

REGIONAL COOPERATION AND INTEGRATION PERFORMANCE

A. Project Success Rates

Table 1: Percentage of Successful RCI Projects^a by Evaluation Criteria

	Relevance	Effectiveness	Efficiency	Sustainability	Overall Rating
No. of projects rated relevant/ effective/efficient/ likely sustainable/successful	51	44	37	35	47
Total no. of projects rated/evaluated	51	51	50	50	58
Success rate (%)	100%	86%	74%	70%	81%

RCI=regional cooperation and integration

^a A project may include more than one loan, grant or TA.

Source: PPERs, PVRs, and PPARs of RCI Projects, ADB-IED.

**Table 2: Percentage of Successful RCI Projects^a approved in
1970s–80s, 1990s, and 2000s**

	1970s-1980s	1990s	2000s	Total
No. of projects rated successful	5	15	27	47
Total no. of projects evaluated	6	17	35	58
Success rate (%)	83%	88%	77%	81%

^a A project may include more than one loan, grant or TA.

Source: PPERs, PVRs, and PPARs of RCI Projects, ADB-IED.

Table 3: Percentage of Successful RCI Projects,^a by Pillar

	Pillar 1	Pillar 2	Pillar 4	Multi-Pillar	Total
No. of projects rated successful	41	1	3	2	47
Total no. of projects evaluated	51	2	3	2	58
Success rate (%)	80%	50%	100%	100%	81%

^a A project may include more than one loan, grant or TA.

Source: PPERs, PVRs, and PPARs of RCI Projects, ADB-IED.

Table 4: Percentage of Successful RCI Projects,^a by Subregional Program

	CAREC	GMS	PDMCs	SASEC	Non-SP	Total
No. of projects rated successful	9	17	2	2	17	47
Total no. of projects evaluated	13	18	2	2	23	58
Success rate (%)	69%	94%	100%	100%	74%	81%

^a A project may include more than one loan, grant or TA.

Source: PPERs, PVRs, and PPARs of RCI Projects, ADB-IED.

Table 5: Percentage of Successful RCI Projects,^a by Modality

	Loans	Grants	Loans & Grants	Grants & TA	PS Loans & Equity	Total
No. of projects rated successful	41	1	3	1	1	47
Total no. of projects evaluated	50	2	3	1	2	58
Success rate (%)	82%	50%	100%	100%	50%	81%

^a A project may include more than one loan, grant or TA.

Source: PPERs, PVRs, and PPARs of RCI Projects, ADB-IED.

Table 6: Percentage of Successful RCI Projects,^a by Sector and by Approval Period

	ANR	EDU	ENE	FIN	HSP	IAT	MUL	PSM	TAI	WMS	Total
1970s–1980s											
No. of projects rated successful									5		5
Total no. of projects evaluated									6		6
Success Rate (%)									83%		83%
1990s											
No. of projects rated successful			2						13		15
Total no. of projects evaluated			2						15		17
Success Rate (%)			100%						87%		88%
2000s											
No. of projects rated successful			2		1	3	2		18		26
Total no. of projects evaluated			2		1	3	2		25		33
Success Rate (%)			100%		100%	100%	100%		72%		79%

ANR = agriculture and natural resources; EDU=education; ENE=energy, FIN=finance; HSP=health and social protection; IAT= industry and trade; MUL = multisector; PSM=public sector management; OSFMD = RCI = regional cooperation and integration; TAI = transport and information and communication technology; WMS = water supply, and other municipal infrastructure and services.

^a A project may include more than one loan, grant or TA.
Source: PPERs, PVRs, and PPARs of RCI Projects, ADB-IED.

Table 7: Project Success Rates based on PVRs/PPERs/PPARs: RCI and Non-RCI

SECTORS	OVERALL				RCI Projects ^a				NON-RCI Projects ^b			
	Total Projects Validated ^c	Success (HS/S) Rate (%)	No. Successful	No. NOT Successful (LS/UN)	Total Projects Validated	Success (HS/S) Rate (%)	No. Successful	No. NOT Successful (LS/UN)	Total Projects Validated	Success (HS/S) Rate (%)	No. Successful	No. NOT Successful (LS/UN)
ANR	85	62%	53	32	^d				85	62%	53	32
EDU	43	63%	27	16	^d				43	63%	27	16
ENE	33	64%	21	12	5	100%	5	0	28	57%	16	12
FIN	30	40%	12	18	^d				30	40%	12	18
HSP	14	93%	13	1	1	100%	1	0	13	92%	12	1
IAT	17	47%	8	9	4	75%	3	1	13	39%	5	8
MUL	46	72%	33	13	2	100%	2	0	44	70%	31	13
PSM	32	41%	13	19	^d				32	41%	13	19
TAI	80	73%	58	22	46	78%	36	10	34	65%	22	12
WMS	44	55%	24	20	^d				44	55%	24	20
Overall	424	62%	262	162	58	81%	47	11	366	59%	215	151

