthening existing arrangements could enhance the capability of the country to program and fund such infrastructure. An institutional assessment looks at the structure and staffing (skills and capacity) of the government departments, the policy and regulation context (or “enabling environment”), and the decision-making processes. By assessing the broader governance context for planning and programming, the institutional assessment identifies the range of stakeholders (see Stakeholder Analysis) that have a bearing on infrastructure provision: this will include central and regional government (ministries and agencies) decision making, service providers, and those stakeholders without “formal” power. The Capacity Needs Assessment identifies where the planning, programming, structuring, and marketing of infrastructure investment programs and projects can be strengthened (*the Municipal Checklist and Municipal Financial Assessment is a critical part of the overall assessment*): the strategy can span the need for further policy and strategy development, identifying formal and on-the-job training for relevant organization staff.

#### Steps:

1. Undertake an institutional assessment
2. **Institutional Mapping:** Outline the institutional structure, roles, and responsibilities of the different tiers of government involved in urban services delivery. This should comprise an organizational diagram (an “organogram”) that illustrates the structure, hierarchy, and overall staff numbers of the government, together with simple tables that record basic information.
3. **Governance Context:** National-Level Assessment (refer to Country Governance Assessment), Urban Region-level assessments, or city assessments:
  - i. **Municipal Checklist:** Identify municipal strengths and weaknesses, and opportunities and constraints, and focus on issues of primary concern. Develop a simple matrix that records the main institutions and stakeholders involved in infrastructure planning, programming, structuring, and marketing of infrastructure investment programs and projects.
  - ii. Design and administer a **Citizen’s Report Card (CRC)** to assess the quality of governance and satisfaction of citizens with the delivery of urban services. The CRC is an effective tool for improving local governance and pro-poor service delivery (<http://www.citizenreportcard.com/>).
  - iii. **Municipal Finance Assessment:** An analysis of the city’s financial performance to understand the types and amounts of revenues and expenditures, and whether they are adequate to effectively deliver services to the targeted sector as the city’s population continues to grow. The analysis also looks at the fund balances and debt levels, and their impact on current city financial resources.
4. **Capacity Needs Assessment:** Undertake an assessment of capacity building needs in planning, programming, structuring, and marketing infrastructure. This will provide baseline information on staff capacity (skills, knowledge, and experience). The assessment might also include reflections on the overall relevance of the government structures (such as the presence or not of relevant departments or units) for infrastructure planning and programming. Record relevant recent training received by representatives and officers (CDIA and UN-Habitat 2012).

#### Expected Results:

- A broader and more detailed understanding of infrastructure planning and programming builds future competence in project programming and investment cycles.
- Organizational strengthening—through building the capacity of staff, modifications in organizational structure, and policy and regulatory development—has broader positive ramifications on the efficiency in which the urban development programs are planned and managed.
- Identification of institutional bottlenecks that delay or prevent timely infrastructure delivery.
- Agenda for onward institutional and organizational reforms
- An emphasis on including a range of stakeholders in an analysis of governance issues helps focus attention on the urban poor groups that are often excluded from decision-making processes and/or negatively affected by the delivery of infrastructure.

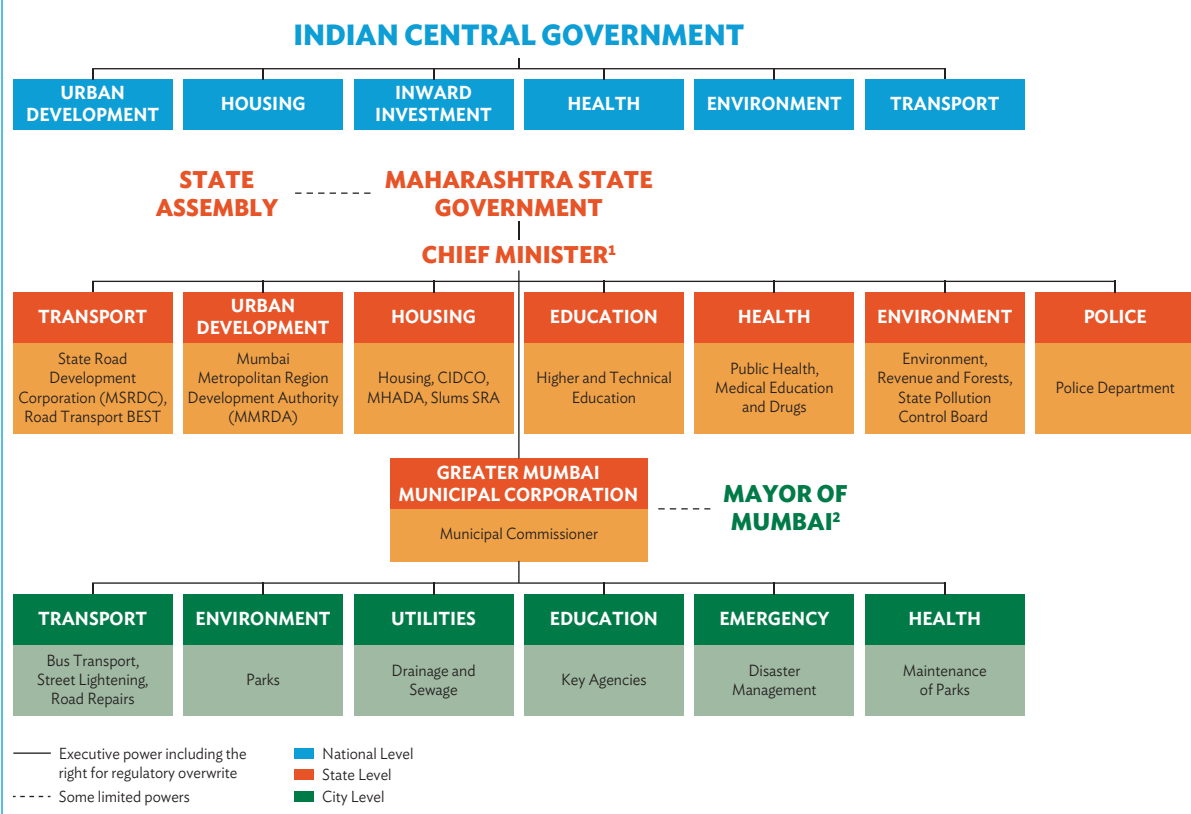


<p><b>Resources:</b></p> <ul style="list-style-type: none"> <li>• ADB with developing member country (DMC) program resources as part of the country partnership strategy.</li> <li>• The DMC is responsible for ensuring adequate and accurate data collection.</li> <li>• For URSA, the Urban Region/Provincial and Local Governments to assign resources to assess institutional capacities from human resources budget.</li> </ul>	<p><b>Sustainability:</b></p> <p>Understanding how the urban sector is managed is critical to estimating the sustainability of proposed infrastructure investments, and of sustainable urban management more broadly.</p>
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**Pointers for Implementation:**

- Institutional mapping is an important exercise to understand the internal working of government. This should be done in consultation with the agencies involved. While the organogram may show a reporting relationship, it is essential to know if there are reporting mechanisms in place and if relevant agencies are in contact with each other. Often, it is seen that they tend to work in silos, and it is important to draw them into discussion to prepare inclusive and integrated projects.
- Do not reinvent the wheel. Institutional and governance assessments may have already been completed by other concerned institutions or organizations (central government, donors, nongovernment organizations, or the academe). These can be identified (often through web-based searches), adapted, and verified for the country/urban region/city.

**Sample Format:**



<sup>1</sup> Elected by state assembly.

<sup>2</sup> Mayor elected by councilors of the Municipal Corporation.

Source: Urban Age. 2007. *Urban India: Understanding the Maximum City*. London: London School of Economics.

**References:**

ADB. 2008. *Managing Asian Cities*. Manila.

Cities Alliance. 2006. *Guide to City Development Strategies: Improving Urban Performance*. Washington, DC.

CDIA and UN-Habitat. 2012.

World Bank. 2007.

**Example:**

Urban Age. 2007. *Urban India: Understanding the Maximum City*. London: London School of Economics.

TOOL 7: Municipal Checklist	Flowchart Reference: Urban Profile and Analysis Inclusive Cities Tool Kit Phase 1: Urban Context (UN-Habitat 2001. Tool Kit 2.1)
<p><b>Objective:</b></p> <p>To examine the conditions and local realities that will provide the information necessary to better design projects through an inclusive and participatory decision-making process</p>	
<p><b>Approach:</b></p> <p>The aim is to identify municipal strengths and weaknesses, and opportunities and constraints, and to focus on issues of primary concern. The tool therefore supports the diagnosis of municipal needs and helps identify corresponding areas and types of possible intervention. The municipal checklist tool facilitates discussion and dialogue with local stakeholders in order to identify the benefits of external support as well as municipal and partner commitments. It should not be perceived as an institutional audit, but rather as a tool to support self-assessment, discussion, and engagement of partners in collaboration.</p>	
<p><b>Steps:</b></p> <ol style="list-style-type: none"> <li>1. Analysis and Discussion <ol style="list-style-type: none"> <li>(a) Level of political will, political capacity, and therefore local political “ownership”</li> <li>(b) Presence of Stakeholder Groups</li> <li>(c) Institutional conditions for operationalizing stakeholder involvement</li> <li>(d) Type and relevance of priority issue and scope for improvements</li> <li>(e) Potential for mobilizing local and other resources</li> <li>(f) Existing local capacity for monitoring, and capturing and sharing lessons of experiences</li> </ol> </li> <li>2. Terms of Reference for a Memorandum of Understanding</li> </ol>	
<p><b>Expected Results:</b></p> <ul style="list-style-type: none"> <li>• The Municipal Checklist analysis and the local discussion of its outcomes should lead to agreement on the priority issue(s) and on the scope, content, and form of the participatory decision-making process to be applied. This agreement should then be translated into actor-specific and concrete operational procedures and actions, embodied in a formal Memorandum of Understanding or similar instrument.</li> </ul>	
<p><b>Resources:</b></p> <ul style="list-style-type: none"> <li>• The government and the national urban assessment team should mobilize stakeholders and interested partners for this collective scrutiny.</li> <li>• ADB and DMC governments can collaborate with the national partner organizations of the Cities Development Initiative for Asia to support the self-assessment process for city councils.</li> <li>• Collaboration with development partners.</li> </ul>	<p><b>Sustainability:</b></p> <p>In applying the municipal checklist, the self-assessment process helps city managers and their partners to reflect on their governance structure, operations and capacities, and hence it encourages them to develop ways of improving local governance within the bounds of what can be realistically achieved. Such collective reflection engages local governments with partners for constructive scrutiny and forward-looking dialogue.</p>
<p><b>References:</b></p> <p>UN-Habitat. 1986. <i>UN-Habitat Urban Management Programme</i>. Retrieved 1 September 2011 from <a href="http://mirror.unhabitat.org/content.asp?typeid=19&amp;catid=374&amp;cid=188">http://mirror.unhabitat.org/content.asp?typeid=19&amp;catid=374&amp;cid=188</a></p> <p>UN-Habitat. 2001. <i>From Participation to Partnership: Lessons from UMP City Consultations</i>. Published for the Urban Management Programme. Nairobi.</p> <p>UN-Habitat. 2001. <i>Tools to Support Participatory Urban Decision Making</i>. Nairobi.</p>	
<p><b>Examples:</b></p> <p>The participatory process/city consultation in Colombo, Sri Lanka, stands out from other city consultations in Asia in the areas of complete commitment at the political and administrative levels. National Ministers, the Provincial Chief Minister, the Chief Secretary of the Province, the Mayor, and chief city functionaries attended city consultations. Because of the high level of commitment on all sides, obstacles were absent.</p> <p>The results of the Colombo City consultation were attributed to the strong support and commitment from all sides, but especially to the excellent work and contributions of the local partner institution, SEVANATHA. Founded in 1989, its mission is to provide an improved living environment for the urban poor in Colombo by implementing community-based resource management and poverty alleviation programs through participatory development approaches. It has been playing a role complementary to the government’s development program and has been introducing innovative methods and practices for low-income settlement development. SEVANATHA is strong in working with the community and, through the city consultation process, became equally strong in working with the city council. It established excellent rapport with the community and the city council and has developed fruitful partnerships with donor agencies working in Colombo (UN-Habitat 2001).</p>	

## Legislative and Regulatory Framework

### TOOL 8: Policy and Standards Review

Flowchart Reference: Urban Profile and Analysis  
Inclusive Cities Tool Kit Phase 1: Urban Context

#### Objectives:

- To conduct an assessment of the impact of legislative and regulatory reforms on the economic performance of the country and outline any constraints on an enabling environment.
- To assess the operational constraints on enabling environment supporting integrated urban development. Identify and assess the main policy and governance issues with a bearing on the planning, programming, structuring, and marketing of infrastructure investment programs and projects, and make recommendations for policy reform.

#### Approach:

Structural changes and reforms have a strong impact on the creation of an enabling environment conducive to establishing a competitive business environment as well as stimulating private sector investment in urban development. The *Doing Business 2011* report conducts a study to place 139 countries in a worldwide ranking and at the regional level (World Bank 2012). This includes positive and negative impacts of reforms undertaken.

Understand the policy framework and institutional capacity for integrated planning, and review the policies and standards for their reference to and impact on the ability of projects to be inclusive, resilient, and sustainable. The Policy and Standards Review looks at the policy and regulation context (or “enabling environment”) and the decision-making processes.

- **Review:** Conduct a comprehensive review of available literature on urban sector policies and regulatory framework, and urban development strategies, programs, and projects utilizing published works, evaluation studies, and project reports, and identifying the determinants of a successful urban economy and poverty-alleviating growth, laying particular emphasis on the identification of mechanisms that build assets and incomes of the poor. To review the policies of the urban infrastructure sector to determine their positive and/or negative guidance for providing urban services to the poor.
- **Validate:** Validation of any existing National Urban Development Strategy or Urban Development Plan based on the following assessment criteria:
  - (a) Time frame of the study and relevance
  - (b) Specificity and realism of the vision (including policy constraints)
  - (c) Nature of consultations carried out during preparation of the plan
  - (d) Action plans identified to achieve the strategy
  - (e) Programmatic planning of investments (rolling plans) and realistic prioritization

#### Steps:

1. Create a Policy and Standards Review Working Group.
2. Identify and contact government agencies responsible for preparation and implementation of policy and technical and development standards that impact urban project programming.
3. Assign specific responsibilities to team members to document and summarize policies and standards.
4. Organize information gathered in an Urban Development Policy and Standards Guide.
5. Organize a workshop with key entities to initiate urban policy and standards discussion on a way forward.
  - i. Identify policy and standards modifications for program development.
  - ii. Identify and summarize national and local standards and policies of institutions that impact on sustainable urban development, improving the existing urban environment and the future growth of cities.
  - iii. Carry out consultations with stakeholders on policy and standards implementation and compliance in support of urban development initiatives.
  - iv. Identify, through assessments and consultations with stakeholders, improvements in policy and standards that support inclusive urban development, and affordability and incremental development of shelter and services.
  - v. Identify policies that address disaster risk management (DRM) and assess if they are integrated into urban development projects and programs.
  - vi. Prepare a policy review and a policy reform agenda in support of integrated and sustainable urban development. Make recommendations on how to integrate DRM into policies.

#### Auxiliary Steps (if any):

Country context analysis is important because policy reform takes place in a particular context and not in a historical vacuum. Understanding the country context better means investigating and assessing the inherited and evolving mix of political, economic, and social variables that influence policy agendas and change. Concepts such as “lack of political will” that are often used to describe these situations are inadequate because although they identify a problem, they fail to explain the reason for these failures or to identify viable solutions. Conditionality, associated with development assistance and intended to change the behavior of recipient governments, is a blunt instrument. Aid effectiveness increases when aid supports national efforts, making the local situation the point of departure rather than preconceived policies. This means giving greater attention to analysis of the country context and the ways in which it is changing (World Bank 2007).

<p><b>Expected Results:</b></p> <ul style="list-style-type: none"> <li>• A report on the policy and regulatory framework that summarizes identified policies and standards that impact the ability of local governments to prepare and implement integrated projects. Recommendations can span the need for further policy and strategy development.</li> <li>• A workshop that focuses on improving policies to support integrated projects development and develops an approach to integrating DRM into urban project planning and development.</li> <li>• Identification of institutional bottlenecks that delay or prevent timely infrastructure delivery will help provide an agenda for onward institutional and governance reforms.</li> </ul>	
<p><b>Resources:</b></p> <ul style="list-style-type: none"> <li>• ADB and its developing member countries (DMCs) can undertake the policy reviews during country partnership strategy preparations.</li> <li>• Urban Region/Local Governments to assign resources to assess capacities from human resources budget.</li> </ul>	<p><b>Sustainability:</b></p> <ul style="list-style-type: none"> <li>• The working group established to continue the initiatives of ADB with DMC partners will meet at least annually to review results and update information.</li> </ul>
<p><b>Pointers for Implementation:</b></p> <ul style="list-style-type: none"> <li>• Consult with government line agencies at the national, state, and local levels.</li> <li>• Collect official policy statements into an integrated urban development policy guide.</li> <li>• Create a dialogue with appropriate agencies in focus group sessions to review and make recommendations for supportive policies, as needed.</li> <li>• Policy summaries should include urban growth, social development, housing, slum upgrading, home improvement, environmental management, historic urban area conservation, transport, finance, and credit.</li> <li>• The experiences and “lessons of history” of other countries regarding development and poverty reduction can provide insights and learning for current international development.</li> </ul>	
<p><b>References:</b></p> <p>ADB. 2008. <i>Managing Asian Cities</i>. Manila.</p> <p>Cities Alliance. 2006. <i>Guide to City Development Strategies: Improving Urban Performance</i>. Washington, DC.</p> <p>CDIA and UN-Habitat. 2012.</p> <p>World Bank. 2007.</p>	
<p><b>Examples:</b></p> <p>United Nations Development Programme. 1996. <i>Living in Asian Cities: The Impending Cities – Causes, Consequences and Alternatives for the Future</i>. Report of the Second Asia-Pacific Urban Forum. New York. 1–15 March.</p> <p>R. Buckley and J. Kalarickal. 2006. <i>Thirty Years of World Bank Shelter Lending. What Have We Learned?</i> The World Bank.</p> <p>F. Steinberg. 2008. Revitalization of Historic Inner-City Areas in Asia: The Potential for Urban Renewal in Ha Noi, Jakarta, and Manila. <i>Urban Development Series</i>. Manila.</p> <p>ADB. 2006. <i>Urban Sector Strategy and Operations Evaluation Study, Operations Evaluation Department</i>. June. Manila. p. 14.</p> <p>World Bank. 2009. <i>Urban and Local Government Strategy: Systems of Cities—Harnessing Urbanization for Growth and Poverty Alleviation</i>. Washington, DC.</p> <p>UN-Habitat. 2006. <i>State of the World’s Cities 2006/7</i>. United Kingdom and United States: Earthscan.</p> <p>UN-Habitat. 2010. <i>State of the World’s Cities: Bridging the Urban Divide 2010/11</i>. United Kingdom and United States: Earthscan.</p>	

**TOOL 9: Enabling Environment Assessment****Flowchart Reference: Urban Profile and Analysis  
Inclusive Cities Phase 1: Urban Context****Objective:**

To assess the operational constraints in the enabling environment supporting the operations and development of integrated urban development

**Approach:**

Creating an enabling environment is key to developing urban competitiveness in a global economy. This can be analyzed by different indicators. Several studies are conducted every year to assess the enabling environment in terms of the ease of doing business in a country, global competitiveness, and the competitiveness of cities. Prepare a summary of the findings from these reports to identify the constraints on urban competitiveness at the country level for national urban assessment.

For an Urban Region Sustainability Assessment, prepare a *Rapid Economic Governance Assessment*.

An important part of the rapid assessment of economic governance is that local economic management systems and arrangements are clearly documented. One of the greatest obstacles to business development in Asian cities is unraveling the complexity of the local plans, laws, regulations, decision, and approval processes. The permit system for land use approval and tax benefit relief in some Asia countries and cities can take as long as 3 years to complete, and is a major disincentive to foreign investors.

There is a range of rapid assessment tools available to evaluate the economic management of cities. The Asia Foundation has developed a specialized tool applied in Bangladesh to analyze local business environments, measure the quality of local economic governance, assess progress through a set of quantitative and qualitative indicators, and support policy reforms. Local Economic Governance Indexes (EGIs; see 10 indicators below), developed in collaboration with local and international partners, is one of these tools (Asia Foundation 2010). As stated on the Asia Foundation's website,

*"...Economic Governance Indexes (EGI) rank localities (provinces, states, districts) on factors that impact private sector development. They allow local governments, communities, the private sector, and nongovernmental organizations to see how localities compare in terms of economic governance, where they can improve, and issues that can be addressed through reform and advocacy. EGIs are constructed from surveys of local business and data from published sources, to demonstrate a clear link between good economic governance and the quality of the local business climate."*

**Steps: Rapid Economic Governance Assessment**

Use the Bangladesh Economic Governance Index, which provides a simple and useful tool for evaluating governance performance of local economies at the district level. Ten key elements of governance measured by the index are listed below. By following the steps, it is relatively easy to develop a picture of the major constraints on the enabling environment of the local economy.

*Economic Governance Subindices*

1. Entry costs: A measure of the time it takes to register and receive licenses to start a business and the official costs of obtaining all licenses/permits.
2. Access to land and security of tenure: A measure of the formal rights to business premises and the security of tenure once land is properly acquired.
3. Transparency: A measure of whether firms have access to the proper planning and legal documents necessary to run their business, whether those documents are equitably available, and whether new policies and laws are communicated to firms and predictably implemented.
4. Time cost of regulatory compliance: A measure of the amount of time firms spend on bureaucratic compliance and waiting periods, as well as how often firms must undergo inspections by local regulatory agencies and the duration of inspections.
5. Informal charges: A measure of how much firms pay in informal charges for firm-level operations as well as for obtaining public procurement contracts, and whether payments of those extra fees are predictable and help bring about the expected results or "services."
6. Participation: A measure of whether firms are informed about existing laws or consulted in the process of relevant public policy making affecting business, and whether their interests are represented in policy discussions by business associations.
7. Law and order: A measure of explicit costs incurred by firms due to property lost or stolen as a result of crime, as well as the implicit costs of preventing crime by paying security and protection money.
8. Tax administration: A measure of the administrative burden imposed by tax regulation in the district, as well as the extent of compliance and informal arrangements.
9. Dispute resolution: A measure of the confidence firms have in the fairness and equity of the legal system, their extent of use of local formal dispute resolution institutions, and the satisfaction they have in the outcomes of formal and informal modes of dispute resolution in the area.
10. Local infrastructure: A measure of the quantity and quality of local infrastructure (managed locally and centrally).

There are other indexes that have been developed (Basu 2003) for cross-country assessment; however, these focus on national, not city level economic governance. However, the indicators could still be applicable at the city level.

<p><b>Expected Results:</b></p> <p>An index should be able to identify the extent of government-influenced constraints on private sector development and economic growth at the city level.</p>	
<p><b>Resources:</b></p> <p>Resources required are toward organizing expert reference groups to undertake the analysis and any resources required for data collection.</p>	<p><b>Sustainability:</b></p> <p>The index provides useful constraints analysis of the efficiency of the enabling environment. By addressing these factors, local economies can be made more efficient and effective.</p>
<p><b>Pointers for Implementation:</b></p> <p>Ensure that the reference groups comprise a broad cross section of public, private, and community interests.</p>	
<p><b>References:</b></p> <p>Asia Foundation. 2010. <i>Bangladesh Economic Governance Index: A Measure of Economic Governance at the District Level</i>.  For an analysis of institutional framework and business enabling environment, see United States Agency for International Development. 2006. <i>Making Cities Work Assessment and Implementation Toolkit: Local Economic Development</i>. Washington, DC. p. 20.  For more advanced tool, see S. R. Basu. 2003. <i>Estimating the Quality of Economic Governance: A Cross-Country Analysis</i>. Swiss Society of Economics and Statistics Annual Congress, Berne, Switzerland.</p>	
<p><b>Example:</b></p> <p>See Bangladesh Economic Governance Index.</p>	

## Public Finance

An Urban Finance Matrix should be developed as defined in the manual and outlined in Figure 12. For the Urban Region Sustainability Assessment and city-level assessments, use the following tools for Public Finance Assessment.

### TOOL 10: Municipal Finance Assessment

**Flowchart Reference: Urban Profile and Analysis**  
 Inclusive Cities Phase 1: Urban Context  
 Also used in Competitive Cities Tool Kit

#### Objectives:

- To assess the condition of the municipal resources of the city and its capacity to borrow and service any loans
- To examine the financial resources and options, providing critical information to design commercially viable and sustainable projects through an inclusive and participatory decision-making process

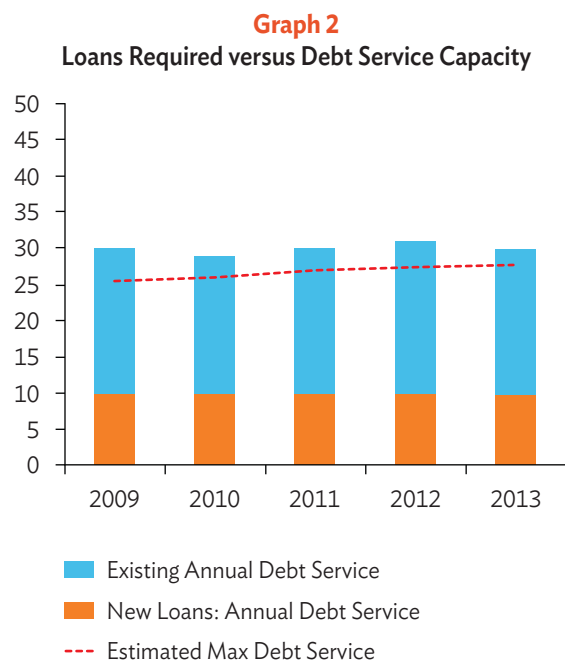
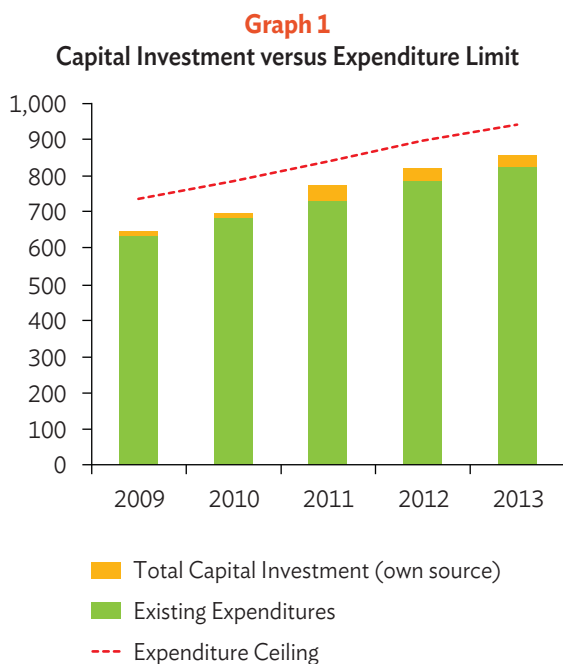
#### Approach:

A Municipal Finance Assessment is an analysis of the city’s financial performance to understand the types and amounts of revenues and expenditures, and whether they are adequate to effectively deliver services to the targeted sector as the city’s population continues to grow. The analysis also looks at the fund balances and debt levels and their impact on current city financial resources. Municipal finance is key to the overall progress of service delivery. Poor financial management results in low capital investment, low credibility of the local government, poor revenue generation efficiency, corruption, and, ultimately, poor delivery of basic services. It also provides an indication of the city’s creditworthiness (CDIA, UN-Habitat 2012).

#### Steps:

1. Collect financial data including information about existing financial arrangements using surveys and/or by extracting data from existing records, e.g., annual financial reports, budget documents, council resolutions, etc.
2. Identify key indicators or tools and methodologies to be used to measure the financial performance of the city government and analyze data.
3. Make an inventory of assets owned and managed by the city.
4. Map the financial inflows and outflows and determine budgetary surplus or gaps and show how the gaps were supported.
5. Once determined that the city cannot finance future projects, assess the city’s potential to generate more revenues by accelerating the growth of own-source revenues or develop strategies to tap additional financing sources.

