



# Technical Assistance Report

---

Project Number: 49242-001  
Regional—Research and Development Technical Assistance (R-RDTA)  
November 2015

## Unlocking Innovation for Development

Distribution of this document is restricted until it has been approved by the Board of Directors. Following such approval, ADB will disclose the document to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank



## ABBREVIATIONS

ADB	–	Asian Development Bank
BISP	–	Benazir Income Support Program
COE	–	center of excellence
DMC	–	developing member country
DSWD	–	Department of Social Welfare and Development
NPMO	–	national program management office
TA	–	technical assistance
TSG	–	Transport Sector Group
USAID	–	United States Agency for International Development

## GLOSSARY

Innovation	–	finding new ways for the Asian Development Bank to serve and address development challenges in developing member countries, viewed similarly by other development initiatives such as Australia's Innovation Exchange.
Scaling up	–	expanding, adapting and sustaining successful policies, programs, or projects in different places and over time to reach a greater number of rural poor and/or beneficiaries <sup>1</sup>
Replication	–	implementation by organizations other than the entity that originally developed the initial pilot or model intervention. Replication can occur within an organization as well as between organizations of the same type (e.g., nongovernment organization to nongovernment organization, or government to government), or different types of organization e.g., nongovernment organization to government. <sup>2</sup>

## NOTE

In this report, "\$" refers to US dollars.

---

<sup>1</sup> International Fund for Agricultural Development. 2011. Guidelines for Scaling Up. *Updated Guidelines and Source Book for Preparation and Implementation of a Results-Based Country Strategic Opportunities Programme (RB-COSOP)*. Volume 2, Section XXI. Rome. Definitions of scaling up include: increasing funding and organizational scale, supplementing project funding, expanding the geographic scope of projects, transferring an innovation elsewhere (especially to a different country), and handing projects off to partners.

<sup>2</sup> A. Hartmann and J. Linn. 2008. Scaling Up. A Framework and Lessons for Development Effectiveness from Literature and Practice. *Wolfensohn Center for Development Working Paper 5*. Washington, D.C.: Brookings.

<b>Vice-President</b>	B. Susantono, Knowledge Management and Sustainable Development
<b>Directors General</b>	M.C. Locsin, Sustainable Development and Climate Change Department (SDCC) W. Um, The Secretary, Office of the Secretary
<b>Senior Director Directors</b>	G.H. Kim, Sector Advisory Services Division, SDCC P. Bhandari, Climate Change and Disaster Risk Management Division concurrently Technical Advisor (Climate Change and Disaster Risk Management), SDCC B. Édes, Social Development, Governance, and Gender Division, SDCC R. Fukui, Head, Knowledge Sharing and Services Center and Advisor, SDCC
<b>Team leader</b>	K. Seetharam, Principal Knowledge Sharing and Services Specialist, SDCC
<b>Team members</b>	C. Buentjen, Principal Public Management Specialist, SDCC M.J. Carangal-San Jose, Senior Knowledge Sharing and Services Officer, SDCC M. Driver, Investment Specialist, Private Sector Operations Department H. Ear-Dupuy, Social Development Specialist (Civil Society and Participation), SDCC R. Hattari, Public Management Economist (Fiscal Management and Social Security), Indonesia Resident Mission, Southeast Asia Department (SERD) Y. Ito, Social Development Specialist, SDCC A. Lopez Martinez, Energy Specialist, South Asia Department D. Mathew, Planning and Policy Specialist, Strategy and Policy Department M. Rattinger, Climate Change Specialist, SDCC P. Rhee, Counsel, Office of the General Counsel K. Schelzig, Senior Social Sector Specialist, SERD L. Schou-Zibell, Technical Advisor (Finance), SDCC N. Soetantri, Transport Specialist, SDCC M. Van der Auwera, Senior Financial Sector Specialist (Social Security), Central and West Asia Department L. Wright, Senior Transport Specialist, SDCC

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

## CONTENTS

	<b>Page</b>
RESEARCH AND DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE	
I. INTRODUCTION	1
II. ISSUES	1
III. THE PROPOSED RESEARCH AND DEVELOPMENT TECHNICAL ASSISTANCE	2
A. Impact and Outcome	2
B. Methodology and Key Activities	2
C. Cost and Financing	5
D. Implementation Arrangements	5
IV. THE PRESIDENT'S RECOMMENDATION	5
APPENDIXES	
1. Design and Monitoring Framework	6
2. Cost Estimates and Financing Plan	8
3. Outline Terms of Reference for Consultants	9
SUPPLEMENTARY APPENDIXES (available on request)	
A. Selection Criteria and Scoring System for Innovative Solutions	
B. Opt-In Letter from the Government	
C. Application Form for Innovative Solutions	
D. Letter of Agreement with participants from DMCs	
E. List of Contract Envisaged under this RDTA	

