



# Technical Assistance Report

---

Project Number: 52121-001  
Knowledge and Support Technical Assistance (KSTA)  
October 2018

## People's Republic of Bangladesh: Knowledge Solutions for Inclusive and Sustainable Development

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 9 September 2018)

Currency unit	–	taka (Tk)
Tk1.00	=	\$0.0119
\$1.00	=	Tk83.71

## ABBREVIATIONS

ADB	–	Asian Development Bank
BEC	–	Bangladesh Economic Corridor
CDP	–	comprehensive development plan
LDC	–	least developed country
SASEC	–	South Asia Subregional Economic Cooperation
SWBEC	–	Southwest Bangladesh Economic Corridor
TA	–	technical assistance

## NOTES

- (i) The fiscal year (FY) of the Government of Bangladesh ends on 30 June. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2018 ends on 30 June 2018.
- (ii) In this report, “\$” refers to United States dollars.

<b>Vice-President</b>	Wencai Zhang, Operations 1
<b>Director General</b>	Hun Kim, South Asia Department (SARD)
<b>Country Director</b>	Manmohan Parkash, Bangladesh Resident Mission, SARD
<b>Team leader</b>	Soon Chan Hong, Senior Economist, SARD
<b>Team members</b>	Faiza Ahad, Programs Analyst, SARD Mahmuda Begum, Senior Finance and Administration Assistance, SARD Barun Kumar Dey, Economic Officer, SARD Md. Golam Mortaza, Senior Economic Officer, SARD Jyotsana Varma, Principal Country Specialist, SARD

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>
KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE	
I. INTRODUCTION	1
II. ISSUES	1
III. THE TECHNICAL ASSISTANCE	3
A. Impact and Outcome	3
B. Outputs, Methods, and Activities	3
C. Cost and Financing	4
D. Implementation Arrangements	4
IV. THE PRESIDENT'S DECISION	5
APPENDIXES	
1. Design and Monitoring Framework	6
2. Cost Estimates and Financing Plan	8
3. List of Linked Documents	9

## KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 52121-001
<b>Project Name</b>	Knowledge Solutions for Inclusive and Sustainable Development	<b>Department/Division</b> SARD/BRM
<b>Nature of Activity</b>	Capacity Development, Policy Advice, Research and Development	<b>Executing Agency</b> Economic Relations Division
<b>Modality</b>	Regular	
<b>Country</b>	Bangladesh	
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>
✓ Industry and trade	Industry and trade sector development	0.30
Energy	Energy sector development and institutional reform	0.20
Public sector management	Public administration	0.10
Transport	Transport policies and institutional development	0.20
Water and other urban infrastructure and services	Urban policy, institutional and capacity development	0.20
<b>Total</b>		<b>1.00</b>
<b>3. Strategic Agenda</b>	<b>Subcomponents</b>	<b>Climate Change Information</b>
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project
Regional integration (RCI)	Pillar 2: Trade and investment	Low
<b>4. Drivers of Change</b>	<b>Components</b>	<b>Gender Equity and Mainstreaming</b>
Governance and capacity development (GCD)	Client relations, network, and partnership development to partnership driver of change	Some gender elements (SGE) ✓
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas	
Partnerships (PAR)	Knowledge sharing activities	
Private sector development (PSD)	Official cofinancing	
	South-South partner	
	Public sector goods and services essential for private sector development	
<b>5. Poverty and SDG Targeting</b>		<b>Location Impact</b>
Geographic Targeting	No	Nation-wide
Household Targeting	No	High
SDG Targeting	Yes	
SDG Goals	SDG8, SDG9, SDG10	
<b>6. Risk Categorization</b>	Low	
<b>7. Safeguard Categorization</b>	Safeguard Policy Statement does not apply	
<b>8. Financing</b>		
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>
<b>ADB</b>		<b>1.00</b>
Knowledge and Support technical assistance: Technical Assistance Special Fund		1.00
<b>Cofinancing</b>		<b>1.00</b>
People's Republic of China Poverty Reduction and Regional Cooperation Fund (Full ADB Administration)		0.50
Republic of Korea e-Asia and Knowledge Partnership Fund (Full ADB Administration)		0.50
<b>Counterpart</b>		<b>0.00</b>
None		0.00
<b>Total</b>		<b>2.00</b>

