



# Regional Cooperation Operations Business Plan

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August 2008

South Asia  
2009–2010

Asian Development Bank



## CURRENCY EQUIVALENTS

(as of 18 August 2008)

Bangladesh	Currency Unit	–	taka (Tk)
	Tk1.00	=	\$0.0146
	\$1.00	=	Tk68.49
Bhutan	Currency Unit	–	ngultrum (Nu)
	Nu1.00	=	\$0.0231
	\$1.00	=	Nu43.35
India	Currency Unit	–	Indian rupee/s (Re/Rs)
	Re1.00	=	\$0.0231
	\$1.00	=	Rs43.35
Maldives	Currency Unit	–	rufiyaa (Rf)
	Rf1.00	=	\$0.0781
	\$1.00	=	Rf12.80
Nepal	Currency Unit	–	Nepalese rupee/s (NRe/NRs)
	NRe1.00	=	\$0.0145
	\$1.00	=	NRs68.81
Sri Lanka	Currency Unit	–	Sri Lanka rupee/s (SLRe/SLRs)
	SLRe1.00	=	\$0.0093
	\$1.00	=	SLRs107.75

## ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
BIMSTEC	–	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
ICFF	–	investment climate facilitation fund
RCIF	–	regional cooperation and integration fund
RCOBP	–	regional cooperation operations business plan
RCS	–	regional cooperation strategy
RCSP	–	regional cooperation strategy and program
SAARC	–	South Asian Association for Regional Cooperation
SASEC	–	South Asia Subregional Economic Cooperation

## NOTES

- (i) The fiscal year of the Government of Bangladesh ends on 30 June.
- (ii) The fiscal year of the Government of Bhutan ends on 30 June.
- (iii) The fiscal year of the Government of India ends on 31 March.
- (iv) The fiscal year of the Government of the Maldives ends on 31 December.
- (v) The fiscal year of the Government of Nepal ends on 15 July.
- (vi) The fiscal year of the Government of Sri Lanka ends on 31 December.
- (vii) In this report, "\$" refers to US dollars.

<b>Vice-President</b>	B. Lohani, (Vice-President in-Charge Operations 1)
<b>Director General</b>	K. Senga, South Asia Department (SARD)
<b>Director</b>	B. Carrasco, Country Coordination and Regional Cooperation Division, SARD
<b>Team leader</b>	S. Oh, Principal Regional Cooperation Specialist, SARD
<b>Team members</b>	N. Sinsiri, Senior Economist (Regional Cooperation ), SARD Regional Cooperation and Integration Team, SARD

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## I. CONSISTENCY OF THE BUSINESS PLAN WITH THE CURRENT REGIONAL COOPERATION STRATEGY AND PROGRAM

1. The regional cooperation strategy and program for South Asia (RCSP), 2006–2008,<sup>1</sup> aims to help the region realize its full potential in economic and social development, and to enable South Asia to participate effectively in wider Asian integration. To achieve this goal, the RCSP has five key operational objectives: (i) improve connectivity, (ii) facilitate trade and investment, (iii) develop regional tourism, (iv) facilitate cooperation in energy, and (v) promote private sector cooperation. In inherently sensitive and complex areas such as water and environment, knowledge-based cooperation and capacity development activities can be supported in the short and medium term.

2. The Asian Development Bank (ADB) continues to support regional cooperation in South Asia at the following three levels: (i) the subregional level through the South Asia Subregional Economic Cooperation (SASEC)<sup>2</sup> program, (ii) the regional level through the South Asian Association for Regional Cooperation (SAARC),<sup>3</sup> and (iii) the interregional level through the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).<sup>4</sup> ADB assists SAARC and BIMSTEC with policy and sector studies that support the SAARC secretariat and BIMSTEC working group in preparing a cooperative agenda. Assistance for the SASEC program, through the sector working groups and country advisors group mechanism, focuses on prioritizing and implementing projects and programs that could yield immediate results. ADB also provides support for networking among think tanks to provide governments and regional initiatives with policy recommendations on regional cooperation and integration issues.

3. Since the approval of the RCSP in 2006, important strategic developments have transpired in South Asia as well as in ADB. In South Asia, governments now more clearly recognize the need to move the regional cooperation and integration agenda forward. The 15th SAARC Summit, held in Colombo, Sri Lanka, on 2–3 August 2008, reaffirmed South Asian leaders' commitment to regional efforts to accelerate growth, social progress, and cultural development. The leaders stressed the need for SAARC to focus more on developing and implementing regional and subregional projects. SAARC has consistently emphasized the role of connectivity, not only in South Asia but also between the region and the rest of the world. SAARC underscored the need to fast-track projects to improve intraregional connectivity and facilitate economic, social, and people-to-people contacts. Awareness of the importance of inclusive economic growth has also increased. Inclusiveness ensures that the benefits of growth accrue to all peoples in the region, particularly the poor. Therefore, the importance of regional cooperation has been emphasized.

