

Strengthening Capacity of Developing Member Countries for Managing Credit Enhancement Products (Phase 2)

Main Report
October 2012



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Asian Development Bank

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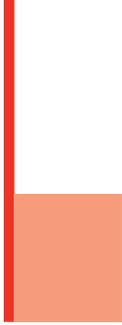
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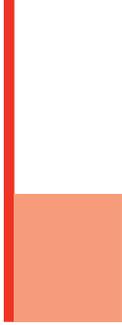
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Foreword

Asian developing countries have enormous needs for investment in infrastructure and other key economic sectors, exceeding the financial resources of the countries themselves and of development finance institutions (DFIs), such as the Asian Development Bank (ADB). According to a study by ADB and the Asian Development Bank Institute in 2009, the Asia and Pacific region requires US\$750 billion in infrastructure investments per year between 2010 and 2020.¹ In addition, the countries involved face great challenges in financing the United Nations Millennium Development Goals (UN MDGs) and the costs associated with adaptation and mitigation measures against climate change.

Taking into account the current budget constraints of many Asian countries and their bilateral donors, and the limited resources of the DFIs that are active in the Asian region, it is clear that the public sector—national governments, aid donors, and DFIs—will not be able to finance all these investment needs. This financing gap needs to be filled by the private sector.

Most Asian governments are fully aware of these challenges, hence their great interest in promoting private investment, including public–private partnerships. Many governments are investing significant time, energy, and resources to create or maintain a sustainable and (more) favorable business climate and attract foreign investments through various investment promotion activities.

A crucial, and often underestimated, factor in generating interest from the private sector to finance infrastructure in developing countries is the availability of adequate credit enhancement products (CEPs). Infrastructure requires medium to long term (MLT) financing. For many Asian countries such MLT financing is currently not available from commercial banks or will be far too expensive without adequate CEPs.

Among the CEPs that are globally available, guarantees, credit and investment insurance, and so-called B loans are well known. In terms of business volume, guarantees and insurance are the most important. These instruments are used by commercial banks to improve the risk profile of their financing. Through a credit guarantee and/or insurance, all payment risks can be covered and through a partial risk guarantee, certain key political risks can be mitigated. Equity investors also use partial risk guarantees to protect their investments against certain political risks. In public–private partnerships, such products play an essential role in leveraging more capital.

Many multilateral development banks (e.g., ADB, the African Development Bank [AfDB], the European Bank for Reconstruction and Development [EBRD], the InterAmerican Development Bank [IADB], and the International Bank for Reconstruction and Development [IBRD]) have guarantee programs, but for most of them, the majority of the business is direct sovereign lending (i.e., loans to governments). One of the greatest benefits of guarantees is that they can leverage substantial amounts of private capital. This can be done through, among other things, tailor-made risk-sharing arrangements with the beneficiary of the guarantee (e.g., a commercial bank); and/or by means of co- and reinsurance or unfunded risk participations with export credit agencies (ECAs), private insurers and reinsurers, and financial institutions. Furthermore, DFIs can make use of the distribution and management capabilities of commercial banks that are active in Asia to identify investment opportunities. Taken together, this implies that scarce multilateral resources can be used more

¹ ADB. 2009. *Infrastructure for a Seamless Asia*. Manila.

effectively and efficiently, which is in the interest of DFIs, their Asian member countries, and the international donor community at large. Through guarantees, more money can become available to finance the needs of the Asian countries.

Against this background, ADB developed an extensive training program on CEPs for government officials first in eight Asian countries under RETA 6519,² followed by three more countries in Asia under RETA 7705.³

The main content of the workshops carried out under RETA 7705, the results achieved, and the feedback received from participants in the workshops in Bangladesh, the Lao People's Democratic Republic (Lao PDR), and Nepal are described in this evaluation report.⁴ Based on feedback, the participants appreciated the program highly. Many of them gained new or additional knowledge that they could use in their daily work.

I am convinced that the workshops have helped ADB and its member countries better understand the importance of CEPs. It is promising that, after participants attended the workshops, many expected to make use of CEPs more often. ADB has a broad range of CEP products—guarantee products and B loans—and the necessary CEP expertise to assist its member countries in financing their infrastructure investment needs. ADB is looking forward to enhancing its cooperation in this area with the governments in Asia and other stakeholders in infrastructure.

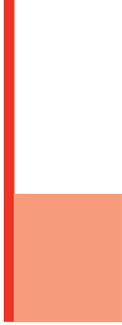


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² In chronological order: Mongolia (October 2009), the People's Republic of China (October 2009), Indonesia (November 2009), Viet Nam (December 2009), Cambodia (February 2010), Papua New Guinea (March 2010), the Philippines (March 2010), and Sri Lanka (July 2010).

³ Lao PDR (October 2011), Bangladesh (November 2011), and Nepal (March 2012).

⁴ The evaluation of the workshops on CEPs carried out in the eight countries under RETA 6519 is summarized in a Main Report dated August 2011 and available on ADB's website.



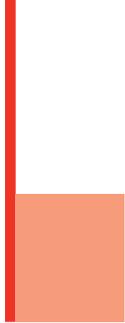
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Christophe Bellinger (Lead Partnerships Specialist, Guarantees and Syndications), Office of Cofinancing Operations, Asian Development Bank, served as the task manager for this project.

The international consultants who carried out the workshops and prepared this second main report are Paul Mudde and Anne van't Veer. Imelda T. Alcala, a national consultant, assisted them.

Many ADB staff in Manila and in the country offices, as well as officials in each participating government, assisted the task manager with the organization of the individual workshops.

The International Union of Credit & Investment Insurers (the Berne Union) and the International Credit Insurance & Surety Association (ICISA) contributed materials about their respective organizations and membership for use in the workshops.



Acronyms and Abbreviations

ADB	Asian Development Bank
AfDB	African Development Bank
ATI	African Trade Insurance Agency
BITs	bilateral investment treaties
Berne Union	International Union of Credit & Investment Insurers
CEPs	credit enhancement products
PRC	People's Republic of China
CUP	cooperative underwriting program
DAC	Development Assistance Committee
DFI	development finance institution
DMC	developing member country
EBRD	European Bank for Reconstruction and Development
ECAs	export credit agencies
EIB	European Investment Bank
EXIM bank	export–import bank
FDI	foreign direct investment
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
ICIEC	Islamic Corporation for the Insurance of Investments and Export Credit
ICISA	The International Credit Insurance & Surety Association
IMF	International Monetary Fund
GoR	Guarantee of Record
Lao PDR	Lao People's Democratic Republic
MDB	multilateral development bank
MIGA	Multilateral Investment Guarantee Agency
MLT	medium and long term
OECD	Organisation for Economic Co-operation and Development
PCG	partial credit guarantee
PRG	partial risk guarantee
UN	United Nations
UN MDGs	United Nations Millennium Development Goals



Executive Summary and Main Recommendations

Background

Asian developing countries have enormous needs for investments in infrastructure, while they also face huge financial challenges related to the UN Millennium Development Goals and climate change.

The financial resources available to governments in these countries—their own government budgets and bilateral and multilateral aid—are insufficient to meet these financial challenges. For Asian developing countries, it is therefore of great importance to create a good investment climate for the private sector, in particular for direct investors and commercial debt financiers. For many Asian developing countries, it is quite a challenge under current market circumstances (e.g., the EU sovereign debt crisis and new Basel III solvency regulations) to find commercial lenders willing to provide medium and long term (MLT) debt financing for infrastructure projects, which are often projects with relatively high political risks. Commercial banks use various risk mitigation techniques and instruments to secure their MLT financing. The most commonly used instruments are credit and political risk guarantees, but there also some other credit enhancement products available.

It is strategically important that governments are aware of the importance of these credit enhancement products (CEPs) and how they are used in both public sector and private sector infrastructure projects. Without adequate CEPs, many infrastructure projects will not be able to attract commercial finance or the financing will be too expensive.

Among government officials in developing member countries (DMCs), there appears to be insufficient knowledge about and experience with such risk mitigation instruments, including those provided by ADB. To attract sufficient financing for current and future infrastructure projects, officials involved in financing infrastructure should have a good knowledge of the financing needs, the risks related to projects, and the possible financing sources and instruments like CEPs that can be used to mitigate risks.