#### Sample Graphs:



Source: CDIA. 2010.

**Expected Results:**

- The Municipal Checklist analysis and the local discussion of its outcomes should lead to agreement on the priority issue(s) and on the scope, content, and form of the participatory decision-making process to be applied. This agreement should then be translated into actor-specific and concrete operational procedures and actions, embodied in a formal Memorandum of Understanding or similar instrument.

**Pointers for Implementation:**

A checklist can be prepared to ensure that important questions pertaining to inclusive urban development are considered.

- Are current funding sources and methods of raising resources adequate?
- What is the level of current and future government financial support through grants, donations, and loans?
- What additional resources will be required to implement new projects? Is there enough fiscal space for additional expenditure?
- Does the city have the capacity to borrow from financing institutions? Can the city access preferential loans, or commercial loans? Are there any dedicated financing for broader poverty reduction strategies that can be tapped for inclusive infrastructure?
- Are there other financing options available to the city? Can the city explore public-private partnership, and secure grants from the national government or other donor agencies?
- What is the potential for community-driven development, and what are the available financing mechanisms?

**Resources:**

- The city government and the team of experts can conduct this exercise. It can be part of the prioritization exercise if not conducted earlier.
- A financial expert is required to conduct the assessment.

**Sustainability:**

- Continuously improve financial performance. A review of yearly financial performance and condition provides a platform to benchmark current performance against past performances and even against other cities. It therefore helps the city determine the extent to which newly introduced reforms, if any, are generating improved performance.
- Self-assessment of own resources. Analyzing the city's cash inflows and outflows helps determine if the current fund balances are sufficient to finance strategic projects or if the city has the ability to raise additional resources.

**References:**

CDIA. 2010.  
CDIA and UN-Habitat. 2012.

**Example:**

USAID. 2011.



## Urban Economy

### TOOL 11: Economic Snapshot

### Flowchart Reference: Urban Profile and Analysis

#### Objective:

To provide a basic overview of important economic indicators at the national and urban region levels

#### Approach:

Collect information on a range of socioeconomic indicators (refer to Figure 14)

#### Steps:

1. Develop a list of key basic information data that should be collected on the economy
2. Establish an e-database for storing all the data. This database will become part of the project management information system.
3. Produce a set of tables and graphs showing basic socioeconomic information on the economy such as
  - Gross domestic product (GDP) growth – sectoral distribution, regional distribution, % contribution of urban economy
  - Employment – sectoral distribution, regional distribution, urban–rural ratio,
  - Centers of growth and/or decline
  - Human resources – skills, education and qualification levels
  - Industries, private sector, small and medium-sized enterprises, informal sector
  - Compare urban regions – key economic activities and sectors, industries; structure of GDP by regions across sectors, regional GDP real growth rates
  - Grants, budgets, and capital expenditures of public agencies for local economic development
  - local poverty rate
  - health care
  - tax base
  - land use
  - housing
4. For Urban Region Sustainability Assessment and city-level data, produce a set of tables and graphs showing basic socioeconomic information on the economy such as
  - Compare cities by key economic activities and sectors, industries; structure of GDP by regions across sectors, regional GDP real growth rates
  - Employment – sectoral distribution, regional distribution, urban–rural ratio
  - number of businesses by sectors and location
  - Human resources – skills, education and qualification levels
  - Grants, budgets, and capital expenditures of public agencies for local economic development
  - local poverty rate
  - health care
  - tax base
  - land use
  - housing

#### Auxiliary Steps (if any):

1. The above information should be supplemented by an analysis of economic development policies and incentives provided by the national and local governments to support the development of local economies.
2. Produce charts that show the organizational arrangements and responsibilities for economic development at the national and local levels and the interrelationships between these.
3. In many cases, historic data will only be available in printed form. An optical character recognition device may be needed to scan and store historic data for analytical purposes later.
4. If data are scarce, socioeconomic surveys should be conducted to collect baseline information on the economy. A household and industry survey questionnaire should be designed.

#### Expected Results:

- Snapshots are presented as a series of tables and charts.
- Link in with analysis of policy environment related to economic development
- Budgeting and financing of development

<p><b>Resources:</b></p> <ul style="list-style-type: none"> <li>• Project team and some engagement with stakeholder resources are required.</li> <li>• Purchase of data and setting up a database to store information will need to be factored into the budget.</li> <li>• If additional socioeconomic data is to be collected, this should be costed.</li> </ul>	<p><b>Sustainability:</b></p> <ul style="list-style-type: none"> <li>• Basic data are needed to prepare plans, monitor and evaluate economic development performance, and conduct feasibility studies.</li> <li>• Good charts are important for presenting a picture about what an economy looks like to a wide range of stakeholders.</li> </ul>
<p><b>Pointers for Implementation:</b></p> <ul style="list-style-type: none"> <li>• Obtain permission to collect data from government agencies</li> <li>• Ensure data are consistent in terms of time periods</li> </ul>	
<p><b>References:</b></p> <p>College of Agricultural Sciences. 2003. Using Employment Data to Better Understand Your Local Economy: Tool 1. Develop a “Snapshot” of Important Local Economic Indicators. Agricultural Research and Cooperative Extension. <a href="http://cecd.aers.psu.edu/pubs/Tool%201.pdf">http://cecd.aers.psu.edu/pubs/Tool%201.pdf</a></p> <p>A. Lewis. 2008. Community Economic Development Preparedness Index (CEDPI). Center for Community and Economic Development, University of Wisconsin.</p>	

TOOL 12: Economic Trends Analysis		Flowchart Reference: Urban Profile and Analysis Also in Competitive Cities Tool Kit																										
<b>Objective:</b> To track the performance of key economic indicators over time in order to identify which sectors and factors are contributing to the growth, change, or decline of economies																												
<b>Approach:</b> A range of tools are used to tabulate and graph changes to the economy. Simple two-variable data can be presented such as time series information, to more advanced exponential and multi-regression analysis, provided data are reliable.																												
<b>Steps:</b> <ol style="list-style-type: none"> <li>1. Determine what data are to be analyzed, how data will be collected, and what format is required for storing data.</li> <li>2. Determine the variables and cross tabulations to be measured: e.g., time, growth, growth and area, density, etc.</li> <li>3. Analyze the date and generate outputs.</li> </ol>																												
<b>Auxiliary Steps (if any):</b> As noted in the economic snapshot tool, it may be necessary to conduct field surveys or additional data collection to supplement existing data and to enable some types of trend analysis to be undertaken.																												
<b>Expected Results:</b> Series of tables and graphs show trends that will be analyzed to determine what impact these may have on future development of the economy should they continue.																												
<b>Resources:</b> Factor into the data analysis the need for possible survey and supplementary data collection costs.	<b>Sustainability:</b> Basic data are needed to prepare plans, monitor and evaluate economic development performance, and conduct feasibility studies.																											
<b>Pointers for Implementation:</b> Data collected from public and official sources must be reliable. In some centrally planned countries, industry data may be given or estimated targets and may prove misleading.																												
<b>Reference:</b> M. Shields. 2003. Tool 2. Chart the Historical Performance of Key Economic Indicators: Using Employment Data to Better Understand Your Local Economy. <a href="http://cecd.aers.psu.edu/pubs/Tool%202.pdf">http://cecd.aers.psu.edu/pubs/Tool%202.pdf</a> (accessed 6 June 2012).																												
<b>Examples: Employment trends 1990–2000</b>																												
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Source: Shields. 2003.																												

## Comprehensive Land Use Planning

### TOOL 13: Stakeholder Analysis

Flowchart Reference: Urban Profile and Analysis  
Inclusive Cities Phase 1: Urban Context  
CDIA Pre-Feasibility Studies User Manual

#### Objectives:

To identify all the stakeholders that are affected (directly/indirectly) or can affect the outcome of any proposed project because opinions matter. Opinions often get converted into actions later that can lead to opposition or participation of the stakeholders who play a key role in determining project outcome and impacts. Stakeholder consultations lead to a consensus-building approach.

#### Approach:

Stakeholder Analysis is a vital tool for identifying people, groups, and organizations that have significant and legitimate interests in specific urban issues. Stakeholder analysis is an effective development management technique to identify and assess the importance of key people, groups, or institutions that may significantly influence the success of the project. This is the first step in scanning the landscape, which will help identify key target groups/beneficiaries and spatial areas for targeted interventions. The exercise, called mapping, produces a stakeholder matrix that provides information on the degree of influence exercised by an individual or a group on the outcome of the project. This exercise is part of the city profiling/reconnaissance activity. It is conducted as an important part of the situational analysis.

#### Steps:

Facilitate a stakeholder workshop to gain an understanding of the influence and stake of each stakeholder, and gather input on the needs, expectations, and priorities of a broad range of stakeholders. This can be at the national, urban region, or city level. Focus groups can be created to discuss needs of specific communities or for sector analysis.

1. Identify all stakeholders and the degree of interest of each stakeholder. Ensure inclusion of all relevant stakeholders. This tool encourages a far-reaching review of all potential stakeholder groups, including special attention to marginalized and excluded social groups such as the poor, women, the elderly, youth, persons with disabilities, or others.
2. Maximize the role and contribution of each stakeholder.
3. Identify the key spatial areas and target groups/beneficiaries for targeted investments.
4. Define the sector focus for intervention. Using a problem tree analysis, identify key problems, issues, and constraints. Understand stakeholders' views of the main issues and concerns with due consideration of acceptable and potential responses.
5. If available, provide clear information and details on any proposed projects, including technical options, costs, and financial implications for the same.
6. Specify the resources that stakeholders have to estimate their ability to support the inclusive urban development process (during and after). Identify the potential for employment and livelihood options for the affected community during construction, operation, and maintenance of the project/program.
7. Ensure their mandates are understood and that their "stake" (legal right, power, capacity) in the process is recognized.
8. Finally, map the stake and influence of each stakeholder on a simple chart.
9. Identified sectoral issues will feed into the sectoral assessments. Identified spatial areas and communities for targeted investments will be input during the prioritization phase.

#### Auxiliary Steps (if any):

See 2.2 Stakeholder Analysis Tool in Tools to Support Participatory Urban Decision Making (UN-Habitat 2001) and the Pre-Feasibility Studies User Manual, CDIA (CDIA and UN-Habitat 2012) for further guidance.

#### Influence-Interest Matrix:

	LOW INFLUENCE	HIGH INFLUENCE
LOW STAKE	Least priority stakeholder group	Useful for decision and opinion formulation, brokering
HIGH STAKE	Important stakeholder group perhaps in need of empowerment	Most critical stakeholder group

#### Expected Results:

- Report on stakeholder interests, priorities, and capacity. Include the identified stakeholders availability and degree of commitment to meaningful participation in the process. Identify key target groups/beneficiaries and spatial areas for targeted interventions.
- Strategies for project implementation and for mobilizing and sustaining effective participation of stakeholders. Such strategies should be tailored to the different stakeholder groups as analyzed and classified above. For example, empowerment strategies could be applied to stakeholders with high stake but with little power or influence.

**Pointers for Implementation:**

- If a full-scale exercise is not possible, ensure that a first cut is generated by the city and shared with other stakeholders.
- Stakeholder analysis is not an “exact” exercise—it relies on intuition and balanced judgment.
- To ensure a balanced representation, the analysis should examine and identify stakeholders across a number of different dimensions. For example, the analysis should separately identify relevant groups and interests within the public sector, within the private sector (service providers, developers, construction firms), and within social and community sectors (particularly the poor communities), and potential financial institutions.
- Stakeholder analysis can be conducted independently of the stakeholder workshop. Observations on group dynamics can help ascertain the influence-interest matrix.

**Resources:**

A stakeholders’ workshop should be organized. Ensure all stakeholders are invited. The government should provide the resources, venue, and equipment required for the workshop. A carefully planned and executed facilitation is a prerequisite for successful participatory mechanisms. A good facilitator is essential for the workshop and ideally should be one of the experts from the team conducting the national urban assessment.

**Sustainability:**

- Helps build a participatory approach right at the start of the process
- Helps build consensus among the stakeholders and creates the right working environment
- Best approach to ensuring that the strategies that are developed get the most effective support possible for the project and minimize any obstacles in the successful implementation of any program.
- Ensures that stakeholders are actively engaged in the prioritization of projects
- Inclusiveness and the right mix of roles and instruments are key elements of successful stakeholder participation. Where participation is generated through careful analysis of key players, and their roles and contributions, the process becomes more effective, and efficiency and equity gains will be maximized.

**References:**

CDIA and UN-Habitat. 2012.  
UN-Habitat. 2001.

**Example:**

UN-Habitat. 2001. *Tools to Support Participatory Urban Decision Making*. Nairobi.

**TOOL 14: Problem Tree Analysis**

**Flowchart Reference: Urban Profile and Analysis**  
 Inclusive Cities Phase 1: Urban Context  
 Also used in Competitive Cities Tool Kit

**Objectives:**

- To identify a key problem and its effects (ends) and root causes (means) of development problems in key sectors (water and sanitation, urban transport, solid waste management, etc.) related to urban development.
- To determine objects and strategies to address the identified problems.
- Prioritize issues, problems, and projects, and to identify key target groups/beneficiaries and spatial areas for targeted interventions.

**Approach:**

Problem Tree Analysis is a planning method used widely by official development assistance to examine cause-and-effect issues related to project design. It involves a participatory process to translate these causes and effects into objectives and strategies to provide planning solutions to these. The MDF Tool for Problem Tree Analysis has a useful template that is easy to follow. While going through the process, there is continuously room for introducing opportunities, new ideas, and contributions from the involved parties. Problem Tree Analysis should be followed by actual project planning, e.g., with the logical framework approach (LFA).

One of the best tools using Problem Tree Analysis was the evaluation situational analysis, strategy prioritization and project design developed by New Zealand Aid (NZAID 2007). The tool uses an LFA that involves

- the application of robust analysis and a logical approach to Activity design;
- the integration of participatory processes;
- identifying clear and relevant objectives that are agreed by all parties;
- identifying inputs and resources and explaining how these will be used to achieve the objectives; and
- agreeing clear, accountable, and well-defined management arrangements.

These basic principles in the LFA are common to most other bilateral and multilateral development agencies. The LFA can also be used to help promote more harmonized and better-aligned engagement processes. The Logical Framework Matrix, which is an output of the LFA, summarizes the key elements of an Activity:

Objectives	The main objectives of the Activity, how they will be achieved, and the larger goal they will contribute to.
Assumptions	The external factors outside the direct control of those managing the Activity that is critical for the Activity's success.
Indicators	The agreed "signposts" that will be used to track progress toward agreed outcomes.
Sources of verification	An outline of how the information that will be used to measure the Activity's success will be collected.

Interwoven with the steps of Problem Tree Analysis (at target group level) and project planning (for the target group), the capacity and intentions of stakeholders and the wider institutional context should be analyzed, so that relevant and realistic choices can be made on who does what in addressing the problems identified.

**Steps:**

1. Start with a brainstorming session on the major problems (or potential problems) impeding the achievement of the desired vision. Together with the group, choose a starter problem.
2. Draw a tree and write the starter problem on the trunk. If you want to look at more than one problem, then you will need to draw one tree per problem.
3. Encourage people to brainstorm on the causes of the starter problem. To ensure that a few people do not dominate, give each person 3–5 blank cards and ask everyone to write down one idea per card.
4. To focus on the root causes of the problem, discuss the factors that possibly contribute to it. Write these causes on sticky notes. This task is made easier by continually asking the question "Why?" for each of the causes identified. Keep asking "Why?" until you have reached the basic root cause of the problem.
5. Connect the notes with lines to show linkages between the causes. These connections become the roots of the tree.
6. Follow the same procedure to determine the effects/impact of the problem and write the primary effects on the branches of the tree.

**Expected Results:**

- A clear and graphically documented understanding of the root/underlying causes of a particular problem impeding the achievement of a particular objective or vision.
- A better understanding of the causes and effects of the problem, from which participants can further explore driving and restraining forces that may be impacting on governance reform.

<p><b>Resources:</b></p> <p>The main resources required are for the running of workshops and focus group involved in the Problem Tree Analysis.</p>	<p><b>Sustainability:</b></p> <p>Problem Tree Analysis widens the scope of stakeholder participation in planning and decision-making processes and results in a more holistic approach to problem solving.</p>
<p><b>Pointers for Implementation:</b></p> <p>There is often confusion between a cause and an effect. A cause is what starts something. An effect is what happens or is the result of the cause. During facilitation sessions, care should be taken while conducting the analysis to ensure that differences between the two factors are clearly distinguished.</p>	
<p><b>References:</b></p> <p>B. Douthwaite, S. Alvarez, G. Thiele, and R. Mackay. 2009. Participatory Impact Pathways Analysis: A Practical Method for Project Planning and Evaluation. <i>Institutional Learning and Change (ILAC) Initiative</i>. Cali, Colombia: International Center for Tropical Agriculture. <a href="http://www.cgiar-ilac.org/files/publications/briefs/ILAC_Brief17_PIPA.pdf">http://www.cgiar-ilac.org/files/publications/briefs/ILAC_Brief17_PIPA.pdf</a></p> <p>MDF. <i>MDFTool: Problem Tree Analysis</i>. World Bank. <a href="http://www.toolkitsportdevelopment.org/html/resources/91/910EE48E-350A-47FB-953B-374221B375CE/03%20Problem%20tree%20analysis.pdf">http://www.toolkitsportdevelopment.org/html/resources/91/910EE48E-350A-47FB-953B-374221B375CE/03%20Problem%20tree%20analysis.pdf</a></p>	
<p><b>Example:</b></p> <p>NZAID Logical Framework Approach Guideline, Government of New Zealand</p>	

TOOL 15: SWOT Analysis		Flowchart Reference: Urban Profile and Analysis Inclusive Cities Phase 1: Urban Context Also used in Competitive Cities Tool Kit									
<b>Objectives:</b> To evaluate strengths, weaknesses, opportunities, and threats (SWOT) to urban development sectors. The SWOT analysis can be applied to the urban region or city as a whole or be used for sector analysis at the national level.											
<b>Approach:</b> SWOT analysis is a well-established analytical method used for strategic planning. As a first-cut rapid assessment technique, it is useful in identifying priority issues. However, it does not provide sufficient depth of information about important linkages and relationships that occur in the mix and flow of capital stocks. A useful template is the SWOT Analysis Questions and Data Analysis Template (World Bank 2004). This template is used as part of the City Development Strategy planning process. Another useful tool is PEST (Chapman 2010). SWOT analysis can be used as a simple tool for conducting overall assessments of the strengths, weaknesses, opportunities, and threats to an economy. In the tool kit, the SWOT elements are used in separate parts of the analysis.											
<b>Steps:</b> 1. Collect all relevant information to be used by an expert group to conduct the SWOT analysis. 2. Identify strengths, weaknesses, opportunities, and threats using SWOT Analysis template. 3. Draw up a matrix chart listing SWOT elements.		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0070C0; color: white;">Strengths</th> <th style="background-color: #C00000; color: white;">Opportunities</th> </tr> </thead> <tbody> <tr> <td>List and group theses • A • B</td> <td>List and group theses • A • B</td> </tr> <tr> <th style="background-color: #FFC000;">Weaknesses</th> <th style="background-color: #008000; color: white;">Threats</th> </tr> <tr> <td>List and group theses • A • B • C</td> <td>List and group theses • A • B • C</td> </tr> </tbody> </table>		Strengths	Opportunities	List and group theses • A • B	List and group theses • A • B	Weaknesses	Threats	List and group theses • A • B • C	List and group theses • A • B • C
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<b>Auxiliary Steps (if any):</b> <ul style="list-style-type: none"> <li>Rank significant SWOT factors using a scale system, e.g., 1–5 or A–E, based on relative importance. This is helpful in identifying priority areas that may need to be targeted in the strategic planning process.</li> <li>A useful variation on SWOT is PEST and multisector SWOT analysis (see references).</li> </ul>											
<b>Expected Results:</b> Matrix assessment of the strengths, weaknesses, opportunities, and threats to an economy											
<b>Finance:</b> Minimal resources required		<b>Sustainability:</b> Important for pathway analysis									
<b>Pointers for Implementation:</b> SWOT analyses is best undertaken by expert panels with specialist knowledge											
<b>References:</b> SWOT Analysis Questions and Data Analysis Template (World Bank 2004). A. Chapman. 2010. PEST Market Analysis Tool. <a href="http://www.businessballs.com/pestanalysisfreetemplate.htm">http://www.businessballs.com/pestanalysisfreetemplate.htm</a> A tool for conducting Multiple Industry Sector SWOT Analyses. Details on this methodology can be found in R. J. Stimson, R. R. Stough, and B. H. Roberts. 2006. <i>Regional Economic Development: Analysis and Planning Strategy</i> . New York: Springer.											
<b>Example:</b> G. Swinburn, S. Goga, and F. Murphy. 2006. <i>Local Economic Development: A Primer—Developing and Implementing Local Economic Development Strategies and Action Plans</i> . Washington, DC: World Bank. Cities of Change, p. 26. <a href="http://siteresources.worldbank.org/INTLED/Resources/led_primer_bookmarked.pdf">http://siteresources.worldbank.org/INTLED/Resources/led_primer_bookmarked.pdf</a>											



## Urban Transport

### TOOL 16: Urban Transport Assessment

### Flowchart Reference: Urban Profile and Analysis

#### Objectives:

- To review the policies of the urban transport sector in order to determine their positive and/or negative limitations for addressing the needs of the country/urban region/city
- To identify the roles and responsibilities of the public and private sectors, nongovernment organizations, and community-based organizations and institutions engaged in the provision of urban transport
- To identify the need and demand for transport infrastructure
- To assess the access, adequacy, and quality of urban transport services

#### Approach:

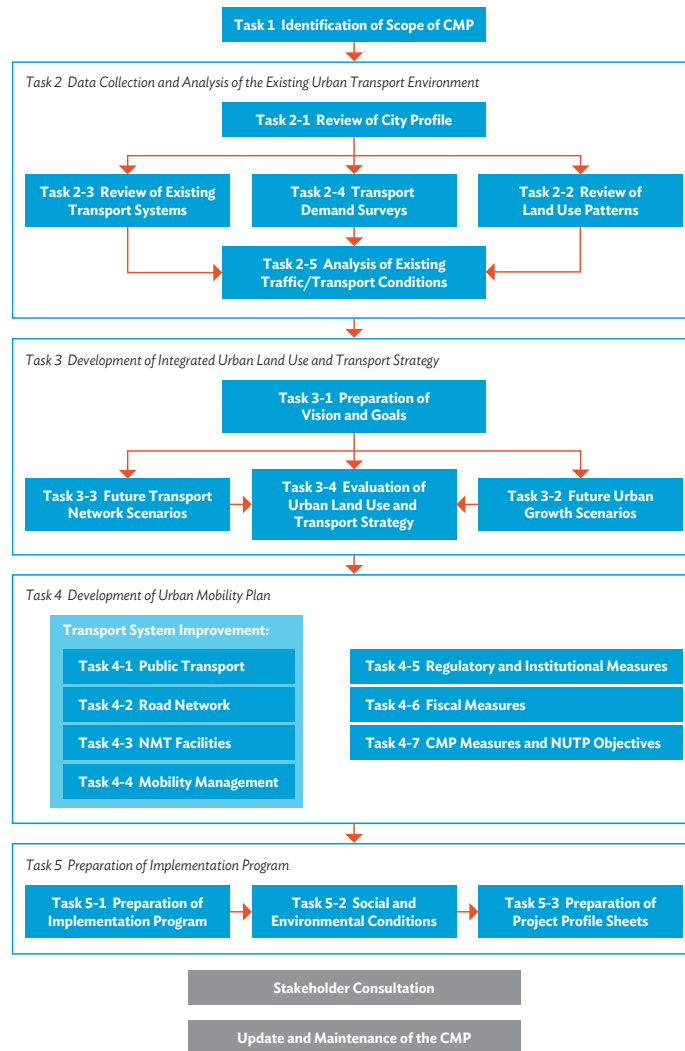
The *Guidelines and Toolkits for Urban Transport Development in Medium Sized Cities in India* is a comprehensive guide for urban transport assessment. Though this has been prepared at the city level, the steps and tasks can be applied to assessments at the national and urban region levels. The delivery and infrastructure for urban transport is at the city level. However, national and urban region policies and budgetary allocations have an impact on the service delivery options. Hence, while conducting a city-level assessment, national policies and finance should be taken into account for policy analysis and strategy development.

#### Steps:

1. Prepare a Terms of Reference for an urban transport assessment. Identify the scope of the study.
2. Collect and analyze basic data on existing urban transport environment.
3. Assess the transport requirements, the infrastructure deficit, and service gaps, and identify options for bridging the gap. SWOT analysis may be used as a methodology.
4. Conduct citywide consultations (using Problem Tree Analysis) to understand urban transport issues and assess options in partnership with local governments. Interview key staff of national and local institutions and agencies responsible for and engaged in the improvement of existing and new transport options particularly the private operators. Consult with private sector stakeholders in transport infrastructure finance and development on conditions and incentives for engaging in integrated urban transport and land-use development.
5. Prepare an Urban Transport Development Strategy
6. Develop a Comprehensive Urban Mobility Plan
7. Prepare an implementation program

Refer to the ADB guidelines for detailed task description

- Task 1: Identification of Scope
- Task 2: Data Collection and Analysis of the Existing Urban Transport Environment
- Task 3: Preparation and Evaluation of the Urban Transport Development Strategy
- Task 4: Development of Urban Mobility Plan
- Task 5: Preparation of the Implementation Program



Source: ADB, 2008.

<p><b>Expected Results:</b></p> <ul style="list-style-type: none"> <li>• Urban Transport sector profile and assessment</li> <li>• Targeted information on the quality and quantity of transport options being provided to citizens, including to informal settlements, inner-city tenements, and slum areas</li> <li>• An understanding of the policies, roles, and responsibilities of institutions involved in urban transport finance, planning, and construction particularly initiatives at the national level</li> <li>• A recommended set of priorities for improvements in existing settlements and shelter and new shelter programs to be developed into projects and investments</li> </ul>	
<p><b>Resources:</b></p> <ul style="list-style-type: none"> <li>• Developing member country resources with ADB support</li> <li>• Local governments with national and other partners will provide staff and finances to maintain and update the assessments carried out.</li> <li>• Mobilize the necessary resources and support demonstration project implementation by city governments.</li> </ul>	<p><b>Sustainability:</b></p> <ul style="list-style-type: none"> <li>• Urban transport assessments should be an ongoing process within the department of transport.</li> <li>• It is important to include information on private sector operators and provide regulatory checks on the operations as these have strong impact on the daily traffic conditions in the city.</li> </ul>
<p><b>Reference:</b> ADB. 2008.</p>	
<p><b>Examples:</b> <i>Guidelines and Toolkits for Urban Transport Development in Medium Sized Cities in India</i></p> <p>These were prepared by a Technical Assistance on Urban Transport Strategy (TA 4836-IND) funded by the Asian Development Bank for the Ministry of Urban Development, Government of India. These documents are designed to help decision makers and practitioners in states and municipal governments who are concerned with urban transport development in medium-sized cities in India. In addition, central government officials may refer to these documents when appraising projects for funding by the Jawaharlal Nehru National Urban Renewal Mission. The tool kits are available online as five interactive modules at <a href="http://sti-india-uttoolkit.adb.org/">http://sti-india-uttoolkit.adb.org/</a></p> <ul style="list-style-type: none"> <li>• <b>Module 1</b> Comprehensive Mobility Plans (CMPs): Preparation Tool Kit</li> <li>• <b>Module 2</b> Bus Rapid Transit (BRT): Tool Kit for Feasibility Studies</li> <li>• <b>Module 3</b> Guidelines for Bus Service Improvement: Policy and Options</li> <li>• <b>Module 4</b> Guidelines for Parking Measures: Policy and Options</li> <li>• <b>Module 5</b> Guidelines for NMT Measures: Policy and Options</li> </ul> <p>Source: ADB. 2008.</p>	

## Urban Water

### TOOL 17: Urban Water Supply and Sanitation Assessment

Flowchart Reference: Urban Profile and Analysis

#### Objectives:

- To review the policies of the urban water sector in order to determine their positive and/or negative limitations for addressing the needs of the country/urban region/city
- To identify the roles and responsibilities of the public and private sectors, nongovernment organizations, and community-based organizations and institutions engaged in the provision of urban water
- To identify the need and demand for water in urban areas
- To assess the access, adequacy, and quality of urban water supply and sanitation
- The objectives of the diagnostic city water assessment include providing facts for
  - (i) formulation of policy and/or ordinances,
  - (ii) encouragement of civil society involvement,
  - (iii) determining priorities for a new project,
  - (iv) improving the efficiency and financial performance of the water utility, and
  - (v) highlighting the needs of the urban poor.

