



Technical Assistance Report

Project Number: 54235-001
Knowledge and Support Technical Assistance (KSTA)
June 2020

Planning for Economic Recovery of South Asia from COVID-19

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
DMC	–	developing member country
SARD	–	South Asia Department
TA	–	technical assistance

NOTE

In this report, “\$” refers to United States dollars.

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KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 54235-001	
Project Name	Planning for Economic Recovery of South Asia from COVID-19	Department/Division	SARD/SARC
Nature of Activity	Capacity Development	Executing Agency	Asian Development Bank
Modality	Regular		
Country	REG (IND, SRI)		
2. Sector		Subsector(s)	
Public sector management	Economic affairs management	ADB Financing (\$ million)	
			0.70
	Social protection initiatives		0.50
Finance	Finance sector development		0.50
Industry and trade	Industry and trade sector development		0.70
Information and communication technology	ICT strategy and policy, and capacity development		0.60
		Total	3.00
3. Operational Priorities		Climate Change Information	
Addressing remaining poverty and reducing inequalities		GHG Reductions (tons per annum)	0
Accelerating progress in gender equality		Climate Change impact on the Project	Low
Making cities more livable		ADB Financing	
Strengthening governance and institutional capacity		Adaptation (\$ million)	0.00
Fostering regional cooperation and integration		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 1.b		Some gender elements (SGE)	
SDG 5.c			
SDG 8.10, 8.2, 8.3, 8.8			
SDG 9.1, 9.b			
SDG 10.4			
4. Risk Categorization		Complex	
5. Safeguard Categorization		Safeguard Policy Statement does not apply	
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		3.00	
Knowledge and Support technical assistance: Technical Assistance Special Fund		3.00	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		3.00	
Currency of ADB Financing: US Dollar			

I. INTRODUCTION

1. The knowledge and support technical assistance (TA) aims to support selected developing member countries (DMCs) of the South Asia Department (SARD)¹ of the Asian Development Bank (ADB) to (i) plan the medium-term recovery from the economic impact of the coronavirus disease (COVID-19), and (ii) adjust their long-term development strategies to changes in the global environment brought about by this pandemic.

2. The TA is aligned with ADB's Comprehensive Response to the COVID-19 Pandemic, which stresses the importance of stepping up support to its DMCs in combating the effects of the global health crisis.² The TA is also consistent with ADB's Strategy 2030, which endeavors to strengthen subregional initiatives, e.g., by facilitating knowledge-sharing and collaboration.³

II. ISSUES

3. SARD DMCs, like other regions, have been affected by COVID-19, with total cases at 329,625 as of 8 June 2020.⁴ Governments prioritized the saving of lives from the health emergency and introduced large-scale community quarantine measures (travel restrictions and lockdowns) to prevent the spread of the disease and ease the burden on the health systems. These measures have enormous economic impacts because they slowed economic activities to a substantial degree, leading to the closure of businesses and to job losses. The poor and vulnerable, including women, as well as domestic and international migrants have borne the brunt of it. Governments provided financial aid in terms of cash transfers and other social security interventions, and also extended support to the corporate sector to offset income losses and keep businesses afloat. However, economic growth in South Asia will still contract in 2020, with gross domestic product projected at -3.0%.⁵

4. ADB and other development partners also helped cushion the short-term impact by providing relief to the DMCs, supplying much-needed medical equipment, building capacity for the health sector, and providing budgetary support with a focus on protecting the poor and most vulnerable groups of society. Following these initial efforts, DMCs are starting to plan for economic recovery from the pandemic and adjust their development strategies accordingly. Recovery may take a long time, however.

5. Social distancing practices and travel restrictions are likely to continue in the medium-term, unless vaccines or effective treatments become available. This would require embracing a new way of living for SARD DMCs. Economic recovery plans therefore can only be effective if they adopt the requirements of the "new normal." Payment systems will need to be moved quickly to digital platforms and mobile applications to maintain some economic activities, businesses need to migrate to e-commerce and e-business to sustain operations, and schools need to adopt online education to keep students learning. To restart the businesses, the stress on the banking system and financial institutions caused by the rescheduling of repayments and an increase in nonperforming loans should be mitigated so that necessary funding can be provided. Flexible labor laws are required to enable the fast recovery of employment and job creation.

