



Technical Assistance Report

Project Number: 55111-001
Knowledge and Support Technical Assistance (KSTA)
July 2021

Improving Infrastructure and State-Owned Enterprise Governance for Sustainable Investment and Debt Management

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
DMC	–	developing member country
IMF	–	International Monetary Fund
O&M	–	operation and maintenance
OP	–	operational priority
PIM	–	public investment management
PPFD	–	Procurement, Portfolio, and Financial Management Department
PPP	–	public–private partnership
QII	–	quality infrastructure investment
SDG	–	Sustainable Development Goal
SOE	–	state-owned enterprise
TA	–	technical assistance
VfM	–	value for money

NOTE

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

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KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 55111-001
Project Name	Improving Infrastructure and State-Owned Enterprise Governance for Sustainable Investment and Debt Management	Department/Division SDCC/SDTC-GOV
Nature of Activity Modality	Capacity Development, Policy Advice Regular	Executing Agency Asian Development Bank
Country	REG (ARM, BAN, INO, MLD, MON, NEP, PRC, TAJ)	
2. Sector	Subsector(s)	ADB Financing (\$ million)
✓ Public sector management	Public expenditure and fiscal management	1.25
	Reforms of state owned enterprises	1.25
	Total	2.50
3. Operational Priorities		Climate Change Information
✓ Accelerating progress in gender equality		GHG Reductions (tons per annum) 0.000
✓ Making cities more livable		Climate Change impact on the Project Low
✓ Strengthening governance and institutional capacity		ADB Financing
		Adaptation (\$ million) 0.00
		Mitigation (\$ million) 0.00
		Cofinancing
		Adaptation (\$ million) 0.00
		Mitigation (\$ million) 0.00
Sustainable Development Goals		Gender Equity and Mainstreaming
SDG 9.1		Some gender elements (SGE) ✓
SDG 11.a		
SDG 16.6		Poverty Targeting
SDG 17.4		General Intervention on Poverty ✓
4. Risk Categorization	Complex	
5. Safeguard Categorization	Safeguard Policy Statement does not apply	
6. Financing		
Modality and Sources		Amount (\$ million)
ADB		2.50
Knowledge and Support technical assistance: Technical Assistance Special Fund		2.50
Cofinancing		0.00
None		0.00
Counterpart		0.00
None		0.00
Total		2.50
Currency of ADB Financing: US Dollar		

I. INTRODUCTION

1. This knowledge and support technical assistance (TA) responds to the requests of developing member countries (DMCs) of the Asian Development Bank (ADB) to strengthen public sector capacity for the development of sustainable infrastructure, including through state-owned enterprises (SOEs), in fiscally responsive ways.¹ The TA will support strengthening infrastructure governance, including alignment with the quality infrastructure investment (QII) principles,² by focusing on the policy, institutional, and fiscal frameworks in specific infrastructure projects in ADB's country programs and portfolio.³ As part of this focus, the TA will identify means to reduce liabilities resulting from weak SOE performance.

2. The TA is in line with ADB's Strategy 2030 operational plan for operational priority (OP) 6 on strengthening governance and institutional capacity, and contributes to OP 2 on accelerating progress in gender equality and OP 4 on making cities more livable (footnote 1). It is also aligned with the strategic priority areas in the Asian Development Fund 13 replenishment on quality infrastructure and debt management.⁴ The TA is included in the 2021 ADB Management-approved results-based work plan of the Sustainable Development and Climate Change Department.⁵

II. ISSUES

3. Asia and the Pacific continues to confront a significant public infrastructure deficit—400 million Asians live without electricity, 300 million without safe drinking water, and 1.5 billion without basic sanitation.⁶ ADB forecasts the annual infrastructure investment gap for 25 DMCs (i.e., the projected need to maintain growth momentum, tackle poverty, and respond to climate change less the current level of investment) during 2016–2020 at \$459 billion, or 2.4% of gross domestic product.⁷ Access to sustainable infrastructure has become even more critical to stimulate economic growth as the region emerges from the coronavirus disease (COVID-19) pandemic. Financing this investment will require ADB's DMCs to increase domestic resource mobilization efforts while taking on substantial debt at a time when many developing economies have seen the fastest and most broad-based increase in debt in the past 50 years, further accentuated by the collapse in economic activity and revenues because of COVID-19.⁸

4. While increased infrastructure spending (for both social and economic infrastructure) will help stimulate economic recovery in some countries, other countries may not be able to provide enough fiscal support because of their debt and revenue positions, leading to higher borrowing

¹ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

² Government of Japan, Ministry of Finance. 2019. [G20 Principles of Quality Infrastructure Investment](#). Communiqué annex for the G20 Finance Ministers and Central Bank Governors Meeting. Fukuoka, Japan. 8–9 June.