#### Approach:

The urban water sector in a country can be evaluated only through household-level and city-level data. The city audits or the diagnostic city water assessments provide a framework and tool kit for city-level assessments. The delivery and infrastructure for urban transport is at the city level. However, national and urban region policies and budgetary allocations have an impact on the service delivery options. Hence, while conducting a city-level assessment, the national policies and finance should be taken into account for policy analysis and strategy development.

#### Steps:

1. Prepare a Terms of Reference for an urban water supply and sanitation assessment. Identify the scope of the study.
2. Collect and analyze the basic data on existing urban water sector. Data to be collected is outlined in a spreadsheet. Guidelines for city water audit or diagnostic city water assessments can be followed.
3. Assess the transport requirements, the infrastructure deficit, and service gaps, and identify options for bridging the gap. SWOT analysis may be used as a methodology.
4. Conduct citywide consultations (using Problem Tree Analysis) to understand urban water and sanitation issues and assess options in partnership with local governments. Interview key staff of national and local institutions and agencies responsible for and engaged in the improvement of existing and new options particularly the private utility companies and their plans. Consult with private sector stakeholders interested in engaging with urban water supply.
5. Prepare an urban water sector strategy.
6. Develop an Urban Water Supply and Sanitation Program.

#### Expected Results:

- Urban Water Supply and Sanitation sector profile and assessment
- Targeted information on the quality and quantity of water supply and sanitation options being provided to citizens, including to informal settlements, inner-city tenements, and slum areas
- An understanding of the policies, roles, and responsibilities of the institutions involved in urban supply finance, planning, and construction including the role of the water utility companies
- A recommended set of priorities for improvements in existing water supply programs to be developed into projects and investments

#### Resources:

- Developing member country resources with ADB support.
- Local governments with national and other partners will provide staff and finances to maintain and update the assessments carried out.
- Mobilize the necessary resources and support demonstration project implementation by city governments.

#### Sustainability:

- Urban water sector data collection should be an ongoing process with the water utility companies.
- It is important to include private sector utility companies in undertaking strategic planning and link with their long-term plans and budgets.

#### References:

ADB. 2006. *Diagnostic City Water Assessments*. Manila.  
CDIA and UN-Habitat. 2012.

**Example: Tool Kit for Public–Private Partnerships in Urban Water Supply in the State of Maharashtra, India**

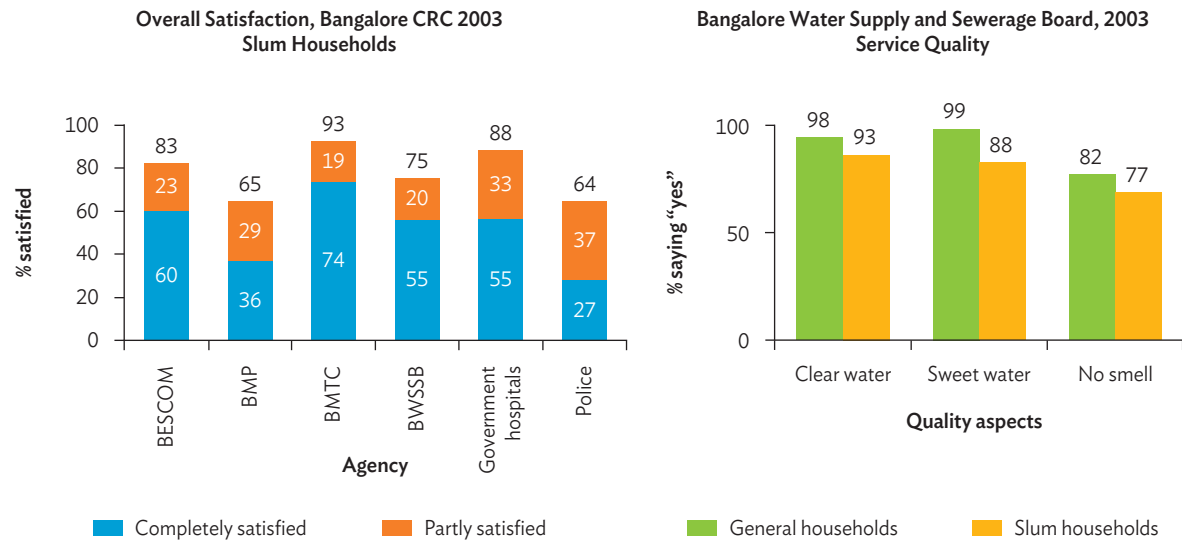
Several challenges in service delivery confront municipal water supply in India. This is driven by a number of issues, including rising demand due to larger and denser urban populations. The levels of investment in the water sector are lagging the required demands; coupled with inefficiencies and institutional issues, these will likely result in unsustainable exploitation of water resources. International experience suggests that public–private partnerships (PPPs) can meet these challenges in the sector, both through investments and particularly through efficiencies in performance parameters. In Maharashtra, ADB supported the Department of Urban Development and Water Supply and Sanitation to develop possible PPP structures in the water supply and sanitation sector. After studying possible PPP structures, their applicability, in the context of selected sample cities, was assessed leading to the development of proposed term sheets, which were identified as suitable and feasible for implementation.

Source: ADB. 2011. *Tool Kit for Public–Private Partnerships in Urban Water Supply for the State of Maharashtra, India*. Manila. Available at <http://www.adb.org/publications/toolkit-public-private-partnerships-urban-water-supply-state-maharashtra-india>

TOOL 18: Inclusive Service Delivery Assessment	Flowchart Reference PHASE 1: Urban Profile and Analysis Inclusive Cities Tool Kit Urban Context
<p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>To understand the status of urban service delivery in the city to the poor and vulnerable groups</li> <li>To assess the inclusive service delivery with regard to access to services, adequacy, reliability, and affordability of urban transport, water supply, sanitation, and street water drainage, and solid waste management</li> </ul>	
<p><b>Approach:</b></p> <p>The assessment can be conducted by developing and administering household surveys, stakeholder workshops, and focus groups. This can be in the form of <b>Citizen's Report Card (CRC)</b> to assess the satisfaction of citizens with the delivery of urban services. The CRC is a tool to</p> <ul style="list-style-type: none"> <li>collect citizen feedback on public services from actual users of a service (and not opinions from the public),</li> <li>assess the performance of individual service providers and/or compare performance across service providers, and</li> <li>generate a database of feedback on services that is placed in the public domain.</li> </ul> <p>The CRC is an effective tool for improving local governance and pro-poor service delivery. The CRC addresses critical themes in the delivery of public services such as access to services, quality and reliability of services, problems encountered by users of services and responsiveness of service providers in addressing these problems, transparency in service provisions like disclosure of service quality standards and norms, and costs incurred in using a service including hidden costs such as bribes. (<a href="http://www.citizenreportcard.com/">http://www.citizenreportcard.com/</a>)</p>	
<p><b>Steps:</b></p> <ol style="list-style-type: none"> <li><b>Institutional Mapping:</b> Outline the institutional structure, roles, and responsibilities of the different tiers of government involved in urban services delivery. This should comprise an organizational diagram (an “organogram”) that illustrates the structure, hierarchy, and overall staff numbers of the city government, together with simple tables that record basic information.</li> <li>Design and administer the <b>CRC</b> to assess the quality of governance and satisfaction of citizens with the delivery of urban services.</li> </ol>	
<p><b>Expected Results:</b></p> <ul style="list-style-type: none"> <li>Help public service agencies to facilitate open and proactive discussions on their performances.</li> <li>Empower citizen groups to play a watchdog role to monitor public service agencies and local governments.</li> <li>Enable federal ministries and planning departments to streamline and prioritize budget allocations and monitor implementation.</li> <li>Deepen social capital by converging communities around issues of shared experiences and concerns.</li> </ul>	
<p><b>Resources:</b></p> <ul style="list-style-type: none"> <li>ADB with developing member country program resources as part of the country poverty and vulnerability profile</li> <li>Local governments to assign dedicated resource to anchor and manage the CRC processes</li> <li>Some critical institutional capacities required to make CRCs effective include analytical staff well-versed in quantitative methods. A large part of the CRC involves sample surveys and data analysis, which would require the organization to have either in-house capability to understand and interpret numbers or have resources to locate external support.</li> <li>Dedicated resources for communication and outreach</li> </ul>	<p><b>Sustainability:</b></p> <ul style="list-style-type: none"> <li><b>Support from the top management.</b> CRCs work best when there is an explicit recognition within an organization on the need to conduct a user feedback-led diagnostic or assessment exercise.</li> </ul>
<p><b>Pointers for Implementation:</b></p> <ul style="list-style-type: none"> <li>The CRC main report should include an executive summary, survey objectives, methodology, and major findings.</li> <li>Ensure that the main report includes both the positive and negative findings (especially if your local partner is a government body, there may be a desire to suppress negative findings). Urge the local lead institution to present a holistic picture of the findings in the main report and in the subsequent dissemination efforts.</li> </ul>	
<p><b>References:</b></p> <p>ADB. 2007.</p> <p>ADB. 2008. <i>Managing Asian Cities</i>. Manila.</p>	

**Examples:**

The initial reach of the CRC in India was limited to the three cities of Bangalore, Ahmedabad, and Pune. Other cities that have recently carried out CRCs include Delhi, Mumbai, Chennai, Kolkata, Sehere, and Bhubaneshwar. At the international level, the countries where CRC has spread include Ukraine in Eastern Europe; Bangladesh, the People's Republic of China, Indonesia, Nepal, the Philippines, Sri Lanka, and Viet Nam in Asia; Ethiopia, Gambia, Ghana, Nigeria, Rwanda, and Uganda in Africa; and Peru and Argentina in South America.



BESCOM = Bengaluru Electricity Supply Company Ltd., BBMP = Bruhat Bangalore Mahanagara Palike, BMTC = Bangalore Metropolitan Transport Corporation, BWSSB = Bangalore Water Supply and Sewerage Board.

Source: ADB. 2007.

**TOOL 19: Infrastructure Needs Assessment****Flowchart Reference: Urban Profile and Analysis  
Urban Strategy and Prioritization****Objectives:**

- To understand the status of urban infrastructure in the city with regard to adequacy, quality, and reliability. To conduct an urban infrastructure needs assessment taking into account demand for infrastructure, housing, and urban services to include asset inventory performance, coverage, deficit, and the resource gap for inclusive urban infrastructure (Phase 1)
- To identify opportunities for investments in “mitigation” infrastructure such as flood control, site protection, and landslide and erosion control in vulnerable areas occupied by the poor (Phase 2)
- To prepare and analyze future demographic projections and trends and economic growth (Phase 2)

**Approach:**

Municipal services and infrastructure—water, sewerage, drains, solid waste, roads, electricity, and telecommunications—are essential to developing and maintaining efficient, healthy, and sustainable cities. These critical services, plus other physical and social amenities including housing, schools, and health care, make cities livable and allow their residents to be productive citizens. The access to these services for the urban poor is critical to their inclusion into the society as productive citizens.

- To conduct a major asset overview, inventory, and performance assessment (Phase 1)
- To identify the need and demand for and the supply of urban infrastructure that benefit the poor. **Infrastructure forecasting** will involve the use of ratio and regression methods to predict future demand for infrastructure services such as water, energy, roads, and other utilities. See ADB (1999) for demand forecasting of water supply.
- To identify the roles and responsibilities of public, private nongovernment organizations (NGOs), and community sector institutions regarding urban service delivery to the poor (Part of Institutional Assessment)
- To identify climate change impacts and disaster risks for urban infrastructure assets and service delivery (Phase 2: Tool 12)
- To develop a training and capacity-building agenda for urban management (Phase 2)

**Steps:**

1. Outline the objective of the assessment, the data to be collected, and the methodology.
2. There should be three areas for analysis: the status of the physical infrastructure assets; the institutional capacity; and the financial resources with the city for the service delivery, and operations and maintenance.
3. Interview key staff of national and local institutions and agencies responsible for and engaged in urban service delivery.
4. Consult with private sector stakeholders for utilities, and urban infrastructure finance and development.
5. Consult with community-based and NGOs regarding their roles and capacity to be involved in urban service provision.
6. Present the information gathered in an Inclusive Infrastructure Needs Assessment Report that
  - (i) presents an inventory of the urban infrastructure assets, current status, capacity, assess with respect to climate resilience and disaster preparedness;
  - (ii) presents an overview of the status of urban service delivery in the city especially informal settlements, inner-city tenements, and slum areas;
  - (iii) identifies key institutions and their priorities; programs’ focus, output, and source of funds and budget (Municipal Finance Assessment);
  - (iv) reviews and makes recommendations for modifications of policies;
  - (v) reviews and makes recommendations for modifications in programs and investments being made in urban services and mitigation infrastructure;
  - (vi) presents an annotated list of priorities an inclusive urban service program would address, including mitigation and climate-resilient infrastructure; and
  - (vii) recommends priority programs and investments to address the needs and gaps identified.

**Expected Results:**

- Projection on trends, demands for infrastructure, services, resources, and other needs to support the needs of the urban poor
- Targeted information on the quality and quantity of urban services being provided to informal settlements, inner-city tenements, and slum areas useful to establishing priorities. Spatial analysis to contain
  - (i) an updated set of annotated utility maps for coverage of urban services such as water supply, sewerage, drainage, electricity, etc. that support inclusive, sustainable, and resilient development. These can be supported by the income and affordability analysis to support planning for future infrastructure.
  - (ii) status of infrastructure assets in poor areas, delivery of services (formal and informal), access, cost and collection systems for services (formal and informal).
  - (iii) infrastructure requirements and gaps in service delivery.

- An understanding of the policies, roles, and responsibilities of the institutions involved in urban services finance, planning, and delivery.
- An understanding through maps and text of the locations where activities are concentrated.
- A recommended set of priorities to be developed into projects and investments.

**Resources:**

- ADB, with developing member country resources, will provide the guidance, budget, and oversight for the Inclusive Assessment.
- Local governments with national and other partners will provide staff and finances to maintain and update the assessments carried out. Local government should budget for and allocate staff with specific responsibilities for assessment maintenance and update.

**Sustainability:**

- Forecasting provides a basis for moving forward and developing strategies, which will result in more sustainable development outcomes.
- A proactive voice by local government for improved, inclusive urban service delivery will foster understanding and confidence through a decentralized system of community offices.

**Pointers for Implementation:**

- Gather existing information and maps from relevant sources.
- Identify information gaps and fill them through consultations and focus groups especially with community groups and agencies dedicated to addressing the urban service needs of the poor.
- Organize working groups to validate and verify information and recommendations.
- Build the “affordability” approach into the review of the products and systems being developed.
- Present observations on the willingness-to-pay of users as well as a willingness-to-collect of providers.
- Make recommendations for incrementally developed urban service delivery systems
- Present financial management alternatives for services provided.
- Discuss a 24/7 approach to service supply and its appropriateness to the overall supply system.
- Include potential impacts of climate change and disaster risks on urban services.

**References:**

Cities Alliance. 2008. *Slum Upgrading Up Close: Experiences of Six Cities*. Washington, DC.

UN-Habitat. 1996. *An Urbanizing World: Global Report on Human Settlements*. Oxford: Oxford University Press.

USAID/India. 2011. *Developing Sustainable and Inclusive Urban Infrastructure Services*. The Communities Group International.



## Housing

### TOOL 20: Pro-Poor Shelter Strategy

### Flowchart Reference PHASE 1: Urban Context

#### Objectives:

- To identify in the shelter sector's policies obstacles to addressing the shelter needs of the poor
- To review existing programs' guidance, incentives, and support for improving existing settlements and offering new shelter options to the poor
- To establish a typology of home improvements and new shelter options that reflects affordability and the capacity to pay of the poor

#### Approach:


- To review the policies of the shelter sector to determine their positive and/or negative limitations for addressing the shelter needs of the poor
- To identify the roles and responsibilities of the public and private sectors, nongovernment organizations (NGOs), and community-based organizations and institutions engaged in shelter for the poor
- To identify the need and demand for and the supply of affordable shelter options that benefit the poor, including home ownership and rental housing
- To prepare an annotated list of priorities for improving existing shelter and settlements and developing new shelter projects
- To develop a training and capacity-building agenda for resilient shelter construction for self-help and formal construction companies

#### Steps:

1. Prepare a Terms of Reference for an inclusive shelter assessment focused on the poor.
2. Collect and analyze the basic data on urbanization, population growth, household numbers and formation, housing stock, housing construction, tenure status, and land supply by market segment.
3. Assess the housing requirements and the housing deficit, and identify options for bridging the gap.
4. Conduct citywide consultations to raise awareness on urban poverty issues and assess the built-in capacity of the urban poor to address their own issues in partnership with local governments. Interview key staff of national and local institutions and agencies responsible for and engaged in the improvement of existing and new shelter options. Consult with private sector stakeholders in shelter finance and development on conditions and incentives for engaging in shelter development at scale. Consult with community-based organizations and NGOs on their shelter policies and programs.
5. Prepare City Shelter Profiles to map the urban poor community characteristics and opportunities for shelter and community infrastructure improvements; Use the participatory governance processes to select an urban-poor community for sustained settlement upgrading in each city, and form Local Area Development Committees (UN-Habitat 2012).
6. Present the information gathered in an Pro-Poor Shelter Strategy that
  - (i) presents an overview of the status of shelter delivery in the city especially informal settlements, inner-city tenements, and slum areas;
  - (ii) identifies key institutions and their priorities, programs' focus, output and source of funds and budget;
  - (iii) reviews and makes recommendations for modifications of policies to be proactive in shelter development and improvements;
  - (iv) reviews and makes recommendations for affordable products for programs and investments being made in slum upgrading and new shelter options; and
  - (v) recommends priority programs and investments to address the needs and gaps identified.

#### Expected Results:

- An Inclusive Assessment of the shelter sector and the needs of the poor
- Shelter Profiling and Strategies prepared for the city. Targeted information on the quality and quantity of housing being provided to informal settlements, inner-city tenements, and slum areas useful to establishing priorities.
- An understanding of the policies, roles, and responsibilities of the institutions involved in shelter finance, planning, and construction
- Priority urban poor communities identified for upgrading through the Community Action Planning process. City consultations held and areas for community action and shelter upgrading identified.
- A recommended set of priorities for improvements in existing settlements, and shelter and new shelter programs to be developed into projects and investments

<p><b>Resources:</b></p> <ul style="list-style-type: none"> <li>• ADB with developing member country resources will provide the guidance, budget, and oversight for the Inclusive Assessment.</li> <li>• Local governments with national and other partners will provide staff and finances to maintain and update the assessments carried out.</li> <li>• Mobilize the necessary resources and support demonstration project implementation by the communities and city governments.</li> </ul>	<p><b>Sustainability:</b></p> <ul style="list-style-type: none"> <li>• Develop the capacity of each community to upgrade their settlements through Community Action Planning and Community Contracting mechanisms</li> <li>• Support the settlements upgrading initiatives through the creation of supplementary income-earning opportunities</li> <li>• Prepare proposals for follow-up investments in Settlement Upgrading, Livelihood development, and Community Infrastructure Improvements</li> </ul>
<p><b>Pointers for Implementation:</b></p> <ul style="list-style-type: none"> <li>• From relevant sources, gather existing information and maps on informal and slum shelter and settlements.</li> <li>• Establish a typology of existing shelter, including information on its location, building materials, plan, and space.</li> <li>• Identify information gaps and fill them through consultations and focus groups especially with community groups and agencies dedicated to addressing the shelter needs of the poor.</li> <li>• Organize working groups to validate and verify information and recommendations.</li> <li>• Build an “affordability” approach into the review of products and systems being developed.</li> <li>• Present observations on the willingness-to-pay of users and willingness-to-collect of providers for improvements.</li> <li>• Make recommendations for site protection improvements.</li> <li>• Present financial options for home improvements and new shelter alternatives.</li> <li>• Discuss the issues as well as locations that may need to be changed.</li> <li>• Present potential impacts of climate change and disaster risks on building materials standards and shelter development.</li> </ul>	
<p><b>References:</b></p> <p>ADB, M. Lindfield, and F. Steinberg. 2011.</p> <p>R. Buckley and J. Kalarickal. 2006. <i>Thirty Years of Shelter Lending: What Have We Learned?</i> Washington, DC: World Bank.</p> <p>H. Caminos and R. Goethert. 1983. <i>Urbanization Primer</i>. MIT Press (third printing).</p> <p>H. Caminos, J. F. C. Turner, and J. A. Steffian. 1969. <i>Urban Dwelling Environments: An Elementary Survey of Settlements for the Study of Design Determinants</i>. MIT Press.</p> <p>Government of India. 2005. <i>Jawaharlal Nehru National Urban Renewal Mission: Towards Better Cities—Guidelines for Basic Services for the Urban Poor (BSUP)</i>. New Delhi.</p> <p>Indian Human Settlements Programme. 2005. <i>Guidelines for Integrated Housing and Slum Development Program</i>. Human Settlements Management Institute/Housing and Urban Development Corporation. New Delhi.</p> <p>UN-Habitat. 2012.</p> <p>B. Yuen. 2005. <i>Squatters No More: Singapore Social Housing</i>. Third Urban Research Symposium: Land Development, Urban Policy and Poverty Reduction, World Bank. Washington, DC. 4–6 April.</p>	
<p><b>Example:</b></p> <p>Philippine Business for Social Progress (PBSP), a private, nonprofit foundation promoting commitment by private business to social development in the Philippines, proposed an initiative for guiding corporate involvement in integrated urban poverty reduction. Known as the Strategic Private Sector Partnership for Urban Poverty Reduction in Metropolitan Manila (or more commonly, “the STEP-UP project”), this initiative aimed to improve the quality of life of an estimated 35,000 individuals living in 5,823 households in 25 communities located in eight of Metro Manila’s municipalities: Caloocan, Malabon, Marikina, Muntinlupa, Navotas, Pasig, Quezon City, and Taguig.</p> <p>A central assumption of the STEP-UP project was that the scale of Metro Manila’s urban poverty problem is such that neither government alone, nor even government working together with NGOs and the affected communities, can effectively address urban poverty in the metropolis. Thus, the program’s point of departure is the creation of a framework for introducing private sector participation into the urban poverty reduction effort.</p> <p>Ultimately, the STEP-UP project was funded by a \$3.6 million grant from the Japan Fund for Poverty Reduction, which is being administered by the Asian Development Bank. The executing agency for the STEP-UP project was the Housing and Urban Development Coordinating Council, while the implementing agency was PBSP itself.</p> <p>Source: ADB, Lindfield, and Steinberg. 2011.</p>	

## Urban Health

### TOOL 21: Urban HEART

### Flowchart Reference PHASE 1: Urban Context

#### Objectives:

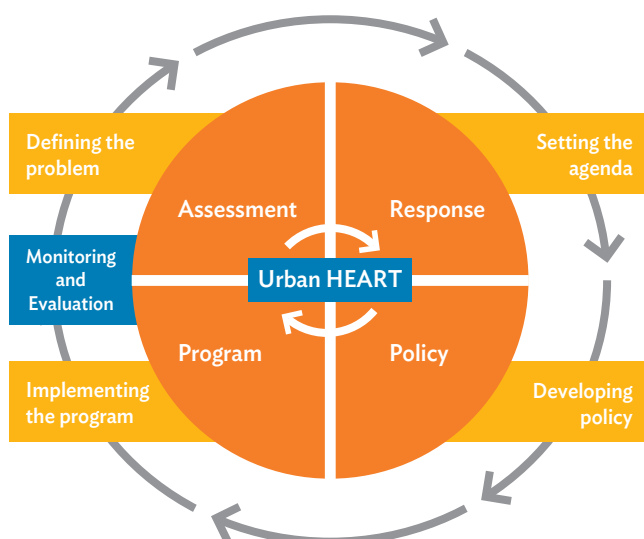
- To understand the status of health care services in the city to the poor and vulnerable groups
- To identify and reduce health inequities in the city

#### Approach:

The Urban Health Equity Assessment and Response Tool (Urban HEART) is a decision-support tool to identify and reduce health inequities in cities. Urban HEART enables local communities, program managers, and municipal and national authorities to

- better understand the unequal health determinants, unequal health risks, and unequal health outcomes faced by people belonging to different socioeconomic groups within a city (or across cities);
- use evidence when advocating and planning health equity interventions;
- participate in intersectoral collaborative action for health equity; and
- apply a health equity lens in policy making and resource allocation decisions.

#### Urban HEART integrated into the local planning cycle



Source: World Health Organization. 2010. *Urban HEART User Manual*. Kobe: WHO Centre for Health Development.

#### Steps:

1. Build an inclusive team
  - The goal is to build political commitment to pursue a health equity agenda for your city. Building an inclusive team may be the most time-consuming step in the Urban HEART process, yet it may also be the most important step. Core activities include partnership building, education, and advocacy.
  - Obtain buy-in from influential champions.
  - Raise awareness in other sectors about the importance and relevance of Urban HEART.
  - Form a core team of individuals who will have dedicated time to implement Urban HEART. Promote the sustainability of the use of the tool by integrating Urban HEART into existing structures and responsibilities.
2. Define your local indicator set and benchmarks
  - A health equity indicator set will enable the team to effectively and efficiently collect information on the major health equity issues facing your city.
  - Adopt the Urban HEART core indicators. These have been vetted as valid and reliable health equity indicators. You can also select other indicators to address special issues in your city. Make these choices in consultation with stakeholders.
  - Identify the best disaggregation variables to assess inequities.
  - Determine benchmarks and targets for evaluating performance on the indicators.
  - Find a data source for each indicator. You will need data from a range of policy sectors.