4. Consistent with the summit pronouncements, the following operational developments have occurred: (i) the implementation of the Agreement on South Asian Free Trade Area (SAFTA), which could increase trade among SAARC countries; (ii) the establishment of the SAARC Development Fund that would support poverty-alleviation projects; (iii) the adoption of the SAARC Action Plan on Climate Change to address the alarming threats of climate change;

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<sup>1</sup> ADB. 2006. *Regional Cooperation Strategy and Program (2006-2008): South Asia*. Manila.

<sup>2</sup> The SASEC program was launched in 2001 with ADB financial assistance to support regional cooperation activities of Bangladesh, Bhutan, India, and Nepal.

<sup>3</sup> SAARC, established in 1985, was the first regional cooperation initiative in South Asia. It comprises Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.

<sup>4</sup> BIMSTEC, established in 1997, comprises Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand.

(iv) the creation of a SAARC Food Bank to ease the growing concern over a possible food crisis in the region; and (v) the establishment of a South Asia university that would impart not only world-class education but also capacity development for the people in the region. The SAARC secretariat and ADB agreed to sustain and further strengthen their dialogue and partnership to assist SAARC in realizing its goals and objectives.

5. The subregional setting has also seen notable developments. The SASEC program has recognized the need to implement concrete interventions that would promote regional cooperation and integration in the subregion. During the SASEC country advisors conclave in April 2008, SASEC countries endorsed ADB's current approach on regional cooperation and integration, stressing the need to translate economic cooperation into projects with strong project implementation modalities. BIMSTEC has also been moving the regional cooperation and integration agenda forward by embarking on new areas that would benefit the member countries at the interregional level.

6. To support regional cooperation and integration operations more effectively, ADB established the Regional Cooperation and Integration Fund (RCIF) and the Investment Climate Facilitation Fund (ICFF) under the Regional Cooperation and Integration Financing Partnership Facility. The facility helps pool and provide financial and knowledge resources to support regional cooperation projects. Under the long-term strategic framework 2008–2020 (Strategy 2020),<sup>5</sup> ADB will progressively raise its aggregate public and private lending at the regional and subregional levels to at least 30% of overall operations by 2020. Further, up to 10% of the Asian Development Fund (ADF) X program will be earmarked for ADB's subregional projects.

7. Regional cooperation in South Asia reached a major milestone in 2007 when ADB approved the SASEC Information Highway Project,<sup>6</sup> the first multi-country investment project involving Bangladesh, Bhutan, India, and Nepal, along with a technical assistance financed by the RCIF. The detailed project implementation arrangements are currently being worked out among the countries. Effective implementation of the project is expected to increase the pace of regional cooperation in South Asia.

8. In the context of the developments in the region, the priorities under the RCSP still remain valid. This regional cooperation operations business plan (RCOBP) for 2009–2010 is consistent with the RCSP. It will also accommodate emerging regional cooperation issues, such as mainstreaming climate change initiatives and enhancing food security. In the course of stepping up regional cooperation and integration activities since the RCSP was initiated, ADB's implementation experience suggests that, at the present stage, it would be more appropriate to design regional cooperation and integration projects to be implemented in a phased and flexible manner. For example, initially the projects would be implemented by country within a clear regional framework, while the cross border arrangements to make the projects fully regional would be implemented in the next phase, if necessary. The time frame for the next medium-term regional cooperation strategy (RCS) will be discussed with the South Asian countries later this year. Tentatively it is proposed for early 2010.

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<sup>5</sup> ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. Manila.

<sup>6</sup> ADB. 2007. *Report and Recommendation of the President to the Board of Directors on a Proposed Asian Development Fund Grant, Loan, and Technical Assistance Grant, People's Republic of Bangladesh, Kingdom of Bhutan, India, and Nepal: South Asia Subregional Economic Cooperation Information Highway Project*. Manila

## II. INDICATIVE LENDING AND NONLENDING PROGRAMS

9. The indicative lending program of the RCOBP, 2009–2010, consists of one multi-country project totaling \$80.5 million, and eight national projects with regional implications totaling \$644 million. Most of the national projects are also reflected in the updated country programs. ADF resources earmarked for subregional projects are expected to be one of the main financial resources for the proposed lending program.