ANR = agriculture and natural resources, EDU = education, ENE = energy, FIN = finance, HS = highly successful, HSP = health and social protection, IAT = industry and trade, LS = less than successful, MUL = multisector, PSM = public sector management, S = successful, TAI = transport and information and communication technology, UN = unsuccessful, WMS = water supply, and other municipal infrastructure and services.

^a Includes all evaluated RCI loans and grants.

^b Includes only evaluated loans during 2005–2014.

^c Includes a few PCRs prepared in 2014.

^d No RCI projects in the sector.

Source: 2014 ADB Annual Report, IED PVR and PPER Ratings Database as of June 2015.

Table 8: No. of Self-Assessed TAs by Rating and by Sector

Rating	ANR	EDU	ENE	FIN	HSP	IAT	MUL	PSM	TAI	WMS	Total	% of total
HS	6	3	6	3	2	4	6	11	3	1	45	16%
S	16	3	12	29	10	23	17	68	17	6	201	72%
PS	6	0	2	3	0	1	1	8	4	0	25	9%
LS	1	0	2	0	0	0	0	0	0	0	3	1%
U	0	0	0	0	0	2	0	2	0	0	4	1%
Total	29	6	22	35	12	30	24	89	24	7	278	100%
Success rate (%)	76%	100%	82%	91%	100%	90%	96%	89%	83%	100%	88%	

ANR = agriculture and natural resources, EDU = education, ENE = energy, FIN = finance, HS = highly successful, HSP = health and social protection, IAT = industry and trade, LS = less than successful, MUL = multisector, PS = partly successful, PSM = public sector management, S = successful, TAI = transport and information and communication technology, US = unsuccessful, WMS = water supply, and other municipal infrastructure and services.

Sources: OSFMD database on Loans, TA, Grant and Equity Approvals as of 1 April 2015; Project lists for regional/ subregional cooperation programs as provided by regional departments/program secretariats; and TA completion reports (TACRs).

Table 9: No. of Self-Assessed TAs by Rating and by RCI Pillar

Rating	Pillar 1	Pillar 2	Pillar 3	Pillar 4	Multi-Pillar	Total	% of total
HS	10	4	3	23	5	45	16%
S	35	23	29	97	17	201	72%
PS	6	1	3	14	1	25	9%
LS	2	0	0	1	0	3	1%
U	0	2	0	2	0	4	1%
Total	53	30	35	137	23	278	100%
Success rate (%)	85%	90%	91%	88%	96%	88%	

HS = highly successful, LS = less than successful, PS = partly successful, S = successful, US = unsuccessful.

Sources: OSFMD database on Loans, TA, Grant and Equity Approvals as of 1 April 2015; Project lists for regional/ subregional cooperation programs as provided by regional departments/program secretariats; and TA completion reports (TACRs).

Table 10: Project Success Rates by Sector: RCI and Non-RCI Projects

SECTORS	All Projects Evaluated by IED				RCI Projects ^a				NON-RCI Projects ^b			
	Total No. of Projects ^c	Success Rate (%)	No. Successful	No. NOT Successful	Number	Success Rate (%)	No. Successful	No. NOT Successful	Number	Success Rate (%)	No. Successful	No. NOT Successful
ANR	85	62%	53	32	^d				85	62%	53	32
EDU	43	63%	27	16	^d				43	63%	27	16
ENE	33	64%	21	12	5	100%	5	0	28	57%	16	12
FIN	30	40%	12	18	^d				30	40%	12	18
HSP	14	93%	13	1	1	100%	1	0	13	92%	12	1
IAT	17	47%	8	9	4	75%	3	1	13	39%	5	8
MUL	46	72%	33	13	2	100%	2	0	44	70%	31	13
PSM	32	41%	13	19	^d				32	41%	13	19
TAI	80	73%	58	22	46	78%	36	10	34	65%	22	12
WMS	44	55%	24	20	^d				44	55%	24	20
Overall	424	62%	262	162	58	81%	47	11	366	59%	215	151

ANR = agriculture and natural resources; EDU=education; ENE=energy, FIN=finance; HSP=health and social protection; IAT= industry and trade; MUL = multisector; PSM=public sector management; OSFMD = RCI = regional cooperation and integration; TAI = transport and information and communication technology; WMS = water supply, and other municipal infrastructure and services.

