



Accessing Multi-lateral development [bank] climate financing in Urban Transport

Robert Valkovic,
Principal Transport Specialist
Transport Sector Group
Sustainable Development and Climate Change Department
Asian Development Bank



Understanding an MDB (ADB)

Organizational Structure

Policy and procedure

- Key policies
- Key project acquisition processes

“Pre” Project processing

- Key factors
- Non-transport issues
- Timing and funding

Project Processing

ADB, WBG, EIB, AIIB, AfDB
GCF, GEF, IFAD

Understanding organization
operating structure (and
strategic approaches) critical

Many financiers similar
principles but differences can
be critical



ADB Organizational Structure

Structure

Operations

- Regional Department (East Asia, Southeast Asia, Central West Asia, South Asia, Pacific)
- Transport and urban (and energy) divisions
- Private sector Department

Support Departments

- Sustainable Development and Climate Change
 - Sector/thematic coordination and knowledge
- Economics and research
- Finance and Procurement
- Strategy and Policy (+OPPP)

Complex

Central decisions but country office engagement/role

Departmental priorities vary – even between regions

Cross sharing problematic



ADB Policy and procedure

Key Policies

- Strategy 2030
 - Livable cities (+gender, climate change, governance, inclusive)
- Environment and Involuntary Resettlement Policy [air quality]
- Safeguards compliance
- Economic and financial guidelines
- Procurement guidelines

No (urban) transport policy

- Sustainable Transport Initiative (2010-2020)
- Transport Framework (2020-2030)

Subtle variations between departments and DMCs



ADB Policy and procedure

Key Project Acquisition Procedures

- (Operations Manual)
- Country Strategy Partnerships (CSP)
 - Country lending and non-lending pipeline
- Country operations and business plan (COBP)
- (country's own MDB policies)

CSP support country plans but « customized » to ADB
Department/division/RM
staff roles are variable
All lending « sovereign »

Yearly update.
3-5yr new CSP

Timing critical
Country (Sub)sector prioritization



ADB Pre-project processing

Key factors (usual FS content required)

- Scope and Viability of project (planning/needs, mode selection)
- City Transport Planning and Integration
- Institutional capacity
- Procurement capacity
- Counterpart financing arrangements
- Financing sources/financial management
- Finance structure (Nat. – State – city)

**Technical typically
« accepted »
Financing and institutional
issues more important**

Scope for variability



ADB Pre-project processing

Non-transport issues (also needed in FS)

- Environment
 - EIA, IEEE, air standards
- Involuntary Resettlement
 - Compliance mechanism
- Economic Criteria
- Financial (project and client)
- Procurement guidelines
 - Project design/structure

Right standard used in advance
Prior LAR issues
Economic/Financial thresholds
Allowable contracting method

ADB criteria usually different from government (ADB criteria must be met or exceeded)

These can become “red flags” to stop project being included in program



ADB Pre-project processing

Timing and Funding

- Can be drawn out as long as needed
- Screening and validating processes
- ADB staff review dependent

- No/few ADB [grant] resources at this stage
- Usually other agency or [MDB] trust fund resources

**No formal process
Time for GOV documents
to meet ADB criteria**

**Suitable action in advance
can reduce large delays later**



ADB Project processing

GOV accept ADB document

Formal review of all prior areas

Document quality acceptable for approval

Can involve [grant] TRTA process to reach acceptable standard

- To fund consultant to prepare and/or improve all documents
- Can add 6-18 months to timing (individual/firm)

Non-process issues need additional TA funding

ADB trust funds possible

If not in fully compliance in one area, it will delay all



Key India lending facts

Very large program (>\$4bil/yr)

Projects must be large (>\$100m, pref \$300m)

Typically fully programmed next 3yrs – usually over programmed

Large transport (\$1.5-2bil) portfolio (30-40% total)

Urban transport new subsector, uptake only since 2017 (\$400-900mil)

Almost exclusively Metro (<30% project cost but loans still \$300-900mil)

TA to support other areas (\$1-3million for development, not investment)

Urban portfolio (<\$500mil) but widely diverse areas

Urban transport usually road/drainage

Urban transport part of a package of areas



How to make a “good” ADB bankable project!

- **Know your financier criteria well**
- **Seek support from country office or other agencies with prior MDB/ADB experience**
- **Earlier engagement the better**
- **Well prepared documents can save substantial time**

Thank you.