³ QII principles call for (i) maximizing the life cycle value and positive impact of infrastructure to achieve sustainable growth and development while preserving the sustainability of public finances; (ii) raising economic efficiency in view of life cycle cost; (iii) integrating environmental considerations in infrastructure investment; (iv) building resilience against natural disasters and other risks; (v) integrating social considerations in infrastructure investment; and (vi) strengthening infrastructure governance, including through technology.

⁴ ADB. 2020. [Asian Development Fund 13 Donors' Report: Tackling the COVID-19 Pandemic and Building a Sustainable and Inclusive Recovery in line with Strategy 2030](#). Manila.

⁵ The TA first appeared in the business opportunities section of ADB's website on 2 June 2021.

⁶ ADB. 2020. [Asia's Journey to Prosperity: Policy, Market, and Technology Over 50 Years](#). Manila. These figures may have increased as a result of the pandemic.

⁷ ADB. 2017. [Meeting Asia's Infrastructure Needs](#). Manila.

⁸ M. Ayhan Kose et al., eds. 2020. [Caught by the Cresting Debt Wave](#). Washington, DC: International Monetary Fund (IMF).

costs and reduced infrastructure investments, or prioritizing spending on more immediate needs. Against this backdrop, it is important that infrastructure spending is undertaken efficiently and in line with the six principles of QII (footnote 3).⁹ The value addition is to help ADB's DMCs strengthen effective public investment management (PIM) with a focus on fiscal risk and debt management to promote a sustainable infrastructure project pipeline. The combination of (i) strengthened policy, legal, regulatory, and institutional frameworks and (ii) management of the decision-making process in traditional public sector investments, SOEs, and public–private partnerships (PPPs) will be critical to maximize the impact of infrastructure development and support fiscal governance, especially for countries that have elevated debt and low growth.¹⁰

5. First, DMCs with stronger fiscal management institutions have more predictable, credible, efficient, productive, and sustainable investments that deliver social, environmental, and economic objectives. Better infrastructure governance improves both the volume and quality of infrastructure investment decisions and overall implementation across the life cycle of an asset. Improved PIM and better integration of capital and recurrent expenditures are more likely to ensure that projects are built on time and on budget, thereby containing risks of ensuing debt buildup. The key drivers of infrastructure governance are investment efficiency, financial sustainability, and transparency in all decision-making processes. The International Monetary Fund (IMF) found that countries in Asia and the Pacific, on average, lose 32% of potential benefits of public investment in infrastructure because of inefficiencies in the investment process, and poorer economies face an even greater efficiency gap of up to 40%.¹¹ This results in projects that are neither properly costed upstream to take into account risks, including climate risks, nor integrated with the medium-term framework to inform public investment decisions.¹² Many jurisdictions lack transparent fiscal data on infrastructure investment because of weak policy and regulatory frameworks and/or limited experience in assessing subsidies and contingent liabilities.

6. Second, weak governance and underperforming institutions are a constraint to delivery of basic services and infrastructure development, and reduce the potential for private sector investment. SOEs play a major role in infrastructure investment and in the operation and maintenance (O&M) of infrastructure assets.¹³ Poor SOE governance, including ineffective SOE oversight, underfunded and opaque policy mandates for SOEs, and weak governance at the enterprise level, can directly impact public finances through SOE losses and lower profitability. These, in turn, lead to large transfers from the budget and the creation of high SOE indebtedness and other contingent liabilities. Poor SOE governance can also directly and indirectly raise costs of infrastructure and lower its quality, especially over the longer term, and may undermine opportunities to bring in other sources of finance. SOE reform can reduce these liabilities, professionalize state asset management and oversight, introduce two-sided balance sheets for governments that show assets as well as liabilities, improve SOE governance and financial discipline, and allow for nonsovereign borrowing by SOEs and other forms of private sector

⁹ ADB. Forthcoming. *Supporting Quality Infrastructure in Developing Member Countries*. Manila.