## RESEARCH AND DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number: 49242-001</b>	
<b>Project Name</b>	Unlocking Innovation for Development	<b>Department /Division</b>	SDCC/SDCC-KS
<b>Country</b>	REG	<b>Executing Agency</b>	Asian Development Bank
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>	
Education	Pre-primary and primary		0.50
Finance	Inclusive finance		0.50
Health	Health care finance		0.50
Transport	Road transport (non-urban)		1.50
Water and other urban infrastructure and services	Other urban services		1.00
	Urban sanitation		1.00
		<b>Total</b>	<b>5.00</b>
<b>3. Strategic Agenda</b>	<b>Subcomponents</b>	<b>Climate Change Information</b>	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
<b>4. Drivers of Change</b>	<b>Components</b>	<b>Gender Equity and Mainstreaming</b>	
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas	Some gender elements (SGE)	✓
Partnerships (PAR)	Knowledge sharing activities Pilot-testing innovation and learning Civil society organizations Implementation Private Sector Regional organizations South-South partner		
<b>5. Poverty Targeting</b>		<b>Location Impact</b>	
Project directly targets poverty	Yes	Regional	High
Household targeting (TI-H)	Yes		
<b>6. TA Category:</b>	A		
<b>7. Safeguard Categorization</b>	Not Applicable		
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>5.00</b>	
Research and development technical assistance: Technical Assistance Special Fund		5.00	
<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>9. Effective Development Cooperation</b>			
Use of country procurement systems	Yes		
Use of country public financial management systems	Yes		

## I. INTRODUCTION

1. The Asian Development Bank (ADB) aims to become a “stronger, better, and faster” institution in support of sustainable development in Asia and the Pacific.<sup>1</sup> In the process, ADB is placing particular emphasis on providing innovative solutions to middle-income countries facing challenges, such as rising inequality, urbanization, aging populations, environmental degradation, and climate change. The Midterm Review of Strategy 2020 and the Knowledge Management Directions and Action Plan, 2013–2015 recommend expanding ADB operations for innovation and pilot testing by evaluating the feasibility of a solutions search model.<sup>2</sup> The midterm review recommended actions that will enable ADB to adopt new and innovative cost-effective technologies through new modalities; incentives; competitive crowdsourcing; product development partnerships, including with the private sector; and an innovation marketplace.<sup>3</sup> In the medium term, taking into account ADB’s expanded financing capacity and the changing development landscape in Asia and the Pacific, to remain competitive and a “partner of choice” ADB will need to strengthen its focus, with dedicated operations that apply innovative solutions useful for its developing member countries (DMCs).

## II. ISSUES

2. ADB has introduced innovations in the institutions, operations and countries. Operational areas of focus include climate-proof transport, bus rapid transit systems, inclusive financial solutions, a unified multipurpose identification system for government, community eCenters, and greener cities.<sup>4</sup> These innovations tend to be one-off activities undertaken in a particular project, country, or department, and ADB needs to introduce a more systemic approach to innovation. Few country operations business plans have attempted to replicate or scale up innovations more broadly by strategically structuring and allocating ADB resources for innovation. ADB’s sector and thematic groups have received various requests for funding from external partners to pilot-test ideas, but these were not always pertinent to ADB investments in its DMCs.

3. In this context, ADB will invest its own technical assistance (TA) resources in the proposed regional research and development TA to catalyze and establish an organization wide mechanism to adopt and implement innovative initiatives as quickly and flexibly as possible.<sup>5</sup> The TA will also demonstrate the “One ADB” approach to deliver operationally relevant knowledge solutions by deepening the knowledge flow between the sector and thematic groups, and regional and private sector operations departments, including resident missions.

4. Addressing innovation requires leveraging ADB resources to take advantage of ADB’s vast internal knowledge, as well as knowledge external to ADB. Drawing on the Independent Evaluation Department’s recommendations and the experiences of development partners—e.g., Australia, Canada, United States Agency for International Development (USAID), and World

---

<sup>1</sup> Remarks by President Takehiko Nakao at the Conversation with Staff: Toward a Stronger, Better and Faster ADB on 2 June 2015 at ADB Headquarters in Manila.

[https://lnadbg1.adb.org/oer0012p.nsf/0/B114A09AD57B60E248257E5800301C04/\\$file/3Jun-President-Conversation-with-Staff\\_Final-Speech.pdf](https://lnadbg1.adb.org/oer0012p.nsf/0/B114A09AD57B60E248257E5800301C04/$file/3Jun-President-Conversation-with-Staff_Final-Speech.pdf)

<sup>2</sup> ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila; and ADB. 2013. *Knowledge Management Directions and Action Plan (2013–2015): Supporting “Finance ++” at the Asian Development Bank*. Manila.

<sup>3</sup> ADB. 2014. *Midterm Review of Strategy 2020: Action Plan*. Manila (Actions 2.8.1, 3.8, 3.8.1–3.8.4).

<sup>4</sup> Knowledge Sharing and Services Center. 2015. *Compilation of Good Practices in Delivering Knowledge Solutions as ‘One ADB.’* Manila. Unpublished.

<sup>5</sup> The TA concept paper was approved on 30 June 2015. The TA first appeared in the business opportunities section of ADB’s website on 9 September 2015.

Bank—the TA will support a robust crowdsourcing mechanism to systematically identify, replicate, and scale up pilot initiatives that demonstrate new solutions to development challenges in ADB DMCs.<sup>6</sup> While crowdsourcing is not a new concept, ADB has had limited experience with this modality to date.<sup>7</sup> Development partners, including the United States government, have used crowdsourcing as an effective vehicle to spur innovation and generate a wide range of solutions to development challenges.