^a Includes all evaluated RCI loans and grants evaluated by IED.

^b Includes only evaluated loans during 2005–2014.

^c Includes a few PCRs prepared in 2014.

^d No RCI projects in the sector.

Source: ADB. 2015 ADB Annual Evaluation Review. Manila; IED PVR and PPER Ratings Database as of June 2015.

Table 11: Project Success Rates, by Region/Subregion: RCI and Non-RCI Projects

Region/Sub-Region	All Projects Evaluated by IED		RCI Projects		NON-RCI Projects	
	Number	Success Rate (%)	Number	Success Rate (%)	Number	Success Rate (%)
East Asia	54	85%	9	100%	45	82%
Southeast Asia	126	66%	19	79%	107	64%
South Asia	98	69%	6	83%	92	68%
The Pacific	29	45%	7	100%	22	27%
Central and West Asia	112	45%	17	65%	95	41%
Total	419	62%	58	81	361	59%

Source: ADB. 2015 ADB Annual Evaluation Review. Manila; IED PVR and PPER Ratings Database as of June 2015.

Table 12: Results of Regional and Sector Evaluations

	Top-down assessment				Bottom-up assessment					Overall Rating
	Strategic Assessment	Institutional Assessment	Value Addition	ADB Performance	Relevance	Effectiveness	Efficiency	Sustainability	Impact	
RCAPE for the GMS (2008)	Substantial	Substantial	Substantial	Substantial	Relevant	Effective	Efficient	Likely	Modest	Successful
Energy Sector in the GMS (2008)	Substantial	Substantial	Substantial	Substantial	Highly relevant	Effective	Efficient	Likely	Substantial	Successful
Tourism Sector in the GMS (Dec 2008)	Substantial	Substantial	Modest	Substantial	Relevant	Effective	Efficient	Likely	not rated	Successful
Transport and Trade Facilitation in the GMS (2008)	Substantial	Substantial	Substantial	Substantial	Highly relevant	Effective	Efficient	Likely	Substantial	Successful
South Asia Regional CPS (2010)	Modest	Modest	Modest	Modest	Relevant	Less effective	Less efficient	not rated	not rated	Partly

CPS = country partnership strategy, GMS = Greater Mekong Subregion, RCAPE = regional country assessment program evaluation.

Sources: RCAPE GMS (2008); Energy Sector in the GMS (2008); Tourism Sector in the GMS (2008); Transport and Trade Facilitation in the GMS (2008); South Asia Regional Cooperation Partnership Strategy (2006–2008) Completion Report (2010), ADB-IED.

B. Evaluation Results of RCI Knowledge Publications

Table 13: Results of the 2012 KPS SES Evaluation of Selected RCI Knowledge Publications

Pillar/Title of RCI Publication	2012 KPS SES Evaluation Ratings ^a				
	Relevance & policy applicability	Clarity and focus	Quality of analysis, level of knowledge	Value addition of flagships	Overall
General (Multi-pillar)					
1) ADB. 2008. <i>Emerging Asian Regionalism: A Partnership for Shared Prosperity</i> . Manila.	4.0	4.4	4.2	3.3	4.0
2) ADB. 2010. <i>Institutions for Regional Integration: Toward an Asian Economic Community</i> . Manila.	4.3	4.2	4.3	4.0	4.2
3) ADB. 2011. <i>Finding Balance 2011: Benchmarking the Performance of State-Owned Enterprises in Fiji, Marshall Islands, Samoa, Solomon Islands, and Tonga</i> . Manila.	4.0	3.4	3.0	n.a.	3.4
4) H. Kohli, A. Sharma and A. Sood, eds. 2011. <i>Asia 2050: Realizing the Asian Century</i> . Los Angeles, CA: Asian Development Bank/ Sage Publications.	3.3	3.4	3.5	3.3	3.4
Trade and investment					
5) <i>Comparative Perspectives on Trans-Pacific Trade, Integration, and Development</i> (with IADB), 2009 by OREI (Report)*	4.7	3.4	3.5	n.a.	3.7
6) <i>Can Trade with the People's Republic of China Be an Engine of Growth for Developing Asia?</i> 2010 by ERD (Journal)*	3.3	3.6	2.5	n.a.	3.1
Monetary & financial					
ADB. 2009. <i>Taking the Helm: A Policy Brief on a Response to the Global Economic Crisis</i> . Pacific Studies Series. Manila.	4.0	3.0	2.5	n.a.	3.0
Regional public goods					
ADB. 2009. <i>The Economics of Climate Change in Southeast Asia: A Regional Review</i> . Manila.	5.0	5.0	5.0	n.a.	5.0

