



Regional: Strengthening Conduct of Economic Appraisal of Projects and Programs in Developing Member Countries (Subproject 1)

Project Name	Strengthening Conduct of Economic Appraisal of Projects and Programs in Developing Member Countries (Subproject 1)
Project Number	52346-002
Country	Regional
Project Status	Active
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	TA 9693-REG: Strengthening Conduct of Economic Appraisal of Projects and Programs in Developing Member Countries (Subproject 1) Technical Assistance Special Fund US\$ 1.50 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development Knowledge solutions Private sector development
Sector / Subsector	Public sector management - Economic affairs management
Gender Equity and Mainstreaming	Some gender elements
Description	Subproject 1 is designed to strengthen the capacity of DMC officials/technical staff to carry out economic analysis to support their investment design and selection. It will also support preparation of methodological notes or guidebooks on selected economic analysis methodologies to enhance conduct of economic analysis. 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.
Project Rationale and Linkage to Country/Regional Strategy	Asia and the Pacific continues to face large infrastructure investment gap. 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. The lack of well prepared financially and economically viable projects has contributed to hindering the DMCs to implement these programs and projects to support their quest for growth. 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. Given these, there is pressing need for the development partners to assist the DMCs in building their capacities and processes for conduct of adequate level 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.
Impact	More efficient resource allocation by DMC governments achieved.

Project Outcome

Description of Outcome	Use of economic analysis or assessment in project or program selection and design increased
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	Capacity Development in Economic Analysis of Investment Projects Capacity Development in Economic Assessment of Policy Reforms
Status of Implementation Progress (Outputs, Activities, and Issues)	
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

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Timetable

Concept Clearance	-
Fact Finding	-
MRM	-
Approval	19 Dec 2018
Last Review Mission	-
Last PDS Update	19 Dec 2018

TA 9693-REG

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,500,000.00	0.00	0.00	0.00	0.00	0.00	1,500,000.00	-	0.00

Project Page <https://www.adb.org/projects/52346-002/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=52346-002>

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