10. The indicative program of nonlending products and services for 2009–2010 comprises six project preparatory technical assistance and five other technical assistance projects totaling \$11.7 million.<sup>7</sup> A substantial portion of financial resources to support the nonlending products and services is expected to come from RCIF and ICFF.

11. The proposed lending and nonlending products and services are consistent with the priorities of the RCSP; they were based on discussions with counterpart governments, SASEC country advisors, SAARC secretariat, and BIMSTEC working group during earlier consultations.<sup>8</sup> In terms of sector distribution of the lending program, four of the nine projects are in the transport and communications sector. The other five projects are classified as multisector, which also include transport and communications sector among others. Transport connectivity is thus a priority area for regional cooperation and integration in the subregion. In the nonlending products and services program, seven projects are classified as multisector, two as environment, one as energy, and one as transport and communications.

## III. SUMMARY OF CHANGES TO LENDING AND NONLENDING PROGRAMS

12. The changes in the 2009–2010 lending and nonlending products and services programs since the Report on Progress of Regional Cooperation and Integration Program for South Asia<sup>9</sup> in September 2007 are mainly due to rescheduling of projects. Rescheduling is needed because of the long consensus-building process within participating countries, as well as resolution of issues involving preparedness and the availability of funding.

13. Changes in the lending program are summarized below:

- (i) Three projects (Development of Transport Corridor for Trade Facilitation, North–South Fast Track Road Connectivity Project, and SASEC Tourism Development Project) are moved from 2008 to 2009. The third project is now called Improving Connectivity and Destination Infrastructure for Subregional Tourism Development.
- (ii) The SASEC Transport Logistics and Trade Facilitation Project is moved from 2008 to 2010, to permit changes in design and implementation arrangements for more flexible processing and implementation. The project will be prepared within a regional framework with four national project components which could be processed separately but in coordination with other countries. The title is also changed to Subregional Transport Logistics and Trade Facilitation Project.
- (iii) The Padma Multi-Purpose Bridge is moved from 2009 to 2010.

<sup>7</sup> Additional interregional technical assistance projects involving India—Regional Gas Transmission II (\$2 million) in 2009 and III (\$2.5 million) in 2010—will be processed by Central and West Asia Department. They are not included in the \$11.7 million of nonlending products and services for South Asia.

<sup>8</sup> Including consultations during SASEC country advisors' conclave (18–19 April 2008) and SASEC working group meetings, SAARC secretary general's visit to ADB headquarters (17–18 December 2007), and discussions with BIMSTEC working group (19 December 2007 and 21 April 2008).

<sup>9</sup> ADB. 2007. *Report on Progress of Regional Cooperation and Integration Program for South Asia*. Manila.

- (iv) The Hazardous Waste Treatment Facility Project and the SASEC Rural Broadband Connectivity Project, proposed for 2009, are deferred to later years.
- (v) The Subregional Energy Trade Project and the SASEC Transport Corridor Improvement Project, proposed for 2010, will be processed in future years.

14. The nonlending products and services will be processed as planned except for a few slippages and several additions. The activities largely support the sector priorities of the RCSP, as well as provide capacity development and institutional support to ADB-assisted initiatives in South Asia.

15. Generally, the adjustments in the 2009–2010 programs reflect ADB's flexibility and responsiveness in addressing evolving priorities, and reflect the countries' commitment to ensuring implementation of higher-priority projects first. Closer collaboration and stronger commitment among countries will be required to implement regional projects to achieve South Asia's regional cooperation and integration objectives.

#### **IV. INDICATIVE INTERNAL RESOURCE REQUIREMENTS**

16. Since the selected lending and nonlending products and services projects listed in the RCOBP are also included in the respective country programs, the internal staff resource requirements to deliver such projects are already reflected in the respective country operations business plans. Two professional staff-years have been allocated to coordinate all regional cooperation and integration activities, process and administer selected nonlending products and services, and assist project teams as required. Considering the increasing depth and complexity of the regional cooperation and integration projects and activities, a gradual increase in staff resources will be required.

#### **V. RESULTS-BASED MONITORING**

17. The results framework included in the RCSP remains valid despite the adjustments made to the lending and nonlending products and services programs. The results framework is expected to be strengthened during the formulation of a new medium-term RCS for South Asia tentatively proposed for 2010.