Therefore, in December 2008, the President of ADB approved the provision of technical assistance in the form of CEPs workshops for government officials in DMCs.⁵ Under this technical assistance program, workshops on CEPs were given in eight member countries (in chronological order): Mongolia (October 2009), the People's Republic of China (October 2009), Indonesia (November 2009), Viet Nam (December 2009), Cambodia (February 2010), Papua New Guinea (March 2010), the Philippines (March 2010), and Sri Lanka (July 2010).

⁵ ADB. 2011. *Strengthening Capacity of Developing Member Countries for Managing Credit Enhancement Products*. Manila.

The CEPs workshops in eight ADB member countries were attended by 424 government officials. Their feedback, comprehensively described in the report of consultants of August 2011,⁶ showed that the workshops were highly successful.

This led to the decision to extend the program to another three ADB member countries. Based on the experience with and feedback obtained in previous workshops, it was furthermore decided to extend the workshop for middle management and infrastructure (finance) specialists from 2 to 2.5 days. This would allow for more in-depth discussions with participants and an exchange of views on the basis of various case studies. In addition, it was decided to design a special half-day workshop for senior executive government officials in which all issues would be discussed at a more strategic level.

The second phase of the project involved two workshops in each of the three additional ADB member countries.⁷ These countries are presented in chronological order in Table 1.

Table 1 Schedule of Workshops on Credit Enhancement Products, 2011–2012

Number	Country	No. of 2.5-Day Technical CEPs Workshops	No. of 0.5-Day Executive CEPs Workshop	Dates
1	Lao PDR	1	1	24–28 October 2011
2	Bangladesh	1	1	14–18 November 2011
3	Nepal	1	1	12–17 March 2012

CEPs = credit enhancement products, Lao PDR = Lao People's Democratic Republic.
Source: From authors, based on technical assistance procedure.

The Workshops

The 2.5-Day Technical Workshop

The agenda for the 2.5-day technical workshop can be found in Annex I. Various PowerPoint presentations were used during the workshop, covering all the main themes described in the curriculum. The workshops included the following main topics:

1. The infrastructure investment needs of developing countries and the financial challenges concerning UN Millennium Development Goals and climate change;
2. The importance of private investments and public and private capital flows;
3. The role of various ministries involved in the financing of projects;
4. Main risks in infrastructure finance (e.g., political and commercial risks);
5. Types of infrastructure projects (sovereign, sub-sovereign, corporate, and project finance);
6. CEPs provided by ADB;
7. CEPs provided by other multilateral development finance institutions, bilateral aid agencies, official export credit agencies (ECAs) and export–import (EXIM) banks, and private insurers and guarantors;

⁶ The report can be found on ADB's website: <http://www.adb.org/publications/strengthening-capacity-developing-member-countries-managing-credit-enhancement-products>

⁷ Phase 2 was to have included India and a senior government executive workshop in the Philippines. Instead, the workshop in the Philippines was financed with funds remaining from the budget for Phase 1. The workshop in India was canceled when the government did not provide the requisite "no objection" letter necessary to carry out the workshops. Another country was identified as a substitute, but political events in the country delayed requesting the no-objection letter. When these did not seem to have an end in sight, a decision was made to cancel Phase 2 in those countries to avoid further delays.

8. How to structure and finance investments using CEPs;
9. Main benefits of CEPs for key stakeholders such as importing and exporting countries, ADB and other multilaterals, exporters, investors, and banks (e.g., leveraging ADB resources and credit enhancements under Basel II and III);
10. Importance of bilateral investment treaties (BITs) and adequate dispute resolution mechanisms, including mediation and arbitration;
11. Role of the International Union of Export Credit & Investment Insurers (the Berne Union), the Prague Club (new ECAs not yet a member of the Berne Union), World Trade Organization regulations, Organisation for Economic Co-operation and Development (OECD) regulations, the Paris Club, and the London Club;
12. The role and practices of private credit rating agencies;
13. Sustainable development and the role of the financial sector; and
14. Access to information about CEPs.

During the program, there were also four interactive sessions on the following topics:

Country risk rating on the basis of the OECD-ECA country risk methodology. In this session, participants were first shown the ratings of various non-Asian countries and, in a plenary discussion, asked to classify approximately 20 Asian countries in eight risk categories (from 0 to 7).

Rating of the three insurance and/or guarantee providers. In this session, participants were asked to rate the three insurance and/or guarantee providers (multilateral development banks [MDBs], ECAs, and private insurers) as the most or the least attractive provider, taking into account selection criteria such as pricing, counterparty risk, overall insurance capacity, processing time, and flexibility.

A case study regarding a sovereign infrastructure project. The case study was about a sovereign renewable energy project and participants discussed various CEPs options. Participants were divided into groups, which acted as competing banks that tried to obtain the mandate from the government to provide financing for the project. The competition element between “the banks” created a lot of insight (and fun) for participants and facilitators.

A case study regarding a private sector financed project. The second case study concerned a complex project finance transaction or a public–private partnership project for a conventional power plant. The “banks” formed in the first case study had to compete against one another again.

The 0.5-Day Executive Workshop

The agenda for the 0.5-day executive workshop can be found in Annex II. The program covered the main strategic issues regarding the utilization of CEPs for infrastructure finance. Furthermore, five strategic challenges were discussed:

1. The importance of catalyzing private capital and the role of ADB and other MDBs;
2. The utilization of limited concessional loans and the relevance of a distinction between commercially viable and nonviable projects;
3. The importance of bilateral investment protection treaties;
4. The management of environmental and social risks in infrastructure projects; and
5. The importance of exports to the countries concerned and the role a national export credit agency can play to support exports.

Main Objectives of the CEPs Workshops and Evaluation

An extensive participant questionnaire provided a good indication about the organization of the workshops and their effectiveness in reaching intended goals. The most important questions

focused on the five main objectives set for the program. Whether each of these targets has been met, based on questionnaire results and other data, is explained below.

Objective 1 concerning output

The output of the technical assistance will be that at least 150 DMC officials participate in the workshops.

Actual Results

Phase 2 of the CEPs program was rolled out in three additional countries (Bangladesh, the Lao PDR, and Nepal) and covered in total 201 participants, comprising 145 middle management government officials involved in infrastructure (finance) and 56 senior executive government officials.

Table 2 Number of Participants in Workshops in Each of Three Countries

Country	Technical 2.5-Day CEPs Workshop		Executive 0.5-Day CEPs Workshop	
	No. of Participants	No. of Questionnaire Respondents	No. of Participants	No. of Questionnaire Respondents
Lao PDR	43	40	21	18
Bangladesh	40	33	12	11
Nepal	62	56	23	18
Total	145	129	56	47

CEPs = credit enhancement products, Lao PDR = Lao People's Democratic Republic.

Note: Countries presented in chronological order by workshop.

Source: From authors, based on technical assistance procedure.

The total number of participants is substantially higher than the target of 150 officials.

Objective 2

At least 75% of the workshop participants demonstrate, after the workshops, an understanding of how to use CEPs.

Actual Results

The evaluation form included a section to assess the knowledge about CEPs of participants prior to the workshop and after the workshop. Given that each credit enhancement product and CEPs provider has its own terms and conditions, a distinction has been made among the following topics:

1. Knowledge about CEPs provided by ADB;
2. Knowledge about CEPs provided by other multilateral development institutions;
3. Knowledge about CEPs provided by ECAs and EXIM banks;
4. Knowledge about CEPs provided by private credit and investment insurers; and
5. Knowledge about sustainable development and its relevance for the financial sector.

Detailed results in all these areas can be found in Chapter III. In this summary, we focus on the knowledge about ADB CEPs from participants in both the 2.5-day technical workshop and the 0.5-day executive workshop. In the following discussions of participant responses, all references to percentages of participants are calculated based on the number of participants who responded to the evaluation, not the total number of workshop participants.

2.5-Day Technical CEPs Workshop

Prior to the workshops, 38% of participants in the 2.5-day technical workshop had very little or no knowledge at all about ADB CEPs, and 44% had partial knowledge.

After the workshops, 59% responded that they had complete or almost complete knowledge of ADB CEPs and 41% responded that they had partial knowledge.

0.5-Day Executive CEPs Workshop

Prior to workshops, 23% of participants in the 0.5-day executive workshop had very little or no knowledge at all about ADB CEPs, and 41% had partial knowledge.

After the workshops, 60% responded that they had complete or almost complete knowledge of ADB CEPs and 40% responded that they had partial knowledge.

