



Completion Report

PUBLIC

Project Number: 49465-001
Technical Assistance Number: 9210
August 2022

Enhancing Research Alliance and South–South Development Policy Cooperation between Asia and the Pacific and Latin America

This document is being disclosed to the public in accordance with ADB's Access to Information Policy.

Asian Development Bank

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.

TECHNICAL ASSISTANCE COMPLETION REPORT

TA Number, Country, and Name: TA 9210-REG: Enhancing Research Alliance and South–South Development Policy Cooperation between Asia and the Pacific and Latin America		Amount Approved: \$750,000	
		Revised Amount: Not Applicable	
Executing Agency: Asian Development Bank (ADB)	Source of Funding: Technical Assistance Special Fund V	Amount Undisbursed: \$79,855.42	Amount Used: \$670,144.58
TA Approval Date: 20 October 2016	TA Signing Date: 20 October 2016	TA Completion Date	
		Original Date: 30 September 2018	Latest Revised Date: 31 December 2021
		Financial Closing Date: 20 June 2022	Number of Extensions: 4
TA Type: Research and Development TA		TA Arrangement: Regional TA	

Description

The technical assistance (TA) was designed to foster greater research collaboration between the Asian Development Bank (ADB) and the Inter-American Development Bank (IADB) on a series of comparative studies to extract the lessons and experiences from each region and identify potential policy implications. The TA supported regional cooperation and integration (RCI), a core area under Strategy 2020 (and later under Strategy 2030 as well) that recognizes the importance of creating innovative regional knowledge and solutions to address the regions' development issues. The TA aimed at strengthening the knowledge platform for ADB's RCI strategy by drawing out the connections between the three thematic areas of this TA: (i) strengthening developing member countries' (DMCs) understanding of the drivers of foreign direct investment (FDI), their impact on growth and development, and the role and effectiveness of international trade and investment agreements; (ii) deepening DMCs' assessment of financial interconnectedness, spillover, and risk management; and (iii) exploring how regional and interregional cooperation policies can be used to manage regional public goods.

The TA has conducted research, knowledge sharing workshops, and database development to improve the effectiveness and quality of policy making in Asia and the Pacific and Latin America on enhancing trade and FDI, strengthening regional financial stability, and managing regional public goods.

Expected Impact, Outcome, and Outputs

The expected impact of the TA was increased cooperation between Asia and the Pacific and Latin America in the areas of trade, financial integration and stability, and the promotion and better management of regional public goods for inclusive and sustainable growth in DMCs in Asia and the Pacific and Latin America. The expected outcome was increased effectiveness and quality of policy development through knowledge sharing, policy dialogue, and coordination between Asia and the Pacific and Latin America. The expected outputs were: (i) three thematic policy reports prepared on (a) policy recommendations to Asia-Pacific Economic Cooperation (APEC) policy makers, based on FDI comparative studies; (b) challenges and opportunities from financial integration, including financial connectivity and vulnerabilities; and (c) managing regional public goods; (ii) at least 3 knowledge sharing workshops conducted, covering each of the three thematic policy reports to support regional policy forums, including APEC, to discuss policy implications of the papers with policy makers; and (iii) database on bilateral investment treaties and investment chapters on free-trade agreements (FTA) developed, and information on Asia's trade agreements shared through the regional trade agreement (RTA) Exchange.

Implementation Arrangements

ADB was the executing agency and the Regional Cooperation and Integration Division (ERCI) of the Economic Research and Regional Cooperation Department was the implementing division.

Planned inputs and activities were implemented. ADB's guidelines on the use of consultants and the Terms of References of the engaged consultants provided operational guidelines for the implementation of the TA. Actual consulting services inputs utilized were 18.95 person-months for international consultants (inclusive of 4 person-months of international consulting firm contract) against the planned 24 person-months, 130.47 person-months for national consultants against the planned 38 person-months, and 5.96 person-months for resource persons against the planned 5.5 person-months. The international consultants conducted background studies and research on the three thematic

areas, as well as on the topic on nonperforming loans (NPLs) in view of the pandemic, and led the development of a database of international investment agreements (IIAs) for Asia and the Pacific; the national consultants supported the international consultants in building up database, provided research assistance and drafted papers, assisted in the publication process, and provided administrative and technical support for the delivery of the TA outputs; and resource persons were engaged as keynote speakers, presenters, panelists and/or discussants during the TA conferences and knowledge events. Their inputs augmented considerable staff time that went into the organization and conduct of knowledge events and production of related publications. The ADB team leader from ERCI (passed on across three Project officers) supervised the team of consultants and managed the overall production of the TA's reports and other deliverables, with assistance from one economics officer, one operations coordinator, and one administrative assistant.

