



# Technical Assistance Report

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Project Number: 46186-007  
Knowledge and Support Technical Assistance Cluster (C-KSTA)  
August 2021

## Economic Diagnostic Studies in Asia and the Pacific

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**Asian Development Bank**

## ABBREVIATIONS

ADB	–	Asian Development Bank
CPS	–	country partnership strategy
DMC	–	developing member country
EREA	–	Economic Analysis and Operational Support Division
ERCD	–	Economic Research and Regional Cooperation Department
TA	–	technical assistance

## NOTE

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

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## KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 46186-007
<b>Project Name</b>	TA Cluster: Economic Diagnostic Studies in Asia and the Pacific	<b>Department/Division</b> ERCD/EREA
<b>Nature of Activity Modality</b>	Research and Development Cluster	<b>Executing Agency</b> Asian Development Bank
<b>Country</b>	Regional	
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>
✓ Public sector management	Economic affairs management	3.00
Education	Education sector development - social protection initiatives	0.15
	Technical and vocational education and training	0.15
Energy	Energy sector development and institutional reform	0.15
Health	Health insurance and subsidized health programs	0.10
	Health system development	0.15
Industry and trade	Industry and trade sector development	0.30
	Trade and services	0.15
Information and communication technology	ICT strategy and policy, and capacity development	0.10
Transport	Transport policies and institutional development	0.30
Water and other urban infrastructure and services	Urban housing	0.15
	Urban policy, institutional and capacity development	0.30
	<b>Total</b>	<b>5.00</b>
<b>3. Operational Priorities</b>		<b>Climate Change Information</b>
✓ Addressing remaining poverty and reducing inequalities		GHG Reductions (tons per annum) 0.000
✓ Accelerating progress in gender equality		Climate Change impact on the Project Low
✓ Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability		<b>ADB Financing</b>
✓ Making cities more livable		Adaptation (\$ million) 0.00
✓ Strengthening governance and institutional capacity		Mitigation (\$ million) 0.00
✓ Fostering regional cooperation and integration		<b>Cofinancing</b>
		Adaptation (\$ million) 0.00
		Mitigation (\$ million) 0.00
<b>Sustainable Development Goals</b>		<b>Gender Equity and Mainstreaming</b>
SDG 1.3, 1.4, 1.5		Some gender elements (SGE) ✓
SDG 2.1, 2.4, 2.c		
SDG 3.8		<b>Poverty Targeting</b>
SDG 4.3, 4.4, 4.7		General Intervention on Poverty ✓
SDG 5.5, 5.a, 5.c		
SDG 7.1		
SDG 8.1, 8.2, 8.3, 8.5, 8.6		
SDG 9.1, 9.2, 9.b		
SDG 11.1, 11.2, 11.3, 11.a		
SDG 17.11		
<b>4. Risk Categorization</b> Complex		
<b>5. Safeguard Categorization</b> Safeguard Policy Statement does not apply		
<b>6. Financing</b>		
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>
<b>ADB</b>		<b>5.00</b>
Knowledge and Support technical assistance: Technical Assistance		5.00
Special Fund		
<b>Cofinancing</b>		<b>0.00</b>
None		0.00
<b>Counterpart</b>		<b>0.00</b>
None		0.00
<b>Total</b>		<b>5.00</b>
<b>Currency of ADB Financing:</b> US Dollar		



## I. INTRODUCTION

1. The knowledge and support technical assistance (TA) cluster will support the preparation of economic diagnostic studies to assist developing member countries (DMCs) enhance national development plans and strategies for achieving sustained and inclusive growth.<sup>1</sup> The studies will utilize the latest tools, methodologies, and data to help identify macroeconomic, sector, and thematic constraints to growth and inclusion; and recommend policy actions for relaxing these constraints, paying careful attention to the costs and benefits of alternative interventions. The TA will also support capacity building for DMCs to undertake an economic diagnostic approach toward development planning.
2. The TA cluster is included in the Management-approved 2021 Economic Research and Regional Cooperation Department (ERCD) work program.<sup>2</sup>