## INDICATIVE ASSISTANCE PIPELINE

**Table A1.1: Indicative Assistance Pipeline for Lending Products, 2009–2010**

Sector Project/Program	Countries Involved	Targeting Classification	Thematic Priority	Responsible Division	Year of Project Preparatory Assistance	Cost (\$ million)					Co- financing	
						Total	ADB		Govt <sup>b</sup>	Total		
							OCR	ADF <sup>a</sup>				
<b>A. 2009</b>												
<b>Transport and Communications</b>												
1.	North–South Fast Track Road Connectivity Project <sup>c</sup>	NEP	GI	ECG/ISD REG	SATC	2006	75.0		50.0	50.0	10.0	15.0
2.	Development of Transport Corridor for Trade Facilitation <sup>c</sup>	BAN	GI	ECG/REG	SATC	2006	TBD	100.0	50.0	150.0	TBD	TBD
3.	Road Network II <sup>c</sup>	BHU	GI	ECG/PSD REG	SATC	2008	TBD		20.0	20.0	TBD	TBD
<b>Multisector</b>												
1.	Improving Connectivity and Destination Infrastructure for Subregional Tourism Development	BAN	GI	ECG/REG	SAUD	2007	TBD		12.0	12.0		TBD
		BHU	GI	ECG/REG	SAUD	2007	TBD		22.0	22.0		TBD
		IND	GI	ECG/REG	SAUD	2007	TBD	21.0		21.0		TBD
		NEP	GI	ECG/REG	SAUD	2007	TBD		25.5	25.5		15.0
<b>Total 2009</b>							<b>TBD</b>	<b>121.0</b>	<b>189.5</b>	<b>300.5</b>	<b>TBD</b>	<b>TBD</b>

Sector Project/Program	Countries Involved	Targeting Classification	Thematic Priority	Responsible Division	Year of Project Preparatory Assistance	Cost (\$ million)					Co- financing	
						Total	ADB		Govt <sup>b</sup>	Total		
							OCR	ADF <sup>a</sup>				
<b>B. 2010</b>												
<b>Transport and Communications</b>												
1. Padma Multipurpose Bridge <sup>c</sup>	BAN	GI	ECG/REG	SATC	2005	TBD	215.0	50.0	265.0	TBD	TBD	
<b>Multisector</b>												
1. Subregional Transport Logistics and Trade Facilitation Project (BAN) <sup>c</sup>	BAN	GI	ECG/REG	SATC	2007	TBD		18.0	18.0	TBD	TBD	
2. Subregional Transport Logistics and Trade Facilitation Project (BHU) <sup>c</sup>	BHU	GI	ECG/REG	SATC	2007	TBD		10.0	10.0	TBD	TBD	
3. Subregional Transport Logistics and Trade Facilitation Project (IND) <sup>c</sup>	IND	GI	ECG/REG	SATC	2007	TBD	50.0		50.0	TBD	TBD	
4. Subregional Transport Logistics and Trade Facilitation Project (NEP) <sup>c</sup>	NEP	GI	ECG/REG	SATC	2007	TBD		81.0	81.0	TBD	TBD	
<b>Total 2010</b>						<b>TBD</b>	<b>265.0</b>	<b>159.0</b>	<b>424.0</b>	<b>TBD</b>	<b>TBD</b>	

ADB = Asian Development Bank; ADF = Asian Development Fund; BAN = Bangladesh; BHU = Bhutan; ECG = sustainable economic growth; GI = general intervention; Govt = Government, IND = India; ISD = inclusive social development; NEP = NEP; OCR = ordinary capital resources; REG = regional cooperation; PSD = private sector development; SAEN = South Asia Energy Division; SAGF = South Asia Governance, Finance, and Trade Division; SASEC = South Asia Subregional Economic Cooperation; SATC = South Asia Transport and Communications Division; SAUD = South Asia Urban Development Division; TBD = to be determined.

<sup>a</sup> Subject to availability of funds.

<sup>b</sup> Could change as a result of country assessments of cost-sharing ceilings.

<sup>c</sup> National project with regional implications.

Source: Asian Development Bank.

