



Technical Assistance Report

Project Number: 52061-001
Knowledge and Support Technical Assistance (KSTA)
September 2018

Supporting Knowledge Solutions for New Development Strategies in South Asia

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
DMC	–	developing member country
SARD	–	South Asia Department
SASEC	–	South Asia Subregional Economic Cooperation
TA	–	technical assistance

NOTE

In this report, “\$” refers to United States dollars.

Vice-President	Wencai Zhang, Operations 1
Director General	Hun Kim, South Asia Department (SARD)
Director	Ronald Antonio Butiong, Regional Cooperation and Operations Coordination Division, SARD
Team leader	Hoe Yun Jeong, Principal Economist, SARD
Team members	Lani Garnace, Associate Economics Officer, SARD Tadateru Hayashi, Senior Economist, SARD Kavita Iyengar, Senior Regional Cooperation Officer, SARD Linel Ann Reyes-Tayag, Senior Operations Assistant, SARD

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

CONTENTS

	Page
KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE	
I. INTRODUCTION	1
II. ISSUES	1
III. THE TECHNICAL ASSISTANCE	3
A. Impact and Outcome	3
B. Outputs, Methods, and Activities	3
C. Cost and Financing	4
D. Implementation Arrangements	4
IV. THE PRESIDENT'S DECISION	5
APPENDIXES	
1. Design and Monitoring Framework	6
2. Cost Estimates and Financing Plan	8
3. List of Linked Documents	9

KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 52061-001
Project Name	Supporting Knowledge Solutions for New Development Strategies in South Asia	Department/Division SARD/SARC
Nature of Activity Modality	Research and Development Regular	Executing Agency Asian Development Bank
Country	BAN, BHU, IND, MLD, NEP, SRI	
2. Sector	Subsector(s)	ADB Financing (\$ million)
✓ Public sector management	Economic affairs management	2.30
	Public administration	1.20
Industry and trade	Industry and trade sector development	1.00
	Total	4.50
3. Strategic Agenda	Subcomponents	Climate Change Information
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project
Regional integration (RCI)	Pillar 4: Other regional public goods	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming
Governance and capacity development (GCD)	Institutional development	Some gender elements (SGE) ✓
Knowledge solutions (KNS)	Knowledge sharing activities	
Partnerships (PAR)	Bilateral institutions (not client government) Official cofinancing	
5. Poverty and SDG Targeting		Location Impact
Geographic Targeting	No	Regional
Household Targeting	No	High
SDG Targeting	Yes	
SDG Goals	SDG8	
6. Risk Categorization	Low	
7. Safeguard Categorization	Safeguard Policy Statement does not apply	
8. Financing		
Modality and Sources		Amount (\$ million)
ADB		4.50
Knowledge and Support technical assistance: Technical Assistance Special Fund		4.50
Cofinancing		0.50
Republic of Korea e-Asia and Knowledge Partnership Fund (Full ADB Administration)		0.50
Counterpart		0.00
None		0.00
Total		5.00

I. INTRODUCTION

1. The knowledge and support technical assistance (TA) responds to the needs of countries in the South Asia Department (SARD) for operationally relevant and timely analytical studies on key issues and challenges that constrain their continued economic growth and development.¹

2. The TA is aligned with the strategic objectives of the South Asia Subregional Economic Cooperation (SASEC) Operational Plan for 2016–2025 as it aims to provide the strong knowledge support needed to harmonize SASEC project interventions and priorities concerned with economic corridors, transport, trade facilitation, and energy.² The TA is also aligned with key operational directions of the Operational Plan for Regional Cooperation and Integration, 2016–2020 in that it will support the development of knowledge products for country programs targeting inter-subregional regional cooperation and integration.³ It is also fully aligned with Strategy 2030, which emphasizes strengthening of ADB's role as provider of operationally relevant knowledge products.⁴ Existing country partnership strategies of SARD countries highlight the importance of knowledge solutions as an integral part of ADB operations.

II. ISSUES

3. South Asia is one of the fastest-growing regions in the world and has become a global growth driver. Its gross domestic product grew by an average 6.7% during 2000–2016, and its gross domestic product per capita increased at a compound rate of 5.2%, from \$751 in 2000 to \$1,692 in 2016, boosting the region to middle-income status.⁵ This growth, however, has been driven largely by domestic consumption, and much less by investments and exports, raising the question of how future growth can be sustained and how gainful jobs can be created for the more than 1 million monthly labor entrants expected over the next 2 decades.