IADB = Inter-American Development Bank, n.a.=not applicable, OREI = Office of Regional RCI = regional cooperation and integration,

* These knowledge publications/papers are not in the OREI list of RCI publications.

^a An independent external review panel (ERP) was engaged under IED's 2012 evaluation of ADB's knowledge products and services to evaluate the quality of a select sample of recent ADB publications. The ERP reviewed and rated the sample publications using the following criteria and methodology: (i) Relevance and policy applicability; (ii) Clarity and focus; (iii) Quality of analysis, level of knowledge, and (iv) Value-addition of Flagships. The rating scale used was: 1 = strongly disagree with (+) statement, 2 = disagree with (+) statement, 3 = neutral or undecided on statement, 4 = agree with (+) statement, 5 = strongly agree with statement, or N/A = statement is not applicable to this publication.

Source: ADB. IED. 2012. *Knowledge Products and Services: Building a Stronger Knowledge Institution*. Manila; OREI, RCI Community of Practice and Asia Regional Integration Center. *Regional Cooperation and Integration Publications List, 1992-2014*.

Table 14: Results of the 2011 SES on ADBI Performance' Evaluation of Selected RCI Knowledge Publications

Pillar/Title of RCI Publication ^a	2011 SES on ADBI Performance Quality Assessment ^b
Infrastructure	
1) ADB and Asia Development Bank Institute. 2009. <i>Infrastructure for a Seamless Asia</i> . Tokyo.	<ul style="list-style-type: none"> • The overall quality of the book is good with a couple of weaker chapters. • The book is not only relevant to ADB's mission, but can be useful to a wider audience. • It has lots of useful and valuable information, much of which is very relevant for ADB's as well as ADBI's mission.
2) D. Brooks and D. Hummels, eds. 2009. <i>Infrastructure's Role in Lowering Asia's Trade Costs: Building for Trade</i> . Cheltenham, UK: Edward Elgar.	<ul style="list-style-type: none"> • Rated highly as being of international quality • A model for the sort of work that accords with the ADBI mission: topical policy-related; high quality analytics and empirics; gathers together a leading international scholar in the field with a senior ADBI staff member and well-known regional scholars; and combines comparative work alongside interesting country case study material
Trade and investments	
3) "Decomposing China-Japan-U.S. trade: Vertical specialization, ownership, and organizational form", <i>Journal of Asian Economics</i> , 20(6): 596-610, 2009 by Judith M. Dean, Mary E. Lovely, Jesse Mora (Journal Article published)	<ul style="list-style-type: none"> • I liked the way that the evidence was interpreted using recent theoretical work in the trade literature, so that some sense could be made of the detailed empirical evidence. At the same time, I thought the authors were careful not to overstate what is known. This work surely has real policy relevance, in part because everything to do with Chinese trade is important, but also because it is impossible to think about free-trade areas and proposals without understanding these matters. So this seemed to me to fit well within the ADBI mandate, understanding the structure of the regional economies and how they are related.
4) "Armington Meets HeMelitz: Introducing Firm Heterogeneity in Global CGE Model of Trade," Discussion Paper No. 108, 2008 by Fan Zhai (Working/Discussion Paper unpublished)	<ul style="list-style-type: none"> • Since the results are in no way unexpected or surprising (after all, allowing more mechanisms of response to the tariff cut is unlikely to lower its beneficial effect), I am not convinced this methodological exercise is of much relevance to ADBI's mission.
5) Sources of FDI Flows to Developing Asia: The Roles of Distance and Time Zones, Working Paper No. 117, 2008 by Rabin Hattari, Ramkishen S. Rajan (Working/Discussion Paper unpublished)	<ul style="list-style-type: none"> • From ADBI's perspective, research on FDI is clearly important and this paper does a good job of laying out the data. However, it falls short in providing any basis for country policy regarding FDI.
6) The Macroeconomic Effects of Infrastructure Financing: A Tale of Two Countries", <i>Integration and Trade</i> , 28:297-323, 2008 by Brooks, D.H., and F. Zhai (Journal Article published)	<ul style="list-style-type: none"> • The essay reaches a number of conclusions about some of the differences between People's Republic of China (PRC) and India, but that the results are driven more than is often the case by the assumptions in how the problem is set up and the parameters estimated. The output elasticities of infrastructure investment in the two countries are taken from cross country studies. It might have been more useful if the authors had devoted their time to trying to actually estimate these parameters for PRC and India than to run this model.
7) <i>Infrastructure and Trade in Asia</i> , ADBI and Edward Elgar Publishing, 2008 by Douglas Brooks and Jayant Menon (Book)	<ul style="list-style-type: none"> • The overall quality of the book is good with a couple of weaker chapters. Addressing the measurement issues increases the usefulness of the book since policymaking can be enhanced by good empirical analysis. The book then is not only relevant to ADB's mission, but can be