- |   |   |
|---|---|
| 3. Assemble relevant and valid data                       | <ul style="list-style-type: none"> <li>• Urban HEART should rely as much as possible on use of available datasets and should not require extensive new data collection or surveys. Data sharing may be politically sensitive. Use contacts on your intersectoral team to support the process.</li> <li>• Assess the quality and validity of available datasets, in consultation with data experts and communities. Take steps to choose the best quality data and to manage data quality problems.</li> <li>• Negotiate formal data-sharing agreements with data custodians and set up a repository or server to hold the collected datasets. You may need legal and information technology advice. Prepare the data for analysis.</li> </ul>   |
| 4. Generate evidence                                      | <ul style="list-style-type: none"> <li>• Using your indicator set, the data you have assembled and simple charting and graphing software, the team can produce easy-to-read charts (the MATRIX and the MONITOR) to illustrate health inequities in your city.</li> <li>• Start by developing the MATRIX. Use the MATRIX to identify priority indicators that should also be reviewed through the MONITOR.</li> <li>• Be sure to register numeric results for each indicator, in addition to using color codes. This will help stakeholders to understand the relative urgency of different problems.</li> </ul>   |
| 5. Assess and prioritize health equity gaps and gradients | <ul style="list-style-type: none"> <li>• This is a highly critical stage whereby all stakeholders participate in identifying priority issues by assessing the Urban HEART evidence. Although the MATRIX and MONITOR provide quantitative results, this phase should include qualitative assessment as well.</li> <li>• Ensure that stakeholders can interpret the charts. Focus on numeric results as well as the color codes.</li> <li>• Facilitate careful and deliberative discussion. There are several strategies for reviewing the charts, depending on stakeholders' concerns. Focus on trends and pockets of deep inequities, understanding the causes and consequences of inequities (using qualitative approaches).</li> <li>• Prioritize key equity problems.</li> </ul>   |
| 6. Identify the best response                             | <ul style="list-style-type: none"> <li>• Once you have identified the equity issues needing attention, the next step is to identify the appropriate response. This step should be highly consultative, involving relevant policy sectors and communities. The goal is to develop an evidence-based plan for action that will be persuasive to decision makers and can be adopted and implemented.</li> <li>• Draw upon the Urban HEART menu of strategy packages and interventions for ideas. These have been tested in other cities for their effectiveness.</li> <li>• Assess the relative strengths of potential interventions. Consider a wide range of factors, including potential impacts on equity, community preferences, available resources and alignment with existing government priorities.</li> <li>• Finalize your response plan. The Urban HEART process will help you ensure that the plan is evidence based, feasible, relevant, and broadly supported.</li> </ul> |

#### Auxiliary Steps (if any):

1. Draw a “network map.” Getting started and knowing who to engage can be a challenge. You may need to begin by conducting an environmental scan or stakeholder analysis to identify people who should join the team. In Parañaque City, Philippines, the start-up group held brainstorming sessions to identify potential stakeholders. The result was a network map of the many agencies, departments, and communities relevant for Urban HEART, and a plan for contacting these groups.
2. **Mobilize influential champions.** Communicate with, and meet as often as needed with, influential decision makers (and “gatekeepers”) to secure their support and prepare them to receive the results of data analysis later on. When national and local executives (e.g., city mayor, town clerk, district council chiefs, or other types of officials) become champions for Urban HEART, they can encourage or mandate their agencies to get involved. City council adoption of Urban HEART has been an important milestone in pilot cities and stimulated more activity. Use the Urban HEART policy brief (Annex 1) and other educational materials that are available online (<http://www.who.or.jp/urbanheart>).
3. **Educate.** Many groups will be unfamiliar with concepts such as the “social determinants of health” or “health equity.” The first step in cultivating champions and a team is to ensure that potential stakeholders understand the issues. Emphasize opportunities for collaboration. It is important not to alienate groups whose participation may be needed. Educational materials are available at the Urban HEART website. You can tailor these materials for different groups and offer learning workshops and consultations.
4. **Look for synergies to promote sustainability.** Competing responsibilities is one of the biggest challenges to starting and sustaining Urban HEART. Pilot cities recommend integrating Urban HEART within established programs, policy agendas, timelines, workplaces, and job descriptions. Be explicit with all potential stakeholders that Urban HEART is a planning tool that can be adopted by existing organizations and programs. It is not intended to be a new program requiring substantial new resources.

5. **Use informal networks.** In addition to the formal route, team builders in pilot cities used their personal contacts to identify participants for Urban HEART. In some cities, third-party agencies or centralized statistics organizations have provided access to relevant datasets, when an individual policy contact is not available.
6. **Create Terms of Reference.** Writing this document together will be an important way to build commitment and knowledge in the team. It will also help identify potential synergies with existing roles and responsibilities. Clearly describe the Urban HEART plan, and define concrete measures of success, timelines, and the roles and goals for working together. Ensure that roles for affected communities are expressed in the Terms of Reference, including the strategies to be pursued to ensure their meaningful participation.
7. **Organize the team efficiently.** Small subteams may be established to focus on particular issues or policy domains. This approach can speed up your activity and ensure that you are using the expertise of team members efficiently. A steering committee can coordinate the activities of the subteams.
8. **Document the process.** This information can be used for evaluation and monitoring, and for providing advice to future Urban HEART cities on how to get started.

#### Expected Results:

- Help public service agencies to facilitate open and proactive discussions on their performances.
- Empower citizen groups to play a watchdog role to monitor public service agencies and local governments.
- Enable federal ministries and planning departments to streamline and prioritize budget allocations and monitor implementation.
- Deepen social capital by converging communities around issues of shared experiences and concerns.

#### Resources:

- Developing member country program resources
- A realistic budget. Include costs for meeting spaces, travel, meals, stipends, materials, and personnel.
- Aim to integrate most costs of Urban HEART within existing programs. You may need to cover costs for new data analysis. Seek out funding from government agencies, nongovernment organizations, and foundations.
- Debriefing documents and educational materials. A policy brief is included in Annex 1 of the Urban HEART Manual. You can tailor it to your context and translate it. You can also use the final report of the Commission on Social Determinants of Health.
- Access to relevant stakeholders.
- Terms of Reference template. A sample is included in Annex 2.
- Time to meet with diverse individuals and groups to explain Urban HEART and encourage their participation.

#### Sustainability:

- **Look for synergies.** A relevant, intersectoral team may already exist, which could adopt the Urban HEART process. In Ulaanbaatar, Mongolia, Urban HEART was launched by the WHO Healthy Cities Committee. This helped raise the profile of Urban HEART and encouraged central government participation.
- **Be prepared for resistance.** The causes of health inequities in cities are complex. It may be difficult for organizations that do not have a direct health care mandate, such as labor, utilities, or police, to see a role for themselves in Urban HEART. Engaging groups that do not see the relevance of health equity to their work may take longer than any of the other steps in the Urban HEART process, but it is essential.
- **Cultivate demand.** Urban HEART works best when representatives from affected communities and relevant sectors want the process and believe that Urban HEART is needed. You can help cultivate demand early on by explaining the social determinants of health to stakeholders. Later, you can use Urban HEART data analyses to demonstrate health inequities faced by particular communities and equip them to advocate change.
- **Prepare for succession.** Over time, you may lose individual participants and champions (for example, due to staff turnover or elections). Work to integrate Urban HEART into organizational systems and formal job descriptions to minimize the effects of personnel changes. Be prepared to continue to advocate Urban HEART with political incumbents. The demand you have cultivated among other participants, communities, and the media can influence incoming officials to support Urban HEART.

**Pointers for Implementation:**

- Urban HEART requires (and fosters) strong coordination between diverse policy sectors, levels of government, and communities to address health inequities. Although it is likely that a health agency may first become interested in using Urban HEART (or may become the focal point for the process), it is essential to build partnerships with others as early as possible. Getting an early start on inclusive team building during this pre-assessment phase is both practical and strategic. In the practical sense, you will need data from a wide range of sectors and levels of government to analyze health inequities in your city. Strategically, an inclusive approach helps build political commitment. It is more likely that agencies and communities will take ownership for responding to problems if they have participated throughout the process and have played a key role in identifying problems. While team building may be the most time-consuming step in the process, it may also be your most important step. Creating an inclusive team sets the foundation for the productive implementation of Urban HEART.
- **Think about the size of the team.** The exact size and composition of the team will depend on your unique context and cannot be prescribed in advance. As a rule of thumb, the team should be as broad as necessary to achieve your goals, but not too broad as to become irrelevant or difficult to coordinate. A team that is well connected to the range of relevant stakeholders is optimal. In some cases, it may be appropriate for an agency to share data, without participating actively on the team. Aim to build a team of 10–20 participants.
- **Remember that team building is an ongoing process.** The team does not need to have everyone on board in order to get started. Pilot cities, such as Ho Chi Minh City in Viet Nam and Nakuru in Kenya, attracted new participants by sharing interim Urban HEART results.
- **Keep stakeholders informed.** Ideally, the team will include representatives from all relevant stakeholder groups. Use these contacts to ensure that stakeholders are regularly updated about activities throughout the Urban HEART process. This will ensure that stakeholders do not forget about Urban HEART and will prepare them to participate in steps 5 and 6—reviewing and responding to evidence.

**Reference:**

World Health Organization. 2010. *Urban HEART User Manual*. Kobe: WHO Centre for Health Development.

**Examples:**

The working group first identified the rich and poor barangays of the city based on percentage of depressed areas per barangay. Barangays San Dionisio, Sto. Niño, and San Martin were identified as the poorest, and Barangays Tambo, Merville, and BF Homes, the richest. Barangay San Martin de Porres has the highest percentage of depressed areas at 61%. The team then plotted the data gathered for the identified rich and poor areas on Form 123, the Urban Health Assessment Record. The data of the barangays were plotted against the national data and city average data to facilitate comparison of indicators. Of the 28 indicators in the URBAN HEART, 16 were with available data (data for 11 indicators were gathered within the City Health Office and those for 5 indicators were requested from agencies within City Hall). Twelve of the 28 indicators have no available data and thus require a survey.

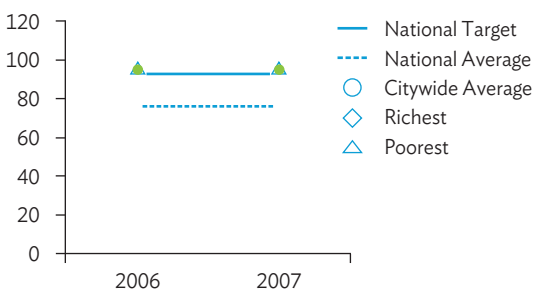
Barangay	No. of Areas	Depressed Area		Subdivision/Non-Depressed Area		Indicator	Available	Not Available	Source
		Number	Percent	Number	Percent				
Baclaran	37	18	49	19	81	Life Expectancy			
Tambo	19	9	47	10	53	MMR			City HMIS
Vitalez	4	2	50	2	50	IMR			City HMIS
San Dionisio	33	19	58	14	42	Under 5 Mortality Rate			City HMIS
Sto. Niño	39	37	94	2	6	HH with access to safe water			City Nutrition Division
San Isidro	36	19	52	17	48	HH with access to sanitary toilet			City Nutrition Division
Moonwalk	97	47	48	50	52	HH served by the city solid waste management			City Solid Waste Management Office
BF Homes	43	20	46	23	54	HH using solid fuel			
Sun Valley	32	17	53	15	47	Incidence rate of road traffic injuries			
La Huerta	30	15	50	15	50	Youth literacy rate			
Don Bosco	67	32	48	35	42	Elementary completion rate			
San Antonio	91	49	54	42	51	Philhealth enrollment rate			
San Martin	13	8	61	5	49	FIC			FHSIS
Merville	27	10	37	17	63	UFC moderate to severely underweight			FHSIS
Marcelo Green	30	16	53	14	47				

Color coding the data using the Urban Heart Equity Matrix, Health Outcome reveals mostly reds and yellows in the six barangays for infant mortality rate in 2007.

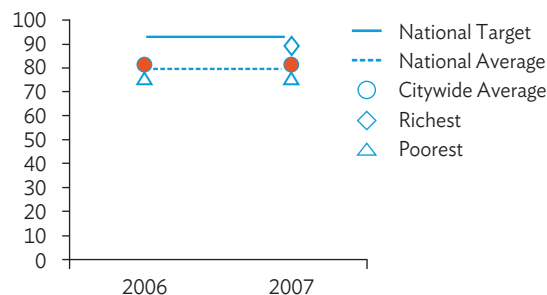
Indicators	Health Outcome							Indicators	Policy Domain 1: Physical Environment and Infrastructure									
	Life Expectancy		MMR		IMR		Under 5 Mortality Rate		HH w/ access to safe water		HH w/ access to sanitary toilet		HH served by the city solid waste management		HH using solid fuel		Incidence rate of road traffic injuries	
	2006	2007	2006	2007	2006	2007	2006		2007	2006	2007	2006	2007	2006	2007	2006	2007	
Sto. Niño								Sto. Niño										
San Martin								San Martin										
San Dionisio								San Dionisio										
BF Homes								BF Homes										
Merville								Merville										
Tambo								Tambo										
City Average								City Average										

In Policy Domain 1, only two of five indicators were with data. Of those two indicators, households with access to safe water was a problematic indicator. Of the six barangays, two were red (one rich and one poor barangay), two were yellow, and two green for 2007. In Policy Domain 2, the indicator fully immunized children revealed mostly reds and yellow for 2006 but had improved in 2007. The city average, however, for this indicator (red in 2006) improved to a yellow upward arrow in 2007. Four indicators had no data: youth literacy rate, elementary completion rate, Philippine Health Insurance Corporation (PhilHealth) enrollment rate, and prevalence rate of tobacco smoking among teenagers aged 13–15. Three barangays (two rich and one poor) were red in the facility-based deliveries. Based on the matrix, it was easier to draw the yardstick or the equity monitor to check the equity gaps among the different indicators for the rich and poor barangays.

**Chart 1: Households with Access to Sanitary Toilet Facilities**



**Chart 2: Households with Access to Safe Drinking Water**



However, in Policy Domain 1 Households with access to safe water, this monitor shows that the rich were better served compared with poor constituents, with the yellow diamond indicating that the national target of access to safe water was not reached, hence the yellow color. The bigger problem is, even the city had not reached the national average of 96% for the urban setting, as shown by the red circle.

In all four policy domains, the need to identify the most problematic domain and indicator will help in zeroing in on intervention that will address the equity gap. Problematic indicators identified in Health Outcome were maternal mortality ratio and infant mortality rate, households with access to safe water (Policy Domain 1), and facility-based deliveries and fully immunized children (Policy Domain 2). There was no data for Policy Domain 3. Based on the equity matrix and the equity monitor, three indicators showed inequity: households with access to safe water, facility-based deliveries, and index crime rate. This assessment led to projects being identified to bridge the equity gap.

Category	List of Problem Indicators	Does Equity Gap Exist?	
		Equity Matrix	Equity Monitor
HS Indicators	Infant Mortality Rate Maternal Mortality Rate	No No	Yes Yes
1. Physical Environment and Infrastructure	<b>Households with access to safe water</b>	<b>Yes</b>	<b>Yes</b>
2. Social and Human Development	Fully immunized Children <b>Facility-based Deliveries</b>	No <b>Yes</b>	Yes <b>Yes</b>
3. Economics	No data	No data	No data
4. Governance	Government spending allocated to health Voter participation rate <b>Index crime rate</b>	No No <b>Yes</b>	No No <b>Yes</b>

Source: O. Virtusio. 2009. Urban HEART Philippines: The Parañaque City Experience. Presentation at the Asian Institute of Management, Manila.

## Integrated Disaster Risk Management

### TOOL 22: Integrated Disaster Risk Management

Flowchart Reference: Urban Strategy and Prioritization  
Inclusive Cities Tool Kit: Phase 2

#### Objectives:

- To create an awareness of potential adverse effects of all hazards including climate change on existing communities, especially vulnerable groups, and on current and future growth areas
- To proactively document root causes of vulnerabilities of communities and assets to natural hazards
- To expand the scope of urban infrastructure to include interventions on disaster risk reduction as an essential component of inclusive urban investments; where necessary, to undertake stand-alone investments on disaster risk reduction
- To proactively document and address vulnerabilities to natural and human-made hazards in project development and preparedness assessments
- To integrate Disaster Risk Management (DRM) into urban sector project development process
- To identify and employ resilient technologies in shelter and urban service delivery systems
- To identify technical partnerships for climate change and hazard analysis as part of the Project Development Team
- To determine most vulnerable groups or areas

#### Approach:

- To create an awareness of the relationship between Integrated Disaster Risk Management (IDRM) and urban sector project design and implementation
- To maintain a multi-hazard perspective for information base development, mapping, and analysis
- To identify partners to support technical inputs for climate change predictions and projections to complement the historical disaster record
- To create information on and access to technological innovations for mitigation and adaptation for urban project development
- To include preparedness, mitigation, and adaptation investments in urban projects
- To focus on mitigation and adaptation programs that address home improvements for resilience, site protection, and infrastructure protection

#### Steps:

1. Identify the risk-prone areas and regions. Generate an annotated multi-hazard profile.
2. For an integrated urban plan, develop a citywide and community-level annotated multi-hazard mapping program as part of a consolidated city information base to guide resilient project development.
3. Undertake an awareness program on potential impacts of disaster risk including climate extremes and DRM impacts on shelter, livelihoods, site protection, and urban services.
4. Prepare a list of most vulnerable areas, settlements, and communities for urban project preparation and potential resettlement initiatives.
5. Consider global practice and imbibe DRM technical innovations in project design and development.
6. Identify and contract with a roster of partners as technical, financial, and management support for IDRM in projects.
7. Include disaster risk as one of the decision-making factors in the project review process to embed resilience.

#### Expected Results:

- Develop a city multi-hazard profile that guides location and type of future investments.
- Identify partnerships to carry out disaster risk assessment and interventions to reduce disaster.
- An inclusive shelter, site development, and infrastructure project development process that reflects resilient planning and employs resilient technologies
- Finance mechanisms to reduce disaster risk by embedding resilience in shelter, community facilities, and site retrofit, new construction; and finances to manage residual risk.
- An online resilient planning and technologies support mechanism
- IDRM investments that reflect a resilient approach to project development
- Disaster risk reduction-related infrastructure becomes a legitimate investment.
- Community-based and formal sector housing finance companies offer home-improvement lending to retrofit shelter, site protection, and basic services.



<p><b>Resources:</b></p> <ul style="list-style-type: none"> <li>• Project investments include resilient planning, site development, and technologies for shelter and basic service delivery systems.</li> <li>• City and national budgets include incentives that are built into resilient home-improvement programs for community-based and formal sector housing finance companies.</li> </ul>	<p><b>Sustainability:</b></p> <p>The responsible ministry at the national level and the Disaster Risk Management Office of a city participate in the urban planning process.</p> <p>The maintenance and update of vulnerability assessments are built into the National Urban Development Action Plan and regional/city plan.</p> <p>Partnerships with technical institutes can share financial and staff responsibilities for DRM investments.</p>
<p><b>Pointers for Implementation:</b></p> <ul style="list-style-type: none"> <li>• The most vulnerable populations need to be identified to create safe haven programs and escape routes.</li> <li>• The role of the community is key to establishing a consensus on sensitive issues such as resettlement.</li> <li>• Community mapping exercises support understanding and gather detailed information on vulnerable populations.</li> <li>• Site protection investments are an important element of resilient and sustainable planning that completes the urban picture with shelter and urban services.</li> <li>• Investigate the feasibility of making resilient design and planning necessary to access credit.</li> </ul>	
<p><b>References:</b></p> <p>ADB. 2014.</p> <p>Asian Disaster Preparedness Center. 2005. <i>A Primer: Disaster Risk Management in Asia</i>. Bangkok.</p> <p>Asian Disaster Preparedness Center. <i>A Primer: Integrated Flood Risk Management in Asia</i>. Bangkok; Safe Cities Series. Bangkok.</p> <p>N. von Einsiedel, F. Benedimerad, A. S. Rodil, and M. Deocraiza. 2010. The Challenge of Urban Redevelopment in Disaster-Affected Communities. <i>Environment and Urbanization Asia</i>. NIUA. SAGE Publications.</p> <p>UN-Habitat. 2009. <i>Post-Tsunami Aceh-Nias Settlement and Housing Recovery Review</i>. Jakarta, Indonesia.</p> <p>The World Bank. 2009. <i>Climate Resilient Cities: A Primer on Reducing Vulnerabilities to Disasters</i>. Washington, DC.</p> <p>The World Bank. 2010. <i>Safer Homes, Stronger Communities: A Handbook for Reconstructing after Natural Disasters</i>. Washington, DC.</p>	
<p><b>Example:</b></p> <p>F. Steinberg and P. Smidt, eds. 2010. <i>Rebuilding Lives and Homes in Aceh and Nias, Indonesia</i>. <i>Urban Development Series</i>. Manila: Asian Development Bank.</p>	

## Climate Change Impacts Assessment

**TOOL 23: Climate Change Impacts, Resilience Options, and Indicative Costs**

**Flowchart Reference: Urban Strategy and Prioritization Inclusive Cities Tool Kit: Phase 2**

### Objectives:

- To identify and create an awareness of climate change impacts on existing communities and future growth areas
- To proactively document and address vulnerabilities to climate change impacts in project development and preparedness assessments
- To identify technical partnerships for climate change analysis as part of the Project Development Team
- To identify most vulnerable communities and areas

### Approach:

- To build climate impacts into project design and implementation
- To include climate change predictions and projections in information base development, mapping, and analysis
- To identify partners to support technical inputs for climate change predictions and projections
- To create information on and access to technological innovations for mitigation and adaptation for project development that addresses densification, home improvements, site protection, and infrastructure protection
- To identify more secure and available land and employ resilient technologies in shelter and urban service delivery systems through climate change impact data

### Steps:

1. Identify the areas and regions at risk due to climate change impact. Generate annotated map outlining climate change impacts.
2. For Urban Region Sustainability Assessment, conduct a citywide and community-level annotated climate change impacts mapping program as part of a consolidated National Urban Development Action Plan (NUDAP).
3. Prepare a list of most vulnerable areas and settlements for project preparation and potential resettlement initiatives. Based on the climate resilience of urban infrastructure, outline resilience options and indicative cost.
4. Identify a roster of partners as technical, financial, and management support for addressing potential climate change impacts in projects.
5. Develop technical guidelines for higher-density, low-rise development for future growth of cities.
6. Prepare an awareness program on climate change impacts on shelter, site protection, and urban services as information for the training programs to take place.
7. Include climate change impacts in the project review process to demonstrate resilience.

### Auxiliary Steps (if any):

The Global Environment and National Information Evaluation System (GENIES) is an Integrated Climate Impact Assessment Tool for Urban Policy Makers Framework Design and Methodologies.

The following steps can be applied at the city level and would provide help at each stage of the decision-making process.

1. Identify the problem and objectives; highlight some of the key characteristics of adaptation and mitigation (A&M) as a decision problem; a checklist of things to consider in identifying the scope and overarching objectives of A&M.
2. Establish your risk tolerance and decision-making criteria; highlight the major approaches to climate risk assessment; highlight the major approaches to A&M decision making and their advantages and disadvantages; and, provide risk assessment and scenarios analysis tools.
3. Identify and assess your risks.
4. Identify a range of A&M options with cost-benefit analysis and cost-effectiveness analysis
5. Appraise the city's A&M options.
6. Refine the problem and criteria. Make a decision on options.
7. Implement.
8. Monitoring and evaluation.

**Expected Results:**

- A report that includes annotated climate change data and maps
- Partnerships to carry out a climate change predictions and projections
- Climate resilience options, adaptation programs, and mitigation infrastructure requirements with indicative costs
- An inclusive shelter, site development, and infrastructure project development process that considers climate change impacts
- Community-based and formal sector housing finance companies offer home-improvement lending to retrofit shelter, site protection, and basic services; finance mechanisms for shelter, community facilities and site retrofit, and resilient new construction
- Targeted investments that reflect a resilient approach to project design and development

**Pointers for Implementation:**

The assessment should aim to answer the following questions:

- What is the expected nature of impacts because of climate change?
- Which sectors are likely to be affected the most?
- What are the recommendations to reduce the intensity of these impacts?
- How to evaluate the future costs of the impacts?
- Which other cities are experiencing similar impacts, and what are they doing?
- What are the expected benefits and co-benefits of an action plan?
- What kind of information is required for prioritizing fund allocation?

**Resources:**

- ADB with developing member country support contract with a technical institute or university for climate change information.
- Project investments include climate change resilient planning, site development, and technologies for shelter and basic service delivery systems.
- Incentives are built into national programs to respond to climate change guidance for higher-density development.
- Resilient home-improvements programs for community-based and formal sector housing finance companies.

**Sustainability:**

- High-level commitment at the national level to support climate change-resilient infrastructure and retrofit of the cities with commensurate policy directives and dedicated resources
- Greater awareness of networks and partnerships to tap resources
- Urban region and city officials to increase awareness and support climate change studies
- The maintenance and update of climate change vulnerability assessments to be built into the NUDAP
- Partnerships with technical institutes to share financial and staff responsibilities for DRM investments

**References:**

CDIA and UN-Habitat. 2012. *Pre-Feasibility Studies (PFS) User Manual*. Manila: Cities Development Initiative for Asia.  
UN-Habitat. 2001b. *Tools to Support Participatory Urban Decision Making*. Nairobi.

**Example:**

Eco2 city – Hai Phong City, Viet Nam.

TOOL 24: Inventory of Projects/Programs and Investments	Flowchart Reference: Urban Strategy and Prioritization
<p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>To prepare an inventory of recent-past, ongoing, and proposed pipeline of projects and programs</li> <li>To identify investment gaps, sector focus, geographic concentration of activities, and support of successful program continuity</li> <li>To identify key target groups/beneficiaries and spatial areas for targeted interventions</li> </ul>	
<p><b>Approach:</b></p> <ul style="list-style-type: none"> <li>To contact public, private, university, nongovernment organization, and community groups to compile and consolidate an annotated list of projects, programs, and courses related to urban sector in an annotated Inventory of urban development-related programs</li> <li>To review the Inventory to identify gaps and areas of concentration of investment and activities</li> <li>To prepare tools for analysis such as an Inventory Matrix</li> <li>To implement an urban strategic planning workshop to present the findings of the Inventory</li> <li>To carry out consultations with partner institutions to prepare strategies for filling the gaps identified and scaling up successful initiatives</li> <li>To present sector and geographic focus and concentrations</li> </ul>	
<p><b>Steps:</b></p> <ol style="list-style-type: none"> <li>The national urban assessment team will be responsible for preparing an inventory of urban sector programs.</li> <li>Establish a typology of activities including basic urban services, shelter, slum improvement, historic urban areas, disaster risk management, climate change impacts, urban transport, training and capacity building, and urban environmental restoration.</li> <li>Prepare short descriptions of each project, program, and/or training course, indicating if the activity is a capital investment or technical assistance/training event, its purpose, size of implementing agencies, and expected outputs.</li> <li>Identify gaps and areas of concentration.</li> </ol>	
<p><b>Expected Results:</b></p> <ul style="list-style-type: none"> <li>An annotated inventory of recent, ongoing, and future plans and activities that grows/changes over time as projects are completed and initiated.</li> <li>An understanding of where programs are concentrated, their locations, and how many are operating.</li> <li>A report that documents gaps in programming and training as well as in the geographic coverage of activities.</li> <li>A program development document to inform potential partners and investors of areas of need and opportunity.</li> </ul>	
<p><b>Pointers for Implementation:</b></p> <ul style="list-style-type: none"> <li>Identify if each activity is a short-, medium-, or long-term initiative.</li> <li>The Inventory Matrix should show the areas of concentration and gaps in coverage and investment.</li> <li>Gaps are to serve as, and be developed into, an agenda for consultations with partner institutions.</li> <li>Populate an annotated Inventory Matrix with the typology programs and others you identify.</li> <li>Prepare the Inventory in a report format to be disseminated as a handout by national and local officials to identify partnerships and attract and inform investments.</li> <li>Focus attention on and create the Inventory as a priority and an essential component of the national urban assessment.</li> </ul>	
<p><b>Resources:</b></p> <ul style="list-style-type: none"> <li>The developing member country will provide staff and financial support to the preparation of the Inventory and the consultations to follow.</li> <li>National and local governments with partners will take over the management and budget requirements to continue to track programs and promote activities in areas not well addressed.</li> </ul>	<p><b>Sustainability:</b></p> <ul style="list-style-type: none"> <li>The Inventory is an important tool in representing a country's needs to investors and support groups and therefore its continuity depends on having the staff and budget to update and be proactive in addressing successes and gaps identified.</li> <li>The Inventory should become part of an explicit set of responsibilities for a dedicated staff.</li> <li>A reward system for the maintenance of the Inventory is a useful means of keeping interest and efforts of local staff.</li> </ul>
<p><b>References:</b></p> <p>ADB. 2008. <i>Managing Asian Cities</i>. Manila.</p> <p>Cities Alliance. 2005. <i>Guidance Framework: Integrating Monitoring and Evaluation into City Development Strategies</i>. Washington, DC.</p> <p>Cities Alliance. 2006. <i>Guide to City Development Strategies: Improving Urban Performance</i>. Washington, DC.</p>	

## Capacity Needs Assessment

### TOOL 25: Political Economy Analysis

Flowchart Reference: **Urban Profile and Urban Action**  
Inclusive Cities Tool Kit: Project/Program Component

#### Objectives:

- To improve and/or create skills and capacity to understand and engage in urban sector project development and implementation by national and local governments, universities, the private sector, nongovernment organizations (NGOs), and community-based organizations (CBOs).

#### Approach:

The approach suggests that government (country and subnational) capacity resides on different levels: enabling environment, organization, and individual.