¹ The TA targets India and Sri Lanka, which require additional resources for knowledge. Other countries, i.e., Bangladesh, Bhutan, Maldives, and Nepal, will be covered by a future increase in the TA amount.

² ADB. 2020. *ADB's Comprehensive Response to the COVID-19 Pandemic*. Manila.

³ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

⁴ Bangladesh = 65,769; Bhutan = 59; India = 256,611; Nepal = 3,448; Maldives = 1,903; Sri Lanka = 1,835 (Source: [World Health Organization](https://www.who.int/covid19/situation-reports), accessed 9 June 2020).

⁵ ADB. 2020. *Asian Development Outlook Supplement*. Manila.

6. Further, taking the momentum gained in the economic recovery from COVID-19, various reform agendas could be implemented, strengthened, expanded, and institutionalized. For instance, the extended coverage of the social welfare system under the current pandemic may be mainstreamed and formalized. Options for strengthening business resilience, such as enhancing financial stability and improving financial intermediation, should be explored to ensure better preparedness for similar outbreaks in the future. The supply chains and logistics of critical products (such as fuel, food, and pharmaceuticals) may be reassessed and restructured to ensure continued supply even during emergency situations. National stocks may need to be established for critical products to ensure food security for those that depend on imports. Finally, fiscal consolidation needs to be evaluated and its strategy adjusted to respond to increased domestic and international borrowing as a result of the COVID-19 pandemic.

7. The TA will help DMCs formulate a policy agenda on these critical issues based on extensive analytical studies and supported by updated and reliable data. The results of these studies will include actions plans on how key stakeholders can implement the recommendations.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

8. The TA is aligned with the following impact: selected SARD DMCs' economies recovered from COVID-19.⁶ The TA will have the following outcome: the capacity of governments to design medium-term economic recovery plans and adjust their long-term development strategies to the effects of COVID-19 enhanced.⁷

B. Outputs, Methods, and Activities

9. **Output 1: Support for the preparation and/or strengthening of economic recovery plans provided.** The TA will assess the impacts of COVID-19 on selected priority sectors and their significance to the economy. This will include an analysis of the components of each topic to come up with the status of current situations and identify ways of moving toward economic recovery. Consultations with various stakeholders from the public and private sectors will underpin the formulation of policy measures that would respond to the needs of those most affected, such as the poor and vulnerable, including women. The TA will also explore the role of civil society, community support, and the private sector in planning and monitoring the economic recovery. It is planned to submit at least three knowledge products to governments and organize knowledge-sharing events to disseminate the findings of the studies. Topics that may need immediate support to better deal with the fallout from the COVID-19 pandemic could include the following:⁸

- (i) Strengthening the agricultural price monitoring systems by enhancing monitoring and evaluation through digital platforms.
- (ii) Strengthening the public distribution system for food.
- (iii) Improving farm-to-fork supply chain systems by exploring interventions through common service centers.
- (iv) Strengthening fintech-based solutions to promote cashless transactions with minimal touch points.

⁶ Defined by the TA.

⁷ The design and monitoring framework is in Appendix 1.

⁸ The health sector, which is not included in this TA, will be covered by TA 9982-REG: Support to Address Outbreak of COVID-19 and Strengthen Preparedness for Communicable Diseases in South Asia, which was approved on 20 May 2020.

- (v) Assessing the finance sector, particularly the stress on the banking system to keep credit flowing amid deteriorating credit quality, and formulating policy reforms to stabilize the banking system and develop capital markets.
- (vi) Facilitating and promoting distance learning and digital education.
- (vii) Assessing the impact on the labor market in terms of (i) supply of migrant labor to ongoing projects; (ii) medium-term job creation for micro, small, and medium-sized enterprises; (iii) protection of the most vulnerable workers, including women.
- (viii) Promoting the business recovery of micro, small, and medium-sized enterprises.
- (ix) Strengthening public sector management to help national and local governments raise resources to meet immediate and short-term needs.
- (x) Expanding access to information and communication technology connectivity.