Pillar/Title of RCI Publication ^a	2011 SES on ADBI Performance Quality Assessment ^b
	useful to a wider audience.
8) "Infrastructure Financing: Impacts on Macroeconomic Balances" (D.H. Brooks and J. Menon, eds., <i>Infrastructure and Trade in Asia</i> , Edward Elgar Publishing, 2008 by Brooks, D.H., and F. Zhai (Book Chapter)	<ul style="list-style-type: none"> The study is of excellent quality in terms of substance and presentation and rates high in usefulness and relevance, with a major caveat. It would have been more useful if the authors estimated some of the elasticities for PRC and India. In particular, the output elasticities of infrastructure investments are key parameters in the study in view of the issues being addressed and the implications of these elasticities on the increases in tax rates to finance the infrastructure investments. (The study assumed output elasticities of infrastructure investments of 0.7, both for PRC and India, using Cobb-Douglas production functions.) It would have been more useful if these elasticities were actually estimated for the two countries considering that the scale and mix of infrastructure investments differ across the two countries.
9) "Free Trade Agreement between People's Republic of China and India: Likely Impact and Its Implications to Asian Economic Community," Discussion Paper no. 59, 2007 by Swapan K. Bhattacharya, Biswa Bhattacharyay (Working/Discussion Paper unpublished)	<ul style="list-style-type: none"> On the whole, the paper is an ordinary, mundane but perhaps mildly useful paper.
10) "Policy Environment and Regulatory Reforms for Private and Foreign Investment in Developing Countries: A Case of Indian Power Sector," Discussion Paper no. 64, 2007 by Anoop Singh (Working/Discussion Paper unpublished)	<ul style="list-style-type: none"> On the whole, the paper is very useful and relevant.
11) "EAFTA or CEPEA? Which Way Forward?, <i>ASEAN Economic Bulletin</i> , 25(2):113-130,2008 by Kawai, M., and G. Wignaraja (Journal Article published)	<ul style="list-style-type: none"> Rated highly as being of international quality
12) "Building Blocks or Stumbling Blocks? The GMS and FTA in Asia," <i>ASEAN Economic Bulletin</i> , 24 (2): 254-66, 2007 by Jayant Menon (Journal Article published)	<ul style="list-style-type: none"> The paper is well argued but unfortunately it has few concrete, rather than general, findings from GMS and AFTA in support of its arguments.
13) "Assessing Poverty Impact of Trade Liberalization Policies: A Generic Macroeconomic Computable General Equilibrium Model for South Asia," Discussion Paper no. 22, 2005 by Haider Khan (Working/Discussion Paper unpublished)	<ul style="list-style-type: none"> The paper is very disappointing and of little relevance to ADBI's mission.

^a These publications, except no.2 (D. Brooks and D. Hummels, eds. 2009. *Infrastructure's Role in Lowering Asia's Trade Costs: Building for Trade*. Cheltenham, UK: Edward Elgar), are not in the list of OREI publications.