4. South Asian countries have been underinvesting relative to their peers, posting an average investment ratio of 32.4% from 2000 to 2017, lower than East Asia and Pacific countries (excluding high income) and the People's Republic of China, which registered an average of 39.5% and 43.1%, respectively, over the same period.⁶ The low rate of investments by SARD countries has translated into inadequate infrastructure and poor connectivity between these countries and with other regions. The policy environment is also inadequate because regulatory institutions and governance systems are not organized. Most governments in SARD countries have limited understanding and expertise of development issues and their possible solutions, limited ability to prepare investment projects, and weak absorptive capacity. These problems undermine sector-based development, hamper employment growth, and cause laggard regions to fall further behind. Lifting more than 300 million poor people—equivalent to a third of the global poverty headcount—out of poverty will be a huge task.

5. To overcome the challenges and sustain the momentum for inclusive economic growth, SARD countries have shown increasing demand for well-designed programs and evidence-based policies guided by rigorous analytical and technical studies. From 2012 to 2017, ADB has made

¹ The TA first appeared in the business opportunities section of ADB's website on 17 May 2018.

² ADB. 2016. *South Asia Subregional Economic Cooperation Operational Plan, 2016–2025*. Manila.

³ ADB. 2016. *Operational Plan for Regional Cooperation and Integration, 2016–2020: Promoting connectivity, competitiveness, regional public goods, and collective action for Asia and the Pacific*. Manila.

⁴ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

⁵ World Bank Open Data. *South Asia*. (data includes Afghanistan and Pakistan) (accessed 30 April 2018).

⁶ World Bank. [World Development Indicators](#). (accessed 31 August 2018).

significant progress in meeting this demand via its strong knowledge operations under the SASEC Program and as part of ADB country operations. Several analytical studies were completed under various ADB TAs, focusing on economic corridors, trade facilitation, global production networks, industry and trade, logistics, monetary aspects, and vulnerability and resilience, among others.⁷

6. These studies informed the formulation of policies and projects to overcome development issues in SARD countries. For instance, analytical work on trade facilitation resulted in the processing and implementation of ADB policy-based loans and/or grants to Bangladesh, Bhutan, and Nepal.⁸ The Government of India committed to develop the East Coast Economic Corridor, India's first coastal corridor, to connect the country with global markets and value chains through its strategically located ports. ADB supported the three phases of this corridor: Visakhapatnam–Chennai Economic Corridor, Chennai–Kanyakumari Industrial Corridor, and Odisha Economic Corridor. The governments of Bangladesh and Sri Lanka also adopted economic corridor development as a tool to fuel growth and improve the lives of their people, through the Southwest Economic Corridor and Colombo–Trincomalee Economic Corridor, respectively. In Bhutan, the government established the Department of Macroeconomic Affairs as a result of ADB's analytical work on macroeconomic monitoring frameworks.

7. The analytical studies produced various knowledge products such as working papers, technical reports, and books.⁹ These were circulated in the ADB websites, allowing developing member countries (DMCs) to learn from new technical knowledge and lessons, and gain fresh perspectives on their own development issues and their own possibilities. The studies were complemented by capacity-building workshops to ensure the transfer of knowledge to government agencies.

8. These past analytical works are not meant to be one-off knowledge products and solutions, however. They are meant to be part of a continuous process of engagement with client DMCs in the region.¹⁰ The strong demand from SARD countries for knowledge solutions to development issues is driven by several factors.¹¹ First, they find it difficult to translate some of the development issues into potential projects because government agencies lack the ability to prepare investment projects. Second, their understanding and expertise of issues and possible solutions is limited. Finally, the weak absorptive capacity of their institutions is caused by an unorganized regulatory environment and governance system.