## I. INTRODUCTION

1. The knowledge and support technical assistance (TA) is closely aligned to the recently approved Strategy 2030 and will help the Asian Development Bank (ADB) respond best to highly relevant knowledge needs for Bangladesh's inclusive and sustainable development.<sup>1</sup> The TA will create innovative and operation-relevant knowledge solutions. Knowledge products will be developed on strategic issues for Bangladesh's economic transformation and core sectors relevant to ADB's operations in the country. The policy development and advisory work under the TA will include the preparation of the background documents and inputs for overall policymaking, development plans, sector development, and potential project development.

2. The TA is included in ADB's current country operations business plan, and consistent with ADB's country partnership strategy for Bangladesh, 2016–2020.<sup>2</sup> The country partnership strategy prioritizes the knowledge support for economic and sector analysis to support more rapid structural transformation of the Bangladesh economy, including in-depth analysis of economic corridor development.<sup>3</sup>

## II. ISSUES

3. Bangladesh has achieved impressive economic and social development over the past decade. From 2009 to 2018, the average gross domestic product growth rate was 6.5%, and Bangladesh achieved a record high gross domestic product growth rate of 7.9% in fiscal year 2018. The country is now keen to consolidate these gains and accelerate its economic momentum by attaining an annual growth rate of 8.0% by fiscal year 2020. Ultimately, Bangladesh aspires to make growth more inclusive and reduce poverty by creating jobs and fostering regionally balanced development.

4. However, the country still faces a number of medium- to longer-term challenges, including preference erosion and higher cost of finance and debt servicing liability arising from its possible graduation from least developed country (LDC) status in the near future.<sup>4</sup> To attain its vision to become a developed country by 2041, Bangladesh needs to overcome middle-income challenges, such as low productivity, narrow economic base, and growing inequality, and seize new opportunities from the changing economic landscape, such as the advent of Industry 4.0—the trend of automation and data exchange in manufacturing technologies.

5. Recognizing these challenges, the Government of Bangladesh has committed to modernizing the country's agriculture, strengthening industrialization, improving human capital, and accelerating regionally balanced development. Bangladesh aims to sustain the growth momentum, and accelerate the growth for its longer-term goal to become a developed country. Innovative knowledge solutions remain one crucial key element to achieve the goal. Extensive policy research and analytical advice will help policy makers understand the development challenges and conditions unique to Bangladesh.

---

<sup>1</sup> ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

<sup>2</sup> ADB. 2016. *Country Partnership Strategy: Bangladesh, 2016–2020*. Manila.

<sup>3</sup> The TA first appeared in the business opportunities section of ADB's website on 18 April 2018.

<sup>4</sup> On 15 March 2018, the United Nations Committee for Development Policy officially declared that Bangladesh has attained the first eligibility for graduation from LDC and handed over a letter to that effect to Bangladesh. To graduate from the LDC category, Bangladesh has to cross at least two of these three thresholds: (i) gross national income per capita to be \$1,242 or above, (ii) human assets index to score 66 or above, and (iii) economic vulnerability index to score 32 or below during two consecutive triennial reviews until 2024.