¹⁰ Refer to footnote 3 for a more detailed assessment and analysis on how the principles of QII can be translated into operations.

¹¹ G. Schwartz et al., eds. 2020. [Well Spent: How Strong Infrastructure Governance Can End Waste in Public Investment](#). Washington, DC: IMF. To measure country infrastructure governance capability, the IMF developed a public investment management assessment to evaluate infrastructure governance based on an analysis of institutions that cover the three stages of the public investment cycle: planning, allocation, and implementation. It assesses institutions from three perspectives: institutional design and roles, effectiveness, and reform priorities. ADB has collaborated with the IMF on PIM assessments in Indonesia, Nepal, the Philippines, and Viet Nam.

¹² ADB. 2021. [A System-Wide Approach for Infrastructure Resilience: Technical Note](#). Manila.

¹³ World Bank. 2019. [Who Sponsors Infrastructure Projects? Disentangling public and private contributions](#). Washington, DC. As a share of total infrastructure investment, SOEs contributed 74% in East Asia and the Pacific and 44% in South Asia in 2017.

participation. All these create new ways to finance infrastructure investment, improve its management, and create sovereign fiscal space.¹⁴

7. Third, the public sector is turning to the private sector to explore PPPs as a means of developing and managing critical infrastructure. Prudent approaches to PPPs should be adapted, especially in developing countries without well-developed national infrastructure governance institutions. PPPs are not a panacea, and do not automatically lift fiscal constraints. Although user fees may contribute to fiscal sustainability, international experience has often resulted in a fiscal illusion from the fact that PPPs are recorded off-budget and are not accounted for properly on top of public debt as a combination of contingent liabilities, fiscal commitments for future (availability) payments, and foregone direct revenue generation to the government (footnote 7). Countries also need to ensure that investment decisions for all investment projects—not just PPPs—are first based on internally vetted cost–benefit analysis and the result of a prioritization process within their multiyear investment planning aligned with sector strategies. Once the project analysis demonstrates value for money (VfM), only then should a decision be made on which option offers the best VfM—a PPP or a traditional infrastructure procurement.¹⁵

8. Improving infrastructure governance requires a robust institutional response and a shift from a conceptual understanding of QII to DMCs actually applying QII to their portfolio of public and private investment projects.¹⁶ Based on the findings in the 2020 Development Effectiveness Review, the share of operations supporting governance and/or capacity development fell from 74% of projects signed during 2016–2018 to 68% during 2019–2020.¹⁷ This finding is underscored by the sector-wide evaluation on ADB’s energy policy and program during 2009–2019, which showed that ADB programs had limited effectiveness in capacity building and governance.¹⁸ The sector-wide evaluation of ADB support for the transport sector during 2010–2018 also found that the sustainability of transportation services and assets was undermined by weak institutions and governance marked by poor planning, budgeting, and revenue generation.¹⁹ Further, a synthesis report of evaluations of projects in the water and other urban infrastructure and services sector highlights related weaknesses in the sustainability of infrastructure assets. The main issues affecting sustainability of urban water projects are difficulty in making realistic cost estimates for O&M, reluctance to charge appropriate tariffs, and lack of efficiency in O&M expenditure.²⁰ The evaluation of ADB’s support to PPPs found a lack of early-stage screening of PPP projects using VfM and cost–benefit analysis to ensure the allocation of funding to projects with the highest value for the economy.²¹

¹⁴ D. Detter. 2019. [Public Commercial Assets: The Hidden Goldmine](#). *The Governance Brief. No. 40*. Manila: ADB; and ADB. Forthcoming. *The Bankable SOE: Commercial Financing for State-Owned Enterprises*. Manila.

¹⁵ ADB’s Office of Public–Private Partnership is supporting this work under the following TA: ADB. [Regional: Creating Investable Cities in a Post-COVID-19 Asia and the Pacific—Enhancing Competitiveness and Resilience through Quality Infrastructure](#). This TA emphasizes the development of standardized frameworks and capacity building at the subnational level to improve the quality of the pipeline of municipal projects by (i) supporting early-stage project preparation; (ii) unlocking own-source revenue to support infrastructure development; and (iii) raising more capital from the private sector, including through PPPs.