^b These are the individual assessments of members of an external review panel (ERP) engaged to evaluate the quality of 69 selected ADB Institute (ADBI) research products during 1998-2009 under IED's 2011 evaluation of the performance of ADBI. The ERP gave due consideration to ADBI's research mandate, which is to draw policy implications of development issues.

Sources: Independent Evaluation Department (IED). 2011. *Performance of the Asian Development Bank Institute: Research, Capacity Building and Training, and Outreach and Knowledge Management*. Manila; ADB; IED. 2012. *Knowledge Products and Services: Building a Stronger Knowledge Institution*. Manila; OREI, RCI Community of Practice and Asia Regional Integration Center. *Regional Cooperation and Integration Publications List, 1992-2014*.

C. Recent Performance of Selected RCI Projects Under the RCI Pillars

1. This section presents the findings from four recently completed evaluation reports. These evaluations were purposively chosen by IED to provide up-to-date inputs into the TES. They span all the four RCI pillars, cover different assistance modalities, and cover a wide range of countries.

1. Pillar 1: Lao Northern Economic Corridor Project Performance Evaluation Report¹

2. The GMS Northern Economic Corridor Project in the Lao People's Democratic Republic was approved in 2002 and completed in 2009. The project was funded by Special Funds resources of ADB and bilateral loans from the governments of the PRC and Thailand on concessional terms. The project aimed to accelerate subregional development and reduce poverty in Lao PDR by upgrading the road connecting two of Lao PDR's poorest provinces, Louangnamtha and Bokeo, and link Chiang Rai in Thailand with Yunnan Province in the PRC.

3. The project performance evaluation report prepared by IED in 2014 assessed the project *less than successful* as it was not economically viable for Lao PDR. However, the report found the project helped reduce transport costs and travel time, although the distribution of these benefits was uneven across the countries. While most of the benefits accrued to the PRC and Thailand the maintenance costs were fully borne by Lao PDR. Without an agreement on collection of tolls for transit vehicles current spending on road maintenance by the Lao PDR was inadequate, putting in doubt the sustainability of benefits in the long term.

4. Travel time between the border at Boten to the border at Houayxay decreased from more than nine hours in 2004 to four hours after project completion in 2009. Vehicle operating costs decreased and passenger and freight traffic grew at rates higher than estimated at appraisal. Most of the freight traffic was cargo in transit between the PRC and Thailand (62% in the case of medium-sized trucks and 83% for heavy trucks). The report found that benefits from trade and investment were far greater for the PRC and Thailand than for Lao PDR, as they are able to readily exploit the trade potential between the countries and take advantage of investment possibilities in Lao PDR. Lao PDR is currently unable to fully access the business opportunities arising from the road due to weak capacity of human resources, technological know-how, and availability of financial capital.

5. The report noted that extending the benefits of the road to local residents in Lao PDR involves overcoming existing barriers to transforming the road into an economic corridor. It suggests a need to improve most of the feeder roads, which are currently unpaved and complementary investments in areas such as improving logistics facilities and developing capacity of local entrepreneurs. The report identified the lack of free movement of vehicles across the borders as an impediment to fully achieving the goal of regional integration. Both time and costs could be saved if cargo can be transported without transshipment at the borders. Manual loading and unloading of cargo at the transshipment facilities at borders carries the risk of damage to cargo, and breaks the cold chain for fresh and frozen products. The report suggests that an agreement on collective maintenance through tolls or road user charges between the countries involved is necessary to sustain project benefits.

2. Pillar 2: Trade Finance Program Corporate Evaluation Study²

6. Building on the experience of other MDBs (notably European Bank for Reconstruction and Development (EBRD) and International Finance Corporation (IFC), ADB's Trade Finance Program (TFP) was launched as a small scale pilot scheme in 2003 with an exposure limit of \$150 million. Following five years of developing the operational fundamentals for a meaningful scope expansion (such as

¹ IED. 2014. *Project Performance Evaluation Report: GMS Northern Economic Corridor Project in Lao PDR*. Manila: ADB.

² ADB. 2014. *Corporate Evaluation Study: ADB Trade Finance Program*. Manila

building the network of eligible participating issuing and confirming banks), the TFP was expanded in 2009, increasing the exposure limit to \$1.0 billion. This change was in part responding to the 2008 global economic crisis. Currently, TFP operates four main financing products. There are two guarantee products: (i) the Credit Guarantee (CG), which covers up to 100% of bank risk, and (ii) the Risk Participation Agreement (RPA), which automatically binds the TFP to 50% of bank risk in support of trade transactions. Apart from these guarantee products, TFP includes a funded product, the Revolving Credit Facility (RCF), which provides loans directly to banks in countries to support pre- and post-shipment trade transactions. The fourth TFP product is the Risk Distribution Agreement (RDA), which leverages capital resources and credit limits through co-financing.