6. One critical area for knowledge solutions is broadening the economic base with an emphasis on the lagging regions for industrialization. Bangladesh has adopted the establishment of economic corridors as a holistic development approach to drive structural transformation and improve welfare across various regions. Economic corridor development is closely aligned with the Seventh Five Year Plan.<sup>5</sup> It entails constructing world-class infrastructure that is typically aligned with a major transport network, connecting urban clusters with vibrant industrial zones, and providing a favorable and competitive environment for setting up businesses and facilitating the efficient movement of goods and people. The proposed Bangladesh Economic Corridor (BEC) will run from Jessore in the country's southwest to Sylhet in the northeast via Dhaka, and will include an extension to several key gateways. This is one of the national corridors identified in the South Asia Subregional Economic Cooperation (SASEC) Operational Plan with potential to develop into a regional economic corridor.<sup>6</sup>

7. ADB supported the preparation of a comprehensive development plan (CDP) for the Southwest Bangladesh Economic Corridor (SWBEC)—phase 1 of the envisaged BEC alignment—under a regional TA project.<sup>7</sup> The CDP offers a knowledge solution for the efficient and integrated implementation of the economic corridor project. While the envisaged SWBEC is expected to contribute significantly to the development of the southwest region, the proposed phase 2 of the BEC will integrate the northeast region of the country with the more vibrant growth centers of Dhaka and Chittagong. Extensive planning will need to be conducted for the second phase for the entire corridor alignment, from the southwest to the northeast, to boost Bangladesh's transport and trade linkages with South Asia and integrate with rapidly growing markets in Southeast Asia and East Asia, maximizing its geographical advantage. It will promote synergies between economic corridors being developed in SASEC countries to maximize the development impacts of investments.

8. In addition to the phase 2 of the BEC, this TA will also respond to needs for analytical work and knowledge solutions in a wide range of sectors and thematic areas. It will support the formulation of sound interventions and development strategies to maintain prudent macroeconomic policies, accelerate economic transformation, improve human capital, introduce climate-friendly smart agriculture, upgrade industry, boost foreign direct investment, expand the tax base, address infrastructure gaps, and improve the investment climate. A key element of economic transformation will be the use of high level technologies and skilled human capital that are optimally suited to deliver a knowledge economy.

9. Aside from a deficiency in innovative knowledge solutions, weak governance and institutional capacities continue to constrain Bangladesh's development prospects. The international development community's commitment to strengthen governance and institutional capacities was reaffirmed in the Sustainable Development Goals, particularly Sustainable Development Goal 17, which aims to enhance the effectiveness of capacity development to developing countries.<sup>8</sup> ADB's Strategy 2030 ascertains that ADB will strengthen its role as a knowledge provider and continue to work with the government to enhance their ability to address development issues and deliver projects.<sup>9</sup> For more impactful knowledge dissemination and

---

<sup>5</sup> Government of Bangladesh, Ministry of Planning. 2015. *Seventh Five Year Plan FY2016–FY2020: Accelerating Growth, Empowering Citizens*. Dhaka.

<sup>6</sup> ADB. 2016. *South Asia Subregional Economic Cooperation Operational Plan 2016-2025*. Manila.

<sup>7</sup> ADB. 2012. *Technical Assistance for Enhancing Economic Analysis and South–South Learning*. Manila. The CDP for the Southwest Economic Corridor was submitted to the Government of Bangladesh in November 2017.

<sup>8</sup> Goal 17: Revitalize the global partnership for sustainable development.

<sup>9</sup> ADB. 2018. *Strategy 2030—Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

capacity building, knowledge-sharing events such as conferences, forums, and workshops need to be organized for high-level dialogues with government officials and leading experts. These can provide opportunities for in-depth discussions and deliver comprehensive inputs to policy formulation.

### III. THE TECHNICAL ASSISTANCE

#### A. Impact and Outcome

10. The TA is aligned with the following impact: policy environment to support regionally balanced, inclusive, resilient, and sustainable development in Bangladesh improved.<sup>10</sup> The TA will have the following outcome: well-informed and well-developed policies on economic management solutions adopted.<sup>11</sup>