¹⁶ Several international financial institutions, as a capacity development effort, have developed methodologies and/or tools that serve important pedagogical purposes in conveying the basic structure of questions and exercises that should determine quality infrastructure decision-making processes. One such example is SOURCE, which is a multilateral platform for sustainable infrastructure led and funded by multilateral development banks.

¹⁷ ADB. 2021. [2020 Development Effectiveness Review](#). Manila.

¹⁸ Independent Evaluation Department (IED). 2020. [Sector-wide Evaluation: ADB Energy Policy and Program, 2009–2019](#). Manila: ADB.

¹⁹ IED. 2020. [Sector-wide Evaluation: ADB Support for Transport, 2010–2018](#). Manila: ADB.

²⁰ IED. 2021. [Water and Other Urban Infrastructure and Services Sector Program: Lessons from Project Evaluations January 2017–August 2020. Synthesis Note No. 7](#). Manila: ADB.

²¹ IED. 2020. [Thematic Evaluation: ADB Support for Public–Private Partnerships, 2009–2019](#). Manila: ADB.

9. This TA will complement other TA projects aimed at improving institutional capacity,²² and it supports the Sustainable Development Goals (SDGs), including SDG 9 (industry, innovation, and infrastructure); SDG 11 (sustainable cities and communities); SDG 16 (peace, justice, and strong institutions); and SDG 17 (partnerships for the goals).²³ It will strengthen infrastructure governance in PIM agencies and SOEs, and have broad impacts on ADB's Strategy 2030 OPs as shown in Appendix 3.²⁴

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

10. The TA is aligned with the following impact: efficiency in public infrastructure investment in selected ADB DMCs enhanced.²⁵ The TA will have the following outcome: governance and institutional capacity in life cycle management of infrastructure investments, including through SOEs, in selected ADB DMCs improved.²⁶

B. Outputs, Methods, and Activities

11. **Output 1: Legal, policy, and regulatory frameworks for infrastructure and state-owned enterprise governance improved.** To enhance infrastructure sustainability in selected ADB DMCs, the TA will support the development of legal, policy, and regulatory frameworks across the PIM life cycle. This output will include the (i) development of upstream and midstream guidance and methodologies to increase the capacity to plan and efficiently allocate resources and strengthen PIM institutions;²⁷ (ii) development of mechanisms for coordinating infrastructure planning and financing across multiple levels of government, including support to define institutional responsibilities and policies for funding from the central government, and ensure sustainable levels of subnational borrowing;²⁸ and (iii) establishment of SOE governance and professionalization of SOE oversight at the local, provincial, and national levels to facilitate municipal and nonsovereign sources of finance, and to develop and improve two-sided balance sheets for state assets that can account for infrastructure investment, depreciation, and maintenance.

²² These include two TA projects: [ADB. Regional: Strengthening State-Owned Enterprise Accountability and Performance](#) and the proposed [ADB. Regional: Improving Infrastructure Sustainability through Better Asset Management](#). While both TA projects seek to improve the management of state-owned assets, neither has outputs directly linked to debt management nor do they focus primarily on the most indebted DMCs. This knowledge and support TA will also complement [ADB. Regional: Improved Decision-Making for Climate Resilient Development in Asia and the Pacific](#), which supports governments in integrating climate risk considerations in fiscal decision-making.

²³ United Nations. 2015. [Transforming Our World: The 2030 Agenda for Sustainable Development](#). New York.

²⁴ Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 3).

²⁵ ADB. 2019. [Strategy 2030 Operational Plan for Priority 6: Strengthening Governance and Institutional Capacity, 2019–2024](#). Manila.

²⁶ The design and monitoring framework is in Appendix 1.

²⁷ This guidance and these methodologies include (i) support for setting guidelines in assessing debt sustainability of infrastructure investments; (ii) rule-based and transparent systems for capital transfers to SOEs and subnational entities; (iii) a methodology for medium-term projections of capital spending; (iv) guidance to review budget impacts of sector plans; and (v) incorporation of costs and/or revenues into the budget, including procedures for incorporating routine maintenance expenditures into budget funding.

²⁸ This output will complement the forthcoming Improving Infrastructure Sustainability through Better Asset Management TA project (footnote 22), which will design and implement asset management programs, review how asset management has been employed by ADB projects, and assess the maturity of asset management by ADB's DMCs. This output complements this knowledge and support TA through improved fiscal and debt management to ensure that financing is reliably available for capital investment and life cycle costs of infrastructure projects. The output will also help to ensure the fiscal and debt sustainability of asset management programs that rely on government financing and funding.