It is clear that most participants gained significant knowledge about CEPs from the workshops. It can therefore be concluded that objective 2 has been met.

Objective 3

The workshops and briefings are designed to explain ADB CEPs to DMC officials and how they may be utilized to leverage financial resources from ADB to support sovereign, nonsovereign, and private sector projects. The workshops will include, as well, a wide range of other CEPs available from other sources, both private and public, in support of investment in infrastructure.

Actual Results

Participants were asked various questions to assess the effectiveness of the workshops. Below are some key results for both workshops:

2.5-Day Technical CEPs Workshop

- Nineteen percent of participants rated their overall satisfaction and learning experience as “excellent,” 53% as “very good,” and 26% as “good” (totaling 98%).
- All participants responded they were “very satisfied” (44%) or “satisfied” (56%) with the content of the workshop (totaling 100%).
- For 73% of participants, the content of the workshop was relevant to their daily work.
- Ninety-eight percent of participants were “very satisfied” (55%) or “satisfied” (43%) with the use and quality of handouts and reading materials.
- A vast majority (88%) would recommend similar CEPs workshops to other people in their country.

0.5-Day Executive CEPs Workshop

- Twenty-six percent of participants rated their overall satisfaction and learning experience as “excellent,” 59% as “very good,” and 23% as “good” (totaling 98%).
- All participants responded they were “very satisfied” (36%) or “satisfied” (64%) with the content of the workshop.
- For 84% of participants, the content of the workshop was relevant to their daily work.
- Ninety percent of participants were “very satisfied” or “satisfied” with the use and quality of handouts and reading materials.
- A vast majority (94%) would recommend similar CEPs workshops to other people in their country.

All in all, it can be concluded that objective 3 has been met.

Objective 4 concerning outcome

DMC officials initiate the use of CEPs in financing arrangements with ADB.

Objective 5 concerning impact

DMC officials make greater and more effective use of credit enhancement products of ADB over 3 to 5 years.

Actual Results

Objectives 4 and 5 can obviously only be assessed after a period of 3 to 5 years. The questions in the evaluation form could therefore only deal with the likelihood that ADB member countries involved would approach ADB in the near future for CEPs support. For that purpose various questions were asked. Below are some key results for both workshops:

2.5-Day Technical CEPs Workshop

- When asked whether they knew of a project that could benefit from ADB CEPs support, 83% of participants responded positively. Seventeen percent responded negatively to this question.
- Participants were asked whether it was likely that they would approach ADB within 1 year following the workshop for CEPs support. Fifty-nine percent of the participants responded positively to this question and 41% responded negatively.
- Finally, a significant majority (79%) responded that they would like to be kept informed about ADB's CEPs. For that purpose, they gave their e-mail addresses to ADB.

0.5-Day Executive CEPs Workshop

- When asked whether they knew of a project that could benefit from ADB CEPs support, 60% of participants responded positively. Forty percent responded negatively to this question.
- Participants were asked whether it was likely that they would approach ADB within 1 year following the workshop for CEPs support. Sixty-five percent of the participants responded positively to this question and 35% responded negatively.
- Finally, an overwhelming majority (81%) responded that they would like to be kept informed about ADB's CEPs. For that purpose, they gave their e-mail addresses to ADB.

These responses from both workshops are a clear indication that the workshops have triggered the interests of the countries involved. Given the overall positive feedback, it is reasonable to conclude that objectives 4 and 5 will be met in the near future.

Overall Conclusions Concerning Objectives

All in all, the technical and executive CEPs workshops in Bangladesh, the Lao PDR, and Nepal have been very productive. Participants gained significant new or additional knowledge through the workshops, which they will be able to use in their daily work. They obtained a better understanding of private sector finance and the importance of CEPs for infrastructure finance. Because of what they learned, participants will be able to help their countries attract private sector finance and negotiate the most favorable terms and conditions. It is likely that the demand for ADB CEPs from ADB member countries involved will increase in the near future.

More detailed feedback from participants can be found in Chapter III and Annex III.

Strategic Challenges Discussed During the 0.5-Day Executive CEPs Workshop

In the 0.5-day workshops with senior government officials, five strategic challenges were discussed. These discussions focused on certain statements, and a summary of opinions follows:

1. **The importance of catalyzing private capital and the role of ADB and other MDBs:** A large majority of participants (87%) agreed that catalyzing private capital should be a priority issue on the strategic agenda for ADB and other MDBs. Nine percent disagreed and 4% were undecided.
2. **The utilization of limited concessional loans for infrastructure projects and the relevance of a distinction between commercially viable and nonviable projects:** Sixty percent of participants agreed that concessional loans should not be used for infrastructure projects that generate sufficient cash flow to repay market-based loans (i.e., commercially viable projects). Twenty-eight percent disagreed and 12% were undecided.
3. **The management of environmental and social risks in infrastructure projects:** Ninety-one percent of participants agreed that a thorough management of these risks is very important. Nine percent disagreed with this.
4. **The importance of bilateral investment protection treaties:** Bangladesh, the Lao PDR, and Nepal have seen a relatively limited number of bilateral investment treaties (BITs). Seventy-seven percent of participants in all three countries agreed that an expansion of the number of BITs is important to their country. Seventeen percent disagreed.
5. **The importance of exports to the countries concerned and the role a national export credit agency can play to support exports:** Lao PDR and Nepal do not have official ECA or EXIM banks to support exports out of their country. In Bangladesh an ECA exists, but its role in supporting exports out of Bangladesh is unknown. When asked whether ADB and/or their government should investigate the establishment of an ECA and/or EXIM bank in their country, 70% of participants responded positively. Fifteen percent responded negatively and 15% were undecided.

More detailed information about the discussion of these strategic challenges can be found in Chapter IV.

Other Observations and Recommendations

In the first evaluation report, which was based on workshops in eight ADB developing member countries, we described many observations and provided various recommendations. Most of the recommendations are also relevant to Bangladesh, the Lao PDR, and Nepal. For the sake of convenience, the recommendations from Phase 1 are included in Annex IV.

In this report, we will focus on our observations and recommendations regarding the technical and executive workshops in Bangladesh, the Lao PDR, and Nepal.

The CEPs training program has so far included a total of eleven ADB developing member countries.

Table 3 Countries Included in Credit Enhancement Products Program

CEPs Program	Countries Involved
Phase 1	Cambodia, the People's Republic of China, Indonesia, Mongolia, Papua New Guinea, the Philippines, Sri Lanka, Viet Nam
Phase 2	Bangladesh, the Lao PDR, Nepal

CEP = credit enhancement products, Lao PDR = Lao People's Democratic Republic.
Source: From authors, based on technical assistance procedure.

The participants in the workshops in Bangladesh, the Lao PDR, and Nepal were very positive about the workshops. Eighty-eight percent of the participants in the 2.5-day technical workshops would recommend the technical workshops to other people. Ninety-four percent of the senior government officials that attended the 0.5-day executive workshops would recommend these workshops to other people.

These responses are in line with the scorings from Phase 1 of the project. Based on the results of Phase 2, we offer the following additional recommendations:

1. ADB should organize similar CEPs workshops for government officials in other ADB member countries.
2. ADB should organize similar CEPs workshops for commercial banks, in particular local banks, exporters, and investors in ADB member countries.
3. CEPs workshops for ADB member countries should be held on a regular basis. It is proposed that in each ADB member country, CEPs trainings should occur at least once every 2 years.
4. ADB and/or the governments of the Lao PDR and Nepal should conduct feasibility studies on the establishment of officially supported ECAs or EXIM banks in each of these countries. In Bangladesh an ECA exists, but its role in supporting exports out of Bangladesh is unknown.⁸
5. ADB should develop a clear strategy on how to catalyze private capital for infrastructure and other developmental needs in developing countries. Such a strategy could include guidelines for the utilization of limited concessional loans for noncommercially viable infrastructure projects. ADB could play a leading role in enhancing the cooperation between the “worlds” of development finance and commercial finance, which—given the enormous needs of developing countries—is critical for sustainable development in these countries. The strategy will assist ADB in fulfilling its complementary role, leveraging its own scarce resources, and increasing its developmental impact on developing countries. The topic should be an integral part of the country partnership discussions with developing member countries and should lead to clear objectives in the country partner strategy papers.