7. The TFP currently works with over 200 partner banks. Since 2009, the TFP has supported over 9,000 transactions involving a trade volume of \$20 billion and generated \$12 billion in co-financing. In 2014 alone, TFP supported nearly 2,000 transactions for a trade volume of \$3.83 billion as well as \$ 2.04 billion in co-financing. TFP has supported trade in 18 countries, with Bangladesh, Mongolia, Pakistan, Sri Lanka, Uzbekistan and Viet Nam being the most active. Since 2009, more than 6,000 SMEs have benefitted from the TFP, with 1,549 SMEs in 2014 alone. ADB's TFP has received several awards for excellence including "the Best Development Bank in Trade" in 2010 and 2014 by the Global Trade Review. As such, the TFP may be considered as PSOD's flagship contribution to ADB's RCI agenda.

8. In 2014, IED conducted a Corporate Evaluation Study (CES) on the TFP. The TFP was successful in addressing the important market gap between supply and demand of trade finance. During periods of financial crisis, the role of TFP was seen to be particularly relevant to the needs of many countries to secure larger, more stable trade finance facilities as a means to encourage trade and stimulate economic growth. ADB's anti-crisis response of boosting access to trade finance in 2009 was timely and pertinent. During normal times, TFP was relevant to the needs of the banking sectors and small and medium enterprises (SMEs) in poorer countries, whose ability to trade is impeded by perceptions of high country risk and insufficient trade lines with the major international banks. Based on the TFP transactions database provided by the Trade Finance Unit, intra-regional trade (defined as trades within the Asia and Pacific region) accounted for 7% of transactions supported in 2009, 37% in 2010, 52% in 2011, 83% in 2012, and 86% in 2013 by the value of ADB TFP participation amounts.

9. The CES also identified several key areas for further enhancement. First, there is scope to more proactively support poorer countries and smaller banks with limited resources. Second, a significant proportion of TFP (over half in 2013) supported large scale oil and gas trade, which diverts the availability of resources that could potentially be used for the benefit of SMEs. Third, given the established demand for TFP, consideration should be given to its establishment as a fully-fledged and resourced ADB line-of-business with adequate permanent staff, avoiding risks and high costs associated with outsourced due-diligence. Building in-house continuity with relationship management among ADB and participating banks would also likely have long-term spin-off beneficial effects for future ADB's PSO work.

3. Pillar 3: Asian Bond Market Initiative Technical Assistance Performance Evaluation Report³

10. ADB provided several regional TA grants for the ABMI to support the development of efficient and liquid bond markets in the ASEAN+3 countries. These TAs were funded mainly by Japan, the PRC and the Republic of Korea. The ABMI is an initiative launched in December 2002 by the finance ministers from the ASEAN+3 countries.

³ ADB. 2015. *Performance Evaluation Report: Technical Assistance Grants to Support Development of Cross-Border Bond Markets in the ASEAN+3 Countries*. Manila.

11. In 2015 IED prepared a technical assistance evaluation report (TPER) covering seven TA projects that supported ABMI during its early stages of operations in 2003–2008 that were designed to promote cross-border bond issuance and trading. These TA projects covered four areas that were viewed as essential building blocks for the development of regional bond markets: (i) development of a regional guarantee and investment mechanism, (ii) establishment of a regional clearing and settlement mechanism, (iii) development of multicurrency and regional basket currency bonds, and (iv) harmonization of bond standards and practices in the region. The push for the development of bond markets was a response to the 1997/1998 Asian financial crisis and it was expected to reduce the vulnerability of the financial system to economic shocks by reducing the dependence of the financial system on banks.