**Table A1.2: Indicative Assistance Pipeline for Nonlending Products and Services, 2009–2010**

Sector/Assistance Name	Countries Involved	Responsible Division	Assistance Type	Source of Funding				Total (\$'000)
				ADB		Others		
				Source <sup>a</sup>	Amount (\$'000)	Source	Amount (\$'000)	
<b>A. 2009<sup>b</sup></b>								
<b>Environment</b>								
1. Hazardous Waste Treatment Plant/Facility	BAN/BHU/IND/NEP	SATC	R-PPTA	JSF	800.0			800.0
2. Mainstreaming Climate Change in South Asia	TBD	SAEN/SANS	R-CDTA			TBD	1,000.0	1,000.0
<b>Transport and Communications</b>								
1. SASEC Rural Broadband Connectivity	BAN/BHU/IND/NEP	SATC	R-PPTA	JSF	1,000.0			1,000.0
<b>Multisector</b>								
1. Preparing Subregional Transport Logistics and Trade Facilitation	TBD	SATC	R-PPTA	JSF	1,500.0			1,500.0
2. Regional Project Development Facility	TBD	SAGF	R-PPTA			ICFF	2,000.0	2,000.0
3. Achieving Water Security for South Asia	TBD	SAUD	R-CDTA			ICFF	850.0	850.0
4. Promoting Good Governance and Knowledge on Urban Development	BAN/BHU/IND/NEP/SRI	SAUD	R-CDTA			e-Asia and KPF	500.0	500.0
<b>Total 2009</b>					<b>3,300.0</b>		<b>4,350.0</b>	<b>7,650.0</b>

Sector/Assistance Name	Countries Involved	Responsible Division	Assistance Type	Source of Funding				Total (\$'000)
				ADB		Others		
				Source <sup>a</sup>	Amount (\$'000)	Source	Amount (\$'000)	
<b>B. 2010<sup>c</sup></b>								
<b>Energy</b>								
1. Regional Energy Project	TBD	SAEN	R-PPTA	JSF	1,000.0			1,000.0
<b>Multisector</b>								
1. Support for Network of Research Institutes and Think Tanks in South Asia Phase III	TBD	SAOC	R-PATA	TASF	1,000.0			1,000.0
2. Promoting South Asian Regional Economic Cooperation III	SAARC	SAOC	R-PPTA	JSF	1,000.0			1,000.0
3. Subregional Trade Facilitation Infrastructure	BAN/BHU/ IND/NEP	SAGF/SATC	R-PPTA			RCIF	1,000.0	1,000.0
<b>Total 2010</b>					<b>3,000.0</b>		<b>1,000.0</b>	<b>4,000.0</b>

ADB = Asian Development Bank; BAN = Bangladesh; BIMSTEC = Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation; BHU = Bhutan; ICF = Investment Climate Facilitation Fund; IND = India; JSF = Japan Special Fund; KPF = Knowledge Partnership Fund; NEP = Nepal; RCIF = Regional Cooperation and Integration Fund; R-CDTA = regional capacity development technical assistance; R-PATA = regional policy and advisory technical assistance; R-PPTA = regional project preparatory technical assistance; SAARC = South Asia Association for Regional Cooperation; SAEN = South Asia Energy Division; SAGF = South Asia Governance, Finance, and Trade Division; SANS = South Asia Agriculture, Natural Resources and Social Services Division; SAOC = South Asia Country Coordination and Regional Cooperation Division; SASEC = South Asia Subregional Economic Cooperation; SATC = South Asia Transport and Communications Division; SAUD = South Asia Urban Development Division; SRI = Sri Lanka; TASF = technical assistance special fund; TBD = to be determined.

<sup>a</sup> Subject to availability of funds.

<sup>b</sup> Regional Gas Transmission II (\$2.0 million), which involves India, Pakistan, and Turkmenistan, will be processed by the Central and West Asia Department. It is not included in the pipeline.

<sup>c</sup> Regional Gas Transmission III (\$2.5 million), which involves India, Pakistan, and Turkmenistan, will be processed by the Central and West Asia Department. It is not included in the pipeline.

Source: Asian Development Bank.

**PRELIMINARY SUMMARY INFORMATION ON PROPOSED INDICATIVE LENDING AND  
NONLENDING PRODUCTS AND SERVICES FOR THE FIRST YEAR  
OF THE BUSINESS PLAN**