## II. ISSUES

3. Many countries in Asia and the Pacific have made significant strides in achieving sustained economic growth and poverty reduction in the last 5 decades. However, a lot still needs to be done to achieve the Sustainable Development Goals (SDGs), especially when these achievements are tested by external shocks such as the ongoing coronavirus disease pandemic or the 2007–2008 global financial crisis, which led to large contractions in most economies. Beyond the immediate human and economic impacts of the coronavirus disease crisis, the pandemic has also exacerbated the development challenges that countries in the region had already faced and has further highlighted the importance of well-functioning markets and evidence-based policy interventions to recover from shocks. The crisis also provides an opportunity for economic policy to correct market failures and regulatory distortions that may otherwise have been difficult to unwind.<sup>3</sup> Thus the need to carry out diagnostic studies has become even more important, as the studies can assist DMC governments in addressing the most pressing challenges faced by their economies for achieving inclusive and sustainable growth.
4. The Asian Development Bank (ADB) introduced diagnostic studies in 2007 under the Strengthening Country Diagnosis and Analysis of Binding Development Constraints in Selected Developing Member Countries TA project, with the objective of improving DMCs' capacity to plan, implement, and account for the outcomes of the policies, program, and projects they implement.<sup>4</sup> Under this 2007 TA project and succeeding TA projects, ADB was able to collaborate with DMC

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<sup>1</sup> The term “economic” is used to distinguish other diagnostic-related studies published by the Asian Development Bank (ADB) on different issues such as disaster risk management and long-term care. Economic diagnostic studies are aimed at understanding the most binding constraints to achieving broad-based economic growth through in-depth assessments of macroeconomic, sector, and thematic issues, the removal of which could yield the highest welfare gains for individual DMCs.

<sup>2</sup> The concept paper for the TA cluster was approved on 10 May 2021 and first appeared in the business opportunities section of ADB's website on 13 May 2021.

<sup>3</sup> The crisis has highlighted the importance of reforms in a diverse range of sectors, including social, infrastructure, public sector management, etc. For example, the pandemic has led to a renewed focus on environmental resilience and sustainability as well as the inclusiveness of growth, the importance of financial considerations and market motives in driving private investment in green and social finance, and the role that governments will have to play in shaping markets. ADB. 2021. *Asian Development Outlook 2021: Financing a Green and Inclusive Recovery*. Manila.

<sup>4</sup> ADB. 2007. *Technical Assistance for Strengthening Country Diagnostic and Analysis of Binding Development Constraints in Selected Developing Member Countries*. Manila (TA 6397-REG).

governments and various development partners in conducting country diagnostic studies.<sup>5</sup> These studies utilized diagnostic approaches and quantitative methodologies to identify constraints to inclusive and sustainable growth at the macroeconomic, sector, and thematic levels.

5. Whereas some upper middle-income countries in the region may have the expertise, most DMCs lack the analytical and planning capacity to undertake high-quality diagnostic analysis. The conduct of diagnostic studies will help low- and middle-income DMCs identify the most pressing challenges in the medium and long term and focus their limited resources toward addressing the most critical constraints at the macroeconomic, sector, and thematic levels. Under Strategy 2030, ADB is enhancing its role as a knowledge provider by developing knowledge that is tailored to local contexts and helping replicate lessons and good practices across the region to help achieve the Sustainable Development Goal.<sup>6</sup> The diagnostic studies will undertake analyses in priority areas that can deliver useful inputs to prepare national development plans; sector and thematic development strategies; and ADB interventions, including country partnership strategy (CPS) documents. With the overarching objective of identifying constraints to high growth that is inclusive and sustainable, the diagnostic studies will directly or indirectly be aligned with all the operational priorities (OP) of Strategy 2030.

6. To ensure that these diagnostic studies cater to the needs of the DMCs, the studies will follow Strategy 2030 principles on adopting a country-focused approach. Individual studies will use a differentiated approach since DMCs face different challenges given their various stages of development.<sup>7</sup> The diagnostic studies will also help identify and quantify, where possible, the potential costs and benefits of tailored recommended policy and other related actions. The diagnostic studies will be aligned with the objectives of the Knowledge Management Action Plan, 2021–2025,<sup>8</sup> which aims to improve country knowledge programming efforts and better understand DMCs' knowledge needs.

7. While the frameworks utilized for the conduct of earlier diagnostic studies remain relevant, the availability of newer methodologies and the use of big data can help improve the reliability of study findings.<sup>9</sup> Likewise, DMCs prefer real-time and flexible support through studies that can be completed quickly. This can be accomplished by shifting the focus of the studies from the publication of one large, edited volume covering a range of topics to shorter and more focused reports. Finally, a greater focus on sector and thematic issues can allow for more in-depth analysis and, if undertaken for several countries, can also enable comparative analyses across countries to highlight lessons and best practices.

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<sup>5</sup> ADB. 2020. *Technical Assistance for Diagnosing Critical Constraints to Growth and Structural Transformation in Selected Developing Member Countries*. Manila (TA 7686-REG); and ADB. 2012. *Technical Assistance for Country Diagnostic Studies in Selected Developing Member Countries*. Manila (C-TA 0011-REG).