12. **Output 2: Country assessments, guidelines, or methodologies on public investment and/or fiscal sustainability completed.** This output will support selected ADB DMCs, particularly DMCs categorized under groups A and B, on infrastructure sustainability by developing specific approaches to PIM with a focus on fiscal risk and debt management.²⁹ This output will include the (i) development of guidelines and methodologies for the assessment of VfM and life cycle fiscal costs in infrastructure procurement; (ii) evaluation of (a) fiscal risk exposure, including contingent and direct liabilities of infrastructure investment and incorporation into centralized fiscal risk management functions, and (b) risk assessment and management, including potential costs of climate risks; and (iii) conduct of public financial management assessments, including analysis of multiyear budgeting policies for infrastructure.

13. **Output 3: Policy experience on infrastructure governance disseminated.** This output will support the (i) preparation of a QII tool kit consisting of at least two guidance notes to help ADB DMCs assess their capacity to deliver quality infrastructure; (ii) conduct of at least two regional trainings covering PIM, SOE, and risk assessments; and (iii) conduct of a regional forum with development partners and ADB DMCs on tools and methodologies to strengthen upstream appraisal of fiscal and debt sustainability, and to operationalize QII principles within DMCs.³⁰

C. Cost and Financing

14. The TA is estimated to cost \$2,500,000, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (\$2,000,000 from TASF 7 and \$500,000 from TASF-other sources). The key expenditure items are listed in Appendix 2.

D. Implementation Arrangements

15. ADB will administer the TA through the Governance Thematic Group of the Sustainable Development and Climate Change Department. The TA will involve close consultation with ADB's operations departments linked to new and ongoing projects and programs that adopt a differentiated approach of assistance to selected ADB DMCs.³¹ Consultations with ADB's Strategy, Policy, and Partnerships Department and Office of Public–Private Partnership were also valuable and, during implementation, cooperation will be systematized. ADB will select, supervise, and evaluate consultants; organize workshops; and provide staff to act as resource persons in knowledge-sharing events and trainings. ADB will prepare annual progress reports throughout the implementation of the TA to facilitate monitoring and evaluation.

16. Implementation arrangements are summarized in the table.

²⁹ ADB. 2019. [Classification and Graduation of Developing Member Countries](#). *Operations Manual*. OM A1/BP. Manila.

³⁰ The QII tool kit will provide a framework, practical guidance, and information to help policy makers design and implement QII reforms that can improve the efficiency of public investment. This tool kit will cover policy, legal, regulatory, and institutional frameworks; and fiscal risk and debt management. It will address these issues by presenting a range of reforms applicable to fit a diverse range of country circumstances. The guidance notes will include global best practices and case studies to demonstrate the improvement of public investment efficiency in the planning, allocation, and implementation of fiscal resources for public investment.

³¹ ADB's operations departments have initially identified DMCs aligned to existing ADB programs and/or projects. These are Armenia, Bangladesh, Indonesia, Maldives, Mongolia, Nepal, the People's Republic of China, and Tajikistan. As part of the DMC selection process, a call for subproject proposals will be issued to ADB's operations departments, with selection criteria based on operational relevance, linkages to country partnership strategies, degree of institutional complexity, innovation, and learning potential.

Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	July 2021–December 2024		
Executing agency	ADB, SDTC-GOV		
Implementing agencies	ADB, SDTC-GOV		
Consultants	To be selected and engaged by ADB		
	International consultants: individual selection and resource person	International expertise (88 person-months)	\$1,870,750
	National consultants: individual selection and resource person	National expertise (53 person-months)	\$143,000
Disbursement	Disbursement of technical assistance resources will follow ADB's <i>Technical Assistance Disbursement Handbook</i> (2020, as amended from time to time).		

ADB = Asian Development Bank, SDTC-GOV = Governance Thematic Group of the Sustainable Development and Climate Change Department.

Source: ADB.