⁸ The ECA in Bangladesh is the Sadharan Bima Corporation, which is a state-owned general insurance company that also offers export credit insurance (see www.sbc.gov.bd).



Background for Workshops on Credit Enhancement Products

Background

Asian developing countries have enormous needs for investment in infrastructure and other key economic sectors, exceeding the financial resources of the countries themselves and of development financing institutions, such as ADB. According to the estimates of a joint study by ADB and the Asian Development Bank Institute, the Asian and Pacific region requires \$750 billion of infrastructure investments per year between 2010 and 2020.⁹ In addition, the countries involved face great challenges in financing the United Nations Millennium Development Goals and the costs concerning adaptation and mitigation measures against climate change.

The financing gap of developing member countries will have to be partly filled by official donors and agencies, as well as by commercial financial institutions. However, the weakening of the global economy as a result of the financial and economic crises has affected the Asian region; the combination of this economic weakening with new banking regulations (e.g., Basel II and III) and the perception that private investment in infrastructure in developing countries is prone to high political risks means that commercial lenders will, at least, require some form of risk mitigation, such as guarantees and/or other credit enhancement products to finance such projects.

In 2006, ADB realigned its credit enhancement products (CEPs) to make them more attractive to potential users, by broadening their application and increasing the flexibility of their use. Given these changes, developing member country (DMC) officials need to become more familiar with CEPs and understand how they can leverage traditional ADB financing instruments. On its own, ADB will not be able to meet the borrowing needs of all of its DMCs. Commercial lenders, private investors, official export credit agencies (ECAs), and private guarantors/insurers will have to be involved as well. As long as commercial lenders and investors require some form of CEPs, these will have to be a mainstream product offered by ADB and used by its DMCs.

Greater knowledge of the full range of ADB products, including familiarity with the application of CEPs, has the potential to significantly increase the amount of commercial cofinancing mobilized by ADB to its DMCs, while lowering cofinancing costs and helping DMC officials manage their contingent liabilities. The increased use of CEPs is also consistent with recommendations of a World Economic Forum report published in 2006.¹⁰ The report recommends that "...DFI[s'] activities should

⁹ ADB. 2009. *Infrastructure for a Seamless Asia*. Manila.

¹⁰ World Economic Forum. 2006. *Building on the Monterrey Consensus: The Untapped Potential of Development Finance Institutions to Catalyze Private Investment*. Geneva.

shift over time from direct lending to facilitating the mobilization of resources from the world's large private savings pools—international and domestic—for development-oriented investments through wider use of risk mitigating instruments to alleviate part of the risk faced by investors and strong direct support for capacity building to strengthen the enabling environment for investment.” This recommendation has been fully supported by ADB.

Many of ADB's DMCs are placing increased emphasis on market-based financing for infrastructure and capital market development to augment their development resources. To support this endeavor, ADB offers CEPs as one of its assistance modalities. These CEPs are becoming increasingly important to mobilize financing and cofinancing from commercial sources, in particular projects involving public–private partnerships. Yet, so far, ADB guarantees for medium and long term (MLT) financing have only been used sparingly—for one, because the knowledge and application of these products is sometimes not well understood. Furthermore, misunderstanding of CEP benefits can inhibit the flow of investments. Another important factor is that thus far the vast majority of ADB's business concerns sovereign loans, which are often offered with relatively low interests rates. These sovereign loans are much cheaper than commercial loans backed by an ADB guarantee. The disadvantage is, however, that these sovereign loans do not or hardly catalyze other commercial sources of finance. This dominance of sovereign lending in ADB's portfolio is not unique to ADB, because similar issues exist within other multilateral development banks (MDBs) (e.g., International Bank for Reconstruction and Development/International Development Association, Inter-American Developmental Bank, and African Developmental Bank). These systemic issues negatively impact the wide application of CEPs within the MDB community. This will likely change in the future since ADB and other MDBs are now becoming more active in private sector projects, which are financed on “market-based terms.” At the same time we believe that MDBs should consider how private capital (including ECA-supported finance) can be mobilized for sovereign projects.

Given the need to augment the flow of financial resources to its DMCs, the use of CEPs to mobilize additional resources for the DMCs to leverage private investments into developing countries is particularly relevant.

Knowledge of CEPs will not only help DMC government officials structure and finance transactions using nontraditional development finance institution (DFI) instruments (e.g., guarantees), but will also help them gain a better understanding of their potential aggregate contingent liabilities using these instruments. Often, DMC government officials learn about new liabilities too late (i.e., when there is a default guaranteed by a political risk insurer or guarantor). A more thorough understanding of CEPs and risk mitigation instruments will enable DMC officials to better measure and manage some of these unknown or unforeseen liabilities.

Against this background, ADB identified the need to develop a program to strengthen the capacity of DMCs for managing credit enhancement products. For this purpose, ADB initially organized 2-day workshops on CEPs for government officials in eight ADB member countries. The main content of the workshops, the results achieved, and the feedback received from participants of eight ADB member countries are described in the first evaluation report, which was published in August 2011 on ADB's website.¹¹

Based on feedback from the first set of workshops, the participants strongly appreciated the program. Many of them gained new or additional knowledge that they could use in their daily work. Given the positive feedback, ADB extended the program in 2011 to three additional Asian member countries and arranged for similar trainings for ADB staff.

¹¹ This report is available at <http://www.adb.org/publications/strengthening-capacity-developing-member-countries-managing-credit-enhancement-products>

This second evaluation report covers the workshops conducted in Bangladesh, the Lao PDR, and Nepal. The technical assistance provided in these countries consisted of two workshops: a 2.5-day technical workshop and a 0.5-day executive workshop. The technical workshop was an extended version of the workshop conducted in the previous eight ADB member countries. The extension was decided on to allow more time for case studies and interaction with participants.

Since many participants in the previous eight countries had responded in the evaluation form that their senior management should be informed about the importance of CEPs and how they can be used to catalyze private capital, it was decided to design a second 0.5-day executive workshop. This workshop was developed for senior government officials and covered all the main subjects at a more strategic level. These included the utilization of limited concessional funds, the importance of catalyzing private capital, the importance of bilateral investment protection treaties, the management of environmental and social risks in infrastructure projects, and the importance of exports.

Background and Objectives of the Workshops on Credit Enhancement Products

1

Developing countries have enormous needs for investment in infrastructure and other key economic sectors, exceeding the resources of the countries themselves and of development financing institutions (DFIs), such as the Asian Development Bank (ADB). This financing gap of developing member countries will have to be partly filled by official donors, official export credit and investment insurers, and private insurers, as well as commercial financial institutions and private investors. However, the weakening of the region's economic momentum forecast in 2012, new banking regulations (e.g., Basel II and III), and the perception that private investments in infrastructure are prone to high political risks mean that commercial lenders will require at least some form of risk mitigation, such as guarantees and/or other credit enhancement products—including those from ADB—to finance such projects.

The increased use of credit enhancement products (CEPs) is also consistent with recommendations of a World Economic Forum report. The report recommends that "...DFI[s'] activities should shift over time from direct lending to facilitating the mobilization of resources from the world's large private savings pools—international and domestic—for development-oriented investments through wider use of risk mitigating instruments to alleviate part of the risk faced by investors and strong direct support for capacity building to strengthen the enabling environment for investment."¹² This recommendation has been fully supported by ADB. Many of ADB's developing member countries (DMCs) are already placing increased emphasis on market-based financing for infrastructure and capital market development to augment their development resources. However, much more needs to be done.

To support this endeavor, ADB offers a broad range of CEPs as one of its assistance modalities. The most important ones are the political risk guarantee, the credit risk guarantee, and the B loan program. The guarantee products are becoming increasingly important to mobilize financing from commercial sources, in particular for projects involving public-private partnerships. Unfortunately, the guarantee instruments of ADB have been used sparingly thus far. One reason is that DMCs seem to have limited knowledge about how ADB CEPs can be utilized to finance countries' investment needs. Another important factor is that thus far the vast majority of ADB's business concerns sovereign loans, which are often offered with relatively low interest rates. These sovereign loans are much cheaper than commercial loans backed by an ADB guarantee. The disadvantage is, however, that these sovereign loans do not or hardly catalyze other commercial sources of finance. The dominance of sovereign lending in ADB's portfolio is not unique to ADB, because similar issues exist within other multilateral development banks (MDBs) (e.g., International Bank for Reconstruction and Development, Inter-American Development Bank, and African Development Bank). These systemic issues negatively impact the wide application of CEPs within the MDB community. This will likely change in the future since ADB and other MDBs are now becoming more active in private sector projects, which are financed on "market-based terms."