<sup>6</sup> ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

<sup>7</sup> Adopting a differentiated approach is particularly important to small island developing states, i.e., 16 ADB DMCs in the Pacific, where data availability and data processing capacity constraints are prevalent. Further, other ongoing ERCD TA projects, especially those focused on statistics capacity building and big data methods, can be tapped to help conduct the studies and improve evidence-based policy making.

<sup>8</sup> ADB. 2021. *Knowledge Management Action Plan 2021–2025: Knowledge for a Prosperous, Inclusive, Resilient, and Sustainable Asia and Pacific*. Manila.

<sup>9</sup> In particular, the emergence of big data can also aid development planning of DMCs. This is the case for the ongoing study on urbanization and growth in India, being funded by Technical Assistance for Country Diagnostic Studies in Selected Developing Member Countries (Subproject 4). Manila (TA 9508-REG).



### III. JUSTIFICATION FOR CLUSTER MODALITY

8. The TA cluster and its subprojects are strategically linked to one common overall objective and adopting a cluster modality enables ADB to cater to the demand for diagnostic studies in a more systematic way and over a longer period without tying down TA resource requirements entirely at the onset. Moreover, experience with the first TA cluster on the conduct of diagnostic studies suggests that adopting a cluster modality allows the TA to be more responsive to the needs and timing of DMCs' planning cycles and ADB's CPSs given the flexibility in the design and its implementation arrangements. Finally, processing the TA as a cluster reduces the resources that would otherwise be associated with processing individual subprojects as stand-alone TA interventions.

### IV. THE TECHNICAL ASSISTANCE CLUSTER

#### A. Impact, Outcome, and Outputs

9. The TA cluster is aligned with the following impact: critical constraints to ADB's DMCs' inclusive and sustainable economic growth addressed. The TA cluster will have the following outcome: diagnostic approaches and methodologies in the development planning processes of DMCs adopted and/or improved.<sup>10</sup>

10. The TA cluster will comprise three subprojects, each of which will provide technical and analytical as well as capacity building support to DMCs to enable the identification of policy actions and investments that can help address development constraints. The three subprojects under the TA cluster will comprise two main outputs: (i) diagnostic studies conducted and/or published, and (ii) the capacity of developing member country officials to employ diagnostic approaches, methodologies and tools to conduct economic and policy analysis developed and enhanced. The design of subsequent subprojects will benefit from lessons learned from the implementation of subproject 1.

11. **Output 1: Diagnostic studies conducted and/or published.** This will support the conduct of 6–8 studies per subproject across three different categories of diagnostics. The study categories are described as follows:

- (i) **Diagnostic study on the growth and inclusion performance of developing member countries.** Two types of studies are envisaged. The first is a narrative style diagnostic report of about 30 pages that will provide a broad overview of the economic performance of a selected DMC including the policy drivers of the growth and inclusion experience, and the types of interventions that are most promising for promoting high, sustained, and inclusive. The study will rely mainly on existing literature and readily available descriptive statistics.<sup>11</sup> The second, which is more technical in nature, will rely more on original quantitative analysis and delve deeper into selected aspects of the growth process. The first type will feed directly into the inclusive sustainable growth assessment linked document of the DMC's CPS, while the second type will be carried out upon request by the CPS team, with its specific contents decided based on findings of the first study and/or discussions with ADB resident missions and regional departments in line with the recent

<sup>10</sup> The design and monitoring framework is in Appendix 1.

<sup>11</sup> For example, possible analyses may include (i) sectoral decompositions of growth and employment and a scenario analysis for the evolution of growth and employment over the next 10–20 years, (ii) assessment of potential growth and the balance-of-payments constraint, and (iii) product space analysis and/or global value chain analysis and prospects for diversification.

- Country Partnership Strategy and Results Framework Review*, which calls for CPS preparation to explore a strategic engagement with ERCD (and the ADB Institute).<sup>12</sup>
- (ii) **Diagnostic study on the country's critical constraints.** The report will be like earlier country diagnostic studies undertaken, as it will identify constraints to growth and inclusion based on an assessment of macroeconomic, sector, and thematic issues. Such studies, which take at least a year to produce, will be undertaken in case of strong demand by a DMC or regional department.
  - (iii) **Diagnostic study on a sector or thematic area.** These reports will be single or multi-country studies, with the latter allowing comparative policy analysis. These studies are not limited by theme or sector, but priority will be given to those aligned with ADB's Strategy 2030 priorities.<sup>13</sup> New and emerging topics such as technological and digital change will also be considered in a forward-looking manner. The topics will be determined by ADB's Economic Analysis and Operational Support Division (EREA) considering inputs and suggestions from sector and thematic groups and regional departments.