### III. THE PROPOSED RESEARCH AND DEVELOPMENT TECHNICAL ASSISTANCE

#### A. Impact and Outcome

5. The impact will be strengthened capacity of DMCs to solve development problems using innovative solutions. The outcome will be ADB loans and grants supporting scaled-up innovative solutions in DMCs increased.

#### B. Methodology and Key Activities

6. The proposed TA has two closely linked outputs: (i) cross-sector innovative solutions to address DMC development problems implemented; and (ii) crowdsourcing platform for pilot-testing development solutions and business models implemented.

##### 1. **Output 1: Cross-sector innovative solutions to address developing member country development problems implemented.**

7. With dedicated resources to finance innovation, the proposed TA will implement multiregion and cross-sector and/or thematic knowledge activities that will advance innovative solutions for DMCs, introduce flexible arrangements, manage and monitor implementation of the solutions, and extract lessons that can be shared across ADB. During preparation of the TA, the project team held extensive consultations with sector and thematic groups and the regional and private sector operations departments, and invited them to submit proposals. The 15 initial proposals confirmed a strong demand for innovation on a range of topics. The project team evaluated each proposal based on various factors to assess whether they were innovative, made a cross-cutting contribution to a solution across sector and thematic areas, could demonstrate within 24–36 months how the innovative solution can solve DMC development challenges, and were supported by a commitment from operations departments to scale up the solution as a component of an ADB-supported project or stand-alone activity.<sup>8</sup>

8. **Scaling up innovative road safety operations.** ADB's Sustainable Transport Initiative Operational Plan identified road safety as a priority for increased ADB support.<sup>9</sup> ADB activities in 2012–2015 demonstrate emerging opportunities to scale up ADB financing of road safety linked to its lending for roads. As a priority in the Transport Sector Group (TSG) work plan endorsed by the Transport Sector Committee, the TSG worked with regional departments in selecting DMCs and projects for providing road safety support. This activity will conduct sector dialogue and

<sup>6</sup> ADB. 2014. *Corporate Evaluation Study: Role of Technical Assistance in ADB Operations*. Manila. The team also studied the innovation experiences of the Department of Foreign Affairs and Trade Innovation Exchange, USAID Development Innovation Ventures, and the World Bank Global Partnerships for Social Accountability.

<sup>7</sup> The NGO and Civil Society Center called for proposals for youth-led projects in water and sanitation and launched a crowdsourcing survey (ADB. 2015. *A More Daring ADB? An Innovations Crowdsourcing Report*. Manila.)

<sup>8</sup> The Sector Advisory Service Division senior director and the TA team leader discussed these factors with the technical advisors of the sector and thematic groups and members of the concerned department(s) for each proposal. Selection criteria are in Supplementary Appendix A.

<sup>9</sup> ADB. 2010. *Sustainable Transport Initiative Operational Plan*. Manila.



capacity building for DMCs, and support the preparation and implementation of road safety investments that incorporate innovative approaches with support from external experts and knowledge partners to expand road safety lending pipelines. It will also support quality assurance for initial implementation.<sup>10</sup> This will require an indicative amount of \$750,000.

9. **Scaling up innovative urban transport operations.** ADB has introduced innovative urban transport operations that provide an opportunity to expand ADB support for sustainable, low-carbon transport; the TA will assist regional departments explore new business opportunities and scale up urban transport lending. This is a priority in the TSG work plan endorsed by the Transport Sector Committee. With support from technical experts, including centers of excellence (COEs), the TA will assist regional departments and the TSG (i) discuss inclusion of innovative urban transport investments in lending pipelines with DMCs, (ii) conduct preliminary proof-of-concept studies to support these discussions, and (iii) provide expert inputs to support project preparation and project preparatory TA teams in areas with newly introduced urban transport. This TA will also provide initial quality assurance for urban transport projects under implementation.<sup>11</sup> An indicative amount of \$750,000 will be required.

10. **Consolidating and replicating innovative service delivery practices in districts in Indonesia.** ADB has assisted Indonesia's government improve its capacity, and in collaboration with think tanks in Indonesia produced knowledge products surveying business licensing procedures in five main cities, and surveyed implementation of national health insurance in five local governments.<sup>12</sup> Under the TA, the Southeast Asia Department, the Governance Thematic Group, and RTI International will work with the central government to strengthen the capacity of one potential provincial government and at least three districts and/or municipalities to introduce innovative approaches to improving basic service delivery.<sup>13</sup> The activity will address supply- and demand-side constraints to improving service delivery and strengthening accountability mechanisms, and will require an indicative amount of \$1 million. The results will be scaled up through a policy-based loan on service delivery in the 2018 indicative lending pipeline that is being prepared through TA.

11. **Applying graduation programs to end extreme poverty in Pakistan and the Philippines.** The research and development TA will test and evaluate how ADB operations can contribute to Sustainable Development Goal 1, i.e., end extreme poverty in all its forms everywhere. For the first time, ADB will draw from the experiences of other countries to implement innovative graduation programs in two DMCs under ADB-supported large-scale targeted social assistance programs. Two programs have expressed interest. These are the Philippines' Department of Social Welfare and Development in the context of its national conditional cash transfer program, the *Pantawid Pamilyang Pilipino Program*, which has reached 4.4 million poor families identified by a national poverty targeting system; and

<sup>10</sup> DMCs with large road programs in the 2015–2017 lending pipeline include India and Sri Lanka in South Asia; Indonesia, Myanmar, the Philippines, and Viet Nam in Southeast Asia; Armenia, Azerbaijan, Georgia, Kazakhstan, Pakistan and Uzbekistan in Central and West Asia; the People's Republic of China and Mongolia in East Asia; and Papua New Guinea and Timor-Leste in the Pacific.