- The individual level is the first and basic unit of capacity, in whom skills and knowledge are vested.
- The organizational level provides the framework for individual capacities to connect and achieve goals beyond the capability of one or even a few people. They also offer continuity and act as repositories of knowledge and experience, reducing dependency on single individuals while enabling access to accumulated knowledge.
- The enabling environment level encompasses society as a whole, and especially of a country and its governance. It provides an ethos that largely determines the value system within which people and the economy function—embracing elements such as trust, honesty, or concern for the poor, and, conversely, corruption and greed. The importance of this level of capacity was not fully appreciated until quite recently, with most efforts focusing on individuals and/or institutions. But experience has shown that externalities, such as corruption, governance systems, or conflict-prone attitudes, are extremely resilient to change and have impeded many capacity development initiatives.

It should be noted that “these layers of capacity are interdependent. If one or the other is pursued on its own, development becomes skewed and inefficient.” The assessment is further differentiated between capacities as

**Technical capacities**, also referred to as “hard” capacities, are associated with particular areas of professional expertise or knowledge, such as economics, fiscal management, engineering, architecture, etc. Technical capacities vary and are closely related to the sector or organizational context in focus. This is based on level and quality of education and skills.

**Functional capacities**, also referred to as “cross-cutting” capacities, are associated with program, policy, development, and change management expertise or knowledge that are relevant regardless of sector, profession, or organization.

The Capacity Needs Assessment identifies where the planning, programming, structuring, and marketing of infrastructure investment programs and projects can be strengthened (*Municipal Checklist and Municipal Financial Assessment is a critical part of the overall assessment for Urban Region Sustainability Assessment and city assessments*): the strategy can span the need for further policy and strategy development, to identifying formal and on-the-job training for relevant organization staff. The tool supports the diagnosis of capacity needs and helps identify corresponding areas and types of possible capacity development.

#### Steps:

Articulate well the objectives for the capacity assessment. Identify the most appropriate entry point (enabling environment, organizational, individual). Identify core issues that need to be addressed initially within the identified entry point to support the objective. Identify the functional capacities that need to be enhanced to address the core issues, which will include defining capacity indicators to determine current capacity assets and project desired future capacity levels. In this step, you may need to zoom in or zoom out as necessary to the other levels to address relevant core issues and functional capacities.

- Prepare a Terms of Reference for an urban management training and capacity-building assessment.
- Contract a team to carry out the assessment.
- Establish an annotated list of urban management terms and concepts to guide the Assessment.
- Develop a survey including capacity assessment worksheets based on technical capacity and functional capacity required by the city government staff and those professionals involved in delivery of projects and programs.
- Administer the survey and conduct consultations with national and local governments, universities, the private sector, NGOs, and CBOs.
- Assess the institutional and individual capacity to identify areas for improvement that deal with integrated project preparation and implementation.
- Assess the degree curricula of institutes and universities for urban management in urban planning, social services engineering, architecture, and environmental management departments.
- Identify a set of training institutions and their areas of expertise as partners to address and implement a skills and capacity building agenda to develop understanding of terms and concepts that include affordability, incremental development of urban services and shelter, improved building technologies, site protection initiatives, and vulnerable settlements, among others.
- Document findings in a Capacity Needs Assessment report.

**Expected Results:**

- A Capacity Needs Assessment for urban development management with indicated entities is prepared.
- An Agenda of key terms and concepts forms part of a training manual for Urban Management (Phase 3).
- Identify training institutions and partnerships to carry out training needs assessments as well as implement training and capacity-building programs.
- A training schedule that identifies the subject, frequency, and content of illustrative training programs.
- Potential for development of online urban management training support program.
- Recommendations for university-level professional training and capacity-building programs.

**Pointers for Implementation:**

- Present examples of key terms and concepts to support understanding.
- Identify training of trainers participants.

**Resources:**

Ideally, the assessment management team should include a combination of expertise, specifically those familiar with (i) the national/local context, (ii) the specific content or sector under assessment, and (iii) the capacity assessment methodology. The team could also be complemented with experts in cross-cutting issues, i.e., human rights-based approach and gender equality. Regardless of the approach, an assessment “owner” (ideally the government requesting the assessment) should be assigned to manage the overall process. In addition, a Facilitator (usually the team leader) should be assigned to facilitate the capacity assessment process and liaise between the Owner/Requesting Partner and the Capacity Assessment Team. The Capacity Assessment Team Leader (usually a consultant) manages the overall technical part of the assessment, including discussions regarding assessment scope and scale; adaptation of the Capacity Assessment Framework; execution of the assessment, including quantitative and qualitative data collection; and interpretation of assessment results as they lead to the formulation of capacity development response strategies. From experience, it is ideal to have a combination of international and national consultants in the team.

**Sustainability:**

- The priority capacity needs defined from the capacity assessment drives the creation of capacity development response strategies and related action plans—the second step in the capacity development process (Phase 3).
- The capacity assessment exercises need not be a one-time activity—it is designed in fact to be introduced at any particular stage of a program or project, and should be conducted regularly (e.g., every 2 years, 5 years, etc.) to monitor changes, whether positive or negative, in capacity of the clients as a result of the introduced capacity development strategies.
- Training and capacity building are ongoing activities.
- Partnerships with technical and training institutes can share financial and staff responsibilities for training investments.

**References:**

- UNDP. 2009. Capacity Development: A UNDP Primer. New York. [http://www.undp.org/content/dam/aplaws/publication/en/publications/capacity-development/capacity-development-a-undp-primer/CDG\\_PrimerReport\\_final\\_web.pdf](http://www.undp.org/content/dam/aplaws/publication/en/publications/capacity-development/capacity-development-a-undp-primer/CDG_PrimerReport_final_web.pdf)
- UN-Habitat. 2001. *From Participation to Partnership; Lessons from UMP City Consultations*. Published for the Urban Management Programme. Nairobi.
- UN-Habitat. 2001. *Tools to Support Participatory Urban Decision Making*. Nairobi.

**TOOL 26: Vision, Mission, and Strategies****Flowchart Reference: Urban Action**  
Competitive Cities City Economic Development Plan Step 3**Objectives:**

- To prepare a vision and mission statement for an integrated National Urban Development Action Plan (NUDAP)
- To prepare thematic strategies for an NUDAP

**Approach:**

Vision and Mission statements and Strategies are an important part of the process in preparing city economic development plan and associated plans. See notes on the preparation of Vision Statements and Strategies in the *Competitive Cities Toolkit Guide*.

The **Vision Statement** provides a framework for commitments and sound decision making for the allocation of resources by stakeholders for NUDAP implementation. Vision statements should be credible and describe measurable and desirable development outcomes for a country's/urban region/city's economy within a set time frame. A vision statement must be to the point, informative, and creative so that all stakeholders involved in the preparation and implementation of an economic development plan and the community know what it is they should be working toward achieving.

Too many vision statements are nothing more than dreams. They should be realistic and take into consideration the circumstances, resources, capabilities, and capacities of a city to achieve a realizable set of outcomes. It is better to achieve a few things that improve the local economy, than to be overly ambitious and achieve little.

A **Mission Statement** normally describes the purpose and the desired level of performance of an organization. It is used to guide the decisions involving the actions of the organization to achieve its vision and goals. It also provides the framework within which a company's business and operational strategies are formulated.

In economic development plans, mission statements take the form of a policy statement outlining the purpose of the Plan together with the strategic directions and strategic architecture to be created over a set period of time to support the development and management of the economy in achieving NUDAP vision and outcomes.

The mission statement should provide the framework for the development of strategies. It may include a thematic set of strategic outcomes that elaborate the vision.

**Urban Development Strategies** are used to direct and formulate a wide range of actions, initiatives, and activities to achieve future desired development outcomes set by a vision statement. They should

- describe important future strategic directions and actions that build on a country/urban region/city's unique resources, creativity, status, and competitiveness strengths to develop its economy and quality of life for citizens—based on a good understanding of emerging and anticipated long-term environmental changes, trends, and circumstances.
- provide the framework for many different stakeholders to work collaboratively and cooperatively in continually shaping and building a country/urban region/city's strategic architecture and infrastructure to ensure it has the capacity to respond to changes in market demands and behavior, technologies, innovation, governance, endowed resources, human capital needs, risks, and pressing environmental factors that have the potential to impact on the economy in the future.
- set the focus of important actions, initiatives, projects, and programs to be undertaken to develop the economy and quality of life for citizens, when these are to be completed, by whom, utilizing what resources, and not just a list of things that need to be done.
- provide certainty to government agencies, business, investors, developers, and communities that the actions and programs in the NUDAP to deliver on a range of outputs that progressively support the realization of the vision and outcome sought by the plan.

**Steps in Preparing a Vision Statement:**

1. Identify stakeholders to be engaged with the preparation of the vision and mission statements, strategies, and overall action plan.
2. Convene a meeting of stakeholders to prepare a vision statement. (The meeting should include business leaders, heads of agencies, community leaders, academics, professionals, labor, and industry associations.)
3. Identify key features to be incorporated into the vision statement.
4. Prepare and workshop the vision statement.
5. Proceed to preparation of mission statement.
6. Revisit and amend the Vision Statement to align with mission and strategies.

**Steps in Preparing a Mission Statement:**

1. Convene a meeting of stakeholders. (The meeting should include business leaders, heads of agencies, community leaders, academics, professional, labor, and industry associations.)
2. Review the scenarios and pathway analysis developed by the process.
3. Sort out the themes that will provide the best overall road map for setting the strategic directions and strategic architecture (road map) to guide the development of the economy. See the examples for Singapore (1997), Sydney (2007), or Toronto (2000) economic development plans for thematic strategic direction for these cities' economic development plans.
4. Develop the themes into a mission statement.

**Steps in Preparing Strategies:**

1. Convene a meeting of stakeholders. (The meeting should include business leaders, heads of agencies, community leaders, academics, professionals, labor, and industry associations.)
2. Develop strategies under the themes or strategic directions set out in the Mission Statement. Ensure all strategies are targeted, measurable, achievable, and can be resourced and managed.
3. Ensure the strategies can be linked easily to the Action Plan.

**Auxiliary Steps (if any):**

Often, City Economic Development Plans will include a **Value Statement**.

It is important for the development of cities and regions that economic development is accomplished in a planned, well-managed, and sustainable manner which preserves and protects the environment, use of natural resources, development of cultural amenities, and the overall quality of life. A Value Statement is a common set of agreed principles that local governments and other stakeholders will seek to uphold in the implementation of a plan about rights, equity, accessibility, transparency, accountability, and good governance. These principles are used as indicators of performance, competitiveness, and constraints to doing business. It is important that cities seek to uphold these principles as they influence investor decisions—especially by large multinational companies that must be more accountable to their shareholders and consumers on matters of ethics, human rights, and environmental sustainability in making investments in developing countries.

**Expected Results:**

- Vision and Mission Statements
- Strategies based on targeted themes

**Resources:**

Significant resources are required to run workshops to develop the vision and mission statements and prepare strategies for an NUDAP.

**Sustainability:**

Vision, mission, and value statements are intended to provide a message that reinforces the principles of sustainability.

**Pointers for Implementation:**

Make sure stakeholders are fully engaged and committed to the vision, mission, and strategies preparation process. If stakeholders are not engaged, they are unlikely to take ownership or commit to the implementation of the plan. A vision is something that should be shared by all stakeholders. It is important to get political sign-off on the vision, mission, and strategies before proceeding to the action planning.

**References:**

See format for the Vision and Mission Statement for the Preparation of City Development Plan (CDP) for Shillong, India (BCEOM 2008). Also see Pimpri Chinchwad City Development Plan (2006) pages 3–20 on preparation of city development vision statement.

UNCHS. 2005. Promoting Local Economic Development through Strategic Planning, United Nations Human Settlements Programme. <http://mirror.unhabitat.org/pmss/listItemDetails.aspx?publicationID=1922>

World Bank. 2005. *Making Local Economic Development Strategies: A Trainer's Manual*. Washington, DC. <http://www.worldbank.org/urban/local/toolkit/docs/trainers-guide-manual.pdf>

**Examples:**

C. van Empel. 2007. *Local Economic Development in Polonnaruwa district, Sri Lanka*. Geneva: International Labour Organization. [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---led/documents/projectdocumentation/wcms\\_112295.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---led/documents/projectdocumentation/wcms_112295.pdf)

City of Toronto. 2013. *Collaborating for Competitiveness. A Strategic Plan for Accelerating Economic Growth and Job Creation in Toronto*. Toronto. [https://www1.toronto.ca/static\\_files/economic\\_development\\_and\\_culture/docs/Collaborating\\_for\\_Competitiveness\\_FINAL-v7.pdf](https://www1.toronto.ca/static_files/economic_development_and_culture/docs/Collaborating_for_Competitiveness_FINAL-v7.pdf)

Sydney City Council. December 2013. *Economic Development Strategy. Sydney's economy: global city, local action*. Sydney. [http://www.cityofsydney.nsw.gov.au/\\_\\_\\_data/assets/pdf\\_file/0006/156525/8946\\_FA5\\_Economic\\_Strategy\\_A4\\_UPDATE-Final-Low.pdf](http://www.cityofsydney.nsw.gov.au/___data/assets/pdf_file/0006/156525/8946_FA5_Economic_Strategy_A4_UPDATE-Final-Low.pdf)



TOOL 27: Project/Program Preparation	Flowchart Reference: Urban Action Project/ Program Component
<p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• To understand and apply commercially viable project development principals to targeted capital investments</li> <li>• To promote project design based on the affordability of the targeted populations and support cost recovery</li> <li>• To finance projects through a basket of resources as dedicated funds for debt servicing</li> </ul>	
<p><b>Approach:</b></p> <p>Based on key issues and problems identified, and the priorities and options established in Phase 2, the Project/Program Component phase will define the nature of program or the type of project most suited to address the needs of the identified beneficiaries.</p> <ul style="list-style-type: none"> <li>• To establish commercially viable projects through key financial indicators that include <ul style="list-style-type: none"> <li>o Operating ratios: recurring revenue cover at least recurring expenses</li> <li>o Interest payments: operating surplus covers annual interest payment</li> <li>o Project returns: project returns &gt; capital expenditure</li> <li>o Debt repayment: comfort level of the project is enhanced by ring-fenced dedicated revenues for debt servicing</li> </ul> </li> <li>• To originate new shelter and home-improvement loans in community-based financial entities, credit unions, solidarity groups, dedicated finance companies, and/or public finance entities at market rates with products based on affordability and capacity-to-pay for the user</li> <li>• To prepare projects that can raise financing on the domestic capital market or through loans</li> <li>• To determine user fees on a system-wide basis rather than relying on cost recovery being project specific</li> </ul>	
<p><b>Steps:</b></p> <ol style="list-style-type: none"> <li>1. Define the key sectoral issues and urban development needs based on the National Urban Development Action Plan.</li> <li>2. Outline the prioritized spatial areas (urban regions/cities) for targeted investments.</li> <li>3. Define the prioritized sector/s (water, solid waste, transport, shelter, etc.) and the sector focus (access, coverage, affordability, expansion of infrastructure/new infrastructure, climate proofing, etc.).</li> <li>4. Based on the needs and priorities identified for the target area/s and communities, decide if it can be best addressed through a project or program. Ascertain if it fits into an existing program component.</li> <li>5. Define the project objectives and expected target; establish indicators and measures for monitoring and evaluation.</li> <li>6. Design the project keeping in mind social, cultural, economic, and environmental criteria. Take into account the capacity of the community to arrive at potential and realistic solutions. Integrate adaptable solutions within existing physical environment to ensure least disruption.</li> <li>7. To prepare commercially viable projects <ol style="list-style-type: none"> <li>(i) Estimate capital costs</li> <li>(ii) Estimate recurring costs</li> <li>(iii) Estimate recurring revenues</li> <li>(iv) Determine level of debt</li> <li>(v) Recover costs</li> </ol> </li> <li>8. Keep in mind the affordability assessment while setting fees and tariffs.</li> <li>9. Incorporate potential public resources. Tap private resources and integrate corporate social responsibility components, where available.</li> <li>10. Determine the finance mechanism for the project as a loan or bond or other solution. Identify the most feasible financial option that is affordable to the poor.</li> </ol>	
<p><b>Expected Results:</b></p> <ul style="list-style-type: none"> <li>• Projects developed as commercially viable can access the domestic capital market.</li> <li>• Commercially viable projects can be serviced through a basket of resources, including user fees, general revenue, taxes, and special funds.</li> </ul>	
<p><b>Resources:</b></p> <ul style="list-style-type: none"> <li>• ADB staff and developing member country project developers should consider the domestic capital market and insurance market as an important source of multiyear program finance.</li> <li>• Bonds from infrastructure finance can lead to a secondary market to support resource follows.</li> </ul> <p>Pooled financing can join smaller projects that are commercially viable to pool together to go to the domestic capital market.</p>	<p><b>Sustainability:</b></p> <ul style="list-style-type: none"> <li>• Commercially viable projects are, by definition, sustainable if implemented as planned with identified for debt servicing and user fees.</li> <li>• Local government requires the authority to enter into contractual relations with technical and finance entities to prepare, finance, and implement project.</li> </ul>

**Pointers for Implementation:**

- The Cities Development Initiative for Asia promotes a Pre-Feasibility Study (PFS) approach for cities. The PFS process can provide the opportunity for the city to consider a range of issues during the project development stage, enabling it to design projects that have a greater and broader development impact. As such, it is ideal that city governments apply the PFS process within their own planning frameworks to proactively develop and institutionalize changes that will support demand-driven urban development. (See CDIA/UN-Habitat PFS User Manual for detailed guidance on development of bankable infrastructure projects.)
- Community-based financial entities, credit unions, solidarity groups, and dedicated branch finance companies have the local knowledge that facilitates cost recovery especially for shelter lending.
- Project design can be comprised of different technical solutions based on affordability as part of the same service delivery system.
- For bond issues from the domestic capital, “ring-fenced” resources raise the “comfort level” of investors, making the project a more attractive investment.
- Bulk lending from formal sector finance entities to community-based organizations for small loans whose administrative costs would seem too high for larger firms.

**References:**

International Finance Corporation. 2010. International Accountability Project. *Key Issues for Upholding Housing, Land and Property Rights in the International Finance Corporation's Review of the Environmental and Social Policy and Standards*. Washington, DC. January.

USAID. 2007. *Municipal Finance: A Guide for USAID Staff and Partners*. Washington, DC.

USAID/India. 2011. *Developing Sustainable and Inclusive Urban Infrastructure Services*. The Communities Group International. Washington, DC.

**Example:**

CDIA and UN-Habitat. 2012.

## TOOL 28: Goals Achievement Matrix (GAM)

Flowchart Reference Phase 3: Project/Program Component  
CEDPAD Step 5**Objective:**

- To prioritize cross-sectoral program and financing

**Approach:**

The Multi-Criteria Analysis attempts to compare proposals for an organization or the whole of government against a set of commonly agreed overall evaluation criteria. The Goals Achievement Matrix (GAM) facilitates the evaluation of multiple alternatives against multiple objectives or goals. The GAM is essentially an analysis method for evaluating how well a series of alternative projects, programs, or actions achieve or satisfy a set of planning goals or criteria across all departments or agencies. The method also indicates the degree to which one alternative is better or more attractive relative to all other alternatives being evaluated. The GAM represents a significant improvement over a Multi-Criteria Analysis in that it can accommodate almost any unit format that measures the performance of alternative proposals against a specific goal or objective.

**Procedures for Using Goals Achievement Matrix to Evaluate Alternative Proposals***Proposals Classified by Sector Orientation*

In setting up the GAM, proposals and projects from all agencies are gathered by a central coordinating planning agency and compiled in a list. The proposals are organized by their sector orientation. Multisector agency projects are listed according to the lead or nominated agency responsible for the overall budget for the proposal. The assignment of specific proposals to an appropriate sector is not always clear. The following broad "sector" categories provide a useful classification for the wide range of projects provincial and district government agencies may propose.

- **Environment/Science** – includes proposals related to the environment, river cleanup and rehabilitation, modernization of technology, solid waste disposal, drainage, climate proofing, etc.
- **Government/Finance** – includes proposals related to government laws, management, licensing, financial policy, taxation, land management, etc.
- **Industry** – proposals related to industries, export processing zones, employment, and livelihoods, etc.
- **Infrastructure** – proposals for infrastructure development projects, e.g., water and power supply, etc.
- **Social infrastructure/Services** – proposals for education, health, livelihoods, and women and youth, etc.
- **Spatial Policies** – special sector related to proposals that are spatially focused.
- **Transport** – proposals for roads, bridges, airports, ports, etc.

The classification seeks to group projects that may have a multiple agency or interdisciplinary component. In cases where a sector has a minimal number of proposals, proposals can be allocated to the next most appropriately related sector. An alternative approach is to have proposals and projects listed by agency or department.

*Sector Evaluation of Projects*

This process involves designing a set of criteria related to the planning goals of the organization to evaluate projects within a given sector (similar to the Multi-Criteria Analysis described earlier). The selection of common goals against which all projects will be evaluated is difficult as these goals can vary between agencies. As government has responsibility for allocating public resources for development and other programs, it is essential that agencies define and agree upon a common set of goals against which all types of projects will be assessed and prioritized. The goals criteria used in a GAM need to be broad enough to enable differences in a wide range of proposals and projects to be evaluated against each other. The assessment used to evaluate the planning goals may be financial or performance related, i.e., number of units produced. Significant criteria that might be used in this evaluation process are

- **Instrumentality** – an assessment of the extent to which the proposal can be implemented gradually or in increments over time
- **Independence** – an assessment of the extent to which a proposal can be implemented independently from other proposals or projects. In other words, is a proposal dependent on the completion of several prerequisite projects?
- **Complexity** – an assessment of the extent to which a proposal needs to be dealt with by several government agencies
- **Funding attractiveness** – an assessment of the potential for the proposal to be funded by nongovernment entities (e.g., private, official development assistance, grant, etc.)
- **Multiplier effects** – an assessment of the extent to which the project has the potential to add value to the organization or the community it is designed to serve
- **Sustainability** – an assessment the sustainability of the project—are the benefits short term or long term?
- **Beneficiaries** – an assessment of the extent to which the project benefits a small or larger group
- **Dispersal** – an assessment to measure how well a proposal promotes dispersal of benefits, ideas, technologies, etc. and the multiplier effects of these
- **Environment** – an assessment criteria to measure whether a proposal is likely to have a negative or positive impact on the environment

- **Poverty Alleviation** – an assessment to measure a proposal’s ability to alleviate poverty, reduce income disparity, and generate wealth
- **Growth** – an assessment to measure a proposal’s ability to promote economic growth
- **Implementation** – an assessment to measure a proposal’s ability to be implemented within the plan’s time frame

There is need to ensure that all criteria can be assessed against measurable units for scoring purposes. A numeric scale scoring system with a range of 1–5 or similar could be used to assess each project against the selection criteria. It is important to identify measurable units that can be logically associated with each criterion. For example, the cost of projects expressed in dollars, employment, time scale, etc. Although the formats for criteria may differ, this should not be a concern as those differences will be dealt with as part of the overall procedures of the evaluation later.

#### *Scoring of Proposals against Evaluation Criteria*

Each project is scored by the review team. A general indication for evaluating scores might be:

- 0 = Not applicable, the proposal cannot be evaluated against this criterion
- 1 = The proposal is likely to have a strong negative impact relevant to the criterion
- 2 = The proposal is likely to have a moderate negative impact relevant to the criterion
- 3 = The proposal is likely to have no particular impact relevant to the criterion
- 4 = The proposal is likely to have a moderate positive impact relevant to criterion
- 5 = The proposal is likely to have a strong positive impact relevant to the criterion

Care must be taken to ensure positive and negative assessments criteria do not cancel each other out. For example, a project with high environmental impacts should be given a low score. Negative scoring should be avoided as it is easy to confuse negative and positive impact scores.

#### *Weighting Goals*

Developing a set of weighted goals is the next step in the process. Not all goals will carry the same weight. For example, growth goals might carry a higher weight than poverty alleviation, since economic growth is necessary to reduce poverty. The weighting of goals is a judgmental process and is therefore subjective. It can be carried out by individuals or groups. Participants awarding weights can do so by distributing a given set of points over the full set of objectives similar to allocating a budget.

#### **Steps:**

##### *Calculating the Result*

The first three of the basic steps are used in the calculation of GAM scores.

1. The lists of sector proposals and projects are given to specialized evaluation teams. All proposals or projects are evaluated against the planning goals criteria based on the 0–5 scale as described earlier. The scores, which will be tabulated in rows, are known as the “raw scores.” An average score is then derived, by summing each row and dividing this by the number of score entries greater than zero. For example, if there were 12 planning goal criteria, but only 10 were valid, the row score would be divided by 10. The average of the scores shown in the summed row column is known as the “raw score” for the project. The average raw project scores can be ranked and listed in order of priority.
2. All sector teams meet to discuss and derive a set of weights to be applied for each planning goal. It is important to involve key politicians and decision makers in this process, as the weight applied to planning goals are very political. Unless politicians are committed to setting priorities for evaluating proposal and projects, it is difficult to get a systematic approach to decisions that affect development and management of the environment. The technique used for developing weights is the same as that used for Multi-Criteria Analysis.
3. The raw scores for each proposal or project are multiplied by the weight criterion scores to derive a matrix of weight scores. The raw scores are tabulated and an average score derived using the same method described in step 1. It is important to divide each row by the number of valid responses otherwise the average score will be underestimated. (In some cases, one or more of the criteria used in the evaluation may not be applicable to the scoring process.) The average scores are then ranked, and a list of priority projects is generated. The list of priority projects becomes the basis for developing the annual action plan for an organization. Sector lists for projects are then generated for different sector agencies.
4. This involves cross-agency review and consultation process on the results of the GAM. There are many situations where sector teams developing the raw scores for individual proposal or projects are not aware of other factors that might influence the scoring of a proposal. The review process enables fine-tuning of the results. The consultation process is important in sorting out multiple agency-funded projects and projects that may have a high-dependency factor on a lead project being completed.

A GAM is a useful decision-making tool. The outcomes of a GAM reflect the values and judgments of public policy makers, and provide a framework for setting priorities for the development of communities and societies. It is a useful technique, but it needs to be treated with care. Sometimes, the results may seem odd. For this reason, the final outcomes of the analysis need to be examined very carefully. There are often compelling reasons why some projects with low scores should be selected ahead of others.