12. The publications will be widely disseminated in collaboration with ADB's Department of Communications and participating regional department or resident missions. In-country or regional launches will be organized to disseminate the studies. Dissemination events will include presentations of study findings and analytical discussions of the study recommendations in partnership with academic institutions, think tanks, and/or development partners. The studies will be disseminated mainly as electronic files on the ADB website.<sup>14</sup>

13. **Output 2: The capacity of developing member country officials to employ diagnostic approaches, methodologies and tools to conduct economic and policy analysis developed and enhanced.** The output will include training workshops to help create awareness and improve the capacity of DMC officials and think tanks involved in the preparation of national, regional, sector, and thematic development plans and policies.<sup>15</sup> It will also produce knowledge products on the application of the analytical tools that can be used to undertake policy analysis, including relevant regional perspectives. Adopting a demonstration approach can help build the capacity of DMC planning agencies in integrating economic diagnostic methodologies in their own planning activities, including with regard to their participation in subregional programs.<sup>16</sup>

## B. Cost and Financing

14. The TA cluster is estimated to cost \$5,000,000, of which (i) \$2,500,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF 7) and (ii) \$2,500,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The three subprojects under the cluster will have the following allocation: subproject 1: \$2,000,000, subproject 2: \$1,500,000, and subproject 3: \$1,500,000 (Appendix 2). Detailed cost

<sup>12</sup> ADB. 2021. *Country Partnership Strategy and Results Framework Review*. Manila.

<sup>13</sup> Topics under sector and thematic studies can include: economics of climate change, incorporating climate resilience and enhancing environmental sustainability in policy formation; making cities more livable; strengthening governance and institutional capacity to support development planning and regional cooperation and integration as a driver of growth.

<sup>14</sup> Printed copies will be limited and will be on demand basis in compliance with the administrative order on energy, environment, health, and safety management system. ADB. 2016. Energy, Environment, Health, and Safety Management System. *Administrative Orders*. AO 4.13. Manila.

<sup>15</sup> Training workshops and/or seminars on diagnostic approaches will be conducted for each DMC, as needed.

<sup>16</sup> The TA cluster will explore and include as part of its implementation various approaches to assess the capacity building efforts under each of the subprojects.

estimates and financing arrangements will be presented in each TA subproject proposal submitted for approval.

### C. Implementation Arrangements

15. ADB will administer the TA cluster. EREA will directly handle TA cluster administration and supervision, management of consultants, procurement, and accomplishment of outputs. Adopting the One ADB approach in knowledge solutions, EREA will collaborate with regional departments (including resident missions), other knowledge departments, and relevant sector and thematic groups for the activities under each subproject. Each TA subproject proposal will be submitted for approval to the ERCD chief economist and director general, following the business process for knowledge and support TA cluster processing.<sup>17</sup> Subproject activities will start only after approval of each TA subproject proposal. Implementation arrangements are summarized in Table 1.<sup>18</sup>

16. EREA will adopt multiple approaches in the identification of studies under output 1, including the following:

- (i) EREA will issue a call for proposals to regional departments and respective resident missions, and sector and thematic groups. The proposed topics will be selected or prioritized based on ERCD's capacity and expertise, sector or thematic priorities, and relevant country knowledge plans.
- (ii) EREA will tap the Regional Economic Outlook Task Force, which comprises ERCD and regional department staff responsible for analysis of DMC economic prospects, to help identify issues especially relevant to medium-term prospects for economic growth and diversification and/or the growth assessments associated with CPS preparation.
- (iii) EREA will discuss with the Sustainable Development and Climate Change Department and regional departments to provide support for selected studies in the country knowledge plans of DMCs that match with subproject sector or thematic priorities.
- (iv) EREA will accommodate direct requests from DMCs for any follow-up or new study following similar diagnostic studies already conducted.
- (v) EREA will partner with international financial and research institutions, including the ADB Institute, on topics that are of common interest and relevant to ADB DMCs.

**Table 1: Implementation Arrangements for the Technical Assistance Cluster**

Aspects	Arrangements		
Indicative implementation period for the TA cluster	August 2021–July 2030		
Executing agency	ADB		
Implementing agencies	Economic Analysis and Operational Support Division, Economic Research and Regional Cooperation Department		
Consultants <sup>a</sup>	Package title	Selection method	Engaged by
	Firms: CQS and/or direct contracting (single-source selection)	International (76 person-months) and national (66 person-months)	ADB

<sup>17</sup> ADB. 2019. Business Processes for Knowledge Partnerships under Technical Assistance Operations. *Compendium of Staff Instructions*. Manila.