**Table A2.1: Summary Information on Proposed Indicative Lending Products for 2009**

Project Name	Description
<p><b>North–South Fast Track Road Connectivity Project (Nepal)</b></p>	<p><b>Impact</b> Improved regional cooperation and integration between Nepal and neighboring countries, leading to faster economic growth.</p> <p><b>Major Components</b></p> <ul style="list-style-type: none"> <li>(i) Civil works leading to infrastructure improvement;</li> <li>(ii) Improved cross-border transport, trade, and transit facilitation; and</li> <li>(iii) Environment and resettlement support.</li> </ul> <p><b>Expected Outputs and Outcomes</b></p> <ul style="list-style-type: none"> <li>(i) Fast-track road linking Kathmandu with Birgunj, the main border point to India;</li> <li>(ii) Strengthened and improved connectivity to major economic centers and neighboring countries;</li> <li>(iii) Reduction in travel time and costs of goods and passenger traffic between Nepal and neighboring countries;</li> <li>(iv) Improved cross-border trade facilitation in terms of reduced time and cost for cross-border formalities for movement of goods between Nepal and neighboring countries; and</li> <li>(v) More trade in goods and passenger traffic between Nepal and countries in the region.</li> </ul>
<p><b>Development of Transport Corridor for Trade Facilitation (Bangladesh)</b></p>	<p><b>Impact</b> Accelerated economic development and reduced poverty through employment and regional connectivity.</p> <p><b>Major Components</b></p> <ul style="list-style-type: none"> <li>(i) Infrastructure improvements along the identified transport corridors, including physical improvements in roads, transport infrastructure links, land ports, and gateways; and</li> <li>(ii) Improvement in procedures for cross-border movement of goods.</li> </ul> <p><b>Expected Outputs and Outcomes</b></p> <ul style="list-style-type: none"> <li>(i) Increased trade and volume of goods traffic between Bangladesh and other countries in the region;</li> <li>(ii) Reduced travel time and cost of goods traffic between Bangladesh and neighboring countries;</li> <li>(iii) Reduced time needed to complete cross-border formalities for movement of goods between Bangladesh and its neighbors; and</li> <li>(iv) Increased direct employment, reduction in poverty, and more economic activity.</li> </ul>
<p><b>Road Network II (Bhutan)</b></p>	<p><b>Impact</b> Enhanced and improved road connectivity of the country and its neighboring countries.</p> <p><b>Major Components</b> Extension and upgrading of identified sections of the national road network and construction of selected feeder roads.</p>

Project Name	Description
	<p><b>Expected Outputs and Outcomes</b></p> <p>The project outputs would comprise a subset of</p> <ul style="list-style-type: none"> <li>(i) 143 kilometers (km) of new construction of national roads;</li> <li>(ii) upgrading of 55 km of national roads; and</li> <li>(iii) new construction of 126 km of feeder roads.</li> </ul> <p>The project outcomes would include</p> <ul style="list-style-type: none"> <li>(i) cost and travel time savings;</li> <li>(ii) greater access to markets; and</li> <li>(iii) enhanced opportunities of access and income contributing to the overarching objective of poverty reduction.</li> </ul> <p>Improving access to remote areas is also likely to result in greater outreach of health and education facilities, contributing to the achievement of the Millennium Development Goals.</p>
<p><b>Improving Connectivity and Destination Infrastructure for Subregional Tourism Development</b></p>	<p><b>Impact</b></p> <p>Contribution to inclusive growth in South Asia Subregional Economic Cooperation (SASEC) countries, and enhanced position of the SASEC subregion as one of the world's leading tourism destinations for Buddhist circuits and nature and cultural tourism.</p> <p><b>Major Components</b></p> <ul style="list-style-type: none"> <li>(i) Tourism-related access infrastructure;</li> <li>(ii) Destination amenities;</li> <li>(iii) Capacity building and human resource development;</li> <li>(iv) Subregional cooperation for sustainable tourism; and</li> <li>(v) Implementation assistance and institutional strengthening.</li> </ul> <p><b>Expected Outputs and Outcomes</b></p> <ul style="list-style-type: none"> <li>(i) Reduced poverty in the SASEC subregion;</li> <li>(ii) Faster economic growth;</li> <li>(iii) Increased employment and conservation of heritage sites by developing the SASEC subregion as a leading destination for Buddhist circuits and nature and cultural tourism; and</li> <li>(iv) Developed multi-country tourism subcircuits that exploit synergies between the tourism assets in the countries and promotes travel to poorer, remote areas.</li> </ul>

Source: Asian Development Bank.