⁷ ADB. 2010. *Technical Assistance Report: Regional–Capacity Development Technical Assistance, Support for South Asia Regional Economic Cooperation*. Manila; ADB. 2011. *Technical Assistance Report: Regional–Capacity Development Technical Assistance, Strengthening Knowledge-Driven Development in South Asia*. Manila; ADB. 2012. *Technical Assistance Report: Regional—Policy and Advisory Technical Assistance, Enhancing Economic Analysis and South-South Learning*. Manila; ADB. 2016. *Technical Assistance Report: Regional–Capacity Development Technical Assistance, Regional Project Development Support for the South Asia Subregional Economic Cooperation Operational Plan, 2016–2025*. Manila.

⁸ ADB. 2017. *Technical Assistance Completion Report: Bangladesh, Bhutan, Nepal: South Asia Subregional Economic Cooperation (SASEC) Trade Facilitation Program*. Manila.

⁹ Two flagship knowledge products produced are (i) *Scaling New Heights: Vizag-Chennai Industrial Corridor, India's First Coastal Corridor*; and (ii) *Bhutan: New Pathways to Growth*.

¹⁰ The TA will coordinate and complement two currently active regional TAs that expire in 2018 and 2019. Since the remaining resources of these ongoing TAs are fully committed and cannot cover the various analytical studies requested by SARD countries, the TA will provide additional support but focus on the development issues that have yet to be covered.

¹¹ The discussion of these factors is based on critical reflection and brainstorming by the South Asia Regional Cooperation and Operations Coordination Division team.

9. Faced with these limitations of DMCs and their strong demand for knowledge support, ADB needs to offer integrated, multidisciplinary solutions that are beyond a single sector and thematic group's purview.¹²

10. Business as usual is not an option, however. To remain relevant and responsive to the needs of the DMCs in the region, selectivity of coverage is crucial. Based on the interests indicated by DMCs,¹³ the possible topics for analytical studies would include the expansion of economic corridors in other states in India; development of coastal shipping and inland waterways; development of economic zones (including tourism zones); links with global value chains and global production networks; and regional connectivity of South Asia with East Asia and Southeast Asia. Lessons from the implementation of various knowledge TAs show that a demand-driven approach to knowledge solutions, complemented by capacity building, works well and that governments respond favorably to policy and project recommendations.¹⁴ This is an approach that the TA intends to adopt as well.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

11. The TA is aligned with the following impact: inclusive economic growth and regional economic integration among SARD countries improved and sustained. The TA outputs will result in the following outcome: knowledge solutions adopted by SARD countries.¹⁵

B. Outputs, Methods, and Activities

12. The TA will enable ADB to undertake operationally relevant analytical studies on key issues and challenges faced by SARD countries, using an integrated, crosscutting, thematic, and multisector approach to development that goes beyond narrow sector approaches.¹⁶ The TA will allow ADB to respond quickly to the client countries' demand for knowledge support; identify crucial and immediate investment requirements; and facilitate their inclusion in ADB lending operations that can contribute to the proposed development impact. The TA will strive to make innovation and high-level technology transfer an integral part of knowledge outputs. These TA undertakings will support the post-2015 sustainable development agenda with a strong focus on contributing to inclusive growth and employment creation.

13. **Output 1: Integrated and multidisciplinary knowledge solutions created.** This output involves differentiated approaches to meeting SARD countries' demand for knowledge support by exploring innovative and customized solutions. The solutions will be demand-driven, based on the policy challenges identified, and fed by continuous dialogue between ADB and its client DMCs. The output will also support the implementation of the recommendations outlined in the SASEC

¹² ADB (Office of the President). 2018. Planning Directions for 2018 and Preparation of Work Program and Budget Framework, 2019–2021. Memorandum. 23 February (internal).

¹³ Potential study topics are culled from back-to-office reports submitted by ADB staff in the South Asia Department.

¹⁴ Independent Evaluation Department. 2012. *Special Evaluation Study: Knowledge Products and Services— Building a Stronger Knowledge Institution*. Manila: ADB.

¹⁵ The design and monitoring framework is in Appendix 1.

¹⁶ In particular, the TA will ensure women's and women groups' participation in TA-financed consultation workshops and training on emerging economic issues. It will collect sex-disaggregated data as part of the (proposed) feasibility studies, with gender and development elements to be included, as feasible, in the ensuing pipeline projects in line with ADB processes, practices, and the Guidelines for Gender Mainstreaming Categories of ADB Projects (2012).