<sup>18</sup> EREA will prepare a monitoring plan for each subproject to help monitor the progress of activities during TA implementation.

Aspects	Arrangements		
	Individual: Individual selection or framework agreement	International (76 person-months)	ADB
	Individual: Individual selection or framework agreement	National (1 person-month)	ADB
Disbursement	Disbursement of TA resources will follow ADB's <i>Technical Assistance Disbursement Handbook (2020, as amended from time to time)</i> .		

ADB = Asian Development Bank, CQS = consultants' qualification selection, TA = technical assistance.

<sup>a</sup> ADB will consider lump-sum payments, output-based contracts, and framework contracts for individual consulting services. Depending on resource needs and availability of qualified firms to undertake the assignment, recruitment of firms may be converted to individual consultants as deemed appropriate.

Source: ADB.

17. **Subprojects.** The TA cluster will be implemented through three subprojects (Appendix 2). Each subproject will be designed to support the achievement of the cluster outputs (paras. 11–13) as and when needed during the implementation period. The indicative implementation period and the budget allocation for the subprojects are summarized in Table 2.

**Table 2: Indicative Implementation Period and Budget Allocation for Subprojects**

Item	Subproject Title	Implementation Period	Budget (\$'000)
Subproject 1	Economic Diagnostic Studies in Asia and the Pacific	August 2021–July 2024	2,000
Subproject 2	Economic Diagnostic Studies in Asia and the Pacific	August 2024–July 2027	1,500
Subproject 3	Economic Diagnostic Studies in Asia and the Pacific	August 2027–July 2030	1,500

Source: Asian Development Bank.

18. **Consulting services.** The TA cluster will require the services of a mix of individual consultants and firms. Requisite fields of expertise and person-months of consulting services in the Terms of Reference for Consultants linked document are indicative, and will be finalized upon further assessment of the resource needs and availability of qualified consultants.<sup>19</sup> Firms may be recruited especially if study requires (i) unique expertise; (ii) a team of experts that need to collaborate to prepare the study; and (iii) need to access proprietary data platforms and/or conduct of sophisticated modelling techniques. The firm/s will be selected through consultant qualification selection or direct contracting method. Individual consultants will also be recruited to prepare background papers, diagnostic analyses, and chapter/s of the study report/s on topic/s or areas identified. Aside from economists, sector specialists, econometrics specialists or modelers, individual experts to provide economic advisory and economic editing and communications and publications related expertise will be engaged. National consultants and research assistants will likewise be engaged to provide technical support for data gathering and analysis. National consultants will also be needed for the desktop publishing and graphic design of the publication. Resource persons will be engaged to provide advice on study scope, undertake review and provide comments on the draft reports. Contracts for consulting services will consist of output-based (lump-sum), time-based or framework contracts, as appropriate, and the consultants and resource persons will be recruited based on requisite experience and qualifications. Inasmuch as the subprojects will cover a wide range of topics, highly qualified consultants with relevant expertise will most likely be associated with specialized firms, research institutions, think tanks,

<sup>19</sup> Terms of Reference for Consultants (accessible from the list of supplementary documents in Appendix 3).

and universities. Further, the TA will require rapid mobilization of the publication specialist to facilitate the publication process. All consultants will be engaged in accordance with the ADB Procurement Policy (2017, as amended from time to time) and the associated staff instructions.

19. **Knowledge partnerships.** EREA will seek to collaborate with reputable centers of excellence, and these may be engaged through knowledge partnership agreements (KPAs). Specific entities will be identified during TA cluster implementation. A nomination proposal will be prepared for proposed knowledge partners, and the corresponding KPA will be finalized prior to approval of each TA subproject. Where knowledge partners are identified after TA subproject approval, EREA will prepare a minor change in implementation arrangements following the Staff Instruction on Business Processes for Knowledge Partnerships under Technical Assistance Operations.<sup>20</sup>

20. **ADB's procurement.** The TA studies require both macro and micro data. The data sets will be procured from government agencies, private data providers, and research institutes. Equipment (e.g., laptop computers, handheld devices, sensors, and other infrastructure monitoring equipment) and software may also be procured for the TA where needed.<sup>21</sup> Where applicable, the TA project team will coordinate with ADB's Procurement, Portfolio, and Financial Management Department and its Office of the General Counsel before purchasing data sets and signing data use agreements with DMC statistical agencies and third-party database providers. The TA team will also consult ADB's Information Technology Department and its Corporate Services Department in relation to the purchase of information communication technology hardware and software. Procurement will follow the ADB Procurement Policy (2017, as amended from time to time) and the associated staff instructions. Upon TA completion, any procured equipment will be disposed of in compliance with Administering Grant-Financed Technical Assistance Projects in the Project Administration Instructions.<sup>22</sup>

21. **Social media and websites.** Knowledge product dissemination will be conducted through the uploading of TA outputs onto ADB websites and social media, such as Twitter and blogs. This will be coordinated closely with the Department of Communications and the Information Technology Department.