<sup>11</sup> The main focus will be on DMCs expected to have large potential for scaling up (e.g., Bangladesh, the People's Republic of China, India, Indonesia, Kazakhstan, Pakistan, Sri Lanka, and Viet Nam).

<sup>12</sup> In 2002, ADB assisted 46 regional governments to improve their capacity to deliver public services efficiently in line with established minimum service standards, maintain essential public facilities, promote local economic development, and manage local poverty reduction programs. The local level work was complemented by a policy-based lending program cluster under the Local Government Finance and Governance Reform program (implemented during 2006–2011).

<sup>13</sup> The provincial government in East Java has potential for capacity strengthening; it has a reform-minded governor and experience working with development partners such as USAID.

Pakistan's national social safety net program (the Benazir Income Support Program).<sup>14</sup> This will be implemented with the Central and West Asia and Southeast Asia departments, and the Social Development and Gender Equity Thematic Groups at an indicative amount of \$1 million.

12. **Scaling up financial inclusion through digital financial services systems.** The TA will demonstrate how digital financial services systems (specifically a mobile telephony-based digital payment system; prepaid point-of-sales systems; digital wallet used in a public service delivery area such as a marketplace; and an e-commerce platform for micro, small and medium-sized enterprises) can effectively serve the un- and underbanked population, as well as become a platform to sustain poverty alleviation efforts. With an estimated amount of \$500,000, this will be implemented by the Private Sector Operations Department; the Public Management, Financial Sector, and Trade Division of the Central and West Asia Department; the Social Development, Governance, and Gender Division of the Sustainable Development and Climate Change Department; and the Finance Sector Group.

## 2. **Output 2. Crowdsourcing platform for pilot-testing development solutions and business models implemented.**

13. The TA will support the establishment of a collaborative platform to crowdsource innovative development solutions and business models.<sup>15</sup> At a relatively low cost, ADB can access a wide range of solutions from within ADB and external stakeholders, most of which would most likely not arise through traditional means.<sup>16</sup> Output 2 provides the potential for ADB to expand (by replication and scaling up) its provision of creative solutions, by tapping into a broad range of intellectual knowledge to address development challenges facing DMCs. This also allows ADB to expand and build on its future pipeline. The sector and thematic groups, assisted by technical experts, will select pilot and demonstrative solutions that clearly address development challenges in DMCs that are identified in the sector and thematic group work programs and/or operations department business plans. The TA envisions responding to about three challenges (one per year). If successful, this number may be increased. Selection of proposals will be led by the relevant sector or thematic group, together with a representative selection panel appointed by the technical advisor, and may use established partnerships with COEs, bilateral financiers, and other partners. The TA will invite ADB staff and participants from countries in which ADB member governments do not object to "opt-in" to notify (using the sample letter in Supplementary Appendix B), and submit solutions using the application form in Supplementary Appendix C.<sup>17</sup> For each development challenge, a maximum of two or three solutions will be selected and governed by a letter of agreement (in the sample form set out in Supplementary Appendix D).<sup>18</sup> Sector and thematic groups will mentor, provide TA, and connect the awardee with relevant external parties to develop solutions. ADB can use the knowledge

---

<sup>14</sup> ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan, Technical Assistance Grant, and Administration of Technical Assistance Grant to the Republic of the Philippines for the Social Protection Support Project*. Manila; and ADB. 2013. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Islamic Republic of Pakistan for the Social Protection Development Project*. Manila.

<sup>15</sup> This is line with Action 3.8.2 in the Midterm Review of Strategy 2020: Action Plan (footnote 2).

<sup>16</sup> A crowdsourcing platform can be tailored to enable ADB to support innovative solutions to development challenges while spending a limited time framing a development problem and without having to specify the appropriate business model or establish complex incentives to attract the right solution providers.

<sup>17</sup> Participants include entrepreneurs, national and/or local governments, a civil society organization or group of civil society organizations working on specified related issues, and development institutions.

<sup>18</sup> Each letter of agreement shall be discussed and cleared with the Office of the General Counsel, the Operations Services and Financial Management Department, and the Controller's Department prior to signature.

and lessons from implementing innovative solutions for scaling up through future activities under output 1 of this TA (para. 7).<sup>19</sup> Conditional to the success of output 2, and assessing knowledge and lessons gained, ADB may establish an “innovation marketplace,” cosponsored by development partners and the private sector, to draw on experiences and lessons, and advance the application of innovative knowledge solutions.<sup>20</sup>

### **C. Cost and Financing**

14. The TA is estimated to cost \$5,000,000, which will be financed on a grant basis by ADB’s Technical Assistance Special Fund (\$2,500,000 from TASF-V and \$2,500,000 from TASF-other sources). More proposals for innovative solutions are expected, and these will be reviewed and added, subject to TA implementation progress and the availability of additional resources, including cofinancing. Indicative cost estimates are in Appendix 2.