<p><b>Auxiliary Step (if any):</b> It is useful before undertaking a GAM to become familiar with Multi-Criteria Analysis as explained in the previous tool.</p>	
<p><b>Expected Results:</b></p> <ul style="list-style-type: none"> <li>• Prioritized list of projects for an Action Plan on a sector-by-sector basis.</li> <li>• Bundling or clustering of projects that can be implemented in a collaborative or programmatic way.</li> </ul>	
<p><b>Resources:</b> The resources needed to prepare a GAM are mainly those to run the expert reference groups. However, the process can be political as different agencies compete for projects. The process, therefore, can become prolonged, especially in developing the goal criteria and in finalizing the list and ranking of projects.</p>	<p><b>Sustainability:</b> GAM is a useful way to determine which development projects should be supported to develop a local economy. It provides a nonmonetary basis for selecting projects that may be important to the sustainability of a city's development where estimating the value of projects is difficult to determine.</p>
<p><b>Pointers for Implementation:</b> It is important to include senior decision makers and politicians in defining and weighting the goals and achievements criteria used to conduct the analysis. The analysis is best done on a thematic or sector-by-sector basis.</p>	
<p><b>Reference:</b> M. Hill. 1973. <i>The Goals Achievement Matrix (GAM) Method of Evaluation</i>. North Carolina: University of North Carolina.</p>	
<p><b>Example: Case Study Example</b> The case study demonstrates the four-step process to prepare a GAM. It shows how GAM was applied to determine a priority list of projects to prepare an annual action plan for a district or local government in Viet Nam for an urban management United Nations Development Programme project. It was used to conduct an assessment for more than 600 projects involving six sector agencies. Only a small amount of information for three sectors is shown.  While GAM may look confusing, it is a relatively simple and widely used technique. The technique has been further developed by the City Development Initiative for Asia (CDIA 2010) as the City Infrastructure Investment Programming and Prioritization (CIIPP) Toolkit and has been applied successfully for evaluation and prioritization of urban infrastructure projects in cities.</p>	

TOOL 29: Basic Urban Infrastructure Program	Flowchart Reference: Urban Action Project/ Program Component
<p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• For national government and especially local governments to understand the urgency and issues of improving inclusive urban infrastructure project development in existing communities</li> <li>• To expand urban infrastructure to unserved and underserved communities</li> <li>• To address site protection and mitigation infrastructure as part of inclusive urban infrastructure development</li> </ul>	
<p><b>Approach:</b></p> <p>Based on key issues and problems identified in the National Urban Development Action Plan (NUDAP), and the priorities and options established in Phase 2, the Project/Program Component phase will define the nature of program most suited to address the needs of the identified beneficiaries.</p> <ul style="list-style-type: none"> <li>• To include unserved and underserved areas in the overall city system for power, water supply, sanitation, and solid waste service systems</li> <li>• To identify safe sites for future growth and its proximity to existing infrastructure</li> <li>• To calculate user fees on a system-wide basis to cover expansion</li> <li>• To build resilience into the technical designs of the services to be provided</li> <li>• To consider areas upgraded in existing communities as part of the inclusive service system</li> <li>• To develop incremental options as part of the technical solutions proposed that respond to affordability</li> <li>• To include access to credit as needed for household connections and other improvements as part of the project</li> <li>• To engage with the private sector in project development and management</li> <li>• To support development at higher densities for their efficiencies</li> </ul>	
<p><b>Steps:</b></p> <ol style="list-style-type: none"> <li>1. Define the key sectoral issues and urban development needs based on the NUDAP.</li> <li>2. Outline the prioritized spatial areas (urban regions/cities) for targeted investments.</li> <li>3. Define the prioritized sector/s (water, solid waste, transport, shelter, etc.) and the sector focus (access, coverage, affordability, expansion of infrastructure/new infrastructure, climate proofing, etc.).</li> <li>4. Based on the needs and priorities identified for the target area/s and communities, decide if it can best be addressed through a project or program. Ascertain if it fits into an existing program component.</li> <li>5. Build on the existing information base and the priorities identified for urban services for the existing built environment and future growth.</li> <li>6. Identify formal and informal settlements that are not yet served and/or are yet part of the city's system.</li> <li>7. Define the project objectives and expected targets, and establish indicators and measures for monitoring and evaluation.</li> <li>8. Design the project keeping in mind the social, cultural, economic, and environmental criteria. Take into account the community's capacity to arrive at potential and realistic solutions. Integrate adaptable solutions within existing physical environment to ensure least disruption.</li> <li>9. Identify specific sites for future growth that consider climate change and disaster risk management.</li> <li>10. Establish, through consultation and outreach with priority communities, their affordability, capacity-to-pay, and their willingness to pay for a service to be provided.</li> <li>11. Prepare several technical and financial options for identified projects to be discussed with community members.</li> <li>12. To prepare commercially viable projects:             <ol style="list-style-type: none"> <li>(i) Estimate capital costs</li> <li>(ii) Estimate recurring costs</li> <li>(iii) Estimate recurring revenues</li> <li>(iv) Determine level of debt</li> <li>(v) Recover costs</li> </ol> </li> <li>13. Keep in mind the affordability assessment while setting fees and tariffs.</li> <li>14. Incorporate potential public resources. Tap private resources and integrate corporate social responsibility components, where available.</li> <li>15. Determine the commercial viability of the proposed project.</li> <li>16. Determine the finance mechanism for the project as a loan or bond or other solution. Identify the most feasible financial option that is affordable to the poor.</li> <li>17. Carry out training identified to improve urban service operations, maintenance, and expansion.</li> </ol>	

**Expected Results:**

- Projects developed as commercially viable can access the domestic capital market.
- Commercially viable projects can be serviced through a basket of resources including user fees, general revenue, taxes, and special funds.

**Pointers for Implementation:**

- Establish the feasibility of service provision to communities on marginal land.
- Consider prepaid cards for use of public water supply under community management.
- Consider community toilets as a first phase of a sanitation system under community management.
- Water companies should be either a local government office or a state or regional entity responsible to the local government.
- Consider expanding service networks to infill underserved areas and develop extensions for close in sites for new growth.
- Avoid selecting project sites far removed from the existing city; should a site be remote, consider value-added taxes to the properties that front on the new trunk lines roads and grids.
- Supporting access to consistent supplies of urban infrastructure is a stimulus to local economic development and needs to be dimensioned to accommodate that potential.

**Resources:**

- Urban infrastructure finance becomes a local government prerogative.
- User fees are set as part of a basket of resources required to operate, maintain, and expand a particular service.
- Metering and other technologies, such as prepaid cards, are employed to encourage responsible use and recover costs.

**Sustainability:**

- Urban infrastructure sustainability includes not only the financial aspects of service delivery but the management capacity of the provider to operate, maintain, and expand the service system.
- Users pay for services provided.
- Building disaster risk management into technical designs, including the incremental development of a service system.

**References:**

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M. Kitay. 1985. *Land Acquisition in Developing Countries: Policies and Procedures of the Public Sector*. Cambridge, Massachusetts: Lincoln Institute of Land Policy.

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USAID/India. 2011. *Developing Sustainable and Inclusive Urban Infrastructure Services*. The Communities Group International. Washington, DC.

**Example:**

CDIA and UN-Habitat. 2012.



## SAMPLE ASSESSMENT

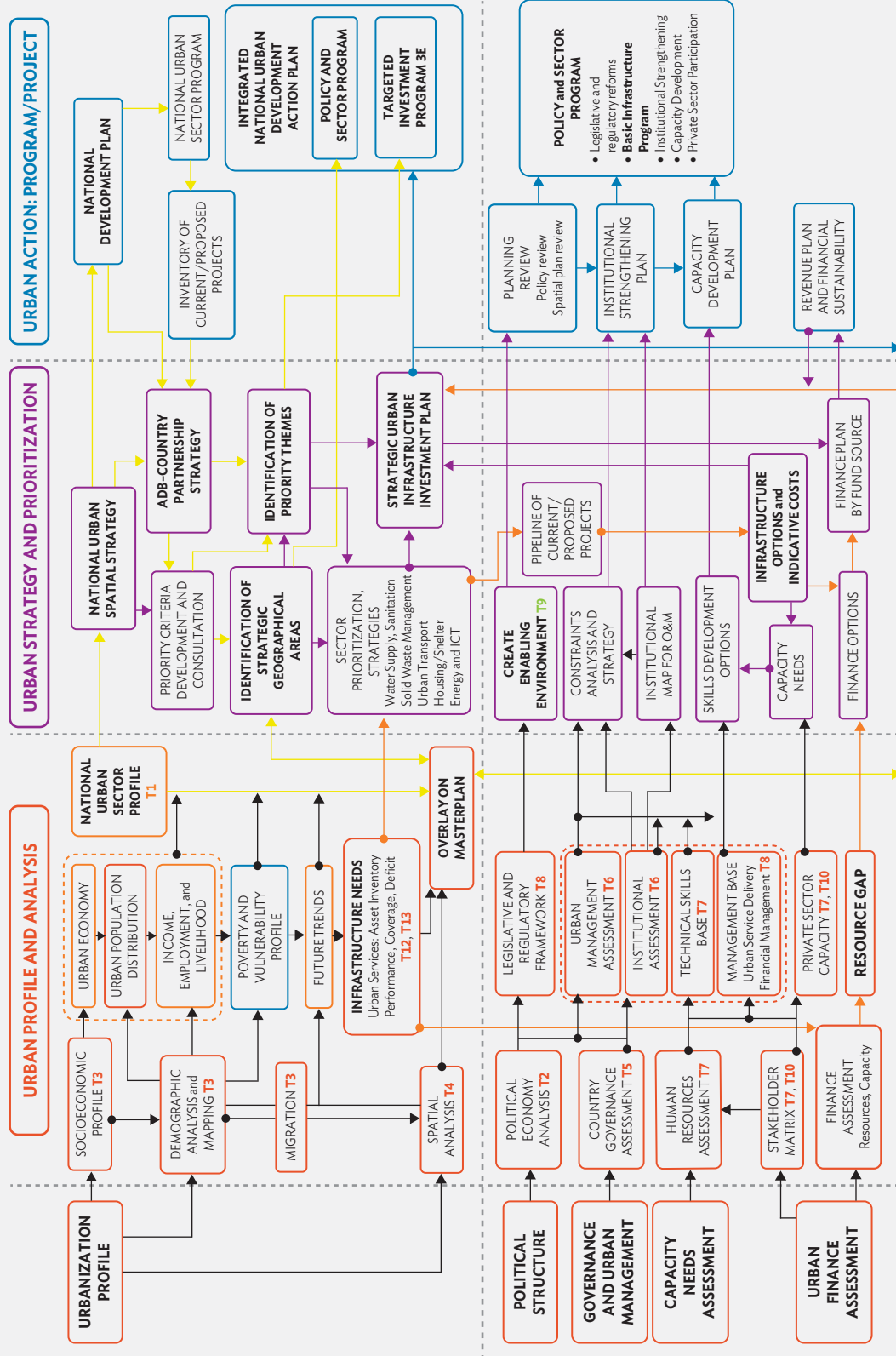


## The Republic of the Philippines National Urban Assessment



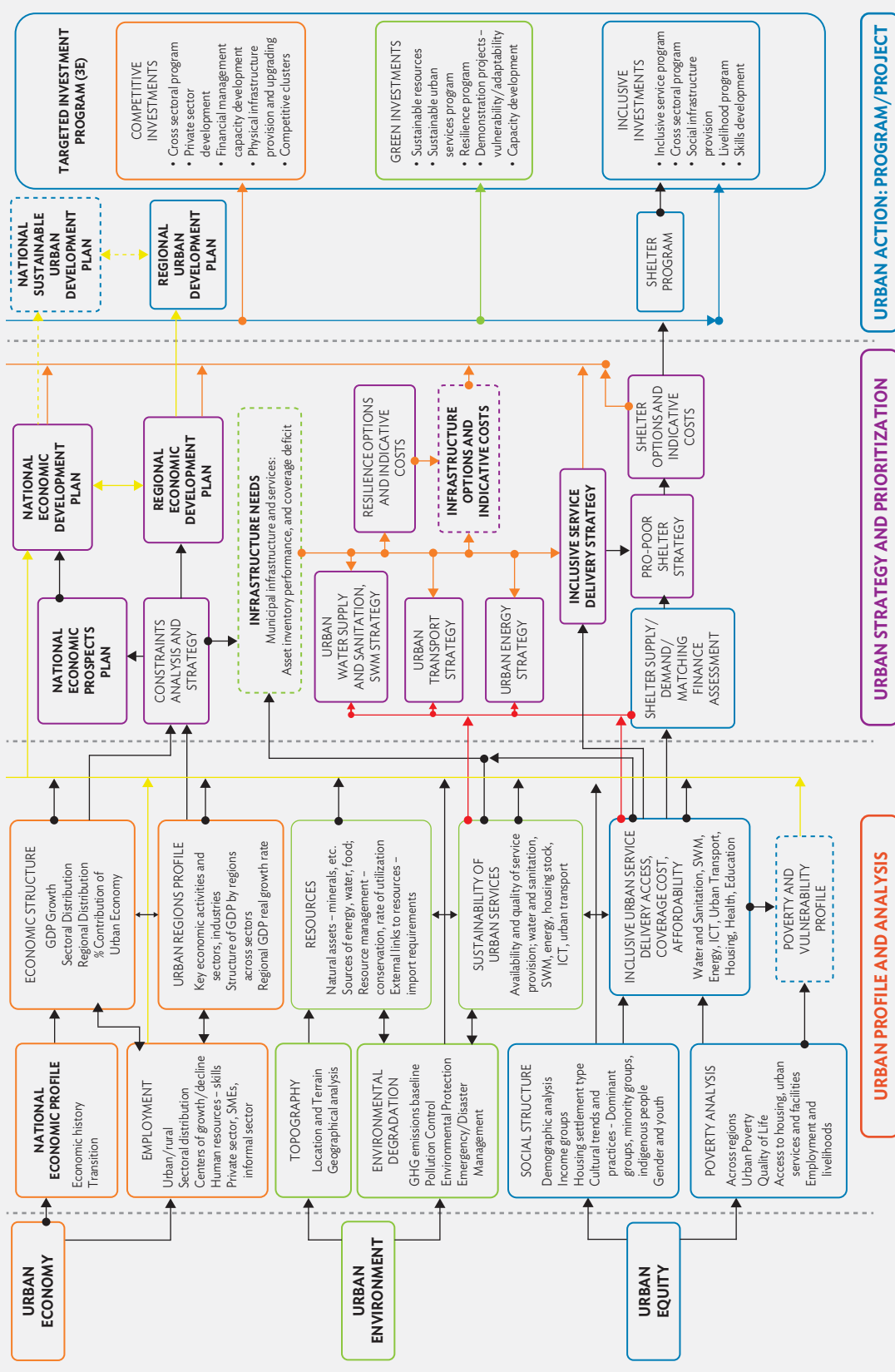
# ANNEX1 Process Flowchart for National Urban Assessments

Figure A1.1: Policy and Planning Component



3E = economy, environment, and equity; ICT = information and communication technology; O&M = operation and maintenance; T = tool from Toolbox inventory. Source: Authors.

**Figure A1.2: Process Flowchart for National Urban Assessments – Sectoral Component**



3E = economy, environment, and equity; GDP = gross domestic product; GHG = green house gas; ICT = information and communication technology; SMEs = small and medium-sized enterprises;

SWM = solid waste management.

Source: Authors.

Note: The sample assessments (the Philippines and Sri Lanka) should be referred to for guidance.

A brief introduction to the report to discuss the existing framework between the Urban Operations Plan – 3E Framework and the ADB Country Partnership Strategy (CPS) and flag areas of congruence.

## **Urban Sector Profile – Country Overview** (maximum of five pages)

The national urban assessments (NUAs) should start with a country overview. Understanding the country context is essential to view its development policy and reform agenda through the historical lens as well as in the midst of an evolving economic, social, and political frame.<sup>1</sup> It is well recognized that the lessons of the past are good indicators for present and future development trajectories. This section should give a snapshot of the overall urban sector at the national level. The country profile should include the geographical location, and an overview of the political history and systems of governance. Description will be based on the 3E Framework, as well as other tools of analysis. Existing ADB projects need to be included in the discussion.

### ❖ Location

- ❖ Where is the country located? What are the geographical advantages and disadvantages of the location of the country? Is it landlocked or coastal? Does it have good transport connections to the hinterland and out of the country?
- ❖ What is the political economy and position of the country in the context of its neighboring countries and in the region?

### ❖ Political System

- ❖ Give a brief overview of the political history of the country.
- ❖ Describe the political system, whether it is a democracy or not. Is it a presidential system or a parliamentary system?
- ❖ What are the power dynamics within the country?

## **Recommended Indicators of Development**

### ❖ Urbanization

- ❖ Total Population – % change; Urban % change, Rural % change
- ❖ Total Land Area (in hectares) and Population (% urban, % rural), Population density
- ❖ Key environmental, social, and urban economic development challenges (country 3E priorities) in the context of urbanization

### ❖ Urban Governance and Management Profile

- ❖ Legislative and Regulatory Framework
- ❖ Key Development Framework
- ❖ Enabling Environment

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<sup>1</sup> World Bank. 2007. *Tools for Institutional, Political and Social Analysis of Policy Reform*. Washington, DC: International Bank for Reconstruction and Development/World Bank.

- ❖ Competitive Base – Economic Geography
  - ❖ Describe the current role of the urban sector in the national economy; the key industries and their challenges and opportunities and the potential for augmenting their role in an efficient, equitable, and sustainable growth.
    - Is it a market economy or a planned economy? What has been the transition, if any?
    - What have been the drivers for change?
    - Describe the main constraints to growing the urban economy and the priorities for economic infrastructure investments.
    - Main industries and crops (employment, product, and exports by industry/crop, if possible) and geographic focus
  
- ❖ Inclusive Base
  - ❖ Describe the main social development challenges for cities in the country (e.g., migration, rural-urban disparity and linkages, etc.)
    - Total National and Regional Distribution - Average monthly income per capita, Gross domestic product (GDP) per capita, Unemployed population (% of total population), Population below poverty line
  
- ❖ Green Base
  - ❖ Describe the main environmental problems for cities and the priorities for environmental/climate change (e.g., adaptation/mitigation related) infrastructure
    - Main sources of electricity/heating (adequacy), water supply and sanitation (adequacy), energy per unit GDP, power generation and energy use as per sector
    - Country's greenhouse gas emissions and/or carbon equivalent per capita; sector distribution
  
- ❖ ADB and development partner support in urban development
  - ❖ Current ADB focus (sectors and geographic)
  - ❖ Current Development Partner urban/local government focus and potential for cooperation with ADB (sectors and geographic)

**The main report should contain a short chapter on each of the following themes:**

**Urbanization** (maximum of five pages)

- ❖ Demographic Analysis (refer to Annex 2, Table A2 for sample format)
  - ❖ Population
  - ❖ Migration
  - ❖ Future trends
    - Projected urban population
    - Demand for housing, infrastructure, resources (water, electricity), transport (roads, buses, mass rapid transit/light-rail transit).

**Table A2: Sample Assessment Worksheet for Demographic Analysis**

URBAN SUSTAINABILITY ASSESSMENTS – NATIONAL AND URBAN REGIONS				
Urban Development Indicator	Data Input	Indicative Data Source	Data Output	Highlights
<b>A. URBANIZATION</b>				
<b>A1 DEMOGRAPHIC ANALYSIS</b>				
<b>1.1 Population</b>				
1.1.1	Total national population	Statistical	Data from Census of Population	Chart
1.1.2	National urban population	Statistical		Chart
1.1.3	Percentage urban–rural distribution	Statistical		Chart
1.1.4	National urban population decadal growth rate	Statistical		Chart
1.1.5	Distribution of population by urban region	Statistical		Map
1.1.6	Number of urban communities	Statistical		Chart
1.1.7	Age pyramid	Statistical		Chart
1.1.8	Minority groups	Statistical		Chart
<b>1.2 Migration</b>				
1.2.1	International migration – from other countries, to other countries	Statistical	NSO	Chart
1.2.2	National – between urban regions	Statistical	Data from Census of Population	Chart
1.2.3	Urban region – from other parts of region	Statistical	Data from Census of Population	Chart
1.2.4	Migration flow into urban region			Spatial Map

NSO = National Statistics Office.

Source: Authors.

## ❖ Spatial Analysis

- ❖ Distribution of major urban agglomerations in the country
- ❖ Urban Hierarchy
  - Settlement types – for example, primate/regional hub, major city, secondary city, town, village
  - Populations in urban agglomeration and numbers in each category
  - Economic functions of the major settlements
- ❖ Distribution of urban settlement in the urban region (selected)
- ❖ Built Environment
  - Density – population, building units, floor space index/plot ratio
  - Building typology – informal, formal
- ❖ Resource Utilization – land, water, energy
  - Urban morphology – figure grounds: land coverage/open space ratio

- ❖ Future Trends
  - ❖ Emerging urban clusters and growth corridors
  - ❖ Linked Infrastructure requirements
  - ❖ Identification of spatial areas for investments
  - ❖ Capacity for effective and efficient delivery of urban services

### **Urban Governance and Management** (maximum of eight pages) (Figure 9, p. 24)

- ❖ Legislative and Regulatory Framework
  - ❖ Decentralization/Devolution
    - Administration; Policies
    - Fiscal
    - Extent of Decentralization/Devolution – Administrative and Fiscal
  - ❖ Key Development Framework
    - National Development Plan, National Urban Development Framework/Spatial Development Plan, Relationships of plans and implementation mechanisms
    - Urban Planning System – Preparation of master plans, land-use plan, approvals
    - Sectoral Development Plans – Transport, housing, water, electricity, etc.
    - Land Markets – Key legislation pertaining to land, investments, foreign direct investment, involvement of the private sector
  - ❖ Requirements for an Enabling Environment
    - Policy toward foreign trade and exchange controls
    - Policy toward private enterprise and competition
    - Taxes
    - Financing
    - Labor Market – Minimum wages, safety standards, skills, national standards
    - Infrastructure
  
- ❖ Governance
 

Good governance and institutional structures are crucial for urban development. The assessment of the organizational structure and management coordination mechanisms helps isolate issues of fragmentation or overlapping mandates, if any. It is also expected that the governance assessment will be conducted over the geographical scales to cover national, provincial, and local government levels.

  - ❖ Structure of National Government
    - Describe the administrative system of the government in context of urban classification/hierarchy
  - ❖ Structure of government of the Urban Region
  
- ❖ Urban Management
  - ❖ Institutional Structure
    - Organizational chart of agencies responsible for planning and programming, administration, and delivery of urban services at the national level
    - Overlapping mandates and jurisdictions, if any
    - Coordination, planning, and land management (to feed into Capacity Development Needs Assessment)

- Operation and Maintenance, asset management
- Technical skills/staff capacity (to feed into the Capacity Development Needs Assessment)
- ❖ Organizational chart based on the tiered level (National, Regional/Provincial/State, Local) for the following functional areas and responsibilities for urban affairs (Figure 10, p. 25).
- ❖ Stakeholder Assessment
  - Civic awareness and participation – Community, nongovernment organizations
  - Public–Private Partnerships (PPPs), Private Sector – Corporate Social Responsibility
  - Accountability and Transparency – Legislation with respect to right to information, fiscal transparency, corruption

❖ **Urban Finance Matrix** (maximum of two pages)

There is a need to have a thorough understanding of the underlying public finances of cities and the developing member countries where urban projects are proposed as they are an important factor in developing and/or choosing appropriate financial instruments/mechanisms. The assessments for urban finance will develop a matrix (Figure 11, p. 26) to provide a good understanding of the status of public finance, including sovereign/sub-sovereign, financial institutions (public, quasi-government, commercial), and capital markets.

A matrix will portray

- ❖ Intergovernmental fiscal transfer systems
  - Viability for Subnational Borrowing (revenue stability, transparency, rules for borrowing, etc.)
- ❖ Revenue structure and resource mobilization
  - Regional/local budget
  - Revenue mobilization issues – land tax/capita, infrastructure/capital funding mechanisms
- ❖ Financial institutions, capital markets, and private sector participation
  - Market conditions (market segmentation and their creditworthiness, commercial bank lending to subnationals, domestic bond market)
- ❖ Capacity of government for infrastructure financing, and investment preparation and implementation with indicative terms/constraints (to feed into Capacity Development Needs Assessment)
- ❖ ADB Priorities in the region
  - Partnerships
  - Innovative financing modalities
  - Roster of modalities or financial instruments suitable for structuring project finance in the urban sector
    - Multitranche Financing Facility, Bonds, Sub-sovereign Lending, and Other Instruments, e.g., Transferable Development Rights, Land Banks

**Capacity Development** (maximum of three pages)

- ❖ Capacity Development Needs Assessment (Figure 16, p. 33)
  - Urban Service Delivery (Management) by sector
  - Public Institutional Assessment (Organizational)
  - Governance (Human Resource)

- Urban Finance Institutions (Private Sector capacity)
  - Capacity of the private sector for infrastructure financing, and investment preparation and implementation with indicative terms/constraints
  - Finance sector strengthening for infrastructure investment
- ❖ Brief scan of capacity development institutions and their scope and strengths to cope with the national and regional capacity training/skills development needs

### **Economy** (maximum of five pages) (Figure 13, p. 29)

- ❖ Historical trends
  - ❖ Economic history
  - ❖ Analysis of transition to market economy
- ❖ National GDP Growth
  - ❖ Distribution – Percentage share of GDP by sector
  - ❖ Regional Variation – Percentage share of GDP by regions across sectors
  - ❖ Sectors of growth; Projected GDP growth
- ❖ Economic Profile of Urban Regions
  - ❖ Key economic activities and sectors
  - ❖ Structure of GDP by regions across sectors
  - ❖ Regional GDP real growth rate
- ❖ Employment
  - ❖ Distribution by sectors, regional and urban/rural
  - ❖ Centers of growth and/or decline
  - ❖ Human resources – skills
  - ❖ Industries, the private sector, small and medium-sized enterprises, the informal sector
- ❖ Key Investments
  - ❖ Describe the current state of the sector and performance, stakeholder involvement—include summary of PPP experience and civil society stakeholders, if applicable.
    - Infrastructure and Transport
    - Industrial policy and estates
  - ❖ Private sector participation
  - ❖ Financial management capacity at the subnational level
  - ❖ Define strategic spatial areas and thematic areas

### **Equity** (maximum of two pages)

- ❖ Urban Society
  - ❖ Distribution of Population
    - Income groups
    - Housing settlement type
    - Cultural trends and practices (region, ethnicity, and religion) of dominant groups, minority groups, and indigenous people



- Gender and Development – Inclusive urban investments should be sensitive to the needs of women, children, and the youth. They are important stakeholders and can be active participants in the design and development of inclusive infrastructure. Given the increasing incidence of gender-based violence in the urban contexts, attention needs to be paid to women’s safety/security issues in the development of urban projects. Gender and development issues should be considered an integral part of urban assessments prior to project preparation. Good urban design of public spaces can play a critical part in reducing crime and incidence of gender-based violence in cities. Undertake gender-based analysis of public spaces to ascertain safety and security issues and to identify “hot spots” for gender-based violence.

#### ❖ Poverty Analysis

- ❖ Across regions
- ❖ Urban Poverty – poverty line in urban areas, income poverty, social capital
- ❖ Quality of Life
- ❖ Access to housing, urban services, and facilities
- ❖ Employment and livelihoods
- ❖ Gender and development

#### ❖ Key Investments

- ❖ Livelihood development in low-income groups, minorities, gender equity
- ❖ Improved quality of life
- ❖ Improved access to services
- ❖ Improved skills in sectors of economic growth
- ❖ Provision of social Infrastructure

### **Environment** (maximum of 10 pages)

#### ❖ Topography

- ❖ Location and description of country
- ❖ Terrain and geographical analysis
- ❖ Challenges and constraints

#### ❖ Resources

- ❖ Natural assets – minerals, etc.
- ❖ Sources of energy, water, food
- ❖ Resource management – conservation, rate of utilization
- ❖ External links to resources – import requirements

#### ❖ Environmental Degradation

- ❖ Greenhouse gas emissions baseline, if available
- ❖ Pollution – causes and control
- ❖ Environmental Protection
- ❖ Emergency/Disaster Management

### ❖ Urban Services

- ❖ Describe the current state of the sector and performance—coverage and access; stakeholder involvement—include summary of PPP experience and civil society stakeholders, if applicable
  - Urban Development – Urban and Regional Planning
  - Land Markets and Housing – Land laws, planning, and control
  - Urban Services
    - Water – Water supply/treatment/distribution
    - Sanitation – Liquid waste collection/disposal/recycling/wastewater treatment plants – cogeneration power or combined heat and power
    - Solid Waste Management – collection/disposal/recycling – cogeneration power or combined heat and power
    - Energy – Solar power, water regulation and incentives
    - Electricity
    - Telecommunication networks
    - Urban Transport

### ❖ Key Investments

- ❖ Sustainable urban transport
- ❖ Physical Infrastructure provision and upgrading
- ❖ Efficient delivery of urban services
- ❖ Capacity development needs
- ❖ Pilot demonstration projects – Vulnerability/adaptability

## Thematic Areas for Urban Region Sustainability Assessments

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The key thematic areas for the Urban Region Sustainability Assessment (URSA) are the same as shown in the National Urban Assessment. However, the context differs as the URSA takes into account the policy context at the national level and the spatial context of the cities within its region. The URSA should start with an overview of the urban region. If data for urban region are not available, the core city parameters may be used, but estimates of parameters in local governments, which are components of the agglomeration, should be made.

### Urban Region Overview (maximum of two pages)

The URSA should start with an overview of the urban region. If data for urban region are not available, the core city parameters may be used, but estimates of parameters in local governments, which are components of the agglomeration, should be made.

- ❖ Location
  - ❖ Where is the urban region located? What are the geographical advantages and disadvantages of the location? Does it have good transport connections to the rest of the country?
  - ❖ What is the political economy and position of the region in the country?
- ❖ Political System
  - ❖ Is it governed by the same political party as the National Government?
  - ❖ Are there any political risk factors that inhibit urban development in the region?