## V. THE PRESIDENT'S DECISION

22. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$5,000,000 on a grant basis for Economic Diagnostic Studies in Asia and the Pacific, and hereby reports this action to the Board.

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<sup>20</sup> ADB. 2017. *Staff Instruction on Business Processes for Knowledge Partnerships under Technical Assistance Operations*. Manila.

<sup>21</sup> See Procurement Plan (accessible from the list of supplementary documents in Appendix 3) for details.

<sup>22</sup> ADB. 2018. Administering Grant-Financed Technical Assistance Projects. *Project Administration Instructions*. PAI 5.09. Manila.

### DESIGN AND MONITORING FRAMEWORK

<b>Impact the TA is Aligned with</b> Critical constraints to ADB's DMCs' inclusive and sustainable economic growth addressed <sup>a</sup>			
<b>Results Chain</b>	<b>Performance Indicators</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Risks and Critical Assumptions</b>
<b>Outcome</b> Diagnostic approaches and methodologies in the development planning processes of DMCs adopted and/or improved	<b>By May 2030:</b> a. 50% of the DMCs (for which diagnostic studies were conducted) utilize the TA's knowledge output(s) (analysis and key recommendations) as inputs to their medium-term development plans, sector plans, strategies, and policies (Baseline: NA) (OP 6.1.1)  b. 50% of the DMCs (for which diagnostic studies were conducted) incorporate study recommendations in their partnership strategies with ADB and other development partners (Baseline: NA)	a. DMCs' medium-term development plans, government policies, or sector plans; and DOC media monitoring of news reports from local and/or international sources  b. ADB's country partnership strategies with DMCs, and development partners' country assistance strategies with DMCs	R: Changes in the global, regional, and national economy and political environment, and occurrence of disasters triggered by natural hazards undermine and/or shift the focus of DMC governments from identified medium-term priorities to short-term coping strategies.
<b>Outputs</b> 1. Diagnostic studies conducted and/or published	<b>By May 2030:</b> 1a. 18–20 diagnostic studies (6–8 for subproject 1, 6 for subproject 2, and 6 for subproject 3) published (in print or on the web) (Baseline: NA) (OP 6.1.1)  1b. 100 downloads for each study published. (Baseline: NA)	1a. Print and online publications of the main study report and executive summary (if available)  1b. DOC web download statistics and usage summary and government reports (if available)	R: Delays in accessing data and securing government consent for publication of study report affect the production schedule.
2. The capacity of developing member country officials to employ diagnostic approaches, methodologies and tools to conduct economic and policy analysis developed and enhanced	2a. At least 180 DMC government officials (of which 90 are women) out of the total participants (about 360 participants are targeted under the TA cluster in the training workshops on diagnostic approaches) report improved understanding and demonstrate improvements in the application of diagnostic approaches, e.g., in the quality and range of DMCs' diagnostic and analytical work (Baseline: NA) (OP 6.1.1)	2a. TA progress reports, and post-event surveys or feedback forms	R: For reasons beyond the TA's team's control, training workshops fail to target DMC government officials with the right background and commitment.  R: Staff turnover is high in recipient DMC government agencies.

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	2b. Nine training workshops or seminars (three each for subprojects 1, 2, and 3) for DMCs on diagnostic approaches delivered (Baseline: NA)	2b. BTORs of missions fielded in relation to the capacity building activities, attendance sheets indicating the names and positions of DMC government officials in attendance, and TA-related reports documenting trainings undertaken and reported to ERCD management and relevant ADB departments	

### Key Activities with Milestones

Subproject 1 (target approval date: August 2021)

Subproject 2 (target approval date: August 2024)

Subproject 3 (target approval date: August 2027)