10. Agriculture and logistics are being selected to ensure the continued supply of food and other important products even during lockdowns and social distancing, while education and payment systems gain from adopting methods with less physical contact. Migrant workers suffer the loss of their livelihoods when their host countries implement lockdowns and close international borders. Finally, public finance should be strengthened for fiscal consolidation, since many countries increased public debt to finance additional expenditures on the health sector, social protection, and business support. Other topics may be added upon demand from DMCs.

11. **Output 2: Support to adjust development strategies provided.** The TA will analyze existing development strategies of governments and identify what can be modified and improved to respond to the changes in the global, regional, and national policy environments brought about by COVID-19. The TA will also (i) examine international best practices in responding to crises and highlight those that the DMCs could adopt given their unique economic, social, and political characteristics; (ii) prepare at least two knowledge products which will include policy recommendations; and (iii) organize knowledge-sharing events to disseminate the findings. Topics that may need support would include, but are not limited, to the following areas:

- (i) **Logistics.** Strengthening the manufacturing supply chains and building on food value chains, with a focus on the (a) establishment of benchmarks for activities such as storage, short- and long-haul transport, handling, and distribution; institutional means for administration and enforcement of such standards; and monitoring systems that enable administrators to make the different logistics service providers accountable for meeting these standards; (b) formulation of multimodal transport solutions; (c) design of programs with cluster-specific approaches for micro, small, and medium-sized enterprises as well as industrial and export firms to scale up domestic production in key product lines; and (d) setup of self-help groups in supply chains at the village level.
- (ii) **Social schemes.** (a) Creation of a common social registry for harmonization among various social schemes for efficient benefit delivery mechanism including digitization of systems; (b) Conduct of impact evaluation of pro-poor and/or social welfare schemes and the possibility of convergence for higher impact/benefits; (c) Assessment of service delivery in education, skills or social protection to identify gaps and in view of the need for digital modes of service delivery; (d) Establishment of welfare facilities for the urban poor and construction workers including migrant laborers. Data disaggregated by sex and social aspects will be used to enable an extensive analysis of these schemes.
- (iii) **Migrant workers.** Explore possible solutions to their vulnerability, such as (a) portability of social sector benefits for workers outside their domicile; (b) regional cooperation to handle issues of undue fiscal stress on the host country; (c) safety of migrant workers, especially women, who might face prejudice and

discrimination; (d) food security and financial assistance support to families of migrant workers; and (e) update of databases of migrant workers with data disaggregated by gender, age, and disability.

12. Regional cooperation and integration will be considered to ensure collective action and complementarity of efforts among SARD DMCs. As regards trade facilitation, there is a need to strengthen the continuity of regional supply chains and achieve faster clearance of cargos at the borders to boost cross-border connectivity and enhance trade and investment.

C. Cost and Financing

13. The TA is estimated to cost \$3,000,000, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The key expenditure items are listed in Appendix 2. A future increase in the TA amount is likely as new analytical studies and knowledge-sharing opportunities are expected to be added given that the current global health pandemic may likely to extend for a longer period of time and may delay economic recovery.

D. Implementation Arrangements

14. ADB will administer the TA through SARD's Regional Cooperation and Operations Coordination Division, in cooperation with SARD resident missions, sector divisions, other relevant units and departments of ADB, and the governments of member countries. ADB will explore collaboration with other development partners to avoid duplication of efforts and maximize the use of resources. ADB will engage individual consultants and organize workshops for the implementation of TA activities.

15. The implementation arrangements are summarized in the table.

Implementation Arrangements			
Aspects	Arrangements		
Indicative implementation period	June 2020–May 2022		
Executing agency	ADB		
Consultants	To be selected and engaged by ADB		
	Firm: QCBS (90:10 ratio)	International expertise (30 person-months cumulative)	\$500,000
	Individual experts: individual selection	International expertise (47 person-months)	\$980,000
	Individual experts: individual selection	National expertise (78 person-months)	\$645,000
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		

ADB = Asian Development Bank, QCBS = quality- and cost-based selection, TA = technical assistance.
Source: ADB.