In accordance with ADB's guidelines on procurement, the TA also financed the purchase of STATA MP2 (2-Core) Stata with perpetual license and annual maintenance renewal throughout the TA implementation period.

Four minor changes in TA scope and implementation arrangements were made during the TA implementation: (i) on 25 September 2018, to amend allocation of resources for consultants and extend TA implementation from 30 September 2018 to 30 September 2019; (ii) on 6 June 2019, to extend the TA from 30 September 2019 to 30 June 2020; (iii) on 4 May 2020, to provide additional technical and knowledge support for developing nonperforming loans (NPL) markets through a feasibility study for establishing an electronic NPL trading platform for domestic transfers of NPLs and cross-border transactions. This minor change in scope was proposed in light of the COVID-19 pandemic, which would likely lead to an increase in corporate defaults and banks' NPLs; and to extend the TA from 30 June 2020 to 30 September 2021; and (iv) on 5 October 2021, to extend the TA from 30 September 2021 to 31 December 2021, for a cumulative implementation period of 5 years and 2 months, to provide adequate time to complete the remaining activities under the TA for which funds have already been committed.

Conduct of Activities

The TA outputs were delivered through the following activities:

- (i) Output 1: Three thematic policy reports on (i) policy recommendations to APEC policy makers, based on FDI comparative studies; (ii) challenges and opportunities from financial integration, including financial connectivity and vulnerabilities; and (iii) managing regional public goods prepared.**

Since its inception, the TA has produced 12 background papers in the areas of financial integration and regional public goods. In total, 5 background papers and 4 working papers on financial stability and interconnectedness were produced—analyzing, among other things: (i) the Asian financial crisis, the global financial crisis, and the Eurozone crisis that pointed to the necessity of having in place ahead of time frameworks and systems to address the main forms of financial crisis, such as currency, banking/financial, current account/competitiveness, and sovereign debt crisis; (ii) the change of the network of financial markets within and between Asian markets and the rest of the world over the period 1996–2016; and (iii) determinants and macro financial linkages of NPLs in Asia. It has also produced 7 background papers on regional public goods, covering, among other areas: (i) conceptual framework, measurement issues, and efficient provision; (ii) case studies of provision in Asia and the Pacific and in Europe; (iii) technologies of aggregation; and (iv) benefit valuation, spillover effects, and economic impacts, particularly of cross-border infrastructure and technology. All these background papers have also contributed to various theme chapters of the Asian Economic Integration Report (AEIR).

Three thematic reports—on financial stability and resilience, on regional public goods, and on international investment agreements—were published in October 2020, January 2021, and May 2021, respectively; and have successfully completed the originally envisioned outputs under the TA. These reports contributed to the knowledge sharing objective of the TA as follows: The [Financial Integration and Macroeconomic Linkages in Asia: Crises, Responses, and Policy Considerations](#) summarizes the lessons from past crises, reviews the evidence of the macrofinancial linkages and feedback effects of financial distress, and proposes policy considerations and coordinated responses to enhance financial stability and resilience. The [Regional Public Goods in Asia and Europe](#) reviews the concept of regional public goods (RPG) along with the challenges and benefits of their provision in Asia and Europe, and presents case studies and a comparative analysis of the arrangements taken toward RPG provision in both regions, offering lessons for Asia. On the other hand, the [ADB International Investment Agreement Tool Kit: A Comparative Approach](#) is a manual that provides a comprehensive analysis of investment treaties and arbitration design and explains the rationale in creating the ADB International Investment Agreement Tool Kit, a granular codification based on textual analysis of 15 investment provisions in concluded international investment agreements involving the Asia and Pacific region. The database captures the most important dimensions in the region's concluded agreements, and has been adapted into a web-based tool kit disseminated by ADB and used for capacity building.

The TA also produced a background paper on a roadmap to developing an NPL trading platform which will be further processed into a report publication.

(ii) Output 2: At least three knowledge sharing workshops conducted, covering each of the 3 thematic policy reports to support regional policy forums, such as APEC events, and to discuss policy implications of the papers with policy makers.