17. **Consulting services.** ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.³² The TA will require 88 person-months of international and 53 person-months of national individual consultant inputs with expertise in governance, PIM, public financial management, law and regulations, public sector management, procurement, SOE, anticorruption, and/or capacity and institutional development, operating within and across sectors and themes. Consultants will be engaged either through individual consultant selection, resource persons, or through a firm (using consultants' qualification selection for small contracts with prior consultation with ADB's Procurement, Portfolio, and Financial Management Department [PPFD] before proceeding with the selection). The Governance Thematic Group will manage all consultants unless otherwise agreed with ADB's operations departments. Where appropriate, output-based contracts will be considered for administrative efficiency and for a simplified disbursement process.

18. **ADB's procurement.** The TA will have the option to use service provider contracts for nonconsulting-related activities involving firms or individuals, particularly for seminars, workshops, and training activities. Prior consultation with the PPFD will be done before proceeding with the engagement of service providers to ensure compliance with the related staff instruction on the ADB Procurement Policy: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time); Procurement Regulations for ADB Borrowers (2017, as amended from time to time); and, in general, the ADB Procurement Policy and its associated project administration instructions and/or staff instructions.

E. Governance

19. The TA will coordinate with the PPFD, Economic Research and Regional Cooperation Department, and Office of Anticorruption and Integrity to inform PIM diagnostics, drawing on ADB's financial management assessments, procurement capacity assessments, country diagnostics, risk assessment and management, and/or integrity due diligence.

³² Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 3).

IV. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$2,500,000 on a grant basis for Improving Infrastructure and State-Owned Enterprise Governance for Sustainable Investment and Debt Management, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Impact the TA is Aligned with Efficiency in public infrastructure investment in selected ADB DMCs enhanced (ADB Strategy 2030 Operational Plan for Priority 6) ^a			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
<p>Outcome</p> <p>Governance and institutional capacity in life cycle management of infrastructure investments, including through SOEs, in selected ADB DMCs improved</p>	<p>By 2024:</p> <p>a. At least two DMCs integrate improved life cycle management functions in selected fiscal policy and PIM processes (2020 baseline: 0) (OP 6.1.3, OP 6.2.3)</p>	<p>a. TA progress and final reports, and news and reports from selected ADB DMCs</p>	<p>R: Deterioration of policy commitment to improve government's fiscal position</p> <p>R: Delays in legal and regulatory policy reforms caused by vested interest or weak capacity</p>
<p>Outputs</p> <p>1. Legal, policy, and regulatory frameworks for infrastructure and SOE governance improved</p> <p>2. Country assessments, guidelines, or methodologies on public investment and/or fiscal sustainability completed</p> <p>3. Policy experience on infrastructure governance disseminated</p>	<p>1a. At least two country reports (one per DMC) on improving procedures for PIM and SOE governance completed by 2024 (2020 baseline: 0) (OP 6.1.3, OP 6.2.3)</p> <p>2a. At least three country assessments, guidelines, or methodologies (at least one per DMC) providing guidance on the impact of public investment and/or risks on fiscal sustainability completed by 2024 (2020 baseline: 0) (OP 4.2.2, OP 6.1.3)</p> <p>3a. One QII tool kit consisting of at least two guidance notes produced and published by 2023 (2020 baseline: 0) (OP 6.1.3, OP 6.2.3)</p> <p>3b. At least 90% of participants of two regional trainings (with at least 50 participants per training, 30% of whom are women) confirm improved knowledge and understanding on PIM, SOE, and risk assessments by 2024 (2020 baseline: 0) (OP 2.3.1, OP 6.1.1)</p> <p>3c. At least 90% of participants of one regional forum with</p>	<p>1a. Country reports and annual TA progress reports</p> <p>2a. Country assessment reports on the impact of public investment and/or risks on fiscal sustainability, and annual TA progress reports</p> <p>3a. Published QII tool kit with guidance notes</p> <p>3b. Event proceedings reports, attendance sheets, post-event feedback forms, and annual TA progress reports</p> <p>3c. Event proceedings reports, attendance</p>	<p>R: Uncertainty because COVID-19 outbreak restricts DMCs' ability to support TA activities</p>