#### B. Outputs, Methods, and Activities

11. **Output 1: Comprehensive development plan for the Northeast Bangladesh Economic Corridor prepared.** Following the completion of the CDP for the SWBEC, the TA will prepare the CDP for the Northeast Bangladesh Economic Corridor, the phase 2 of the BEC. This integrated study will (i) identify the priority economic nodes to be developed; (ii) pinpoint priority industries for future development along the corridor, including micro, small, and medium-sized enterprises; (iii) craft an infrastructure strategy that identifies priority infrastructure development projects across various sectors; (iv) analyze the opportunities for Bangladesh's successful integration into the international economic corridors, including the Bangladesh–China–India–Myanmar Economic Corridor; and (v) recommend an appropriate set of policies and a corresponding institutional framework to streamline the regulatory process for setting up and operating businesses efficiently.<sup>12</sup> The CDP will take into account climate change and disaster risks in its analysis and promote environmentally sustainable development. Digital publication is the default approach for dissemination. However, external publications can be printed for targeted stakeholders and high-level government officials.

12. **Output 2: Knowledge products for inclusive and sustainable development produced.** Knowledge products covering various sectors and themes will be produced to meet Bangladesh's growing knowledge solution needs. This may include, but is not limited to, logistics sector development, infrastructure development, economic zones development, industry development, regional cooperation and integration, new and innovative technologies, rural development and food security, macroeconomic management, public–private partnership, social development, climate change and disaster risk management, and other analytical work relevant to ADB's operations in Bangladesh.<sup>13</sup> The knowledge products will also contribute to the preparation of the government's Eighth Five Year Plan. Technical studies, working papers, and policy briefs will be produced to effectively disseminate the findings, recommendations, and knowledge solutions. The research methodology will employ quantitative methods grounded in relevant economic theory, supplemented by qualitative analysis. As relevant, enterprise surveys and primary interactions with stakeholders will be conducted. Gender elements will be considered in the knowledge products as appropriate. Digital publication is the default approach for dissemination.

<sup>10</sup> Defined by the TA.

<sup>11</sup> The design and monitoring framework is in Appendix 1.

<sup>12</sup> ADB recognizes "China" as the People's Republic of China.

<sup>13</sup> The Government of Bangladesh plans to establish 100 economic zones by 2030 to create jobs for 10 million people and produce products and services worth \$40 billion. <http://www.beza.gov.bd/>.

However, external publications can be printed for targeted stakeholders and high-level government officials.

13. **Output 3: Institutional capacity and knowledge enhanced.** The TA will contribute to enhancing the capacity and knowledge of the policy makers and government officials through capacity building and knowledge events, based on, but not limited to, the knowledge products generated by the TA. The capacity building and knowledge events will include (i) development forums on issues faced by Bangladesh; (ii) policy workshops; (iii) knowledge dissemination activities; and (iv) others, such as site visits and study visits for relevant officials. Female participation will be encouraged in the training programs.

### C. Cost and Financing

14. The TA is estimated to cost \$2,100,000, of which (i) \$1,000,000 will be financed on a grant basis by the Technical Assistance Special Fund (TASF 6); (ii) \$500,000 will be financed on a grant basis by the People's Republic of China Poverty Reduction and Regional Cooperation Fund<sup>14</sup> and administered by ADB; and (iii) \$500,000 will be financed on a grant basis by the Republic of Korea e-Asia and Knowledge Partnership Fund and administered by ADB. The key expenditure items are listed in Appendix 2.

15. The People's Republic of China Poverty Reduction and Regional Cooperation Fund will finance operational expenses related to the TA and other eligible initiatives agreed upon by the People's Republic of China and ADB. It will not be used for permanent staffing costs or to hire staff consultants. It will not cover activities that will involve civil works and, in principle, it will not be used for large-scale equipment procurement.

16. The Republic of Korea e-Asia and Knowledge Partnership Fund will finance operational expenses related to the TA agreed upon by the Government of the Republic of Korea and ADB. It will not be used for (i) civil works, (ii) procurement of large-scale equipment, (iii) permanent staffing costs, or (iv) hiring of staff consultants.