Operational Plan and SASEC Vision.¹⁷ It will include concrete analytical studies with substantial policy advice and recommendations.¹⁸

14. **Output 2: Knowledge sharing, dissemination, and learning events enhanced.** The TA will organize various learning events that will help generate, share, and apply knowledge. This includes activities such as forums, consultation workshops, and study visits, which will be organized in partnership with more advanced countries—e.g., the People’s Republic of China, Japan, and the Republic of Korea—to draw on their experiences on formulating strategic approaches to development. The output will give SARD countries useful directions for their own development path.¹⁹ Other learning events will promote inter-regional knowledge sharing.

15. **Output 3: Translation of knowledge solutions into project pipeline strengthened.** The TA will give ADB the means to improve project readiness and enable proactive portfolio management, and thereby fostering and facilitating swift delivery of development outcomes. Analytical studies will progress in parallel with project identification and implementation, readiness, and implementation. Strong upstream analytical work will provide the foundation for the project design, with a focus on identifying potential projects to be linked to ADB regional and national lending pipelines (footnote 16). Ultimately, project identification and prioritization will be translated into the respective country’s multiyear operational plan.

C. Cost and Financing

16. The TA is estimated to cost \$5,000,000, of which (i) \$4,500,000 will be financed on a grant basis by ADB’s Technical Assistance Special Fund (TASF 6), and (ii) \$500,000 will be financed on a grant basis by the Republic of Korea e-Asia and Knowledge Partnership Fund and administered by ADB. The key expenditure items are listed in Appendix 2.

17. Civil works, the procurement of large-scale equipment, permanent staffing costs, and the hiring of staff consultants are ineligible expenditures under the Republic of Korea e-Asia and Knowledge Partnership Fund.

D. Implementation Arrangements

18. ADB will administer the TA through the South Asia Regional Cooperation and Operations Coordination Division. ADB will work closely with ADB resident missions in SARD countries and various government agencies in implementing the TA activities. The implementation arrangements are summarized in the table.

¹⁷ ADB. 2016. *South Asia Subregional Economic Cooperation Operational Plan, 2016–2025*. Manila; ADB. 2017. *South Asia Subregional Economic Cooperation: Powering Asia in the 21st Century*. Manila.

¹⁸ The main indicative topics to be supported by this TA would be coastal shipping, economic zones, economic corridor, global value chains, logistics, and regional cooperation and integration. In light of this, the outputs of this TA will involve multiple focus areas—transport, urban development, water, environment, and energy—as well as soft aspects and India’s new interest area of logistics development.

¹⁹ Experts from these advanced countries will be engaged as specialists to provide technical guidance in selected thematic sector studies and as resource persons for knowledge-sharing activities.

Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	September 2018–August 2021		
Executing agency	ADB		
Implementing agency	ADB		
Consultants	To be selected and engaged by ADB		
	Individual consultants selection	International expertise (140 person-months)	\$2,000,000
	Individual consultants selection	National expertise (200 person-months)	\$1,790,000
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		

ADB = Asian Development Bank, TA = technical assistance.

Source: Asian Development Bank.

19. **Consulting services.** ADB will engage various individual consultants for the implementation of TA activities. These consultants will be recruited as individuals and not as a firm because (i) they will operate in different countries; (ii) their respective work and outputs are independent of each other; and (iii) the overall management of consultants will be performed by the Regional Cooperation and Operations Coordination Division of ADB's South Asia Department. ADB will engage the consultants following its Procurement Policy (2017, as amended from time to time) and its associated staff instructions.²⁰

20. **Cofinancier requirements.** The Republic of Korea e-Asia and Knowledge Partnership Fund requires annual monitoring and progress reports.

IV. THE PRESIDENT'S DECISION

21. The President, acting under the authority delegated by the Board, has approved (i) the Asian Development Bank (ADB) administering a portion of technical assistance not exceeding the equivalent of \$500,000 to be financed on a grant basis by the Republic of Korea e-Asia and Knowledge Partnership Fund, and (ii) ADB providing the balance not exceeding the equivalent of \$4,500,000, on a grant basis for Supporting Knowledge Solutions for New Development Strategies in South Asia, and hereby reports this action to the Board.

²⁰ Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 3). Lump-sum payments or output-based contracts for consulting services will be considered.