#### 1. Diagnostic studies conducted and/or published

Study type 1: Diagnostic study on the growth and inclusion performance of DMCs

1.1 Identify studies with regional departments and resident missions following CPS schedule (Q4 2028)

1.2 Mobilize expert(s) (Q1 2029)

1.3 Hold consultation meetings with the DMC and CPS team (Q1 2029)

1.4 Prepare/write and submit the draft report (Q2 2029)

1.5 Present the report findings (Q4 2029)

1.6 Finalize and publish the study report (Q1–Q2 2030)

Study type 2: Diagnostic study on the country's critical constraints

1.7 Identify the scope or coverage of the study following initial discussions with the DMC government and regional departments and resident missions (Q4 2028)

1.8 Conduct a reconnaissance/scoping mission through virtual or face-to-face meetings to discuss constraints or issues (Q1 2029)

1.9 Mobilize experts (Q1 2029)

1.10 Conduct inception workshop to present the study methodology, outline, and identified issues (Q1 2029)

1.11 Conduct study analysis and draft initial report (Q2 2029)

1.12 Conduct consultation workshops to present initial findings and discuss with key stakeholders (Q3 2029)

1.13 Undertake revisions, incorporate comments, conduct additional analysis (as needed), and finalize study recommendations (Q4 2029)

1.14 Conduct final consultation workshop and secure report clearance from DMC government (Q4 2029)

1.15 Conduct publication process and print and/or upload study report (Q1–Q2 2030)

<p>Study type 3: Diagnostic study on a sector or thematic area</p> <ol style="list-style-type: none"> <li>1.16 Identify the thematic or sector areas and DMCs included after initial discussions with ADB sector and thematic groups, regional departments, resident missions, and DMC governments (Q4 2028)</li> <li>1.17 Conduct reconnaissance or scoping mission through virtual or face-to-face meetings to discuss scope of study and constraints or issues (as needed) (Q4 2028)</li> <li>1.18 Mobilize experts (Q1 2029)</li> <li>1.19 Draft initial chapters (Q2 2029)</li> <li>1.20 Conduct first consultation workshop to present initial findings and discuss with key stakeholders (Q3 2029)</li> <li>1.21 Undertake revisions, incorporate comments, conduct additional analysis (as needed), and finalize study recommendations (Q4 2029)</li> <li>1.22 Conduct final consultation workshop and secure report clearance (Q4 2029)</li> <li>1.23 Conduct publication process and print and or upload study report (Q1–Q2 2030)</li> </ol> <p><b>2. The capacity of developing member country officials to employ diagnostic approaches, methodologies and tools to conduct economic and policy analysis developed and enhanced</b></p> <ol style="list-style-type: none"> <li>2.1 Design training program and prepare training materials (Q1 2029)</li> <li>2.2 Conduct training workshop or seminar in diagnostic approaches (Q3 2029)</li> </ol> <p><b>TA Management Activities</b></p> <p>Hire consultants (Q3–Q4 2021 to Q4 2029)</p>
<p><b>Inputs</b></p> <p>ADB: \$5,000,000 (cluster TA) from TASF 7 (50%) and TASF-other sources (50%), of which the subproject 1 cost is \$2,000,000, subproject 2 cost is 1,500,000, and subproject 3 cost is \$1,500,000.</p> <p>No counterpart support requirement from participating DMC governments.</p>
<p><b>Assumptions for Partner Financing</b></p> <p>Not applicable.</p>

ADB = Asian Development Bank, BTOR = back-to-office report, CPS = country partnership strategy, DMC = developing member country, DMF = design and monitoring framework, DOC = Department of Communications, ERCD = Economic Research and Regional Cooperation Department, NA = not applicable, OP = operational priority, Q = quarter, TA = technical assistance, TASF = Technical Assistance Special Fund.

Note: Dates indicated for key activities are the estimated end dates for the activities of all three subprojects under the TA cluster.

<sup>a</sup> ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. 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 of the TA report). In addition to the OP indicators tagged in the DMF, this TA will contribute results for

OP 1.3.3: Measures for increased inclusiveness supported in implementation

OP 2.3: Women represented in decision-making structures and processes

OP 3.3: People benefiting from strengthened environmental sustainability

OP 4.2.1: Measures to legal, regulatory, and institutional environment for better planning supported in implementation

OP 7.2.2: Measures to develop existing and/or new cross-border economic corridors supported in implementation

Source: ADB.



