



Regional: Strengthening Conduct of Economic Appraisal of Project and Program Investments in Developing Member Countries

Project Name	Strengthening Conduct of Economic Appraisal of Project and Program Investments in Developing Member Countries
Project Number	52346-001
Country	Regional
Project Status	Proposed
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	TA: Strengthening Conduct of Economic Appraisal of Project and Program Investments in Developing Member Countries Technical Assistance Special Fund US\$ 3.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development Knowledge solutions
Sector / Subsector	Public sector management - Economic affairs management
Gender Equity and Mainstreaming	Some gender elements
Description	<p>The proposed TA is designed to strengthen the capacity of DMC officials/technical staff to carry out economic analysis to support their investment design and selection. The Cluster KSTA will include two subprojects and the main outputs include: (1) conduct of economic analysis training workshops for investment projects; (ii) conduct of economic analysis training workshop for Policy Reforms and (iii) support preparation of methodological notes or guidebooks on selected economic analysis methodologies. The outputs of the TA aim to promote allocative efficiency, equity considerations and project sustainability of programs and projects being implemented by DMCs. It will also complement the Guidelines on Economic Analysis of Investment Projects 2017.</p>
Project Rationale and Linkage to Country/Regional Strategy	<p>Asia continues to face large infrastructure investment gaps. Although alternative financing schemes have been emerging to help ease the fiscal burden, reforms in other areas such as in governance, legal and regulatory framework to enhance investment climates would have to be undertaken. In some cases, the lack of well prepared financially and economically viable projects have hindered the DMCs to implement these programs and projects to support their quest for growth.</p> <p>DMCs' capacities for the conduct of adequate due diligence, particularly for economic and financial due diligence, greatly vary. Only selected DMCs have established processes and capacities for conduct of economic due diligence in line with ADB's requirements as outlined in ADB Charter and policies. Even in case of majority of these DMCs, methodologies and viability criteria need to be revisited and updated. This weak capacity often leads to allocation of unviable projects especially for private sector financing and PPPs and have caused major delay in their implementation. Weak capacity in project economic analysis also causes misallocation of scarce fiscal resources to project with suboptimal development impacts. This also affects the selection of infrastructure projects to be financed by ADB and other development partners. On the other hand, weak capacity in assessing the impact of structural reforms required in creating enabling environment for increased public and private sector investment in infrastructure and even in other sectors hampers policy dialogue and the preparation of progressive policy reforms. Weak preparation can result in poor design and slow the pace of reforms.</p> <p>Given these, there is pressing need for the development partners to assist the DMCs in building their capacities and processes for conduct of adequate levels of due diligence in key areas including economic due diligence. In case of DMCs with limited capacity and with no-defined processes for conduct of economic due diligence, the focus will need to be in developing their own processes and guidelines and train the DMC officials in conduct of economic due diligence. In case of DMCs with existing capacity and processes for economic due diligence, the focus needs to be on assistance for reviewing and updating the current methodologies and processes, and familiarizing the staff in applying the updated methodologies and processes.</p>
Impact	Achievement of more efficient resource allocation by DMC governments
Outcome	Use of economic analysis or assessment in project or program selection and design increased.

Outputs	Capacity of DMC officials on conduct of economic analysis or assessment improved Guidance materials for improved economic analysis published and disseminated. Capacity of DMC Officials on conduct of Economic Analysis of Policy Reforms improved.
Geographical Location	Regional

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Responsible ADB Officer	Cham, Maria Rowena M.
Responsible ADB Department	Economic Research and Regional Cooperation Department
Responsible ADB Division	Economic Analysis and Operations Support Division

Timetable

Concept Clearance	-
Fact Finding	-
MRM	-
Approval	-
Last Review Mission	-
Last PDS Update	20 Nov 2018

Project Page	https://www.adb.org/projects/52346-001/main
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