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	development partners and DMCs (with at least 50 participants, 30% of whom are women) confirm improved knowledge and understanding on tools and methodologies for debt sustainability and aligning QII principles for public investment by 2024 (2020 baseline: 0) (OP 2.3.1, OP 6.1.1)	sheets, post-event feedback forms, and annual TA progress reports	
<p>Key Activities with Milestones</p> <p>1. Legal, policy, and regulatory frameworks for infrastructure and SOE governance improved</p> <p>1.1 Issue call for subproject proposals to ADB's operations departments with selection based on established criteria (Q3 2021).</p> <p>1.2 Develop guidance and methodologies to allocate budget resources to the most efficient projects and sectors (Q3 2021–Q4 2024).</p> <p>1.3 Develop mechanisms for coordinating infrastructure planning and financing across multiple levels of government (Q3 2021–Q4 2024).</p> <p>1.4 Establish SOE governance and professionalize SOE oversight at the local, provincial, and national levels (Q3 2021–Q4 2024).</p> <p>2. Country assessments, guidelines, or methodologies on public investment and/or fiscal sustainability completed</p> <p>2.1 Develop guidelines and methodologies for the assessment of value for money and life cycle fiscal impacts in public infrastructure procurement (Q3 2021–Q4 2024).</p> <p>2.2 Evaluate (i) fiscal risk exposure, including contingent and direct liabilities of infrastructure investment, and (ii) risk assessment and management, including the potential costs of climate risks (Q3 2021–Q4 2024).</p> <p>2.3 Conduct public financial management, including multiyear budgeting policies and guidelines for infrastructure projects (Q3 2021–Q4 2024).</p> <p>3. Policy experience on infrastructure governance disseminated</p> <p>3.1 Prepare and publish a QII tool kit with at least two guidance notes designed for ADB DMCs (Q1 2022–Q4 2023).</p> <p>3.2 Conduct two regional trainings covering PIM, SOE, and risk assessments (Q3 2022–Q4 2024).</p> <p>3.3 Conduct a regional forum with development partners and DMCs on tools and methodologies for debt sustainability, and on alignment of QII principles for public investment (Q3 2022–Q4 2024).</p>			
<p>Inputs</p> <p>ADB: \$2,500,000 Technical Assistance Special Fund (\$2,000,000 from TASF 7 and \$500,000 from TASF-other sources)</p>			

ADB = Asian Development Bank, COVID-19 = coronavirus disease, DMC = developing member country, OP = operational priority, PIM = public investment management, Q = quarter, QII = quality infrastructure investment, R = risk, SOE = state-owned enterprise, TA = technical assistance.

^a ADB. 2019. [Strategy 2030 Operational Plan for Priority 6: Strengthening Governance and Institutional Capacity, 2019–2024](#). Manila.

Contribution to Strategy 2030 Operational Priorities:

The expected values and methodological details for all OP indicators to which this TA will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 3).

Source: ADB.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	1,870.8
ii. National consultants	143.0
b. Out-of-pocket expenditures	
i. International and local travel	76.5
ii. Reports and communications ^b	9.0
2. Training, seminars, workshops, forum, and conferences	
a. Venue rental and related facilities ^c	50.0
b. Resource persons ^d	55.6
c. Participants ^e	156.0
d. Travel cost of Asian Development Bank staff acting as a resource person ^f	15.4
e. Miscellaneous expenses ^g	21.0
3. Miscellaneous administration and support costs	10.0
4. Contingencies	92.7
Total	2,500.0

Note: The technical assistance is estimated to cost \$2,500,000, of which contributions from the Asian Development Bank (ADB) are presented in the table.

^a Financed by ADB's Technical Assistance Special Fund (TASF 7 and TASF-other sources).

^b Includes translation costs.

^c Allocated for three regional workshop venue rentals and related costs.

^d Includes minimal honoraria, airfare, per diems, and miscellaneous travel expense allowances of resource persons (11 in total) to and from ADB member and, possibly, nonmember countries.

^e Includes airfare, hotel accommodation, daily subsistence allowance, and miscellaneous travel expenses for the three regional workshops' participants (80 in total) to and from ADB member countries in accordance with ADB (Budget, Personnel, and Management Systems Department; and Strategy and Policy Department). 2013. Use of Bank Resources: Regional Technical Assistance and Technical Assistance vs. Internal Administrative Expenses Budget. Memorandum. 26 June (internal).

^f Allocated for four ADB staff acting as resource persons for two regional workshops to cover travel costs.

^g Covers simultaneous interpretation services, event collaterals, workshop kits, and miscellaneous items such as bags and flash drives.

Source: ADB estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=55111-001-TARreport>

1. Terms of Reference for Consultants
2. Contribution to Strategy 2030 Operational Priorities