16. **Consulting services.** ADB will recruit an international consulting firm, and international and national individual consultants for the implementation of activities. ADB may also engage resource persons, when necessary, for knowledge-sharing events. ADB will consider output-based (lump-sum) contracts for consulting services, as appropriate. It will engage the consultants

following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.⁹

IV. THE PRESIDENT'S DECISION

17. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$3,000,000 on a grant basis for Planning for Economic Recovery of South Asia from COVID-19, and hereby reports this action to the Board.

⁹ Terms of Reference for Consultants (accessible from the list of linked of documents in Appendix 3).

DESIGN AND MONITORING FRAMEWORK

[illegible]

Key Activities with Milestones**1. Support for the preparation and/or strengthening of economic recovery plans provided**

- 1.1 Collect information on the economic impacts of COVID-19 on businesses, households, and governments, giving due consideration to issues relating to the poor and vulnerable (Q4 2020–Q2 2021)
- 1.2 Work with governments to identify key impacts on the economy from the COVID-19 outbreak (Q1 2021–Q4 2021)
- 1.3 Review experiences, lessons learned, and good practices on policy responses to COVID-19 in SARD DMCs and other regions (Q4 2020–Q2 2021)
- 1.4 Hold policy consultations with senior officials to guide the formulation of a recovery plan (Q1 2021–Q4 2021)
- 1.5 Formulate knowledge products for economic recovery plans, paying special attention to the poor and vulnerable (Q1 2021–Q4 2021)
- 1.6 Organize policy forums to present the knowledge products and discuss their policy recommendations (Q3 2021–Q4 2021)

2. Support to adjust development strategies provided

- 2.1 Review policy changes in the global, regional, and national environments brought about by the COVID-19 pandemic (Q4 2020–Q2 2021)
- 2.2 Conduct an analysis of key issues in the current system that require adjustment. The assessment may include cost–benefit analyses based on different scenarios to identify best practices in policy environments that are suitable for SARD DMCs given their respective unique economic, social, and political conditions (Q1 2021–Q3 2021)
- 2.3 Conduct consultations with various stakeholders to identify priority interventions especially for the poor and vulnerable members of society, including women (Q1 2021–Q4 2021)
- 2.4 Formulate knowledge products for adjustments to development strategies, paying special attention to the poor and vulnerable (Q1 2021–Q4 2021)
- 2.5 Organize policy forums to present the knowledge products and discuss their policy recommendations (Q2 2021–Q1 2022)

TA Management Activities

Recruit consultants

Review progress reports

Inputs

ADB: \$3 million (TASF-other sources)

Assumptions for Partner Financing

Not applicable

ADB = Asian Development Bank, COVID-19 = coronavirus disease, DMC = developing member country, Q = quarter, SARD = South Asia Department, TA = technical assistance, TASF = Technical Assistance Special Fund.
Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN

(\$'000)

Item	Amount
A. Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	1,480.0
ii. National consultants	645.0
b. Out-of-pocket expenditures	
i. International and local travel	290.0
2. Training, seminars, workshops, forums, and conferences	
a. Facilitators and resource persons	30.0
b. Venue rental	150.0
c. Participants	320.0
d. Representation ^b	5.0
3. Miscellaneous administration and support costs ^c	30.0
4. Contingencies	50.0
Total	3,000.0

Note: The technical assistance (TA) is estimated to cost \$3,000,000, of which contributions from the Asian Development Bank (ADB) are presented in the table.

^a Financed by ADB's Technical Assistance Special Fund (TASF-other sources).

^b Includes representation costs following ADB (Budget, Personnel, and Management Systems Department; and Strategy and Policy Department). 2013. Use of Bank Resources: Regional Technical Assistance and Technical Assistance vs. Internal Administrative Expenses Budget. Memorandum. 26 June (internal).

^c Includes administrative costs, i.e., communication, editing, translation, and printing, to support TA implementation and administration in accordance with para. 22 of ADB. 2013. Administering Grant-Financed Technical Assistance Projects. *Project Administration Instructions*. PAI 5.09. Manila.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=54235-001-TARreport>

1. Terms of Reference for Consultants