### **D. Implementation Arrangements**

15. An ADB-wide project team led by the Sustainable Development and Climate Change Department, with the participation of the sector and thematic groups and the Innovation Working Group, will implement the TA for a period of 4 years from January 2016 to December 2019. The project team will regularly communicate with members implementing the innovative projects, ADB operations departments, and financing partners, if appropriate; and organize meetings and prepare reports required for ADB and partners. The TA will be monitored through an assessment of the quality and timely delivery of outputs. The sector or thematic group, operations department, or resident mission that originated the innovative proposals will lead the implementation using individual or consulting firm contracts or knowledge partnerships with COEs (summarized in Appendix 3).<sup>21</sup>

16. Approximately 144 person-months of international and 137 person-months of national consultants will be needed under the TA. Consulting services will be engaged in accordance with ADB’s Guidelines on the Use of Consultants (2013, as amended from time to time). Procurement of goods and works will be undertaken in accordance with ADB’s Procurement Guidelines (2015, as amended from time to time). Disbursements will be carried out in accordance with ADB’s *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). The outline terms of reference for consultants are in Appendix 3. All proposals under outputs will be assessed by the ADB Environment and Social Safeguards specialists to determine whether (a) there will be any involuntary resettlement, environment, or indigenous peoples plan impacts; and (b) determine the safeguards categorization. Only proposals classified as category C will be eligible to receive ADB financing. Integrity due diligence shall be completed on all proposed recipients of ADB financing, including implementing partners and winners of solutions. Any issues arising will be referred to the group charged with proposal selecting; if these cannot be resolved, the recipients will not be eligible to receive funding.

## **IV. THE PRESIDENT’S RECOMMENDATION**

17. The President recommends that the Board approve the provision of technical assistance not exceeding the equivalent of \$5,000,000 on a grant basis for Unlocking Innovation for Development.

<sup>19</sup> This may include initial proposals submitted to the project team.

<sup>20</sup> Action 3.8.4 in the Midterm Review of Strategy 2020: Action Plan (footnote 2).

<sup>21</sup> Strategy and Policy Department memo on Clarification on Cooperation Arrangements for Development Partnerships (7 August 2014).

## DESIGN AND MONITORING FRAMEWORK

Impact the TA is Aligned with Capacity of DMCs to solve development problems using innovative solutions strengthened <sup>a</sup>			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<p><b>Outcome</b> ADB loans and grants supporting scaled-up innovative solutions in DMCs increased</p>	<p>By 2019, innovative solutions have influenced at least \$500 million of ADB loan and grant operations (Baseline: 0)</p>	<p>RRPs, PCRs and development plans of relevant DMCs</p>	<p>Change in the focus of DMC government policy in areas where innovations are targeted</p> <p>Change in DMC government leadership that slows adoption of innovations</p>
<p><b>Outputs</b></p> <p>1. Cross-sector innovative solutions to address DMC development problems implemented</p>	<p>By 2019:</p> <p>1a. Implementation of at least two road safety projects in selected DMCs supported (Baseline: 0)</p> <p>1b. Design of at least three urban transport projects in selected DMCs prepared (Baseline: 0)</p> <p>1c. Implementation cycle of supply- and demand-side innovations consolidated in at least six districts (Baseline: 0)</p> <p>1d. At least two graduation programs adapted to country contexts are piloted (Baseline: 0)</p> <p>1e. At least one road map developed to pilot a digital financial services system (Baseline: 0)</p>	<p>1a–e. Consultant quarterly progress report</p>	<p>1–2. Technical solutions become obsolete or irrelevant</p> <p>1–2. Change in priorities of DMCs in terms of innovation focus</p> <p>1–2. Lack of capacity of sector and thematic groups' knowledge partners to develop potential projects</p>
<p>2. Crowdsourcing platform for pilot-testing development solutions and business models implemented</p>	<p>TA project's database of potential innovation partners and good practices developed (Baseline:0)</p>	<p>Database of innovative solutions</p>	

**Key Activities with Milestones****1. Cross-sector innovative solutions to address DMC development problems developed**

- 1.1 Prepare road safety desk studies of 6 to 10 DMCs (Q4 2019)
- 1.2 Conduct sector dialogue in 4 to 6 DMCs (Q4 2019)
- 1.3 Conduct capacity development workshops and studies in 4 to 6 DMCs (Q4 2019)
- 1.4 Prepare road safety outputs for 5 to 6 DMCs (Q4 2019)
- 1.5 Prepare urban transport desk studies of 6 to 10 DMCs (Q4 2019)
- 1.6 Conduct sector dialogue on urban transport in 3 to 5 DMCs (Q4 2019)
- 1.7 Prepare preliminary urban transport proof-of-concept studies in 2 or 3 DMCs (Q4 2019)
- 1.8 Prepare 1 or 2 urban transport outputs within urban development projects in DMCs (Q4 2019)
- 1.9 Implement action plans for urban transport projects (Q4 2019)
- 1.10 Scale up piloted innovations for public service delivery (Q4 2018)
- 1.11 Provide advisory on public service delivery to district pilots (Q4 2018)
- 1.12 Document lessons from public service delivery training (Q4 2018)
- 1.13 Generate evidence for developing cost-effective graduation programs for poverty eradication (Q4 2018)
- 1.14 Identify technologies to develop a digital financial services system (Q4 2016)
- 1.15 Identify changes to legal and regulatory frameworks to implement a digital financial services system (Q4 2016)
- 1.16 Develop capacity-building events to promote the use of digital financial systems (Q4 2016)

