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February 2008

Development Partnership Program for South Asia  
Increase in Technical Assistance Budget Amount  
(Cofinanced by the Governments of Norway and Sweden)

Asian Development Bank



## I. INTRODUCTION

1. The Australia-Asian Development Bank (ADB) South Asia Development Partnership Facility<sup>1</sup> was approved by ADB's Board of Directors in 2006 and a memorandum of understanding on channel financing was subsequently signed by representatives of the Government of Australia and ADB. The Facility will be supported by A\$11 million (about US\$8.5 million equivalent in 2006) from the Government of Australia over 5 years. Under the Facility, eight developing member countries in South Asia are eligible for funding: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.

## II. THE TECHNICAL ASSISTANCE

2. The Facility's objectives are to (i) advance necessary reforms, (ii) promote broad-based and inclusive economic growth, and (iii) introduce improvement in key development areas by addressing the major development challenges faced by South Asia. These objectives are being supported through the Development Partnership Program for South Asia,<sup>2</sup> a regional technical assistance (RETA) program that supports stand-alone grant-financed subprojects. An advisory panel chaired by the director, Country Coordination and Regional Cooperation Division of the South Asia Department and consisting of directors from the South Asia and Central and West Asia Departments, has the authority to approve subprojects submitted by ADB departments, sector divisions, and resident missions.

3. The RETA will implement subprojects and programs that address one or more of the following (i) enhanced governance, (ii) urban development, (iii) inclusive growth, (iv) human resources development, and (v) regional cooperation and integration.

## III. INCREASE IN TECHNICAL ASSISTANCE BUDGET AMOUNT

4. The advisory panel approved a subproject in Sri Lanka, Strengthening of Conflict Sensitivity and Governance, for \$500,000 on 29 November 2007. ADB's Sri Lanka Resident Mission is the Implementing Agency. The subproject is designed to build in conflict sensitivity into project designs and to use conflict-related and governance expertise in the planning and execution of the new country program for Sri Lanka.

5. The Norwegian Ministry of Foreign Affairs has confirmed additional funding of \$300,000 and Swedish International Development Cooperation Agency (Sida) confirmed additional funding of \$288,000 for the subproject. It is proposed that these additional grants be used to finance consultants, projects, reports, and publications as well as related administrative supports costs, and workshops. The cost estimates and financing plan for the subproject are in Table 1. The Australian Agency for International Development has expressed support for the subproject and initiatives involving collaboration with other development partners.

6. Consultants will be recruited as individual consultants in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). All

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<sup>1</sup> ADB. 2006. *Establishing the Australia-ADB South Asia Development Partnership Facility*. Manila.

<sup>2</sup> ADB. 2006. *Technical Assistance for Development Partnership Program for South Asia*. Manila.

disbursements will be in accordance with ADB's *Guidelines for Disbursement of Technical Assistance Grants* (1992).

7. The additional funding has increased the RETA budget amount (Table 2).

#### **IV. THE PRESIDENT'S DECISION**

8. On 13 February 2008, the President approved (i) the increase by \$588,000 of the TA budget amount financed on a grant basis by the governments of Norway and Sweden; and (ii) ADB administering the additional contribution from the governments of Norway (\$300,000) and Sweden (\$288,000) through grant cofinancing agreements. The Board is hereby notified of this approval.

**Table 1: Strengthening of Conflict Sensitivity and Governance  
Cost Estimates and Financing Plan**  
(\$ '000)

<b>Item</b>	<b>Original Allocation<sup>a</sup></b>	<b>Additional Budget (Cofinancing)<sup>b</sup></b>	<b>Total</b>
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	340	340	680
ii. National Consultants	70	0	70
b. International and Local Travel	22	23	45
c. Reports and Communications	1	5	6
2. Miscellaneous Administration and Support Costs	7	20	27
3. Other (Project support fund)	20	40	60
4. Audit	10	0	10
5. Contingencies	29	131	160
6. Equipment	0	8	8
7. Training, seminars, and workshops	0	21	21
<b>Total</b>	<b>500</b>	<b>588</b>	<b>1,088</b>

<sup>Pa</sup> Financed by Asian Development Bank (ADB). 2006. *Technical Assistance for Development Partnership Program for South Asia*. Manila.

<sup>b</sup> Funded by the governments of Norway and Sweden. The funds will be administered by ADB. The amount also includes ADB's administration fee, audit cost, bank charges and provision for foreign exchange fluctuations (if any), to the extent that these items are not covered by the interest and investment income earned on this grant, or any additional grants by the governments of Norway and Sweden.

Note: Figures may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

**Table 2: Development Partnership Program for South Asia  
Cost Estimates and Financing Plan**  
(\$ '000)

<b>Item</b>	<b>Original Budget (AusAID Financing)</b>	<b>Additional Budget (Cofinancing)<sup>a</sup></b>	<b>Total</b>
Output 1: Innovative Interventions	5,420	588	6,008
Output 2: Targeted Assessments	361	0	361
Output 3: Regional Cooperation and Integration	1,083	0	1,083
Output 4: Information Dissemination	361	0	361
Contingency	1,275	0	1,275
<b>Total</b>	<b>8,500</b>	<b>588</b>	<b>9,088</b>

AusAID = Australian Agency for International Development.

<sup>a</sup> From the governments of Norway (\$300,000) and Sweden (\$288,000).

Note: Figures may not sum precisely because of rounding.

Source: Asian Development Bank estimates.