The TA also successfully organized the following workshops and conferences: (i) International Conference on 20 Years After the Asian Financial Crisis, 13–14 April 2017, Tokyo, which gathered a group of distinguished speakers, participants from academia, government, financial authorities, and international financial organizations to discuss lessons learned from past financial crises and the challenges facing Asia now and in the future; and examined the new challenges in how the region's policy makers can best address the emerging issues to safeguard financial stability, promote financial resilience, and maintain dynamic growth; 11 government officials participated in the event; (ii) Inception Workshop on the Optimal Provision of Regional Public Goods in Asia and the Pacific, 14 December 2017, ADB HQ; and (iii) International Conference on Towards Optimal Provision of Regional Public Goods in Asia and the Pacific, 10–11 May 2018, Tokyo, both of which discussed the theory, practice, and policy considerations of regional public goods; seven government officials participated in the event. These events also served as venues for knowledge sharing that featured the aforementioned background papers. The TA also sponsored the ERCI Workshop on Financial Stability, 4 June 2018, ADB headquarters, which provided an overview of current risks to financial stability in the euro area and discussed recent methodological innovations to improve the understanding of the state of financial stability. In addition, ADB participated in the High Level Foreign Direct Investment Policy Dialogue, and ASIA FDI Forum III in Hong Kong on 10–12 May 2017.

(iii) Output 3: Database on bilateral investment treaties and investment chapters in FTAs developed, and information on Asia's trade agreements shared through the RTA Exchange.

A database on international investment agreements in the Asia and Pacific region, including a granular mapping of existent investment provisions has been developed under the TA and is going through continuous updates and enhancements. As of 12 August 2022, the IIA database had 685 pageviews while the accompanying toolkit (publication) had 824 pageviews and 658 downloads. On exploring ways to promote and share relevant information and exchange data on international investment agreements via an exchange platform such as the [RTA Exchange](#)—a virtual portal coordinated by IADB. ADB and IADB have created cross-links between RTA exchange and ARIC website on FTA-related database and on RCI indicators. Exchange of Really Simple Syndication (RSS) feeds has also been initiated.

Technical Assistance Assessment Ratings

Criterion	Assessment	Rating
Relevance	The TA was rated highly relevant as the outcome was fully aligned with two core areas of ADB's Strategy 2020—financial sector development and RCI. The TA is also aligned with Strategy 2030's RCI operational priority that calls for expanded global and regional trade and investment opportunities through promotion of 'soft' infrastructure for implementation of trade and investment agreements, and strengthened and better-managed regional financial cooperation; and enhanced coordination and cooperation among DMCs on regional public goods. The knowledge products and services (publications and knowledge events) that covered financial stability and resilience, management of regional public goods, and international investment agreements are in line with TA objectives as designed.	Highly relevant
Effectiveness	The TA was effective as it delivered the expected outcome and outputs. Performance indicators were all achieved (see Appendix 1: Design Monitoring Framework). Under the TA, ADB and IADB fostered knowledge exchange and synergies in the implementation of their respective regional projects in the areas of regional public goods, trade and investment and financial stability and cooperation. To complement efforts, ADB mainly supported activities in its DMCs, and activities in non-ADB DMCs were supported by IADB. The collaboration was facilitated by mutual interest and a common research agenda, and provided a platform for the formulation and exchange of policy lessons applicable to Asia and Latin America.	Effective
Efficiency	The TA was managed as planned (within budget and as projected), while including relevant outputs in view of the impact of the coronavirus disease (COVID-19) pandemic on regional financial stability and hence still responsive to	Efficient

Criterion	Assessment	Rating
	and in support of achieving TA objectives. The TA utilized 89.4% of its budget (see Appendix 2: Technical Assistance Cost).	
Overall Assessment	Overall, the TA is rated highly successful, following the TA Completion Report Validation Guidelines which prescribes a highly successful rating for an overall weighted average that is greater than 2.30. All the outputs have been delivered as designed, with additional publications and knowledge events also accomplished in addition to the original TA design. The knowledge outputs were essential in the preparation of ERCI's flagship report (AEIR 2017 and 2018) and ERCI's research program on financial integration and foreign direct investment. As a first collaboration with IADB in these knowledge areas, the TA offered important lessons for the future to improve institutional coordination and seek higher impact of the outputs. These include a) seeking synergies for the preparation of knowledge products, b) enhancing inter-regional dissemination and other activities (e.g., capacity building) and c) building a common agenda in regional and international fora (e.g., APEC). The TA achieved the goal of increasing effectiveness and quality of policy development through knowledge sharing, policy dialogue, and coordination between and among think tanks and regional research institutions. Based on the weighted average of the following subratings: highly relevant (3 x 0.35), effective (2 x 0.35), and efficient (2 x 0.30), overall weighted average is 2.35, above the 2.30 level for a highly successful rating.	Highly successful
Sustainability	The outputs of the TA would still be relevant after the TA's completion, and aligned with RCI operational priority of ADB that currently runs up to 2030. This research agenda is operationally relevant as well for ADB's regional departments. ADB's continuing support to this research agenda would prove beneficial to DMCs moving forward.	Most likely sustainable