## SUBPROJECT DESCRIPTIONS

Subproject 1	Economic Diagnostic Studies in Asia and the Pacific
Indicative outputs and activities	<p>Subproject 1 of the TA cluster will deal with the issues and challenges faced by ADB DMCs, especially those identified in Strategy 2030.<sup>a</sup> Subproject 1 involves two main outputs: (i) diagnostic studies conducted and or published, and (ii) the capacity of DMC officials to employ diagnostic approaches, methodologies and tools to conduct economic and policy analysis developed and enhanced.</p> <p>Under output 1, 6–8 diagnostic studies will be produced and or published. The first category is a report on the growth and inclusion performance of DMCs, where two types of studies are envisaged. Under the first, the TA will support preparation of a short narrative diagnostic that can provide a broad overview of the economic performance of a selected DMC, discussing its experience in achieving inclusive growth objective and the policy drivers that may have contributed to this. The second under this category is a more technical report that will use quantitative analysis to delve deeper into selected aspects of the growth process.</p> <p>The second category of study is a diagnostic report on the country's critical constraints, which will be similar to earlier country diagnostic studies undertaken wherein the study will identify constraints to growth and inclusion based on an assessment of macroeconomic, sector, and thematic issues.</p> <p>The third category of study is a diagnostic report on a sector or thematic area that can cover single or multi-country studies, with the latter allowing comparative policy analysis. This study category will give priority to themes and/or sectors aligned with ADB's Strategy 2030.<sup>a</sup> New and emerging topics such as technological and digital change will also be considered in a forward-looking manner.</p> <p>Output 2 will support development and enhancement of DMC officials' capacity in employing diagnostic approaches and tools to conduct economic and policy analysis. The output will include training workshops to help create awareness and improve the capacity of DMC officials and think tanks involved in the preparation of national, sector, and thematic development plans and policies. It will also produce knowledge products on the application of the analytical tools that can be used to undertake policy analysis.</p>
Indicative implementation arrangements	<p>ADB will administer subproject 1. EREA will be directly responsible for TA subproject administration and supervision, management of consultants, procurement, and accomplishment of outputs. The TA subproject proposal(s) will be submitted for approval to the ERCD chief economist and director general, following the business process for knowledge and support TA cluster processing.<sup>b</sup></p>
Implementation schedule	August 2021–July 2024

<b>Subproject 2</b>	Economic Diagnostic Studies in Asia and the Pacific
Indicative outputs and activities	Subproject 2 will be structured following the design and lessons learned from subproject 1 and will comprise the same two outputs. The scope or topics of the diagnostic studies will depend on the ideas that ERCD will generate from relevant stakeholders, including ADB regional departments and resident missions, and exchanges with sector and thematic groups. Topics will also be generated from discussions with the Regional Economic Outlook Task Force and requests ADB DMCs clients following the priority issues identified by ADB Management as outlined in Strategy 2030. <sup>a</sup>
Indicative implementation arrangements	ADB will administer subproject 2. EREA will be directly responsible for the TA subproject administration and supervision, management of consultants, procurement, and accomplishment of outputs. The TA subproject proposal will be submitted for approval to the ERCD chief economist and director general, following the business process for knowledge and support TA cluster processing. <sup>b</sup>
Implementation schedule	August 2024–July 2027
<b>Subproject 3</b>	Economic Diagnostic Studies in Asia and the Pacific
Indicative outputs and activities	The design of subproject 3 will be structured following the lessons learned from the implementation of subprojects 1 and 2 and will comprise the same two outputs. The scope or topics of the diagnostic studies will depend on the ideas that ERCD generates from relevant stakeholders (including ADB regional department and resident missions, exchanges with sector and thematic groups, discussions from the Regional Economic Outlook Task Force, and requests from ADB DMC clients following priority issues identified by ADB Management, as outlined in Strategy 2030. <sup>a</sup>
Indicative implementation arrangements	ADB will administer subproject 3. EREA will be directly responsible for the TA subproject administration and supervision, management of consultants, procurement, and accomplishment of outputs. The TA subproject proposal will be submitted for approval to the ERCD chief economist and director general, following the business process for knowledge and support TA cluster processing. <sup>b</sup>
Implementation schedule	August 2027–July 2030

ADB = Asian Development Bank, DMC = developing member country, ERCD = Economic Research and Regional Cooperation Department, EREA = Economic Analysis and Operational Support Division, TA = technical assistance.

<sup>a</sup> ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

<sup>b</sup> ADB. 2019. *Business Processes for Knowledge Partnerships under Technical Assistance Operations. Compendium of Staff Instructions*. Manila.

Source: ADB.

**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/LinkedDocs/?id=46186-007-TARreport>

1. Contribution to Strategy 2030 Operational Priorities

**Supplementary Documents**

2. Cost Estimates and Financing Plan
3. Terms of Reference for Consultants
4. Procurement Plan
5. Regional Cooperation and Integration (RCI) Scorecard