17. The government will provide counterpart support in the form of counterpart staff, and other in-kind contributions.

### D. Implementation Arrangements

18. ADB will administer the TA. ADB, through the Bangladesh Resident Mission of the South Asia Department, will select, supervise, and evaluate consultants; organize workshops; and provide staff to act as resource persons in the workshops. To ensure government ownership, the knowledge-generation and dissemination activities will be conducted in close consultation with relevant government agencies.

19. The implementation arrangements are summarized in the table.

---

<sup>14</sup> The fund was originally named "People's Republic of China Regional Cooperation and Poverty Reduction Fund" in the 2005 Board paper.

### Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	September 2018–August 2021		
Executing agency	Economic Relations Division, Ministry of Finance		
Implementing agency	Asian Development Bank (ADB)		
Consultants	To be selected and engaged by ADB		
	Individual: Framework agreement or individual selection	International expertise (57 person-months)	\$1,022,000
	Individual: Individual selection	National expertise (78 person-months)	\$315,000
Disbursement	The technical assistance resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time). ADB-administered funds will be utilized on a front-loaded basis.		

Source: Asian Development Bank estimates.

20. **Consulting services.** ADB will engage consultants following the ADB Procurement Policy (2017, as amended from time to time) and/or staff instructions.<sup>15</sup> Given the diverse nature of deliverables, ADB will engage various individual consultants and resource persons who will work on a number of sectoral and thematic areas. Individual consultants will be recruited on an as-needed basis using individual consultant selection. If appropriate, framework agreement may be used for some of the experts. Where feasible, output-based, lump-sum contracts with a provision for fixed out-of-pocket expenditures will be used.

#### IV. THE PRESIDENT'S DECISION

21. The President, acting under the authority delegated by the Board, has approved (i) the Asian Development Bank (ADB) administering a portion of TA not exceeding the equivalent of \$500,000 to be financed on a grant basis by the People's Republic of China Poverty Reduction and Regional Cooperation Fund; (ii) ADB administering a portion of TA not exceeding the equivalent of \$500,000 to be financed on a grant basis by the Republic of Korea e-Asia and Knowledge Partnership Fund; and (iii) ADB providing the balance not exceeding the equivalent of \$1,000,000 on a grant basis to the Government of Bangladesh for Knowledge Solutions for Inclusive and Sustainable Development, and hereby reports this action to the Board.

<sup>15</sup> Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 3).

## DESIGN AND MONITORING FRAMEWORK

<b>Impact the Technical Assistance is Aligned with</b> Policy environment to support regionally balanced, inclusive, resilient, and sustainable development in Bangladesh improved (project defined)			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Risks</b>
<b>Outcome</b> Well-informed and well-developed policies on economic management solutions adopted	By 2021: Recommendations proposed by the technical assistance (TA) incorporated in the government's development plans and economic policies (2017 baseline: 0)	Government publications	Change in political leadership with a different development agenda can disrupt continuity of policies and plans.
<b>Outputs</b> 1. Comprehensive Development Plan for the Northeast Bangladesh Economic Corridor prepared  2. Knowledge products for inclusive and sustainable development produced  3. Institutional capacity and knowledge enhanced	Comprehensive development plan for the Northeast Bangladesh Economic Corridor submitted to the Government of Bangladesh (2017 baseline: 0)  Various knowledge products submitted to the Government of Bangladesh: (i) at least five technical studies, (ii) at least five working papers, and (iii) at least seven policy briefs (2017 baseline: 0)  80 participants reported increased knowledge on economic corridors development and management (2017 baseline: 0)	Periodic reports by consultants  Produced knowledge products  Knowledge event summaries and/or surveys	Delay in consensus building from a number of stakeholders from different government agencies may negatively affect project implementation.