Lessons Learned and Recommendations

Design and/or planning	While the goals and objectives of the TA have been accomplished as per design, it would be helpful to indicate more realistic timelines with respect to TA activities such as engagement of consultants, and deadlines for their deliverables.
Implementation and/or delivery	Quarterly or semi-annual progress reports, even if self-monitored, to monitor the delivery of outputs and compiling performance indicators are useful. The project team would be alerted whenever targets are not met, prompting discussions to improve TA implementation or re-evaluation of TA processes and outputs.
Management of staff and consultants	Timely consultant recruitment and regular monitoring should ensure quality and on-time implementation and completion of the TA. Hiring individual consultants proved to be a more efficient and effective modality than consulting firms, given the broad range of topics and concerns under this TA and the lengthier process for consulting firm engagement. However, this does not refrain the team from engaging consulting firms if needed. This was the case in this TA where support on NPLs and trading platforms was best provided by a firm that has had experience in handling and managing such transactions.
Knowledge building	With the fast-changing means of information sharing, consultation and coordination with the Department of Communications is vital to better disseminate the knowledge products and ensure that they reach the intended audience. Multimedia (such as videos, blogs, and infographics) and social media platforms (Facebook and Twitter) should be tapped more actively in order to reach more users and readers. The usage stats for the online database are consistent with that of the report. Most likely people who view the report check the online database, too. It may help to market both the report and online database at the same time.
Stakeholder participation	The TA was able to pool together both experts and researchers in the areas of regional financial stability, trade and investment, and regional public goods in knowledge events that contributed as well to the publication of relevant reports. It has helped as well that interviews and surveys have been conducted regarding NPL resolution matters that helped develop the road map. Consultation with and feedback from ADB's Sustainable Development and Climate Change Department, particularly the Finance Sector Group and with the Office of the General Counsel, as well as with regional departments have been useful in shaping the TA's knowledge products and events and ensuring their impact.

Partnership	Partnership with other regional and research institutions has been the most efficient and effective way of conducting and organizing seminars and conferences and disseminating the TA's knowledge work. Knowledge partnership and cooperation agreements may be explored as avenues to formalize collaboration with external organizations to jointly produce publications and host dissemination events.
Replication and/or scaling up	Research outputs provide potential areas for further research that may be developed on a related project in the future.
Post-TA financial resource	Given the operational relevance of the thematic areas covered under the TA, and the research agenda in general, ADB's continuing support would prove beneficial to DMCs moving forward.
Other lessons	All lessons already covered above.

Follow-up Actions

With the highly successful implementation of this TA, we recommend continuing this kind of technical support including high-quality knowledge products and knowledge events to help DMC policy makers and other stakeholders in raising their awareness and capabilities in the areas of RPGs, trade and investment, and regional financial stability and cooperation. Succeeding TAs may dwell specifically on each of these themes in more detail, guided by ADB's Strategy 2030, and the operational priority on RCI subpillars: (i) measures to improve drafting and inclusion of provisions in existing or new trade or investment agreements, (ii) measures to improve regional financial cooperation, (iii) regional or subregional mechanisms created or operationalized to enhance coordination and cooperation among DMCs in trade, finance, or multisector economic corridors, and (iv) regional or subregional mechanisms created or operationalized to enhance coordination and cooperation among DMCs on regional public goods, including regional public health and education services.

Prepared by:

Rolando Avendano

Designation and Division:

Economist, Regional Cooperation and Integration Division

DESIGN AND MONITORING FRAMEWORK

Impact Increased cooperation between developing regions (Strategy 2020 and RCI strategy) ^a		
Results Chain Outcome Increased effectiveness and quality of policy development through knowledge sharing, policy dialogue, and coordination between Asia and the Pacific and Latin America	Performance Indicators with Targets and Baselines a. Concrete policy lessons applicable to Asia and the Pacific and Latin America drawn and shared between the regions (2015 Baseline: 0) b. Collaboration between policy makers and practitioners in the area enhanced	Achievements a. Achieved. Outputs have contributed to knowledge such as proposed policy considerations and coordinated responses to enhance financial stability and resilience, case studies and comparative analysis of the arrangements taken toward RPG provision in Asia and Europe offering lessons for both regions, and comprehensive analysis of investment treaties and arbitration design, as well as a textual analysis of concluded international investment agreements involving the Asia and Pacific region. b. Achieved. The knowledge events have served as platforms for further collaboration between policy makers and practitioners.
Outputs 1. 3 thematic policy reports on (i) policy recommendations to APEC policy makers, based on FDI comparative studies; (ii) challenges and opportunities from financial integration, including financial connectivity and vulnerabilities; and (iii) managing regional public goods prepared 2. At least 3 knowledge sharing workshops conducted, covering each of the 3 thematic policy reports to support regional policy forums, such as APEC events, and	1. 3 policy reports in 2017 (2015 baseline: 1 policy paper) based on 6 background papers and 3 ADB working papers 2. 3 workshops in 2017–2018 (2015 baseline: 2 workshops)	1. Achieved. 3 thematic reports—on financial stability and resilience, on RPGs, and on international investment agreements—have been published in October 2020, January 2021, and May 2021, respectively; and have successfully completed the originally envisioned outputs under the TA. One report on road map on developing NPL transaction platform was finalized by the end of the TA. 2. Achieved. 2 knowledge events were conducted in 2017 and another 2 in 2018. These events gathered many distinguished speakers, participants from academia, government, financial authorities, and international financial organizations from Asia and around the world.

Results Chain	Performance Indicators with Targets and Baselines	Achievements
to discuss policy implications of the papers with policy makers		
3. Database on bilateral investment treaties and FTA investments developed, and information on Asia's trade agreements shared through the RTA Exchange	3. 1 database on IIAs developed in 2017 (2015 baseline: 0)	3. Achieved. The database on IIAs was developed and finalized in 2021. It captures the most important dimensions in the region's concluded investment agreements, and has been adapted into a web-based tool kit disseminated by ADB. ADB and IADB have created cross-links between RTA exchange (https://rtaexchange.org/database/) and ARIC website on FTA-related database and on RCI indicators. Exchange of RSS feeds has also been initiated.

Actual Key Activities with Milestones

Output 1: 3 thematic policy reports prepared

- 1.1 Engage international and national consultants (December 2016–November 2017; February–March 2018; August 2020; January 2021)
- 1.2 Submit report outlines (January–March 2020; February 2021)
- 1.3 Submit draft reports (April–June 2020; May 2021)
- 1.4 Submit final reports (published in October 2020, January 2021, December 2021)

Output 2: At least 3 knowledge sharing workshops conducted

- 2.1 Engage international and national consultants (January–April 2017; November–December 2017; April–May 2018; January 2021)
- 2.2 Coordinate with stakeholders on consultation workshops (March–April 2017; December 2017; May 2018; January–March 2021)
- 2.3 Conduct workshops (13–14 April 2017, 14 December 2017; 10–11 May 2018; 4 June 2018; March 2021 consultation meetings/interviews)
- 2.4 Publish and disseminate policy papers (September 2018, March 2019, June 2020)

Output 3: Database on bilateral investment treaties and FTA investments developed, and information on Asia's trade agreements shared through the RTA Exchange

- 3.1 Engage international and national consultants (May–September 2018)
- 3.2 Submit database plan (December 2018)
- 3.3 Develop a linked database (finalized in December 2020, manual published in May 2021)

Actual Inputs

ADB: \$670,144.58

ADB = Asian Development Bank, APEC = Asia-Pacific Economic Cooperation, ARIC=Asia Regional Integration Center, DMC = developing member country, FDI = foreign direct investment, FTA = free trade agreement, IADB = Inter-American Development Bank, IIA – international investment agreement, NPL- nonperforming loans, RCI = regional cooperation and integration, RPG= regional public good, RSS = really simple syndication, RTA = regional trade agreement.

^a ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila; and ADB. 2006. *Regional Cooperation and Integration Strategy*. Manila.
Source: Asian Development Bank.

TECHNICAL ASSISTANCE COST

Table A2: Technical Assistance Cost by Activity
(\$'000)

Item	Amount		
	Original	Revised	Actual
1. Consultants	515.0	540.0	461.2
2. Equipment	12.0	10.0	5.6
3. Studies	50	0.0	0.0
4. Training, seminars and/or conferences	110.0	170.0	188.0
5. Miscellaneous TA administration	25.0	10.0	15.3
6. Contingency	38.0	20.0	0.0
Total	750.0	750.0	670.1

Source: Asian Development Bank estimates.