## Recommended Indicators of Development – Urban Region

### Urbanization (maximum of three pages)

- ❖ Demographic Analysis
  - ❖ Population
    - Total Population – % change; Urban % change, Rural % change plus Gross Regional Product (GRP) per capita, if possible
    - Total Land Area (in hectares) and Population (% urban, % rural), Population density
    - Poverty (% urban vs. % rural)
  - ❖ Migration
    - Key environmental, social, and urban economic development challenges (country 3E priorities) in the context of urbanization
- ❖ Spatial Analysis
  - ❖ Distribution of major urban agglomerations in the country
  - ❖ Urban Hierarchy
    - Settlement types – for example, major city, secondary city, town, village
    - Populations in urban agglomeration and numbers in each category
    - Economic functions of the major settlements

- ❖ Distribution of urban settlement in the urban region (selected)
- ❖ Built Environment
  - Density – population, building units, floor space index/plot ratio
  - Building typology – informal, formal
    - Housing (main types/adequacy) and construction – public/private
    - Areas prone to increased flooding (in hectares)
    - Infrastructure prone to increased flooding (by sector)
- ❖ Resource utilization – land, water, energy
  - Urban Morphology – figure grounds: land coverage/open space ratio

### **Urban Governance and Management** (maximum of three pages)

- ❖ Structure of Government of the Urban Region
- ❖ Legislative and Regulatory Framework
  - ❖ Decentralization/Devolution
  - ❖ Urban Development and Planning
    - Regional development plans, comprehensive development plans; relationship of plans and implementation agencies
    - Planning context – land-use and planned sector investments
    - Focus on investment project development and financing
    - Main industrial areas and energy efficiency characteristics
- ❖ Urban Management
  - ❖ Institutional structure
    - Organizational chart of agencies responsible for planning and programming, administration and delivery of urban services at the regional or city level
    - Overlapping mandates and jurisdictions, if any
    - Coordination, planning, and land management (to feed into Capacity Development Needs Assessment)
    - Operation and maintenance, asset management
    - Technical skills/staff capacity (to feed into the Capacity Development Needs Assessment)

### **Key 3E Sector Overview** (maximum of 10 pages)

- ❖ **Competitive Base – Economic Geography**
  - ❖ Describe the current role of the urban sector in the regional economy; the key industries and their challenges and opportunities and the potential for augmenting their role in an efficient, equitable, and sustainable growth.
    - Urban agglomeration structure and growth; GRP and GRP per capita
    - Main industries and crops (employment, product, and exports by industry/crop, if possible) and geographic focus
    - What have been the drivers for change?
    - Describe the main constraints to growing the urban economy and the priorities for economic infrastructure investments.

- ❖ Inclusive Base
  - ❖ Describe the main social development challenges for cities in the region (e.g., migration, rural-urban disparity and linkages, etc.)
    - Total regional distribution – Average monthly income per capita, GRP per capita, Unemployed population (% of total population), population below poverty line
- ❖ Green Base
  - ❖ Describe the main environmental problems for cities and the priorities for environmental/climate change (e.g., Adaptation/mitigation related) infrastructure
  - ❖ Urban Services
    - Water – Water supply/treatment/distribution – % population served by piped water systems
    - Sanitation – Liquid waste collection/disposal/recycling/wastewater treatment plants – cogeneration power or combined heat and power
    - Solid Waste Management – collection/disposal/recycling – cogeneration power or combined heat and power
  - ❖ Energy – per unit GRP
    - Power generation and energy use as per sector
    - Electricity/heating (adequacy) – solar potential – average hours of sunshine, photovoltaic/water heating penetration, etc.
  - ❖ Urban Transport
    - % average use of public transport by mode by energy source/type (e.g., compressed natural gas or diesel buses)
  - ❖ Urban Region's greenhouse gas emissions and/or carbon equivalent per capita; sector distribution

### Urban Finance Matrix (maximum of two pages)

The urban finance matrix for the urban region-level assessments should be conducted to analyze the capacity to finance urban infrastructure at the subnational level.

- ❖ Revenue structure and resource mobilization
  - Regional/local budget
  - Revenue mobilization issues – ability to collect and retain land tax/capita, infrastructure/capital funding mechanisms
  - Analysis of bottlenecks in current tax, licensing, and approval systems of local governments to propose necessary improvements such as development of information technology system to computerize databases of licenses, taxes, and financial accounting and asset management system
- ❖ Financial institutions, capital markets, and private sector participation
- ❖ Capacity of government for infrastructure financing, and investment preparation and implementation with indicative terms/constraints (to feed into Capacity Development Needs Assessment). The assessment will address
- ❖ **Enabling environment for municipal-level autonomy**
  - Assignment of responsibilities**
    - explicit assignment of responsibilities; if so, which
    - exclusive responsibility; if shared with higher-level government, then define role for clarity

**Intergovernmental fiscal transfer mechanism**

- transfers permitted by law; predictability and reliability of disbursements
- constraints on municipality for use of transfers, i.e., conditional or not

❖ **Enabling environment for own-source revenues**

- legal tax levy authority; autonomy over tax base/s and rates
- regulatory structures for setting utility tariffs, user charges, and other rates

❖ **Enabling environment for municipal borrowing**

- legal authority to borrow; if not, scope for change
- legal restrictions on borrowing source, amount, purpose (central government policies); any established procedures for approving borrowing decisions
- credit ratings encouraged/in place

**Capacity Development** (maximum of three pages)

## ❖ Capacity Development Needs Assessment

- Urban Service Delivery (Management) by sector
- Public Institutional Assessment (Organizational)
- Governance (Human Resource)
- Urban Finance Institutions (Private Sector capacity)
  - Capacity of the private sector for infrastructure financing, and investment preparation and implementation with indicative terms/constraints
  - Finance sector strengthening for infrastructure investment

## ❖ Brief scan of capacity development institutions and their scope and strengths to cope with the national and regional capacity training/skills development needs

**Potential ADB Value Added and Recommended Long-Term Investment Strategy** (maximum of two pages)

- ❖ ADB focus (sectors and geographic)
- ❖ Current Development Partner urban/local government focus and potential for cooperation with ADB (sectors and geographic)

**Key 3E Sector Investment Needs** (maximum of 10 pages)

Priority interventions that have a realistic chance of attracting finance shall be described in the following sectors:

**Competitive Cities**

- ❖ Logistics and infrastructure removing bottlenecks, and otherwise catering, to the local industry cluster e.g., specialized wastewater treatment for tanneries;
- ❖ Institutions and regulatory systems—investment in Small and Medium-sized Enterprise promotion through industry associations and e-governance to reduce transaction costs, establishment of risk-sensitive land-use management, among others;
- ❖ Business systems—specialized financial institutions (adapted to the local industries' need for credit, hedging and risk financing, export credit and other financial needs) and other specialized service facilities;

- ❖ Human resource development—for example, vocational education and supply chain capacity development;
- ❖ Technology development and dissemination—support to development activities of industry associations, research and development at local educational and research institutions, pilot projects, outreach and awareness programs and campaigns, among others; and
- ❖ Regional organizations to support government and private sector to collaborate and provide resources.

### Green Cities

- ❖ Potential increases in density and new higher density area development to cater for growth along transport corridors;
- ❖ Possible investment for new infrastructure and replacement in public transport by mode, particularly in low-carbon transit and investments to address climate change vulnerability;
- ❖ Green utility investments – Energy efficiency street lighting renewal; smart grid/distributed power; 3R (Reduce, Reuse, Recycle) utilities—solid waste, wastewater, and water supply investments for climate-resilient infrastructure in these sectors and for flood control and drainage;
- ❖ Investments in energy-efficient buildings – using low-energy designs (“passive architecture”) that apply principles of passive, bioclimatic design; energy-plus buildings that feedback into electricity grids; and applications of solar energy;
- ❖ Investments to create or retrofit resilient green industrial complexes/eco-industrial parks – reducing energy consumption, waste generation and carbon emissions through the 3R approach;
- ❖ City greening investments – urban agriculture, parks, enhancing urban biodiversity and microclimates, enhancing natural breeze and reducing energy needs for ventilation or cooling; and
- ❖ Information technology systems supporting the above.

### Inclusive Cities

- ❖ Investments in inclusive housing, rehabilitation/slum upgrading and new development as appropriate to the circumstances of the urban region/city region and the local communities involved;
- ❖ Required investments in local electricity distribution, district heating, and water supply; Investments to address climate change vulnerability of this infrastructure;
- ❖ Possible investments for local inclusive transport solutions (low-cost and nonmotorized transport) and for increasing accessibility to public transport providing access for lower-income groups to markets and employment;
- ❖ Support to livelihood development at the community level, in particular through the development of savings schemes and use of reputable microfinance institutions;
- ❖ Investment in community facilities especially relating to basic health and education, and in the mechanisms of providing effective services such as output-based aid; and
- ❖ Sustainable finance systems for these investments to which the poor have access. In particular, support to the housing finance system may target a wide array of institutions, such as banks, developing funding solutions for affordable urban housing, mortgage guarantee companies that provide credit enhancement for banks to enable them to widen accessibility, microfinance entities, nongovernment organizations, and community-based organizations serving the poor.

# ANNEX 4 Suggested Table of Contents for National Urban Assessment

	CHAPTER	Proposed no. of pages
1	INTRODUCTION	1
2	URBAN SECTOR PROFILE	1
2.1	Key Development Framework	1
2.2	Requirements for an Enabling Environment	1
2.4	Governance and Urban Management Profile	4
2.5	Social Equity Profile	1
2.6	Economic Profile	1
2.7	Urban Hierarchy	1
2.8	Environmental Profile	1
2.9	Financial Performance	2
2.10	Capacity Development	1
2.11	ADB and Other Partner Delivery	1
3	URBAN NEEDS ASSESSMENT	1
3.1	Sector-Based Needs Assessment	4
4	DEFINING AN URBAN STRATEGY	2
5	URBAN PRIORITIES	2
5.1	Urban Regional Center Strategic Profile	3
6	POLICY AND PROGRAMMING	1
6.1	Inclusive and Sustainable Economic Growth	2
6.2	Catalyzing Private Sector Investment and Effectiveness of Public Sector Investment	2
6.3	Human Resources and Knowledge Management	2
7	TARGETED INVESTMENT PROGRAMS (3E)	2
7.1	Urban Projects Formulated Based on 3E Assessment	1
7.2	Green Cities	4
7.3	Competitive Cities	4
7.4	Inclusive Cities	4



# ANNEX 5 Suggested Terms of Reference to Conduct National Urban Assessments

## I. Introduction

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Asia's rapid urban growth has brought to the fore the key challenge to maintain economic growth and improve living standards while addressing environmental sustainability; climate change; and environmental damage from urban production, consumption, and waste generation.

ADB, under its Urban Operational Plan (UOP) 2012–2020, will support developing member countries (DMCs) in developing their urban economies, improving their environmental sustainability, and in making pro-poor investments. The Manual for National Urban Assessments developed under the UOP proposes a synergetic approach that can be adopted to address this challenge. This provides a platform to integrate economic, environmental, and social aspects within the physical and spatial dimension of urban development, providing a platform to undertake national urban assessments (NUAs) as the basis for developing actions plans for cities such as an integrated urban plan (IUP) or city development plan.

NUAs are guided by the 3E principle of Economy, Environment, and Equity—environmental (green), equity (inclusiveness), and economic (competitiveness). These would form the “pillars” to address urban challenges and translate into specific country and city approaches. This approach would also help structure plans beyond the short term to the longer term. NUAs would form a tool for ensuring integrated urban planning and prioritizing investments at the national level. It is also the framework to guide integrated urban investment programming at the city level.

## II. Key Objective/Purpose of the Assignment

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The Urban Development and Water Division of the (name) Department (--RD) plans to carry out a country-level diagnostic study on its National Urban Assessment (NUA) for urban development in (Country). This NUA will be complementary to an existing Assessment, Strategy, and Road map for the urban and water and sanitation sector, and provide supplementary analysis of urban development investment opportunities.

The objective of the NUA is to develop the basis for a new urban development projects pipeline that builds on previous urban sector experiences of ADB and the Government and moves into innovative urban practice which implements ADB's UOP programmatic orientations. The financing of urban interventions has been quite complicated in recent years due to the absence of functioning on-lending mechanisms. It is anticipated that the new project pipeline will be for the next Country Partnership Strategy 20xx–20xx. The objective of the NUA is to propose the rationale for a pipeline of lending and nonlending products which will bring innovation to ADB's urban portfolio in (Country) and will allow new project and client modalities, in addition and beyond traditional channels of cooperation. While developing the proposed new pipeline, the consultant will take into account lessons and experience of ADB in the urban sector, particularly those related to multisector urban development projects (project loans or sector loans), and mechanisms of implementing sub-loans to subnational entities and community-driven development projects.

### III. Scope of Work

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The consultant/s will undertake National Urban Assessments (NUAs) for a comprehensive understanding of the urban sector in (Country). The assessments will be conducted at the national and urban region (province/state) (the city level – as needed). An international consultant will be engaged for a total of xx days to be rendered intermittently from dd/mm/year to dd/mm/year and will be responsible for the delivery of the NUA (and the IUP, if conducted together). The focus of this study will have to be consistent with the 3E approach developed by ADB under its UOP. The consultant should refer to the Manual for NUA as a guide to undertake the assessments.

This NUA is intended to take into account the existing work and investment priorities in wastewater, and will identify new areas where ADB can support sectoral investments, such as water supply, solid waste management, or in multisector packages that support the green and inclusive cities agendas, and make use of new financing modalities. The urban development NUA will take into account the existing NUA for water and sanitation, and will build on its findings and recommendations. The urban NUA will cover, among others, solid waste management, urban roads, flood control, and integrated provision of multisector urban infrastructure, which support the concept of competitive cities, green cities, and inclusive city development. The NUA will take on board lessons of ADB's past urban portfolio in (Country), and make suggestions for improvements. The NUA will take into account specifically the experiences of complicated on-lending mechanisms, and will draw lessons for new fund flow arrangements through alternative sub-sovereign mechanisms (for instance, private or public financial intermediaries that do not require public policy endorsements).

### IV. Methodology

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To develop an NUA and an IUP in line with the 3E Approach under the UOP, and guided by the Manual on NUA including

- (i) undertaking a review of urban development at the national, urban region, and city levels (such as national strategies, policies, sector plans, existing city development plans) along with ADB country operations and business plan, country partnership strategies, and other relevant ADB documents.
- (ii) undertaking a stakeholder analysis and develop an institutional map defining roles and responsibilities of urban development agencies at the three tiers of government. In consultation with stakeholders (government–national-, provincial-, and city-level institutions/agencies, the private sector, civil society, academe), develop a problem tree and/or SWOT analysis to understand the challenges and constraints in the urban sector.
- (iii) undertaking other assessments, as outlined in the Manual.
- (iv) preparing a report, as per the suggested outline.

## V. Detailed Tasks and Minimum Qualifications

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### ■ Senior Urban Planner and Team Leader

In close consultation with the Task Manager, the consultant will

- (i) conduct rapid quantitative and qualitative assessments to prepare the NUA for national-level urban systems to provide an improved understanding of factors that determine the competitiveness, environmental sustainability, and social development performance within their economies, and provide the basis for policy analysis.
- (ii) conduct rapid quantitative and qualitative assessment to prepare IUP for selected city in the country to provide an improved understanding of factors that determine the competitiveness, environmental sustainability, and social development performance within their economies, and provide the basis for identification and prioritization of cities for further analysis to geographically focus investments (to be discussed with project officer).
- (iii) develop a set of baseline indicators of development in these three dimensions of sustainability (economy, environment, and equity) at the national, urban region, and city levels.
- (iv) through a consultation workshop and peer review process, assess the output and modify the NUA, as appropriate. Lead and facilitate the stakeholder workshops, starting with the workshop for consultations on visioning and scoping for consensus and scoping the outputs of the study and proposed urban sector investment programming.
- (v) manage the consultants to ensure harmonization with ADB policies and guidelines for planning and selection criteria of investments.

He/she shall have a minimum master's degree in urban and regional planning/or a civil engineer/or equivalent expertise and at least 15 years of professional experience in related technical assistance (TA) projects preferably ADB and/or donor-funded in the following: citywide urban development and/or infrastructure planning, integrated urban and environment planning; national-level urban sector analysis and strategic policy; institutional strengthening, knowledge management, and capacity development.

### ■ Environmental Engineer/Climate Change Specialist

The activities of this position include but are not limited to

- (i) analyzing possible climate-induced events such as high wind speeds, flooding and tidal flows, and capacity of drainage and storm water systems;
- (ii) determining a first-cut cost estimate; identifying and recommending climate mitigation and adaptation options; providing support to the senior urban planner on environmental infrastructure and climate change issues in the purview of the institutional analysis; and
- (iii) outlining the economic profile of the city and city government, and examining the likely growth path in a business-as-usual scenario and determining the possible paradigm shift required to usher the city's green growth.

The international specialist will have a minimum bachelor's degree in engineering and/or environmental science/ climate change and/or urban economics/finance and/or a related field, with at least 15 years of experience in TA projects relevant to the urban sector. The specialist will also have additional qualifications in economics/ finance/management, with particular experience in project costing/financing relevant to possible investments. He/she will be guided by the 3E principle of economy, environment, and equity, and work as a team with other consultants.

### ■ Urban Economics and/or Financial Management Specialist

The consultant will work in close coordination with the team leader/urban planner, social development and environment and climate change specialist, focusing on economic cost–benefit analysis, financial management, and access to innovative finance for long-term implementation of urban sector plans. He/she will be guided by the 3E principle of economy, environment, and equity, and be consistent with ADB's Guidelines for the Economic Analysis of Projects; a comprehensive understanding of cost–benefit analysis integrating land value, environment, and social criteria; global climate funds, public–private partnerships (PPPs); corporate social responsibility programs; and international good practices.

The consultant will contribute to the outputs and deliverables to ensure economic and financial stability and, through stakeholder involvement, will

- (i) review the urban and socioeconomic development plans, describe the macroeconomic and sectoral context.
- (ii) provide inputs for design of the socioeconomic survey (to be conducted by the social development specialist), collect the necessary data required for economic analysis, and prepare baseline.
- (iii) **conduct an economic analysis** covering, but not limited to, demand analysis, least cost/cost and benefit economic analysis, economic internal rates of return consolidated to benefits from improved livability versus individual investments in the urban (sub) sectors, average incremental economic costs, sensitivity and risk analysis, benefit distributional analysis, poverty impact ratios, and assessment of subsidies. If subsidies are needed, provide their rationale and justification, in line with ADB's Criteria for Subsidies.
- (iv) **conduct an Urban Finance assessment** at the national, provincial, and city levels to develop a complete understanding of the status of public finances including sovereign/sub-sovereign, financial institutions (public, quasi-government, commercial), and capital markets. This should cover
  - a. intergovernmental fiscal transfer systems;
  - b. provincial/local budget and revenue mobilization issues – land tax/capita, etc., infrastructure/capital funding mechanisms and key institutions;
  - c. viability for Subnational Borrowing (revenue stability, transparency, rules for borrowing, etc.);
  - d. private sector capacity for infrastructure financing with indicative terms/constraints; market conditions (market segmentation and their creditworthiness, commercial bank lending to subnationals, domestic bond market); and
  - e. finance sector strengthening for infrastructure investment.
- (v) review urban infrastructure initiatives of select cities and municipalities in the past decade, in particular with respect to funding modalities and fund channeling arrangements, and identify lessons learned.

- (vi) outline, evaluate adequacy, and identify gaps in the existing financial mechanisms for the urban sector, at the national, provincial, and city levels; and analyze major constraints to access to financing by local governments in general and for green projects in particular.
- (vii) assess the financing schemes for improving urban infrastructure in the cities in the country.
- (viii) review alternative financing options such as local currency financing and municipal bonds.
- (ix) review recent innovations such as performance-based initiatives, carbon credit financing, and PPPs for applications to green city investments.
- (x) review financial mechanisms deployed and means for accessing finances for recent and ongoing green projects, including donor-funded and private sector, in the country.
- (xi) **recommend innovative finance mechanisms** for urban investments, such as structuring country-specific models for urban infrastructure finance facilities and their scope of operations and financing needs.
- (xii) **identify training needs** based on assessments of all of the above tasks, for building capacity on economic and financial cost-benefit analysis, including orienting and sensitizing decision makers at the national, provincial, and city levels and contribute to the comprehensive training plan for long-term integrated urban development and implementation of green city action plans.
- (xiii) contribute to the development of future urban growth and expansion map led by the Urban Planner from the perspective of economic and financial sustainability.

The International Economic and Financial Specialist will be deployed on an intermittent basis for xx days. He/she shall have a master's degree in economics, business studies, finance, or related subject with a good understanding of urban development and at least 10 years of professional experience preferably ADB and/or donor-funded projects in, economic cost/benefit and value chain analysis, municipal finance, financial management, investment programming and cost estimation, knowledge and understanding of global climate finance, green finance mechanisms, privatization and PPPs, financing mechanisms of other donors, private sector partnership frameworks.

- ❖ Minimum General Experience – 10 Years
- ❖ Minimum Specific Experience (relevant to assignment) – 7 Years
- ❖ Regional/Country Experience Required – Experience in country of assignment will be given preference

### ■ National Urban Development Coordinator

The activities of this position include but are not limited to the following:

- (i) Engage with the relevant executing agencies at the national, provincial, and city levels to ensure coordination between them, including the synergizing of documentation and communication on behalf of the project team with government officials;
- (ii) Assist with information and data collection including laws and regulations (urban, environment, and transport), environmental quality monitoring, climate change-related data, statistics, social statistics, financial regulations, city government documentations, etc.;
- (iii) Develop and/or consolidate the city profile; conduct an institutional analysis and a comprehensive stakeholder analysis;

- (iv) Contribute to an economic analysis of employment, income, and affordability;
- (v) Assist the project team with documentation, report preparation, and document production, including the review all outputs and flag issues for the attention of the project officers and provide technical and logistical support for national and regional stakeholder consultations, organize stakeholder consultation meetings in coordination with the relevant agencies;
- (vi) Assist in the translation of the national language through engagement with relevant executing agencies at the national, provincial, and city levels to ensure coordination between them, including the synergizing of documentation and communication on behalf of the project team with government officials;
- (vii) Assist the project team in preparing a focused and long-term vision of ADB's role in urban sector capacity building;
- (viii) Meet and discuss, together with the project team, with ADB's Resident Mission, relevant government institutions, private sector agencies, nongovernment organizations, and development partners the expected needs arising from the current urbanization process;
- (ix) Assist project team in the preparation of a draft NUA. Follow the examples of other NUAs (Philippines) and assessments, strategies, and road maps as provided by the user unit;
- (x) Assist project team in consolidating the NUA in consultation with sector specialists of the division; and
- (xi) Assist project team in the preparation of a publishable document.

The national consultant will have a minimum bachelor's degree in architecture, urban planning, engineering, or a related field, with at least 10 years of experience in related TA projects. Experience in Urban Sector work in Country is required. Previous ADB assignments are preferable. He/She will have a minimum of 5 years' experience in project administration and coordination and working knowledge of the national urban laws and institutional mechanisms within governments decision-making departments, covering key agencies and the provinces/state and/or city governments of the participating cities. He/She must also have the following:

- ❖ Strong language/communication skills
- ❖ Past work experience in interacting and communicating with government agencies
- ❖ Experience in working with multidisciplinary teams
- ❖ Native fluency in the national language and strong written and spoken English, with the ability to translate national documentation into English, where necessary, as well as facilitate translation during technical meetings.
- ❖ He/She will be guided by the 3E principle of economy, environment, and equity; a comprehensive understanding of local socioeconomic processes, varying needs of different population groups, and international good practices.

## VI. Output/Reporting Requirements

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The main deliverable for the project is "A National Urban Assessment" for the country for use by ADB. Briefs, research and data compilation reports, and other documentation, as outlined earlier, or as may be required for the preparation of the NUA (and IUP) for (Country). The project will involve field visit/s with consultations with government agencies and desk exercise. The consultant will be required to work closely with the ADB Project Officer in the conduct of the assessment. The Committee of the Urban Community of Practice will act as a peer review panel for the work. The tentative time schedule of the assignment is shown in the table.

## VII. Timetable

**Table A5: Milestones**

Activity	Weeks Elapsed from Commencement	Remarks
Mobilization	1	Contract finalized
Inception report	2	Outline key issues, outline of report with key documents identified.
Stakeholder consultations	3	In field
Interim report	5	Consultation with project officer and advisor
Draft Final Report	8	Revisions following consultation
Presentation to urban division	10	Peer review of national urban assessment
Final	12	Finalization of national urban assessment

Source: Authors.

## VIII. Contract Arrangement

**Schedule and Places of Assignment** (chronological and inclusive of travel)

**City and Country**

**Working Days**

**Estimated Start Date** dd-mm-20xx

**Estimated End Date** dd-mm-20xx

**Other Details**

Home Office xx

Other xx

**Total** xx Intermittent; Max. Working Days/Week: 5 for Home Office, 6 for Field

# ANNEX 6 Suggested Terms of Reference to Conduct Integrated Urban Plans/ City Development Plans

## I. Introduction

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Asia's rapid urban growth has brought to the fore the key challenge to maintain economic growth and improve living standards while addressing environmental sustainability; climate change; and environmental damage from urban production, consumption, and waste generation.

ADB, under its Urban Operational Plan (UOP) 2012–2020, will support developing member countries in developing their urban economies, improving their environmental sustainability, and in making pro-poor investments. The Manual for National Urban Assessments developed under the UOP proposes a synergetic approach that can be adopted to address this challenge. This provides a platform to integrate economic, environmental, and social aspects within the physical and spatial dimension of urban development, providing a platform to undertake national urban assessments (NUAs) as the basis for developing actions plans for cities such as an integrated urban plan (IUP) or city development plan (CDP).

NUAs are guided by the 3E principle of Economy, Environment, and Equity—environmental (green), equity (inclusiveness), and economic (competitiveness). These would form the “pillars” to address urban challenges and translate into specific country and city approaches. This approach would also help structure plans beyond the short term to the longer term. The NUAs would form a tool for ensuring integrated urban planning and prioritizing investments at the national level and will identify the cities for developing IUPs or CDPs. The assessments are expected to be conducted by a team of consultants comprising an international urban and regional planner, an environmental engineer, an economist/financial specialist, and a social development specialist with experience in rapid assessment of urban systems.

## II. Key Objective and Outputs

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1. **Objective.** The objective of the assignment is to undertake rapid NUAs for a comprehensive understanding of the urban sector. This will guide the future urban growth and the investments and will assist in planning and managing the city consistent along the 3E principles of the UOP. The outputs of the assessments will provide recommendations for further actions.
2. **Outputs.** In close consultation with the Task Manager and the city government, the consultant/s will provide the following outputs:
  - i. The IUP, which is a comprehensive CDP or action plan for the city.
    - a. The plan will be based on the 3E approach to provide quality improvements in the city for a sustainable urban growth through integrated urban planning.
    - b. The plan will recommend strategic urban sector investments and support the formulation of urban development polices and strategies at the national level and for local development planning.
    - c. Urban service quality and infrastructure resilience in the city will be improved by integrating environmental criteria, and climate change adaptation and mitigation approaches in urban planning.



- d. An investment pipeline comprising key investments with sustainable financing for capital expenditure and operation and maintenance to support the competitiveness of the city, provision of climate-resilient infrastructure, and disaster risk management with improved community coping mechanisms will be developed through community participation and stakeholder involvement. Innovative finance mechanisms and potential for private sector participation should be assessed.
- ii. Capacity development plan
  - a. A capacity development plan will be prepared based on the needs assessment. It will propose actions to develop the core competencies in integrated urban development, natural resource management, and project management at the national level and local governments, including civil society, communities, and community-based organizations, to frame urban development policies, programs, and projects to enhance the economic, social, and environmental sustainability of urban infrastructure and services. It can be based on city-to-city and/or utility-to-utility peer learning by forming knowledge partnerships.
  - b. Private sector partnerships and innovative financing mechanism will be proposed for specific activities.
- 3. **Consulting requirement.** The activities in the city will require xx person-months of effort by a team of individual international consultants and 3 person-months of national administrative assistant. The individual consultants will be hired in accordance with ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time). The consultant team will comprise
  - i. international senior urban planner/urban development specialist and team leader (x person-months);
  - ii. international economist/municipal infrastructure/urban infrastructure finance specialist (x person-months);
  - iii. international environmental engineer and climate change specialist (x person-months);
  - iv. international senior social development and urban community participation specialist (x person-months);
  - v. international capacity development/institutional development specialist (x person-months); and
  - vi. national coordinator, administrator, research analyst, and translator (x person-months).