**2. Crowdsourcing platform for pilot-testing development solutions and business models implemented**

- 2.1 Establish an online crowdsourcing platform, with detailed guidance, as part of ADB website (Q2 2016)
- 2.2 Launch first challenge (Q2 2016)
- 2.3 Incubate and connect winning proposals to relevant external partners to maximize potential (Q4 2016)
- 2.4 Develop, implement and evaluate the proposals for scaling-up and replication (Q3 2017)

**Inputs**

ADB: \$5,000,000

ADB = Asian Development Bank, DMC = developing member country, PCR = project completion report, Q = quarter, RRP = report and recommendation of the President

<sup>a</sup> Defined by project.

Source: Asian Development Bank.

**COST ESTIMATES AND FINANCING PLAN**

(\$'000)

Item	Output 1					Output 2	Total Amount
	Activity 1	Activity 2	Activity 3	Activity 4	Activity 5		
<b>Asian Development Bank<sup>a</sup></b>							
1. Consultants and knowledge partners <sup>b</sup>							
a. Remuneration and per diem	427	469	507	320	255	400	2,378
b. Travel and accommodation	84	107	100		45	100	435
2. Reports and Communication	3	3	4	260	10	20	300
3. Equipment <sup>c</sup>	20	20	43	200	100	180	563
4. Services	80	33			50	100	263
5. Workshops, training, seminars, and conferences	44	26	193	120	20	100	503
6. Miscellaneous administration and support costs <sup>d</sup>	50	50	53	60	10	50	273
7. Contingencies	42	42	100	40	10	50	285
<b>Total</b>	<b>750</b>	<b>750</b>	<b>1,000</b>	<b>1,000</b>	<b>500</b>	<b>1,000</b>	<b>5,000</b>

## Note:

The technical assistance (TA) is estimated to cost \$5 million, of which contribution from the Asian Development Bank is presented in the table above.

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund TASF-V and TASF-other sources.

<sup>b</sup> Includes amounts for engaging knowledge partners who will be engaged using knowledge partnership agreements.

<sup>c</sup> The consultant or knowledge partner will design, procure, and install the pilot facilities under the TA.

<sup>d</sup> includes expenses incurred in calling for proposals for innovation for output 2.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. Output 1 of the regional research and development technical assistance (TA) will implement multiregion and cross-sector and/or thematic knowledge activities to advance innovative solutions in Asian Development Bank (ADB) developing member countries (DMCs), as follows.

### A. Activity 1: Scaling Up Innovative Road Safety Operations

2. Expertise will be drawn from centers of excellence (COEs) and consulting firms specializing in road safety. These will include existing memorandum of understanding partners, notably the International Road Assessment Programme and the Global Road Safety Partnership. Since 2012, the International Road Assessment Programme has supported preparation of approved road projects in several DMCs, including Bangladesh, the People's Republic of China and India. Support will also be provided to regional departments to access global road safety funding. The COEs and firms will organize and manage a team of international consultants to be engaged for 25 person-months and local consultants for 7.5 person-months.

3. **Sector dialogue.** For 6–10 selected DMCs with road programs that offer potential for scaling up road safety, the consultants will review (i) past ADB sector work, studies, and proposed and approved TA projects and loans to examine past work on road safety; and (ii) external literature to identify road safety needs and plans, and identify approaches offering scope for future ADB road safety operations. They will additionally (i) visit 4-6 DMCs that offer the most promise for scaling up road safety lending; prepare background assessments; and hold preliminary technical discussions with potential implementing and partner agencies to determine their interest, capacity, and issues; (ii) support 4-6 joint missions by regional departments and Transport Sector Group missions to meet governments and other relevant organizations for policy dialogue on inclusion of promising road safety opportunities as TA projects and loans in future country partnership strategies and country lending and TA pipelines; and (iii) prepare concept notes summarizing promising project opportunities (stand-alone projects and project outputs), providing data and analysis on the background, project concept, cost, schedule, implementation arrangements, and key issues.

4. **Capacity-building and project preparation support.** For 4-6 DMCs with potential for road safety upscaling, the consultants will provide experts to conduct workshops and studies to raise DMC awareness of road safety investment opportunities and their expected economic, financial, and other benefits. In addition, for 5-6 road and/or road safety projects under preparation, the consultants will provide specialized road safety expertise to supplement that provided by ADB staff and project preparatory TA teams to arrive at technically sound, high-quality road safety proposals suitable for ADB financing.

5. **Support for project implementation and quality assurance.** For 2-3 ADB road and/or road safety projects, the consultants will provide technical support to assist ADB supervision teams and executing agencies to address design and implementation issues, assist capacity development, prepare knowledge products, and disseminate lessons and best practices. This will entail conducting field visits and preparing road safety audits at key stages of design and implementation.

## **B. Activity 2: Scaling Up Innovative Urban Transport Operations**

6. Expertise will be drawn from COEs and consulting firms specializing in urban transport. These will include existing memorandum of understanding partners, notably the Institute for Transportation Development and Policy through its Asia regional offices, which has successfully supported preparation of approved urban transport projects in ADB since 2009.