12. The report rated the overall performance of the TAs *successful*. It noted that the TA projects produced several valuable outputs. The TA grants on regional credit guarantee and investment mechanisms supported decision making and consensus building leading to the establishment of the Credit Guarantee and Investment Facility. The TA projects on regional clearing and settlement linkages identified the options for establishing a Regional Settlement Intermediary. The TA reports on multicurrency and regional currency basket bonds identified the impediments to the issuance of these types of bonds. However, the issuance of these bonds failed to materialize due to a lack of market readiness. The regional basket currency bond was at best a long term proposition due to the complexity of the instrument and its success was linked to the emergence of an Asian currency unit. The TA projects on harmonization of bond standards and market practices helped institutionalize the participation of market participants through the establishment of the ASEAN Bond Market Forum, which produced the ASEAN+3 Bond Market Guide and the Multi-Currency Bond Issuance Framework that were considered important building blocks for harmonization of standards.

13. The following issues were identified by the report: Support for bond market development at the country level, especially for countries with weak market development, needs to be enhanced to facilitate greater cross border issuance and trading of bonds. To achieve greater development impact through its guarantees the credit guarantee and investment facility should explore opportunities to provide support in areas such as the development of SMEs.

14. Design flexibility to accommodate uncertain decision making arising from the consensus building processes and institutionalizing the participation of market participants and experts for improved effectiveness in achieving outcomes were some of the lessons identified in the report.

4. Pillar 4: GMS Communicable Disease Control Project Performance Evaluation Report

15. The GMS Communicable Disease Control (CDC) project was administered by ADB, in collaboration with the Western Pacific Regional Office of the World Health Organization (WHO/PRO). The project consisting of three grants was approved in 2005 and completed in 2012. The objective of the project was to help three of the GMS countries: Cambodia, Lao People's Democratic Republic and Viet Nam to strengthen their capacity to contain the spread of emerging diseases and reduce the burden of common endemic communicable diseases.⁴ The project was designed to: (i) strengthen national surveillance and response systems, (ii) improve CDC for vulnerable groups, and (iii) strengthen regional collaboration in CDC.

16. The heightened risk of communicable diseases due to increased cross border movement of human and goods traffic provided the rationale for the project. The economic impact of communicable diseases can be severe and widespread as seen in Asia during the 2003 outbreak of severe acute respiratory syndrome, or the avian and human influenza in 2004. Measures to mitigate risks of

⁴ Independent Evaluation Department. 2015. Project Performance Evaluation Report: Greater Mekong Subregion (GMS) Regional Communicable Diseases Control Project (Cambodia, Lao People's Democratic Republic and Viet Nam). ADB: Manila. Unpublished.

communicable diseases require regional cooperation and cannot be undertaken in isolation as such diseases spread quickly across provincial and national borders. The 2006 regional cooperation and integration strategy of ADB identified these mitigation efforts as regional public goods.

17. The project performance evaluation report prepared by IED in 2015 assessed the project to be overall successful. The report found the project had a significant impact on population health and contributed significantly to reduction in infant and under-five mortality, and prevalence of human immunodeficiency virus (HIV)/acquired immunodeficiency syndrome (AIDS) in the three countries.

18. The project succeeded in projecting a common regional stance on the control of the communicable diseases, and upgraded national capacities to respond to outbreaks in the future. All three countries strengthened the capacity of their CDC systems to rapidly assess the emergence of epidemics and to take timely action to control their spread. They improved coverage of prevention and treatment of endemic diseases in the project provinces, thereby reducing the burden of disease. The project activities such as the workshops and meetings organized by the Regional Coordination Unit encouraged interaction between the experts in the three countries, and built trust and familiarity among counterpart colleagues in these countries. This laid the foundation for future collaboration and coordination of regional and cross-border CDC.

19. The report suggested that to provide sustained support for regional public goods such as CDC future ADB efforts should consider partnering with established organizations that have a longer-term presence for regional coordination.

5. Conclusion

20. The findings of these evaluations lend further support to the findings of strong positive RCI project performance. The projects span three assistance modalities (sovereign loan, non-sovereign loan and technical assistance grants) and covered several countries. Although the TFP CES, did not provide a rating it acknowledged TFP's successful role in addressing the market gap between supply and demand of trade finance and the large increase in the share of intraregional transactions supported by TFP during 2009–2013. The TPER rated the performance of the TAs supporting the ABMI overall *successful*, and the PPER on GMS CDC also rated the project overall *successful*. In the case of the GMS northern economic corridor project in Lao PDR, although the overall performance rating was *less than successful* the PPER noted significant regional benefits in terms of reduction in transport costs and increase in trade volumes. All of these evaluations provided suggestions to further enhance the impact of future ADB support for RCI.