### III. Detailed Tasks

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In close consultation with the Task Manager and in coordination with the team leader, the Consultant/s will assess the following:

- (i) **Urbanization trend** in the cities guided by the 3E principle and includes financial, management, governance, and institutional capacity at the city level for undertaking urban development programs and projects.

- (ii) **Medium- and long-term urban development and sector plans** in the cities, such as (a) existing policies, plans, reports, standards, and studies relating to urban infrastructure investments, physical planning, design, and management; (b) review the current socioeconomic development plans and city master plans, if any; (c) review existing subsector development plans (as applicable to sustainability) including urban roads and drainages, water supply and sanitation, solid waste management, and border gate development in the project cities; and (d) assess future development and priority needs in the project cities, and inform the NUA for improvements and necessary updates of the existing development plans. Based on this, the Consultant will formulate a baseline.
- (iii) **Reports and other information related to sustainability of (existing) investments** in the urban sector, including but not limited to climate vulnerability especially, but not limited to, parameters such as sea-level rise and inundation, which may affect critical urban infrastructure.
- (iv) **Spatial development needs** covering policies and applications related to
  - a. land management, including mixed land use and densification;
  - b. integrated transport and multimodal transport;
  - c. technologies related to green buildings;
  - d. public space management including but not limited to open spaces, street lighting, home zones, and urban farming; and
  - e. infrastructure resilience covering essential services such as water supply, wastewater treatment, solid waste management, sewerage systems, and storm water drainage.
- (v) **Water and sanitation needs** covering policies and applications related to
  - a. water resource management – basin-level management of shared water resources, covering but not limited to delineating, mapping, and managing urban watersheds
  - b. water security (five key dimensions) – household, economic, and environmental water security, including waterborne diseases; and water-related disaster resilience
  - c. water management, governance, and use – regulatory framework, planning, institutional coordination and capacity, nonrevenue water, private sector participation
  - d. water supply – energy efficiency in water production, infrastructure, coverage, access, quality of service
  - e. sanitation and wastewater management – access to sanitation, sewage collection, treatment plants, wastewater disposal, treatment facilities, recycling
  - f. flood control, including but not limited to efficient street drainage
- (vi) **Solid waste management needs** covering policies and applications related to
  - a. waste management covering regulatory framework, planning, institutional coordination and capacity, sewerage and septage collection, treatment plants and waste treatment technology and e-waste disposal.
- (vii) **Potential for redevelopment** of
  - a. brownfields including but not limited to industrial sites, urban renewal, and infill buildings;
  - b. retrofitting old buildings and infrastructure to improve resource consumption and energy efficiency; and

- c. applications/retrofitting innovative environment-sensitive technologies for infrastructure such as waste to energy, enhanced composting, etc.
- (viii) Good practice examples and explore potential for replication in the selected cities covering but not limited to
- a. improvement of environment infrastructure, climate resilience of critical infrastructure such as water supply, wastewater and solid waste management, application of innovative treatment technologies.
  - b. improved livelihood and employment potential through improved tourism, and green industries; low-carbon transport.
- (ix) The Consultant, based on tasks i–vii, will **provide recommendations** for improvements and **develop an IUP/CDP**; the following elements can be explored:
- a. Development and adoption of an environment charter;
  - b. Identification of short-, medium-, and long-term goals, action, and targets with performance indicators for covering means to conserve energy and water, reduce waste, address global warming, tailor urban design, protect natural habitats, improve transportation options, and reduce risks to human health;
  - c. Financial mechanisms for accessing resources;
  - d. Institutional mechanism for implementation;
  - e. Capacity development plans; and
  - f. Alignment with global targets such as the United Nations Urban Environmental Accords.

## REQUIRED QUALIFICATIONS

4. **Senior Urban Planner/Development Specialist and Team Leader** (International, x person-months). The senior urban development specialist will be the team leader of the urban development team and will be a senior expert for strategic urban development and infrastructure provision (e.g., water supply, sanitation, solid waste management, drainage, urban transport, and housing) with at least 15 years' experience in related advisory projects with senior level of government agencies. He/she will have a demonstrated ability to manage interdisciplinary teams, cultural empathy, and sound organizational and reporting skills. Overseas experience in the region and developing countries is essential. Tasks include the coordination and oversight of conduct of the CDP. He/She will coordinate dialogue with other relevant government agencies, local communities, and other relevant development partners.
5. **Urban Economist/Infrastructure Finance and Public-Private Partnership Specialist** (International, x person-months). The international urban economist/infrastructure finance and public-private partnership (PPP) specialist will recommend innovative finance mechanisms for green city investments, such as structuring country-specific models for urban infrastructure finance facilities and their scope of operations and financing needs, and
  - i. identify cases of innovative finance mechanism that led to urban transformation for city-to-city peer learning to address gaps emerging from the analysis;

- ii. develop criteria for potential entities to engage with provincial and city governments to form partnerships on resource financing and/or accessing global finance. Review urban infrastructure initiatives (competitive, green, and inclusive) of select cities and municipalities elsewhere in the past decade, in particular with respect to funding modalities and fund channeling arrangements, and identify lessons learned;
  - iii. review alternative financing options such as local currency financing and municipal bonds;
  - iv. review success and applicability of government-supported funding for green financing;
  - v. review recent innovations such as performance-based initiatives, carbon credit financing, and PPPs for applications to green city investments; and
  - vi. review financial mechanisms deployed and means for accessing finances for recent and ongoing green projects, including donor-funded and private sector.
6. **Environmental Engineer and Climate Change Specialist** (International, x person-months). The international environmental engineer and climate change specialist will have a minimum bachelor's degree in engineering, or a related field, with at least 10 years of experience in related technical assistance (TA) projects. He/she will be guided by the 3E principle of economy, environment, and equity, and assist the international specialists in the following tasks, largely and primarily based on secondary data and consultations:
- i. Analyze the “business-as-usual scenario” and consumption patterns of natural resource use scoped to livability attributes, analyzing quality of surface and groundwater sources, water table levels, and recharge activities, if any;
  - ii. Study the operations of water utilities and key service providers;
  - iii. Analyze flood risks, review of drainage and storm water runoff systems;
  - iv. Assess the state of urban ecological services and corresponding institutional mechanisms of service providers, covering core capacity in natural resource protection and management;
  - v. Identify sensitive receptors and key pollution pathways affecting the natural resources and public health, and correlate it with the pollution generators through a spatial mapping exercise;
  - vi. Identify key natural resource assets, and constraints and barriers to environmentally sustainable infrastructure growth;
  - vii. Contribute to the identification of possible priority investments in water, sanitation, drainage, and flood control;
  - viii. Conduct an institutional analysis in coordination with the urban planner to outline institutional mechanisms; understand national policies, legislative and regulatory frameworks for environment management and climate resilience and disaster risk reduction; institutional structures and decision-making mechanisms (at the national, provincial, or city level), governance; technical and administrative capacity of provincial and city government units;
  - ix. Assess the extent of integration of climate adaptation, resilience, and energy efficiency into local policies, programs, plans, design, and construction standards for essential infrastructure such as water supply; wastewater treatment; solid waste management; sewage and sewerage systems and storm water drainage; urban transport (including nonmotorized transport); disaster mitigation plans; quality of housing with particular consideration to poor urban communities; public/open spaces, street lighting, and urban farming, or any other that may directly or indirectly affect livability;

- x. Identify and recommend climate mitigation and adaptation options and criteria for costs in planning and design of key investments;
  - xi. Identify key attributes most vulnerable to climate change (physical infrastructure, natural resources, and populations); and
  - xii. Review applicability of international (green city) environment monitoring indicators for performance monitoring in the project area.
7. **Senior Social Development and Urban Community Participation Specialist** (International, x person-months). The international social development and urban community participation specialist will have a minimum bachelor's degree in sociology, or a related field, with at least 10 years of experience in related TA projects. He/She will be guided by the 3E principle of economy, environment, and equity; a comprehensive understanding of local socioeconomic processes, varying needs of different population groups, and international good practices. The consultant will contribute to the TA outputs and deliverables to ensure inclusiveness in the scoping study, framework green city action plans and, through community and stakeholder involvement, will
- i. develop and/or consolidate the city poverty and vulnerability profile;
  - ii. review policy and standards in the core institutions for “inclusive” planning;
  - iii. conduct an institutional analysis and a comprehensive stakeholder analysis;
  - iv. contribute to an economic analysis of employment, income, and affordability;
  - v. assess pro-poor shelter strategies (if any), policies, and programs;
  - vi. assess inclusiveness of urban services, access, quality, reliability, and affordability; and
  - vii. conduct a capacity needs assessment.
8. **Capacity Development Specialist** (International, x person-months). The international capacity development/institutional partnerships specialist will have a minimum master's degree in urban and environment planning (and/or urban design), and be an expert for developing twinning partnerships for peer-to-peer learning. He/She will have at least 10 years' experience in related TA projects. He/She will be the lead contributor to development of competencies within the urban planning and development agencies. He/She will assess the capacity needs of the city in relation to urban infrastructure and services, recommend capacity development actions, and design and develop proposals for partnerships based on the analysis of the tasks identified and in close collaboration with other team members. He/She will
- i. identify areas for potential partnerships that emerge from the analysis/consultations of the above tasks or the work of the other specialists throughout the assignment;
  - ii. identify potential for peer-to-peer learning to address some of the gaps identified in the analysis;
  - iii. develop potential criteria and framework for mentor-mentee relationships;
  - iv. develop criteria for engagement with provincial and city governments to establish partnerships;
  - v. develop the complete concept for a sustainable capacity development plan with engagement principles, institutional mechanisms, financial resources, and time-bound action plans; and
  - vi. support the assessment of capacity and institutional development needs of the executing and implementing agencies.

9. **National Coordinator, Administrator, Research Analyst, and Translator** (National, x person-months).

#### EXPECTED OUTPUTS

10. It is understood that this assignment is a study to develop an IUP and city development plan/action plan.
11. **Workshops and Conference.** The consultants will conduct workshop/s at the city and national levels (as needed) within 1 month after award of contracts to share the 3E approach toward preparation of integrated urban plans, proposed investments, potential urban management partnerships, training and capacity needs, development plans, and partnerships with academic institutions, vocational training plans and partnerships, emerging knowledge products, decision support system frameworks, and quantitative models.
12. **Reporting Requirements.** The consultant team will deliver
- i. inception report within 15 days of contract award, identifying work program and methodology, with proposed variations to the tasks of the consultants;
  - ii. reports from field visits and stakeholder consultation for each city, summarizing discussions, issues raised, documents reviewed, and data collected;
  - iii. workshop reports and any other related documentation; and
  - iv. interim report within 2 months of contract award, defining the framework for the IUP, providing the list of short-term actions and investments and defining the activities for capacity development.

#### TIME FRAME OF ASSIGNMENT

13. The consultant inputs will be required in from (dd/mm/year) to (dd/mm/year).

# ASSESSMENT WORKSHEETS

## ANNEX 7 Urban Data Available from ADB Statistical Database System

INDICATORS (BY SDBS TOPIC/CATEGORY)	Attribute
<b>POPULATION</b>	
Population, total midyear	In millions
Population density	Persons per square kilometer
Population, rural	In millions
Population, largest city	In millions
Population, % change	%
Population, urban % of total	%
Net migration rate, per 1,000 population	
<b>NATIONAL ACCOUNTS</b>	
GDP, PPP (current international \$)	In \$ million (at constant prices)
GDP per capita, PPPs (current international \$)	In \$ (at constant prices)
GDP, % change	%
Private consumption, % change	%
Government consumption, % change	%
Agriculture, % of GDP	%
Industry, % of GDP	%
Services, % of GDP	%
Exports of goods and services, % change	%
Imports of goods and services, % change	%
<b>PRICES</b>	
CPI (country)	
CPI (country), food	
CPI (country), nonfood	
CPI (capital city)	
CPI (capital city), food	
CPI (capital city), nonfood	
Price level index, PPPs to official exchange rate	
CPI, country, % change	%
Food price index, country, % change	%

continued on next page

Annex 7 *continued*

POVERTY INDICATORS	
Population in poverty (national poverty line), urban	%
Income ratio of highest 20% to lowest 20%	Ratio
Gini coefficient	
Human development index	
Aid per capita (current \$)	In \$
Poverty gap at \$1.25 a day (PPP) (%)	%
Poverty headcount ratio at \$1.25 a day (PPP) (% of population)	%
LABOR FORCE AND EMPLOYMENT	
Labor force	In thousands
Employed, total	In thousands
Unemployed, total	In thousands
Unemployment rate	%
Economically active population, as % of working-age population, female	%
Labor force, % change	%
Economically active population, as % of working-age population, male	%
Employed in agriculture as % of total employed	%
Employed in industry as % of total employed	%
Employed in services as % of total employed	%
SOCIAL AND ENVIRONMENT INDICATORS	
■ <b>Infrastructure (transport, power, communication)</b>	
Electricity consumption (per capita kilowatt-hour)	Kilowatt-hour
Total electricity production (kilowatt-hour)	Kilowatt-hour
Coal, source of electricity (% of total)	%
Oil, source of electricity (% of total)	%
Natural gas, source of electricity (% of total)	%
Hydropower, source of electricity (% of total)	%
Others, source of electricity (% of total)	%
International tourists	In thousands
International tourism, receipts	In \$ million

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## Annex 7 continued

■ Environment	
Land area, total	In square kilometer
Land, cropped, arable (%)	%
Land, cropped, permanent (%)	%
Nitrous oxide (N <sub>2</sub> O) emissions (thousand tons)	In thousand tons
Sulfur dioxide (SO <sub>2</sub> ) emissions (thousand tons)	In thousand tons
Total suspended particulates (PM 10 concentration)	Micrograms per cubic meter
Organic water pollutant (BOD) emissions (kilogram per day)	Kilogram
Energy imports, net (% of energy use)	%
MILLENNIUM DEVELOPMENT GOALS INDICATORS	
<i>Target 1.A: Halve \$1-a-day poverty</i>	
1.1 Proportion of population below \$1 (PPP) per day	%
1.1 Proportion of population below \$1 (PPP) per day	%
1.2 Poverty gap ratio	Ratio
<i>Target 7.A: Reverse the loss of environmental resources</i>	
7.1 Land area covered by forest (%)	%
<i>Target 7.C: Halve the proportion of people without access to water and sanitation</i>	
7.8.a Proportion of the population using improved drinking water sources, total	%
7.8.b Proportion of the population using improved drinking water sources, urban	%
7.8.c Proportion of the population using improved drinking water sources, rural	%
7.9.a Proportion of the population using improved sanitation facilities, total	%
7.9.b Proportion of the population using improved sanitation facilities, urban	%
7.9.c Proportion of the population using improved sanitation facilities, rural	%
<i>Target 7.D: Improve lives of at least 100 million slum dwellers</i>	
7.10 Slum population as percentage of urban	%
BOD = biochemical oxygen demand, CPI = consumer price index, GDP = gross domestic product, PM = particulate matter, PPP = purchasing power parity, SDBS = ADB Statistical Database System.	
Source: Authors.	

# ANNEX 8 Urban Indicators and Data

URBAN INDICATORS	DATA AND REPORTING MECHANISMS	INDICATIVE DATA SOURCES
<b>WATER AND SANITATION</b>		
<b>Water</b>		
Total length of pipe network (2011)	Kilometer	Water utilities
Length of new pipe network (in 2011)	Kilometer	Water utilities
Physical loss/nonrevenue water (2011)	%	Water utilities
<b>Access</b>		
Access to water services by wealth quintile of households (HH) (%)	Total HH: %; Wealthiest HH %; Middle-Income HH: %; Low-Income HH: %; Urban Poor HH: %	Water utilities Annual consumer survey
Urban HH served with new or improved water supply (2011)	HH: %; FHH: %; Low-Income HH: %; Urban Poor HH: %	Water utilities
Urban HH served with piped water by utilities (2011)	HH: number; FHH: no.; Low-Income HH: no.; Urban Poor HH: no.	Water utilities
Urban average hours to fetch water per day per HH (2011)	HH: hours; FHH: 00 hours; Low-Income HH: 00 hours	Annual consumer survey
Average hours of supply in urban areas (2011)	Hours/day in 2010	Annual consumer survey
Urban HH served with continuous 24-hour water supply (2011)	% of total HH	Water utilities
Urban HH served with continuous 24-hour water supply (2011)	HH: no.; FHH: no.; Low-Income HH: no.; Urban Poor HH: no.	Water utilities
Urban HH served with improved sanitation	HH: % of total HH; FHH: %; Low-Income HH: %; Urban Poor HH: %	Annual consumer survey
<b>Water Quality and Standards</b>		
Average availability of water in service area (2010)	Liter per capita per day	Annual consumer survey
Average pressure of water supply at consumer-end (2011)	Meter	Annual consumer survey
Compliance of water samples with national drinking water quality standards (2010)	%	Water Regulatory Board
<b>Efficiency</b>		
Reduction in average nonrevenue water	%	Water utilities
HH potentially benefiting from saved urban water	No./pa	Water utilities
Energy saved by utilities	Kilowatt-hour per cubic meter of water produced by water supply systems	Water utilities
Energy saved by utilities	Kilowatt-hour per cubic meter of wastewater treated	Water utilities

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Annex 8 *continued*

Water Security		
Water endowment per person	Kiloliter per annum	Department of Environment
Watershed protection	Hectare	Department of Environment
Changes in groundwater resources	%	Department of Environment
Persons protected by flood mitigation initiatives	No.	Department of Environment
Water storage (dams) capacity added	Megaliters	Department of Environment
Changes in withdrawals by HH, industry, farming	%	Department of Environment
Water Management		
No. of water user groups	No. of groups in 2011	Water Regulatory Board
Average response time to customers' complaints (2011)	Minutes/no standards currently in place	Annual consumer survey
Revenue collected according to the financial plan	% of target	Water utilities
SANITATION		
Street Drainage		
Incidence of street flooding	No. of flooding incidents in 2011	Department of Transport
Flood management along urban corridors	No. of flood-free days on main traffic routes	Department of Transport
Quality		
Utilities implementing a water safety plan	No.	Water utilities
Wastewater treatment added	(cubic meter per day)	Water utilities
Wastewater treated as a % of wastewater generated	%	Water utilities
River quality improvement	None or kilometer meeting set national standard	Department of Environment/ Natural Resources
Waterways (lakes) improved	(square kilometers reaching a set national standard)	Department of Environment/ Natural Resources
Solid Waste Management		
HH connected in treatment facilities (septic and/or other)	Total HH: number; FHH: no.; Low-Income HH: no.; Urban Poor HH: no.	City government
HH connected in treatment facilities (septic and/or other)	% of total urban population	City government
HH covered by septage treatment facilities	Total HH: number; FHH: no.; Low-Income HH: no.; Urban Poor HH: no.	City government
HH covered by septage treatment facilities	% of total urban population	City government
Service area coverage with piped sewerage system	% of total urban area	City government
Solid waste collected	% in service area; % low-income HH; and % from FHHs	City government
Water Governance		
Introduction of IWRM	(no. of river basins and/or scorecard status)	Department of Environment/ Natural Resources
Urban utilities implementing corporatized principles and practices	(No.)	Urban utility annual reports
FHH = household headed by female, HH = household, IWRM = integrated water resource management, no. = number. Source: Authors.		

# ANNEX 9 Suggested Urban Indicators for Design Monitoring Framework

URBAN SECTOR	URBAN INDICATORS	DATA	DATA SOURCES AND REPORTING MECHANISMS
<b>Urban Transport</b>	Modal share of public transport (baseline 2011)	x% of total urban population	Department of Environment and/or Transport annual reports; studies
	Modal share of nonmotorized transport	x% of total urban population	Department of Environment and/or Transport annual reports; studies
	Average travel time to work	x minutes	Department of Transport
	Traffic accidents per year (baseline 2011)	x	Department of Environment and/or Transport annual reports; studies
	Walkability index rating	x	Walkability index; survey
<b>Air Quality</b>	Transport sector greenhouse gas emissions (baseline 2011)	x tCO <sub>2</sub> -equiv/yr	Department of Environment and/or Transport annual reports; studies
	Respiratory health diseases (baseline 2011)	x no. of incidents reported	Medical statistics from government hospitals
<b>Water</b>	Total Length of pipe network (2011)	x kilometer	Water utilities
	Length of new pipe network (in 2011)	x kilometer	Water utilities
	Physical loss (2011)	x%	Water utilities
	Household (HH) coverage with access to piped water (2011)	Total HH: x%; FHH: x%; Low-Income HH: x%	Water utilities
	No. of HH connections (2011)	Total HH: x; FHH: x; Low-Income HH: x	Annual consumer survey
	Average time to fetch water per day per HH (2011)	Total HH: 00 minutes; FHH: 00 minutes; Low-Income HH: 00 minutes	Annual consumer survey
<b>Water Quality and Standards</b>	Average hours of supply in urban areas (2011)	x hours/day in 2010	Water utilities
	HH in service area provided with 24-hour water supply (2011)	0% of total population	Annual consumer survey
	Average availability of water in service area (2010)	00 liter per capita per day	Annual consumer survey
	Average pressure of water supply at consumer-end (2011)	0 meter	Annual consumer survey
	Compliance of water samples with national drinking water quality standards (2010)	x%	Water Regulatory Board

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Annex 9 *continued*

URBAN SECTOR	URBAN INDICATORS	DATA	DATA SOURCES AND REPORTING MECHANISMS
<b>Water Management</b>	No. of water user groups	x groups in 2011	Water Regulatory Board
	Average response time to customers' complaints (2011)	0 minutes/no standards currently in place	Annual consumer survey
	Revenue collected according to the financial plan	0% of target	Water utilities
<b>Street Drainage</b>	Incidence of street flooding	No. of flooding incidents in 2011	Public works
	Flood management along urban corridors	No. of flood-free days on main traffic routes	Department of Transport annual reports; studies
<b>Solid Waste Management</b>	Centralized sewerage treatment (2011)	0% of population	Public works
	Population with piped sewerage (2011)	0% of population	Public works
	Service area coverage with piped sewerage system	% of area	Public works
	Solid waste collected	0% in service area; 0% low-income HH; and 0% from FHH	Public works

FHH = household headed by female, HH = household, no. = number.

Notes: The ADB Urban Sector Group is preparing a publication on Urban Indicators for Green, Inclusive, and Competitive Cities. The indicators are undergoing a year-long pilot testing. Please refer to the forthcoming publication, *Using Urban Sector Performance Indicators, A Quick Reference Guide*, for the detailed list of urban indicators to be used for ADB urban projects.

Source: ADB Water Sector Group. Level 2 Indicators. Unpublished.

# ANNEX 10 Sample Worksheet for Data Collection

**Table A10: National Urban Assessments – National and Urban Regions**

URBAN DEVELOPMENT INDICATOR		DATA INPUT	INDICATIVE DATA SOURCE	DATA OUTPUT	HIGHLIGHTS
<b>A URBANIZATION</b>					
<b>A1 DEMOGRAPHIC ANALYSIS</b>					
<b>1.1</b>	<b>Population</b>		NSO		
1.1.1	Total National Population	Statistical	Data from population census	Graph	
1.1.2	National Urban Population	Statistical		Graph	
1.1.3	Percentage Urban–Rural distribution	Statistical		Graph	
1.1.4	National Urban Population decadal growth rate	Statistical		Graph	
1.1.5	Distribution of Population by Urban Region	Statistical		Map	
1.1.6	Number of urban communities	Statistical		Graph	
1.1.7	Age Pyramid	Statistical		Graph	
1.1.8	Minority groups	Statistical		Graph	
<b>1.2</b>	<b>Migration</b>		NSO		
1.2.1	International migration – from other countries, to other countries	Statistical	NSO	Graph	
1.2.2	National – between urban regions	Statistical	Data from population census	Graph	
1.2.3	Urban Region – from other parts of region	Statistical	Data from population census	Graph	
1.2.4	Migration Flow into urban region			Spatial map	
<b>1.3</b>	<b>Urban Region Population (Selected)</b>		Data from population census		
1.3.1	Population of Urban Region	Statistical		Graph	
1.3.2	Distribution of population by settlement type – cities, towns, villages, urban agglomeration	Statistical		Graph	
1.3.3	Decadal growth rate – Urban Region	Statistical		Graph	
1.3.4	Population during daytime working hours	Statistical	NSO	Graph	
1.3.5	Annual rate of population increase in urban region	Statistical		Graph	

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Table A10 *continued*

URBAN DEVELOPMENT INDICATOR		DATA INPUT	INDICATIVE DATA SOURCE	DATA OUTPUT	HIGHLIGHTS
<b>A URBANIZATION</b>					
<b>A2 SPATIAL ANALYSIS</b>					
<b>2.1</b>	<b>Distribution of Major Urban Settlements in the Nation</b>	Map	Urban Development Ministry		
<b>2.2</b>	<b>Regional Distribution</b>	Map	Urban Development Ministry		
<b>2.3</b>	<b>Built Environment</b>				
2.3.1	Distribution of settlement type – cities, towns, villages, urban agglomeration	Map	Census, City Assessor's Office		
2.3.2	Distribution of population by settlement type – cities, towns, villages, urban agglomeration	Statistical	Census, City Assessor's Office	Graph	
<b>2.4</b>	<b>Density</b>		NSO		
2.4.1	Population Net Density – persons per hectare, national and regional distribution				
2.4.2	Building units per hectare – urban region		Town Planning Unit		
2.4.3	Floor space index/Plot ratio		Town Planning Unit		
<b>2.5</b>	<b>Urban Morphology of Urban Region</b>				
2.5.1	Figure grounds: land coverage/open space ratio	Map	Land-use plan		
2.5.2	Urban Land – residential, business, services, industrial, mixed use, transport, others, total	Statistical and map	Land-use plan		
2.5.3	Urban Land availability – median time for planning permissions, vacant land with planning permissions, vacant government land, public open space	Statistical and map	Planning Office		
2.5.4	Urban Land – prices		Actual sales	Table	
2.5.5	Housing – dwelling type (house, medium density, apartment, temporary dwelling, others)	Statistical	Household surveys	Table	
2.5.6	Housing – tenure (owned, private rental, social housing, subtenant, informal – rented, informal – no rent)	Statistical and map	Household surveys	Table	
2.5.7	Distribution of households by typology and density	Map	Household surveys		
<b>2.6</b>	<b>Household Formation Rate</b>				
2.6.1	Number of households	Statistical	Basic data, NSO		
2.6.2	Growth rate – annual increase/decrease in number of households	Statistical	Computed		
2.6.3	Average Household Size	Statistical	NSO		
2.6.4	Households headed by women	Statistical	Census, Basic data		

NSO = National Statistics Office.

Source: Authors.

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\* ADB recognizes “China” as the People’s Republic of China.



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## Manual for Undertaking National Urban Assessments

Urbanization in Asia is expected to reach 55% by 2030 and 64% by 2050 to constitute 53% of the world's urban population and contribute half the world's gross domestic product. But as cities swell, they also struggle with environmental degradation, traffic congestion, inadequate urban infrastructure, and lack of basic civic services. This manual prepared by ADB's Urban Sector Group provides guidelines for conducting rapid urban assessments. It is guided by the Urban Operational Plan 2012–2020 which outlines ADB's support to its members in developing their urban economies through the 3E approach (Economy, Environment, and Equity). It presents a framework providing a context for the city-level 3E tool kits (*Tool Kit for Rapid Economic Assessment, Planning, and Development of Cities in Asia; Green City Development Tool Kit; and Enabling Inclusive Cities: Tool Kit for Inclusive Urban Development*).

### Related Publications:

The *Philippines National Urban Assessment* is a pilot case study based on the NUA framework for developing strategic policy options and targeted investments in the urban sector.

*Realizing the Urban Potential in Georgia: National Urban Assessment* is based on the NUA framework to understand the key urbanization trends and patterns of growth and to analyze challenges and opportunities.

### 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 half of the world's extreme poor. 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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