¹² Footnote 10.

It was against this background of limited knowledge about and utilization of ADB CEPs that the President of ADB, acting under the authority delegated by the Board, approved the provision of technical assistance for Strengthening Capacity of the Developing Member Countries for Managing Credit Enhancement Products. A Regional Technical Assistance project was developed in December 2008.

The main purpose of the project was to provide capacity building and knowledge management to government officials through workshops and individual briefings to explain the use and benefits of CEPs. In particular, the trainings should explain how CEPs may be utilized to leverage ADB's financial resources to mobilize private investments to finance sovereign and nonsovereign (public and private) projects.

The targeted audience for the workshops were senior and mid-career government officials at the national and subnational levels responsible for mobilizing external financing in the following sectors: agriculture, commerce, energy, finance and banking, healthcare, industry, infrastructure, investment promotion, planning, public-private partnerships, risk management, natural resources, transportation, tourism, and water. In addition to ADB products, CEPs and risk mitigation products from official and private sources were also explained and discussed.

In the first phase of the project, CEPs workshops were conducted in eight ADB member countries, and were attended by 424 government officials. Their feedback, comprehensively described in the report of consultants of August 2011,¹³ showed that the workshops were highly successful.

This led to the decision to extend the program to three other ADB member countries. Based on the experience with and feedback obtained in previous workshops it was furthermore decided to extend the workshop for middle management and infrastructure (finance) specialists from 2 to 2.5 days. This would allow for more in-depth discussions with participants and an exchange of views on the basis of various case studies. In addition it was decided to design a special half-day workshop for senior executive government officials in which all issues would be discussed at a more strategic level.

The second phase of the project included two workshops in each of the three additional ADB member countries.¹⁴ These countries are presented in Table 4.

Table 4 Schedule of Workshops on Credit Enhancement Products, 2011–2012

Number	Country	No. of 2.5-Day Technical CEPs Workshops	No. of 0.5-Day Executive CEPs Workshops	Dates
1	Lao PDR	1	1	24–28 October 2011
2	Bangladesh	1	1	14–18 November 2011
3	Nepal	1	1	12–17 March 2012

CEPs = credit enhancement products, Lao PDR = Lao People's Democratic Republic.

Note: Countries are listed in the order in which the workshops took place.

Source: From authors, based on technical assistance procedure.

¹³ ADB. 2011. *Strengthening Capacity of Developing Member Countries for Managing Credit Enhancement Products*. Manila. The report can be found on ADB's website: <http://www.adb.org/publications/strengthening-capacity-developing-member-countries-managing-credit-enhancement-products>

¹⁴ Footnote 7.

Main Objectives of the Program

As explained above, the main objective of the workshops was to increase the knowledge of government officials in ADB member countries about the CEPs offered by ADB and other multilaterals as well as by official agencies such as export credit agencies (ECAs) and export–import banks (EXIM banks), and by private insurance companies. The workshops provide insights on the main CEPs that are globally available, the key eligibility criteria of the CEPs, and how these CEPs can be used to support the financing of the infrastructure needs of ADB’s member countries.

The main performance targets of the workshops are described in Box 1.

Box 1 Objectives for Technical Assistance Strengthening Capacity of Developing Member Countries to Manage Credit Enhancement Products

Objective 1 concerning output:

The output of the technical assistance will be that at least 150 DMC officials participate in the workshops.^a

Objective 2:

At least 75% of the workshop participants demonstrate, after the workshops, an understanding of how to use CEPs.

Objective 3:

The workshops and briefings are designed to explain ADB CEPs to DMC officials and how they may be utilized to leverage financial resources from ADB to support sovereign, nonsovereign, and private sector projects. The workshops will also include a wide range of other CEPs available from other both private and public sources in support of investment in infrastructure.

Objective 4 concerning outcome:

DMC officials initiate the use of CEPs in financing arrangements with ADB.

Objective 5 concerning impact:

DMC officials make greater and more effective use of credit enhancement products of ADB over 3 to 5 years.

ADB = Asian Development Bank, CEPs = credit enhancement products, DMCs = developing member countries.

^a The initial plan for Phase 2 of this project was to include four additional countries and provide training to 200 DMC officials. Workshops have, however, only been conducted in three countries, and hence the target of 200 DMC officials has been proportionally reduced to 150.

In Chapter III we will assess to what extent these objectives have been achieved.

The Content of the Training Program

For the program, an extensive curriculum was written that covered a broad range of topics concerning CEPs and infrastructure finance. In addition, various PowerPoint presentations were created and four interactive sessions were developed. Two of the interactive sessions focused on case studies, among other topics. The curriculum provided detailed background information that could be used by participants during the workshops, but would also be useful thereafter as background information in their day-to-day work.

Below is a brief summary of the content of the curriculum, the 2.5-day technical workshop, and the 0.5-day executive workshop.

Content of the Curriculum

The curriculum included an introduction and seven chapters.

Introduction

An overview of the enormous investments needs of developing countries was provided in the introduction. It covered the financing needs for infrastructure, the achievement of the United Nations Millennium Development Goals (UN MDGs), and the financial challenges of climate change. The enormous financing needs of developing countries were set against national and external sources of finance available to these countries. Obviously, the main responsibility for financing a country's needs rests with the national government of the country, but unfortunately many governments lack sufficient financial resources. Many developing countries depend heavily on external finance, including development aid.

Regarding the external finance sources available, a clear distinction can be made between public sector finance and private sector finance. The public sector includes financing provided by multilateral institutions such as the United Nations (UN), the International Monetary Fund (IMF), MDBs including ADB, and bilateral aid from individual donor countries to recipient governments in developing countries. According to the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), major donors' aid to developing countries fell by nearly 3% in 2011, breaking a long trend of annual increases. Disregarding years of exceptional debt relief, this was the first drop since 1997. Continuing tight budgets in OECD countries will put pressure on aid levels in coming years.¹⁵

Taking into account the enormous investment needs of developing countries and the current budget constraints of both donor countries and aid recipient countries, it is clear that the (inter-) national public sector will not be able to meet all these needs. A substantial portion of investment need

¹⁵ See OECD DAC press release of April 4, 2012 titled "Development: Aid to developing countries falls because of global recession," available at <http://www.oecd.org/newsroom/developmentaidtodevelopingcountriesfallsbecauseofglobalrecession.htm>

will have to be financed by the private sector. Foreign direct investment (FDI) is the main source of private capital to developing countries. FDI is equity investment for new projects or acquisitions of local companies by foreign companies. Apart from foreign direct investment, debt financing is also very important. Obviously, private sector debt financiers will not provide concessional loans. This is where they differ from the majority of financing activities of most multilateral development banks, such as ADB, the International Bank for Reconstruction and Development (IBRD), the Inter-American Development Bank (IADB), the European Bank for Reconstruction and Development (EBRD) and the African Development Bank (AfDB). The terms and conditions of the private sector are market-based, taking into account the business and investment opportunities, financial risks, and potential rewards.

Important sources of private debt finance are bond investors and commercial banks. Both sources have suffered from the recent financial crises (e.g., the US subprime mortgage crisis of 2008 and the current sovereign debt crisis in some European countries), which has led to a substantial decrease in their investments in developing countries. In general, bond investors are mainly interested in investment-grade rated projects. This was even the case prior to the financial crisis. Projects with a higher risk profile are, in general, not of interest to bond investors. For debt financing of infrastructure projects in developing countries, commercial banks play the most important role. It is fair to say that for many projects that require medium and long term (MLT) financing, adequate CEPs are critical for the banks involved.

A complicating factor for the banking sector is the economic and financial crisis that emerged in the fourth quarter of 2008, which led to a substantial global credit crunch and fueled financing challenges for developing countries. This crisis was followed by the sovereign debt crisis in certain Eurozone countries. These two crises had a negative effect on overall lending to developing countries. On top of this, commercial banks faced a new set of rules from the Bank for International Settlements (Basel III), which requires higher solvency requirements. The two crises and the Basel III regulations factor mean that adequate CEPs have become increasingly more important for the banking sector.