7. **Sector dialogue.** For 6–10 selected DMCs with potential for scaling up urban transport lending, the consultants will (i) review past ADB transport and urban development operations to examine all previous work on urban transport (if any), including sector work, studies, and proposed and approved TA projects and loans; and (ii) conduct a desk review of external literature to identify urban transport needs and plans in large- and middle-sized cities, and identify cities and approaches that may offer opportunities for future ADB operations. They will visit 3-5 DMCs with potential for urban transport lending, prepare background assessments, and hold preliminary technical discussions with potential implementing and partner agencies to determine their interest, capacity, and issues. In addition, the consultants will provide technical support to 3-5 joint missions by regional departments and Transport Sector Group to meet governments, city authorities, and other relevant organizations for sector and/or policy dialogue on inclusion of promising urban transport opportunities as TA projects and loans in future country partnership strategies and country lending and TA pipelines; and prepare concept notes summarizing promising project opportunities and providing data and analysis on the background, project concept, cost, schedule, implementation arrangements, and issues.

8. **Prefeasibility studies and project preparation support.** For 2-3 DMC cities that have limited familiarity with innovative urban transport options, the consultants will conduct preliminary proof-of-concept studies. In addition, for 3-5 urban transport projects under preparation, they will provide specialized technical expertise to supplement that provided by ADB staff and project preparatory TA teams to prepare project proposals suitable for ADB financing. Expertise may include demand survey and analysis, mass transit planning and operations, station architecture and design, public–private financing, electronic ticketing, and restructuring of transport operators.

9. **Support for urban divisions.** For one or two selected urban development projects under preparation by ADB urban divisions, the consultants will provide technical expertise to help project processing teams strengthen urban transport outputs provide capacity development support, and prepare knowledge products.

10. **Support for project implementation and quality assurance.** For two or three ADB urban transport projects, the consultants will conduct project field visits, prepare quality assurance assessments of design and implementation, and prepare and carry out action plans to assist in addressing project implementation issues.

## **C. Activity 3: Consolidating and Replicating Innovative Service Delivery Practices in Districts in Indonesia**

11. Based on its track record, the consulting firm RTI International will be recruited using the single-source selection method to support design and implementation, implement evaluation and knowledge management activities, ensure compliance with all policy actions, and undertake program administration, disbursements, and maintenance of all project records. The firm will organize and manage two teams: a project management team (paras. 12 and 13) and a technical team (paras. 14-16). The project management team will manage day-to-day project



implementation, while the technical team will provide technical guidance. A total of 3 person-months of international and 96 person-months of national consultants will be required, as follows.

12. **Project director** (international, 3 person-months). The director will have extensive international experience, including 10 years managing fiscal decentralization and administration projects with multidisciplinary teams. The director will be responsible for team supervision and administration of grant funds, including signing agreements with local government grantees and contracts of services procured under the grant in accord with approved guidelines, monitoring project performance, assisting the grant manager in problem solving, assisting ADB's Indonesia fiscal decentralization team, and coordinating with the client and stakeholders.

13. **Provincial program coordinator** (national, 18 person-months). Representing the project in the selected province, the coordinator will conduct overall program management and coordinate program activities in the region with provincial and district stakeholders. The coordinator will oversee project interventions, coordinate and facilitate dissemination of project activities to other regions, and establish and maintain contacts and relationships with provincial government officials, parliamentarians, and civil society organizations.

14. **Senior education governance specialist** (national, 18 person-months). The specialist will serve as the main Indonesian resource person to ensure effective implementation of project education service improvement approaches in the selected province. The specialist will oversee implementation of the combined (technical- and governance-related) education packages, handle complaints, undertake planning and budgeting, and manage replication of education good practices. The specialist will ensure documentation of good practices and relay this empirical experience to national partners to encourage wider policy reform.

15. **Public oversight specialist** (national, 18 person-months). The specialist will lead capacity development of provincial and regional interest groups and elected councils to mobilize demand for improved services delivered by local governments, focusing on education, health care, and economic development. Using existing tools and mechanisms, as well as exploring new opportunities, the specialist will work with replication districts to adapt and demonstrate cost-effective application of these techniques, and expand service delivery units.

16. **Senior health governance specialist** (national, 18 person-months). The specialist will serve as the main Indonesian resource to ensure effective implementation of health service improvement. The specialist will oversee the health program in the selected province and support the consolidation, replication, and documentation of the project health program. Together with other team members, the specialist will develop and implement approaches, strengthen local health units to replicate the health governance package, and work with the province to expand the program outside project districts. The specialist will ensure documentation of good practices and relay empirical experience to national project partners to encourage wider policy reform.

#### **D. Activity 4: Graduation Programs to End Extreme Poverty**

##### **1. Philippines**

17. Consulting services will be engaged under an output-based terms of reference to work with the Department of Social Welfare and Development (DSWD) to design, implement, and assess two 24-month graduation program pilots that involve careful sequencing of (i) delivering

a productive asset, (ii) skills training to manage the asset, (iii) providing financial services, and (iv) coaching. A total of three international and national experts are required: graduation program specialist and team leader (36 person-months), livelihoods specialist (12 person-months), and capacity development specialist (12 person-months).