DESIGN AND MONITORING FRAMEWORK

Impact the TA is Aligned with			
Inclusive economic growth and regional economic integration among SARD countries improved and sustained ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Knowledge solutions adopted by SARD countries	By 2022: a. At least 10 pipeline projects identified in the studies included in the countries' COBPs (2017 baseline: not applicable) b. At least 5% increase in portfolio of SARD countries attributed to results of analytical studies (2017 baseline: not applicable)	a. ADB website b. ADB website	Governments might change their priorities.
Outputs 1. Integrated and multidisciplinary knowledge solutions created	By 2021: 1a. At least 10 analytical studies produced on selected sector and/or thematic aspects of SARD priority areas (2017 baseline: not applicable)	1a. Consultants' reports	Incomplete or unavailable data may delay finalization of analytical studies.
2. Knowledge sharing, dissemination, and learning events enhanced	By 2021: 2a. At least 250 government staff, with at least 30% of them women, reported increased knowledge of emerging economic issues (2017 baseline: not applicable)	2a. Evaluation reports on training workshops	
3. Translation of knowledge solutions into project pipeline strengthened	By 2021: 3a. At least 15 priority projects identified based on the studies (2017 baseline: not applicable)	3a. Consultants' report	

<p>Key Activities with Milestones</p> <p>1. Integrated and multidisciplinary knowledge solutions created</p> <p>1.1 Undertake consultation meetings with government agencies to identify the countries' demand for analytical studies (Q3 2018–Q1 2020).</p> <p>1.2 Prepare analytical reports on issues identified by governments (Q1 2019–Q4 2020).</p> <p>1.3 Gather relevant literature and data from various sources to support the preparation of analytical reports (Q1 2019–Q4 2020).</p> <p>2. Knowledge sharing, dissemination and learning events enhanced</p> <p>2.1 Conduct workshops to disseminate the results of analytical studies (Q3 2019–Q1 2021).</p> <p>2.2 Conduct conferences, workshops, and study visits to learn from the experiences of more advanced countries (Q3 2019–Q4 2020).</p> <p>2.3 Conduct workshops to enhance the capacity of government agencies on analytical research (Q3 2019–Q1 2021).</p> <p>3. Translation of knowledge solutions into project pipeline strengthened</p> <p>3.1 Analyze the results of analytical studies to identify potential projects (Q3 2019–Q1 2021).</p> <p>3.2 Prepare a project information sheet for each identified project (Q3 2019–Q1 2021).</p> <p>3.3 Conduct consultation meetings with resident missions and sector divisions to discuss potential projects for inclusion in their portfolio (Q4 2019–Q1 2021).</p> <p>TA Management Activities</p> <p>Engage consultants</p>
<p>Inputs</p> <p>ADB: \$4,500,000 Republic of Korea e-Asia and Knowledge Partnership Fund: \$500,000</p>
<p>Assumptions for Partner Financing</p> <p>Not applicable</p>

ADB = Asian Development Bank, COBP = country operations business plan, Q = quarter, SARD = South Asia Regional Department, TA = technical assistance.

^a Defined by the TA.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
A. Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	1,600.0
ii. National consultants	1,790.0
b. Out-of-pocket expenditures	
i. International and local travel	200.0
2. Training, seminars, workshops, forums, and conferences	
a. Facilitators and resource persons	80.0
b. Venue rental	230.0
c. Participants	355.0
d. Representation ^b	15.0
3. Miscellaneous administration and support costs ^c	100.0
4. Contingency	130.0
Subtotal (A)	4,500.0
B. Republic of Korea e-Asia and Knowledge Partnership Fund^d	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	310.0
b. Out-of-pocket expenditures	
i. International and local travel	50.0
2. Training, seminars, workshops, forums, and conferences	
a. Facilitators and resource persons	20.0
b. Venue rental	30.0
c. Participants	55.0
d. Representation ^b	5.0
3. Contingency	30.0
Subtotal (B)	500.0
Total	5,000.0

Note: The technical assistance (TA) is estimated to cost \$5,000,000, of which contributions from the Asian Development Bank and the Republic of Korea e-Asia and Knowledge Partnership Fund are presented in the table above.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF 6).

^b Includes entertainment expenses such as alcoholic beverages and other expenses relevant to holding meetings.

^c Includes printing of publications and reports.

^d Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=52061-001-TARreport>

1. Terms of Reference for Consultants