**Table A2.2: Summary Information on Proposed Indicative Nonlending Products and Services for 2009**

Project Name	Description
<b>Hazardous Waste Treatment Plant/Facility</b>	<p><b>Impact</b> Reduced toxic pollutants in the SASEC countries.</p> <p><b>Major components</b> (i) Establishment of hazardous wastes and E-waste facilities; and (ii) Establishment of mutual agreements between SASEC countries to enable transportation of wastes to the waste facilities.</p> <p><b>Expected Outputs and Outcomes</b> (i) Improved environmental quality; (ii) Lower risk of poor for getting illness due to hazardous and toxic pollutants; and (iii) Conducive environment for increasing productivity from industrial sectors.</p>
<b>Mainstreaming Climate Change in South Asia</b>	<p><b>Impact</b> Countries in South Asia being able to mitigate the risk of and adapt to climate change.</p> <p><b>Major components</b> (i) Development of regional action plan for climate change mitigation and adaptation, such as cross-border early warning system, watershed management, energy efficiency, and renewable energy; and (ii) Knowledge sharing.</p> <p><b>Expected Outputs and Outcomes</b> (i) Agreed-upon action plan for climate change mitigation and adaptation; and (ii) Increased regional awareness on climate change mitigation and adaptation issues.</p>
<b>SASEC Rural Broadband Connectivity</b>	<p><b>Impact</b> Inclusive growth through the provision of information and communication technology services and information to the poorest people and villages in the region.</p> <p><b>Major components</b> (i) Establishment of wireless (broadband) access networks for SASEC regional village communities (initially 8,000 villages); and (ii) Capacity development.</p> <p><b>Expected Outputs and Outcomes</b> (i) Expanded service availability to villages through broadband access; (ii) Aid in the delivery of e-government; and (iii) Increased village access to e-health and e-education services.</p>
<b>Preparing Subregional Transport Logistics and Trade Facilitation</b>	<p><b>Impact</b> Common prosperity and poverty reduction in South Asian countries by realizing the regional potential in economic and social development.</p> <p><b>Major components</b> (i) Improvement of transport logistics for trade facilitation; and (ii) Strengthening of institutional governance capacity in border facilities and customs administration.</p>

Project Name	Description
	<p><b>Expected Outputs and Outcomes</b></p> <ul style="list-style-type: none"> <li>(i) More efficient and effective trade facilities and transport logistics; and</li> <li>(ii) Improved regional economic integration through integrated regional transport network and facilitative arrangements for trade and transit logistics.</li> </ul>
<p><b>Regional Project Development Facility</b></p>	<p><b>Impact</b> Regional cooperation in South Asia through cross-border infrastructure projects developed through the public–private partnership (PPP) modality.</p> <p><b>Major components</b></p> <ul style="list-style-type: none"> <li>(i) Establishment of a project development facility that can be accessed by project sponsors for all project development activities from design to implementation;</li> <li>(ii) Capacity development and harmonization of PPP guidelines across the region; and</li> <li>(iii) Private sector development.</li> </ul> <p><b>Expected Outputs and Outcomes</b></p> <ul style="list-style-type: none"> <li>(i) Establishment of regional project development facility;</li> <li>(ii) Enhanced business relationships in the region;</li> <li>(iii) Best practices in terms of project structuring and deal flow generation; and</li> <li>(iv) More PPP activities that facilitate greater cross-border cooperation.</li> </ul>
<p><b>Achieving Water Security for South Asia</b></p>	<p><b>Impact</b> Improved water security for urban residents and investors seeking economic opportunities in growth centers through regional cooperation in sharing knowledge, technology, and expertise in water governance and management in urban areas of South Asian countries (Bangladesh, Bhutan, India, Nepal, and Sri Lanka) in line with the recommendations made in 2007 Asia Water Development Outlook.</p> <p><b>Major components</b> Exchange of best practices, pilot schemes, studies and data collection, seminars and trainings.</p> <p><b>Expected Outputs and Outcomes</b></p> <ul style="list-style-type: none"> <li>(i) Better understanding and enhanced vision of policy parameters in the water sector, including internationally accepted performance standards and targets, demand site management, nonrevenue water reduction, and integrated water resources management;</li> <li>(ii) Upgraded and improved water governance and management in view of the changing water management landscape in South Asia; and</li> <li>(iii) Enhanced economic opportunities for urban centers by stable supply of water to commerce and industry.</li> </ul>
<p><b>Promoting Good Governance and Knowledge on Urban Development</b></p>	<p><b>Impact</b> Enhanced management capacity on water-related governance in South Asian countries.</p> <p><b>Major components</b></p> <ul style="list-style-type: none"> <li>(i) Regional (national or provincial levels) development planning and the roles of urban-related institutions; and</li> <li>(ii) Water-related governance, development, and management practices.</li> </ul>

Project Name	Description
	<b>Expected Outputs and Outcomes</b> (i) Better understanding of urban-led development strategies in South Asian countries; and (ii) Institutionalized capacity building and/or training courses on water-related management and governance.

Source: Asian Development Bank.