18. **D.1.1. Graduation program specialist and team leader.** The specialist will manage the design, implementation, and assessment of the two graduation pilots, and will (i) coordinate with the *Pantawid Pamilya* national program management office and the Sustainable Livelihoods Program of DSWD; (ii) identify other program partners, e.g., for financial services or access to health information; (iii) manage field teams; (iv) coordinate quantitative and qualitative impact evaluation; and (v) prepare and submit progress reports and updates to DSWD and ADB.

19. **D.1.2. Livelihood specialist.** The specialist will (i) work with Sustainable Livelihoods Program staff to undertake local market analysis in the selected pilot areas to determine the list of assets that program participants will be able to choose from, (ii) identify trainers who can deliver the required skills training for each type of asset, (iii) identify suppliers for each type of asset, and (iv) monitor implementation of the asset delivery component.

20. **D.1.3 Capacity development specialist.** The specialist will be responsible for designing a coaching program for program participants, and will (i) review coaching approaches in successful graduation programs in other countries, (ii) work with the *Pantawid* national program management office to undertake a rapid assessment of the role of *Pantawid* municipal and city links in target areas to determine capacity to deliver required coaching, and (iii) train identified coaches to work with program participants.

## 2. Pakistan

21. The TA will support design and implementation of the Benazir Income Support Program (BISP) graduation program, focusing on the use of technology, expansion to urban areas, and links with inclusive businesses as part of the value chain and urban employment opportunities. The following consultant inputs are required.

22. **Graduation policy specialist (international, 8 person-months).** The specialist will (i) support BISP in planning the program; (ii) support preliminary research of market opportunities and types of livelihoods; (iii) assist BISP and the implementing agency in detailed design; and (iv) support implementation, including external program-level monitoring oversight.

23. **Financial services for the poor specialist (international, 3 person-months).** The specialist will (i) support the implementing agency in developing the savings component of the program, (ii) explore the introduction of mobile savings, (iii) develop financial literacy training, and (iv) prepare the rollout plan for training of coaches and monitor the training outcome.

24. **Market analysis specialists (2 nationals, self-contract employment, 2 person-months each).** The specialists will (i) conduct value chain analysis to identify priority sectors for interventions focusing on opportunities for the extreme poor, (ii) explore contract employment opportunities with inclusive businesses, and (iii) identify livelihood options and corresponding required assets.

25. **E-Module developer (national, 3 person-months).** The consultant will support development of (i) e-coaching, which would standardize life skills coaching for field workers and allow use of tablets for home visits; and (ii) e-health, e-nutrition, and financial literacy.

26. **Information technology specialist** (international, 2 person-months). The specialist will support BISP to develop an external monitoring tool and oversee use of technology.

27. **Skills development specialist** (international, 1 person-month). The specialist will support development of short, modular technical skills training courses toward contract employment; and identify training providers (community-, enterprise-, and institution-based).

28. **Monitoring and evaluation specialist** (international, 3 person-months). The specialist will develop information on cost-effective graduation programs by (i) helping the implementing agency to develop an internal household and client monitoring system; (ii) preparing terms of reference and helping recruit firms for (a) external program monitoring, and (b) third-party evaluation; and (iii) helping BISP oversee monitoring and evaluation.

#### **E. Activity 5: Digital Finance Systems for Scaling Up Financial Inclusion in Pakistan**

29. The activity involves procurement of goods and services from vendors to supply, install, train, and provide warranty support for the information and communication technology and renewable energy components. A total of 24 person-months of consulting services will be required to manage the activity and ensure the intended outcome is achieved. The consultant qualification selection method for consulting firms will be used. Consultant inputs will be intermittent, in response to government requirements and implementation progress.

30. **Lead consultant** (1 international, 6 person-months; 3 national, 6 person-months). The international lead consultant will (i) assess payment technologies and systems required to enable introduction of digital finance systems in the location; (ii) assess requirements for introducing financial technology solutions; (iii) identify legal and regulatory requirements for adopting cashless transactions that enable access to finance by the poor; (iv) develop a digital finance literacy and campaign strategy; (v) design solutions to deploy an e-commerce platform for micro, small, and medium-sized enterprises; and (vi) develop an approach to implementing the pilot using an IT system integrator (a firm that will implement and support the pilot as a package). The three national consultants will support the lead international consultant.

31. **System integrator (firm) for deploying and maintaining the micro, small, and medium-sized enterprises e-platform service** (1 international, 6 person-months; 3 national, 6 person-months). The international consultant will (i) develop the micro, small, and medium-sized enterprises e-commerce service in the identified location; (ii) provide warranty and troubleshooting services for at least 2 years as part of the package; (iii) provide training and communications services; and (iv) develop technical and functional requirements after a field survey. The three national consultants will support the lead international consultant.

32. Output 2 will support putting up a collaborative platform to crowdsource innovative development solutions. This will require Innovation coordinators (2 national consultants, 25 person-months). They will support the ADB task manager, as follows: (i) provide reports and recommendations to the proposal selection team regarding projects for scaling up and replication; (ii) once proposals are selected, prepare documents seeking (a) the project manager's approval, and (b) government concurrence; (iii) report on the implementation and evaluation of the impact of the approved projects; (iv) develop an online crowdsourcing platform and assist with the initial screening of applications, under guidance of the relevant sector and/or thematic group technical advisor; and (v) administer the TA, assist with TA implementation, and prepare progress reports.