The global social and economic context shows the enormous current challenges many ADB member countries face in attracting external financing. The introduction of this report explained that ADB can play an important role in helping its member countries, commercial banks, businesses, and governments through the credit and economic crisis. A strategic partnership between ADB, commercial banks, investors, and other stakeholders can create an important win-win situation for all stakeholders in international trade and investments and the people in ADB member countries. The credit enhancement products of ADB and other CEPs providers are crucial for ADB member countries to finance their needs in infrastructure and other economic areas. In particular, CEPs can play a key role under current market circumstances, given the economic and financial crises and more restrictive commercial bank regulations on solvency.

Curriculum Chapter I

Chapter I of the curriculum gave a general introduction to credit and investment insurance and guarantees. For ADB member countries, these are the most important CEPs for infrastructure finance. A credit insurance or credit guarantee is a form of insurance whereby the policyholder and/or the insured obtains protection against the risk of nonpayment in exchange for premium payments to the insurer/guarantor. The coverage provided by the insurer or guarantor can cover all payment risks (i.e., comprehensive coverage) or a certain number of clearly described risk events (e.g., political risk coverage).

It is fair to say that most guarantee instruments provided by various CEPs providers are not unconditional and therefore not comparable with unconditional commercial bank guarantees. Most guarantees are of a conditional nature and should therefore be characterized as insurance.

Chapter I of the curriculum also introduced the main categories of risks that can be covered by credit and investment insurance and/or guarantees. Topics discussed included political risks, commercial risks, manufacturing risks, and credit risks. Furthermore, Chapter I covered the main types of policies that are provided by credit and investment insurers and/or guarantors and the main benefits of credit and investment insurance and/or guarantees for various stakeholders, including developing countries, multilateral development banks, investors, exporters, and banks.

Curriculum Chapter II

Chapter II of the curriculum provided an overview of the global credit insurance and/or guarantee market and described the main providers: private insurers, official or national insurers (i.e., the national ECAs and EXIM banks of various governments), and multilateral credit and investment insurers and/or guarantors, including ADB. The main characteristics of these three categories of insurance and/or guarantee providers were explained so that participants would fully understand the background and purpose of their businesses.

To give an idea of the importance of the global credit and investment insurance market, Chapter II provided information about the volume of short term and medium and long term export credit insurance and investment insurance by main insurers and guarantors that are part of the International Union of Credit and Investment Insurers (Berne Union). This is an international association, based in London, of leading official and private insurers. Some multilaterals are also members of the Berne Union, or the Prague Club of the Berne Union. These organizations include the Multilateral Investment Guarantee Agency (MIGA), the Islamic Corporation for Insurance of Investments and Export (ICIEC), and the African Trade Insurance Agency (ATI).

The medium and long term (MLT) business figures were compared with the figures of international development aid. It showed that, globally, the volume of MLT business of the official ECAs and private insurers (which includes infrastructure finance) with developing countries is much higher than the total business of the bilateral and multilateral development aid community. Although the main focus of the MLT business of Berne Union members is the support of capital goods exports from their country to developing countries, it is fair to say that export support from the ECAs represents equally important support for the import needs of developing countries. However, this support for developing countries is not always fully recognized.

Curriculum Chapter III

Chapter III of the curriculum focused on the international cooperation within the credit and investment insurance industry. The most important networks where credit and investment insurers exchange information and cooperate with one another are:

1. the World Trade Organization;
2. the Organisation for Economic Co-operation and Development (OECD);
3. the Paris Club;
4. the Berne Union and the Prague Club;
5. the International Credit Insurance & Surety Association (ICISA); and
6. the Political Risk Insurance Center.

The background and purposes of these international networks were extensively explained.

Curriculum Chapter IV

Chapter IV of the curriculum covered the most important international regulations that apply to the business of commercial banks. Special attention was given to the credit risk regulations in the current solvency framework within Basel II and III and existing business practices regarding

the solvency treatment of credit insurance policies by international banks. Comprehensive credit insurance policies and/or guarantees, which cover all payment risks, can lead to interesting solvency benefits for commercial banks. For example, a comprehensive guarantee from ADB will lead to a zero solvency weight for the financing commercial banks that benefit from such a guarantee. ADB guarantees and insurance policies provided by other CEPs providers, such as ECAs and private insurers, can therefore assist in removing some of the current solvency constraints of commercial banks.

Additionally, Chapter IV of the curriculum described how comprehensive coverage policies can play a role in the risk management by commercial banks of their (internal) borrower limits and country limits. Regarding political risks, for many commercial banks, only policies that cover transfer risk, (civil) war, expropriation, and inconvertibility risk play an important role in the management of (internal) country risk limits.

Curriculum Chapter V

Chapter V of the curriculum covered three other important credit enhancement products. The first one concerned the B loans under cofinancing schemes of various MDBs. Special attention was given to the B loan program of ADB. Under the B loan program, ADB operates as the lender-of-record, which creates specific benefits for participating commercial banks including the protection of the preferred creditor status of ADB. In particular, this mitigates transfer and inconvertibility risks. Furthermore, the involvement of a multilateral such as ADB in a project limits the risks of negative host government interventions in the project. This is an important risk mitigation factor of guarantees provided by MDBs.

Within the multilateral community, there are two interesting coinsurance schemes whereby the multilateral acts as guarantor-of-record and cooperates with other insurers, both private and official ECAs. These two programs are the ADB guarantee-of-record program (GoR) and the MIGA Cooperative Underwriting Program (CUP). Both programs create specific benefits for co-insurers. The main benefit is that co-insurers share the preferred creditor status of the multilateral development institution.

Curriculum Chapter VI

Sustainable development is an important topic for the financial sector. Chapter VI of the curriculum explained what sustainable development means and the main drivers for a sustainability strategy of the financial sector. Furthermore, it covered the most important international sustainability initiatives relevant to the financial sector.

In terms of financing infrastructure projects in developing countries, the environmental and social risk guidelines of various MDBs, the common approaches within the OECD-ECA community, and the so-called “Equator Principles” developed by commercial banks, all play very important roles. In essence, these guidelines stipulate that environmental and social risks in projects should be adequately screened, assessed, and managed. Projects are classified into three environmental and social risk categories: high-risk projects, medium-risk projects, and low-risk projects.

Apart from environmental and social risk policies of MDBs, OECD-ECAs, and commercial banks, there are various other important international sustainability initiatives that impact the daily operations of the financial sector. Examples include the Global Reporting Initiative, the UN Global Compact, and OECD guidelines for multinationals. These initiatives and many others were explained in this chapter of the curriculum.

The Workshops

The 2.5-Day Technical Workshop

The agenda for the 2.5-day technical workshop can be found in Annex I. Various PowerPoint presentations were used during the workshop, which covered all the main themes described in the curriculum. Furthermore, the workshop included four interactive sessions on the following topics:

Country risk rating on the basis of the OECD-ECA country risk methodology. In this session, participants were first shown the ratings of various non-Asian countries and, in a plenary discussion, asked to classify approximately 20 Asian countries in eight risk categories (from 0 to 7).

Rating of the three insurance and/or guarantee providers. In this session, participants were asked to rate the three insurance and/or guarantee providers (MDBs, ECAs, and private insurers) as the most or the least attractive provider, taking into account selection criteria such as pricing, counter-party risk, overall insurance capacity, processing time, and flexibility.

A case study regarding a sovereign infrastructure project. The case study was about a sovereign renewable energy project and participants discussed various CEPs options. Participants were divided into groups, which acted as competing banks that tried to obtain the mandate from the government to provide financing for the project. The competition element between “the banks” created a lot of insight (and fun) for participants and facilitators.

A case study regarding a private sector financed project. The second case study concerned a complex project finance transaction or a public–private partnership project for a conventional power plant. The “banks” formed in the first case study had to compete against one another again.

The 0.5-Day Executive Workshop

The agenda for the 0.5-day executive workshop can be found in Annex II. The program covered the main strategic issues regarding the utilization of CEPs for infrastructure finance. Furthermore, five strategic challenges were discussed, which were:

1. The importance of catalyzing private capital and the role of ADB and other MDBs;
2. The utilization of limited concessional loans and the relevance of a distinction between commercially viable and nonviable projects;
3. The importance of bilateral investment protection treaties;
4. The management of environmental and social risks in infrastructure projects; and
5. The importance of exports for the countries concerned and the role a national ECA can play to support exports.