<p><b>Key Activities with Milestones</b></p> <p><b>1. Comprehensive Development Plan for the Northeast Bangladesh Economic Corridor prepared</b></p> <p>1.1 Prepare inception report for the Northeast Bangladesh Economic Corridor (February 2019).</p> <p>1.2. Prepare interim report for the Northeast Bangladesh Economic Corridor (August 2019).</p> <p>1.3 Complete the comprehensive development plan for the Northeast Bangladesh Economic Corridor (February 2020).</p> <p><b>2. Knowledge products for inclusive and sustainable development produced</b></p> <p>2.1. Prepare at least five technical studies, five working papers, and seven policy briefs<sup>a</sup> (September 2018–August 2021).</p> <p><b>3. Institutional capacity and knowledge enhanced</b></p> <p>3.1 Assess training needs of government staff on economic corridors management (May 2019).</p> <p>3.2 Design training program on economic corridors management (December 2019).</p> <p>3.3 Conduct the training program and organize workshops, seminars, and conferences (continuous during TA period).</p> <p><b>Project Management Activity</b></p> <p>Recruit consultants (continuously during TA period).</p>
<p><b>Inputs</b></p> <p>Asian Development Bank: \$1,000,000</p> <p>People’s Republic of China Poverty Reduction and Regional Cooperation Fund: \$500,000</p> <p>Republic of Korea e-Asia and Knowledge Partnership Fund: \$500,000</p> <p>Note: The government will provide counterpart support in the form of counterpart staff, and other in-kind contributions.</p>
<p><b>Assumptions for Partner Financing</b></p> <p>Not applicable</p>

<sup>a</sup> This may include, but is not limited to, logistics sector development, infrastructure development, economic zones development, industry development, regional cooperation and integration, new and innovative technologies, rural development and food security, macroeconomic management, public–private partnership, social development, climate change and disaster risk management, and other analytical work relevant to the Asian Development Bank’s operations in Bangladesh.

Source: Asian Development Bank.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Amount
<b>A. Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	300.0
ii. National consultants	200.0
b. Out-of-pocket expenditures	
i. International and local travel	130.0
ii. Report and communications	10.0
2. Printed external publications <sup>b</sup>	20.0
3. Training, seminars, workshops, forums, and conferences	
a. Travel cost of Asian Development Bank staff acting as resource persons	50.0
b. Venue rental and related facilities	90.0
c. Participants	100.0
4. Contingencies	100.0
<b>Subtotal (A)</b>	<b>1,000.0</b>
<b>B. People's Republic of China Poverty Reduction and Regional Cooperation Fund<sup>c</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	221.0
ii. National consultants	60.0
b. Out-of-pocket expenditures	
i. International and local travel	76.0
ii. Report and communications	5.0
2. Training, seminars, workshops, forums, and conferences	
a. Venue rental and related facilities	32.0
b. Participants	56.0
3. Contingencies	50.0
<b>Subtotal (B)</b>	<b>500.0</b>
<b>C. Republic of Korea e-Asia and Knowledge Partnership Fund<sup>c</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	225.0
ii. National consultants	50.0
b. Out-of-pocket expenditures	
i. International and local travel	75.0
2. Training, seminars, workshops, forums, and conferences	
a. Venue rental and related facilities	30.0
b. Participants	70.0
3. Contingencies	50.0
<b>Subtotal (C)</b>	<b>500.0</b>
<b>Total</b>	<b>2,000.0</b>

Note: The technical assistance is estimated to cost \$2,100,000, of which contributions from the Asian Development Bank (ADB), the People's Republic of China Poverty Reduction and Regional Cooperation Fund, and the Republic of Korea e-Asia and Knowledge Partnership Fund are presented in the table above. The government will provide counterpart support in the form of counterpart staff, and other in-kind contributions. The value of government contribution is estimated to account for 4.8% of the total technical assistance cost.

<sup>a</sup> Financed by ADB's Technical Assistance Special Fund (TASF 6).

<sup>b</sup> External publications can be printed for targeted stakeholders and high-level government officials.

<sup>c</sup> Administered by ADB.

Source: Asian Development Bank estimates.

**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/LinkedDocs/?id=52121-001-TARreport>

1. Terms of Reference for Consultants