## ASSISTANCE PROGRAM FOR CURRENT YEAR

Table A3.1: Assistance Pipeline for Lending Products, 2008

Sector Project/Program	Countries Involved	Targeting Classification	Thematic Priority	Responsible Division	Year of Project Preparatory Assistance	Cost (\$ million)						
						Total	OCR	ADB		Govt <sup>b</sup>	Co- financing	
								ADF <sup>a</sup>	Total			
<b>Energy</b>												
1. Green Power Development <sup>c</sup>	BHU	GI	ECG/PSD REG	SAEN	2007	TBD	51.0	54.3	105.3	TBD	60.5	
2. West Seti Hydroelectric Project <sup>c</sup>	NEP	GI	ECG/REG	SAEN	2007	TBD		45.0	45.0	TBD	TBD	
<b>Total 2008</b>						<b>TBD</b>	<b>51.0</b>	<b>99.3</b>	<b>150.3</b>	<b>TBD</b>	<b>TBD</b>	

ADB = Asian Development Bank; ADF = Asian Development Fund; BHU = Bhutan; ECG = sustainable economic growth; GI = general intervention; Govt = Government; OCR = ordinary capital resources; REG = regional cooperation; PSD = private sector development; SAEN = South Asia Energy Division; TBD = to be determined.

<sup>a</sup> Subject to funds availability and finalization of Asian Development Fund grants framework.

<sup>b</sup> Could change as a result of country assessments of cost-sharing ceilings.

<sup>c</sup> National project with regional implications.

Source: Asian Development Bank.

**Table A3.2: Assistance Pipeline for Nonlending Products and Services, 2008**

Sector/Assistance Name	Countries Involved	Responsible Division	Assistance Type	Source of Funding				Total (\$'000)
				ADB		Others		
				Source <sup>a</sup>	Amount (\$'000)	Source <sup>a</sup>	Amount (\$'000)	
<b>Energy</b>								
1. Promotion for Clean Power Export Development <sup>b</sup>	BHU	SAEN	CDTA	TASF	600.0	RCIF	888.0	1,488.0
<b>Transport and Communications</b>								
1. Road Networks II <sup>b</sup>	BHU	SATC	PPTA	JSF	650.0			650.0
2. Supporting Public–Private Partnership for the North–South Fast Track Road <sup>b</sup>	NEP	SATC	CDTA	JSF	500.0			500.0
<b>Multisector</b>								
1. South Asia Finance Ministers' Meeting	SAARC	SAGF	R-PATA	TASF	500.0			500.0
2. Planning Regional Food Security Initiatives in SAARC	SAARC	SANS	R-CDTA	TASF	500.0			500.0
3. Development of Partnership Program for South Asia (Supplementary)	TBD	SAOC	R-CDTA			Norway/ Sweden	588.0	588.0
4. South Asia Subregional Economic Cooperation IV (SASEC IV)	BAN/BHU/ IND/NEP	SAOC	R-PATA	TASF	1,000.0			1,000.0
5. Promoting South Asian Regional Economic Cooperation II	SAARC	SAOC	R-CDTA	TASF	1,000.0			1,000.0
6. Support for Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation	BIMSTEC	SAOC	R-CDTA	TASF	700.0			700.0
7. Strategic Partnership for Political Development and Action to Foster Regional Cooperation in South Asia	TBD	SAOD	R-PATA			RCIF	700.0	700.0
8. Improving Connectivity and Destination Management of Natural and Cultural Heritage Resources in the South Asian Subregion	BAN/BHU/ IND/NEP/SRI	SAUD	R-CDTA			RCIF	2,000.0	2,000.0
<b>Total</b>					<b>5,450.0</b>		<b>4,176.0</b>	<b>9,626.0</b>

ADB = Asian Development Bank; BAN = Bangladesh; BIMSTEC = Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation; BHU = Bhutan; CDTA = capacity development technical assistance; IND = India; JSF = Japan Special Fund; NEP = Nepal; PPTA = project preparatory technical assistance; RCIF = Regional Cooperation and Integration Fund; R-CDTA = regional capacity development technical assistance; R-PATA = regional policy and advisory technical assistance; R-PPTA = regional project preparatory technical assistance; SAARC = South Asia Association for Regional Cooperation; SAEN = South Asia Energy Division; SAGF = South Asia Governance, Finance and Trade Division; SANS = South Asia Agriculture, Natural Resources and Social Services Division; SAOC = South Asia Country Coordination and Regional Cooperation Division; SAOD = South Asia Office of the Director General; SATC = South Asia Transport and Communications Division; SAUD = South Asia Urban Development Division; SASEC = South Asia Subregional Economic Cooperation; SRI = Sri Lanka; TASF = technical assistance special fund; TBD = to be determined.

<sup>a</sup> Subject to funds availability.

<sup>b</sup> National project with regional implications.

Source: Asian Development Bank.