Evaluation and Main Results of the Workshops

Participants in both the technical and executive workshops were asked to complete an evaluation form to provide feedback on the workshops. The evaluation covered the following areas:

1. program area;
2. learning evaluation;
3. overall satisfaction and learning;
4. probability of achieving results;
5. potential follow-up; and
6. potential projects.

In all six areas, detailed questions were asked to obtain relevant feedback. This chapter provides an overview of the most important issues on which feedback was received. Annex III of this report provides comprehensive overviews of the complete feedback from all participants.

In this chapter, we will also describe to what extent the main objectives of the CEPs program have been achieved. For more information about main objectives, please see Box 1 in Chapter I.

Objective 1: The output of the technical assistance will be the participation of 150 DMC officials.

The initial plan was to organize CEPs workshops in four ADB member countries with 200 participants, but workshops were only conducted in three countries. Against that background, the target has been adjusted proportionally to 150 DMC officials. Cumulatively, the workshops were attended by 201 participants, of which 176 provided feedback through evaluation forms. The table below provides an overview of the number of participants in each country.

Table 5 Number of Participants in Workshops in Each of Three Countries

Country	Technical 2.5-Day CEPs Workshop	No. of Questionnaire Respondents	Executive 0.5-Day CEPs Workshop	No. of Questionnaire Respondents
	No. of Participants		No. of Participants	
Lao PDR	43	40	21	18
Bangladesh	40	33	12	11
Nepal	62	56	23	18
Total	145	129	56	47

CEPs = credit enhancement products, Lao PDR = Lao People's Democratic Republic.

Note: Countries presented in chronological order by workshop.

Source: From the authors, based on data from feedback of participants.

As seen in Table 5, the overall CEPs program impacted a substantially higher number of participants than initially anticipated.

Objective 2: 75% of the workshop participants demonstrate an understanding of how to use credit enhancement products.

The evaluation form assessed participants' knowledge about CEPs prior to the workshop and after the workshop. Given the fact that there are various CEPs and CEP providers, each with their own terms and conditions, a distinction has been made in the following topics:

1. Knowledge about CEPs provided by ADB;
2. Knowledge about CEPs provided by other multilateral development institutions;
3. Knowledge about CEPs provided by ECAs and EXIM banks;
4. Knowledge about CEPs provided by private credit and investment insurers; and
5. Knowledge about sustainable development and its relevance for the financial sector.

On these topics, participants could score their knowledge as follows:

Topic	Completely	Almost Completely	Partially	Almost Not at All	Not at All	No Reply
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The section below gives details of the responses of participants from all three countries to the knowledge assessment questions. On each topic we will show the answers of both the participants in the 2.5-day workshop (A tables) and the 0.5-day workshop (B tables).

Knowledge of CEPs Provided by Asian Development Bank

2.5-Day Technical Workshop

The scoring shows that prior to the workshop, 38% of the participants were “not” or “almost not” aware of the CEPs products of ADB, while 44% had partial knowledge. From this, it can be concluded that even among government officials involved in infrastructure finance, ADB CEPs are not commonly known. This may partially explain why ADB CEPs have been used sparingly.

The scoring shows that after the workshop, 59% of the participants were “completely” or “almost completely” aware of the CEPs products of ADB, while 41% had partial knowledge. These figures, compared with the figures on knowledge prior to the workshop (38% “no” or “almost no” knowledge and 44% “partial” knowledge), show that the amount learned by participants was quite impressive.

Table 6A Knowledge of Asian Development Bank Credit Enhancement Products: Scoring of Participants of the 2.5-Day Workshop in All Countries (%)

Level of Knowledge of ADB CEPs	Completely	Almost Completely	Partially	Almost Not at All	Not at All	No Reply
Prior to the workshop	8	10	44	15	23	0
After the workshop	12	47	41	0	0	0
Change in percentage points	4	37	(3)	(15)	(23)	0

() = negative number, ADB = Asian Development Bank, CEPs = credit enhancement products.
Source: From the authors, based on data from feedback of participants.

The 0.5-Day Executive Workshop

The scoring shows that prior to the workshop, 23% of the participants were “not” or “almost not” aware of the CEPs products of ADB, while 55% had partial knowledge. From this, it can be concluded that among senior government officials involved in infrastructure finance, ADB CEPs are not commonly known. This may partially explain why ADB CEPs have been used sparingly.

The scoring shows that after the workshop, 60% of the participants were “completely” or “almost completely” aware of the CEPs products of ADB, and 40% had partial knowledge. These figures, compared with the figures on knowledge prior to the workshop (23% “no” or “almost no” knowledge and 55% “partial” knowledge), show that the learning curve for senior government officials was also quite steep.

The outcome reflects that the two workshops added value to participants and to ADB. It is expected that the workshops will help government officials to attract MLT financing and make use of ADB CEPs to meet the infrastructure finance needs of their countries. The table below provides an overview of the knowledge of ADB CEPs prior to and after the workshop.

Table 6B Knowledge of Asian Development Bank Credit Enhancement Products: Scoring of Participants of the 0.5-Day Workshop in All Countries (%)

Level of Knowledge of ADB CEPs	Completely	Almost Completely	Partially	Almost Not at All	Not at All	No Reply
Prior to the workshop	0	21	55	17	6	0
After the workshop	15	45	40	0	0	0
Change in percentage points	15	23	(15)	(17)	(6)	0

() = negative number, ADB = Asian Development Bank; CEPs = credit enhancement products.
Source: From the authors, based on data from feedback of participants.

Knowledge of Credit Enhancement Products from Other Multilateral Development Institutions

The 2.5-Day Technical Workshop

The scoring shows that prior to the workshop, 43% of participants were “not” or “almost not” aware of the CEPs products of other multilateral development institutions, while 37% had partial knowledge. The results in this area are very similar to those regarding the CEPs of ADB. CEPs provided by other multilateral institutions are not well known. This may partially explain the limited utilization of guarantees from other multilaterals such as the IBRD, the International Development Association (IDA) of the World Bank Group, the International Finance Corporation (IFC) of the World Bank Group, IADB, EBRD, the European Investment Bank (EIB), and the AfDB.

The scoring shows that after the workshop, 48% of participants were “completely” or “almost completely” aware of the CEPs of other multilateral development institutions, and 50% had partial knowledge. These figures, when compared with measures of knowledge prior to the workshop (43% “no” or “almost no” knowledge and 37% “partial” knowledge), show that the learning curve for participants has been quite steep. It is likely that the workshop will help government officials obtain CEP support from other multilateral institutions.

Table 7A Knowledge of Credit Enhancement Products of Other Multilaterals: Scoring of Participants of the 2.5-Day Workshop in All Countries (%)

Level of Knowledge of CEPs from Other Multilaterals	Completely	Almost Completely	Partially	Almost Not at All	Not at All	No Reply
Prior to the workshop	5	15	37	26	17	0
After the workshop	9	39	50	1	2	0
Change in percentage points	5	24	12	(26)	(16)	0

() = negative number, CEPs = credit enhancement products.
Source: From the authors, based on data from feedback of participants.

The 0.5-Day Executive Workshop

The scoring shows that prior to the workshop, 30% of senior government officials were “not” or “almost not” aware of the CEPs products of other multilateral development institutions, while 47% had partial knowledge.

The scoring shows that after the workshop, 62% of participants were “completely” or “almost completely” aware of the CEPs of other multilateral development institutions, and 36% had partial knowledge. These figures, when compared with measures of knowledge prior to the workshop (30% “no” or “almost no” knowledge and 47% “partial” knowledge), show that the amount learned by senior government officials has been quite impressive.

Table 7B Knowledge of Credit Enhancement Products of Other Multilaterals: Scoring of Participants of the 0.5-Day Workshop in All Countries (%)

Level of Knowledge of CEPs from Other Multilaterals	Completely	Almost Completely	Partially	Almost Not at All	Not at All	No Reply
Prior to the workshop	9	15	47	28	2	0
After the workshop	13	49	36	2	0	0
Change in percentage points	4	34	(11)	(26)	(2)	0

() = negative number, CEPs = credit enhancement products.
Source: From the authors, based on data from feedback of participants.

Knowledge of Credit Enhancement Products Provided by Export Credit Agencies and Export–Import Banks

The 2.5-Day Technical Workshop

The scoring shows that prior to the workshop, 46% of the participants were “not” or “almost not” aware of the CEPs of ECAs and EXIM banks, while 36% had partial knowledge. The scoring shows that after the workshop, 48% of the participants were “completely” or “almost completely” aware of the CEPs of ECAs and EXIM banks, and 47% had partial knowledge. These figures, when compared with the measures of knowledge prior to the workshop (46% “no” or “almost no” knowledge and 47% “partial” knowledge), show that participants gained significant new knowledge.

Table 8A Knowledge of Credit Enhancement Products of Export Credit Agencies and Export-Import Banks: Scoring of Participants of the 2.5-Day Workshop in All Countries (%)

Level of Knowledge of CEPs from ECAs and EXIM Banks	Completely	Almost Completely	Partially	Almost Not at All	Not at All	No Reply
Prior to the workshop	5	14	36	25	21	0
After the workshop	12	36	47	2	2	0
Change in percentage points	8	22	12	(22)	(19)	0

() = negative number, CEPs = credit enhancement products, ECAs = export credit agencies, EXIM banks = export-import banks.

Source: From the authors, based on data from feedback of participants.

The 0.5-Day Executive Workshop

The scoring shows that prior to the workshop, 33% of the senior government officials were “not” or “almost not” aware of the CEPs of ECAs and EXIM banks, while 50% had partial knowledge. After the workshop, 64% of the senior government officials were “completely” or “almost completely” aware of the CEPs of ECAs and EXIM banks and 36% had partial knowledge. These figures, when compared with the measures of knowledge prior to the workshop (33% “no” or “almost no” knowledge and 50% “partial” knowledge), show that the learning curve for senior government officials has been quite steep.

Table 8B Knowledge of Credit Enhancement Products of Export Credit Agencies and Export-Import Banks: Scoring of Participants of the 0.5-Day Workshop in All Countries (%)

Level of Knowledge of CEPs from ECAs and EXIM Banks	Completely	Almost Completely	Partially	Almost Not at All	Not at All	No Reply
Prior to the workshop	0	17	50	26	7	0
After the workshop	11	53	36	0	0	0
Change in percentage points	11	36	(14)	(26)	(7)	0

() = negative number, CEPs = credit enhancement products, ECAs = export credit agencies, EXIM banks = export-import banks.

Source: From the authors, based on data from feedback of participants.

Knowledge of Credit Enhancement Products Provided by Private Credit and Investment Insurers

The 2.5-Day Technical Workshop

The scoring shows that prior to the workshop, 52% of participants were “not” or “almost not” aware of the CEPs of private credit and investment insurers, while 24% had partial knowledge.

The scoring shows that after the workshop, 49% of participants were “completely” or “almost completely” aware of the CEPs of MLT private insurers, and 47% had partial knowledge. These figures, when compared with the measures of knowledge prior to the workshop (52% “no” or “almost no” knowledge and 24% “partial” knowledge), show that the amount learned by participants has been quite impressive.

**Table 9A Knowledge of Credit Enhancement Products of Private Insurers:
Scoring of Participants of the 2.5-Day Workshop in All Countries (%)**

Level of Knowledge of CEPS from Private Insurers	Completely	Almost Completely	Partially	Almost Not at All	Not at All	No Reply
Prior to the workshop	8	16	24	30	22	0
After the workshop	11	38	47	2	2	0
Change in percentage points	3	22	23	(28)	(20)	0

() = negative number, CEPS = credit enhancement products.

Source: From the authors, based on data from feedback of participants.

The 0.5-Day Executive Workshop

The scoring shows that prior to the workshop, 36% of participants were “not” or “almost not” aware of the CEPS of private credit and investment insurers, while 47% had partial knowledge.

The scoring shows that after the workshop, 58% of participants were “completely” or “almost completely” aware of the CEPS of MLT private insurers, and 43% had partial knowledge. These figures, when compared with the measures of knowledge prior to the workshop (36% “no” or “almost no” knowledge and 47% “partial” knowledge), show that the amount learned by participants has been quite impressive.

**Table 9B Knowledge of Credit Enhancement Products of Private Insurers:
Scoring of Participants of the 0.5-Day Workshop in All Countries (%)**

Level of Knowledge of CEPS from Private Insurers	Completely	Almost Completely	Partially	Almost Not at All	Not at All	No Reply
Prior to the workshop	4	13	47	21	15	0
After the workshop	11	47	43	0	0	0
Change in percentage points	6	34	(4)	(21)	(15)	0

() = negative number, CEPS = credit enhancement products.

Source: From the authors, based on data from feedback of participants.

Knowledge of Sustainable Development and Its Relevance for the Financial Sector

The 2.5-Day Technical Workshop

The scoring shows that prior to the workshop, 24% of the participants were “not” or “almost not” aware of the topic of sustainable development or its relevance for the financial sector, while 43% had partial knowledge. Sustainability policies and practices—that is, the social and environmental risk guidelines—of multilateral development banks, ECAs and EXIM banks, and commercial project finance banks (i.e., the Equator Principles) were explained during the workshop. The key message was that social and environmental risks in infrastructure projects need to be carefully assessed and managed to ensure that external finance will be made available, because without a solid social and environmental risk management plan, it will be very difficult to attract financing.

The scoring shows that after the workshop, 60% of the participants was “completely” or “almost completely” aware of sustainable development and its relevance for the financial sector, and 38% had partial knowledge. These figures compared, with the ones on knowledge prior to the workshop (24% “no” or “almost no” knowledge and 43% “partial” knowledge), show that the amount learned by participants has been quite impressive.

The workshop has raised the awareness among participants of the importance of sustainability for the financial sector.

Table 10A Knowledge of Sustainability: Scoring of Participants of the 2.5-Day Workshop in All Countries (%)

Level of Knowledge of Sustainable Development and Relevance for Financial Sector	Completely	Almost Completely	Partially	Almost Not at All	Not at All	No Reply
Prior to the workshop	9	24	43	12	12	0
After the workshop	13	47	38	2	1	0
Change in percentage points	5	22	(5)	(11)	(11)	0

() = negative number.

Source: From the authors, based on data from feedback of participants.

The 0.5-Day Executive Workshop

The scoring shows that prior to the workshop, 26% of the participants were “not” or “almost not” aware of the topic of sustainable development or its relevance for the financial sector, while 47% had partial knowledge.

The scoring shows that after the workshop 64% of the participants were “completely” or “almost completely” aware of sustainable development and its relevance for the financial sector, and 36% had partial knowledge. These figures, compared with the ones on knowledge prior to the workshop (36% “no” or “almost no” knowledge and 47% “partial” knowledge), show that the amount learned by participants has been quite impressive.

Table 10B Knowledge of Sustainability: Scoring of Participants of the 0.5-Day Workshop in All Countries (%)

Level of Knowledge of Sustainability	Completely	Almost Completely	Partially	Almost Not at All	Not at All	No Reply
Prior to the workshop	0	28	47	15	11	0
After the workshop	15	49	36	0	0	0
Change in percentage points	15	21	(11)	(15)	(11)	0

() = negative number.

Source: From the authors, based on data from feedback of participants.

Objective 3: The workshops are designed to explain Asian Development Bank credit enhancement products to developing member country officials as well as how these credit enhancement products may be used to leverage financial resources from the Asian Development Bank to support sovereign, nonsovereign, and private sector projects. The workshops will include, as well, a wide range of other credit enhancement products available from other private and public sources in support of investment in infrastructure.

This objective concerns the content of the curriculum and the workshops, which has been summarized in Chapter II. Through the evaluation forms the participants were requested to rate their overall satisfaction and learning experience with the CEPs program. Participants could rate their experience as follows:

Overall, how would you rate your program experience?	Excellent	Very Good	Good	Fair	Poor	No Reply
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2.5-Day Technical Workshop

The participant responses on overall satisfaction and learning in all three countries show that a vast majority were very satisfied with the workshop. Nineteen percent rated the workshop “excellent,” 53% as “very good,” and 26% as “good” (totaling 98%). These high marks reflect the high added value of the workshops for the government officials involved.

Table 11A Overall Participant Satisfaction with Learning from 2.5-Day Workshops (%)

	Excellent	Very Good	Good	Fair	Poor	No Reply
Total from all three countries	19	53	26	2	0	0

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

The participant responses on overall satisfaction and learning in all three countries show that a vast majority were very satisfied about the workshop. Twenty-six percent rated the workshop “excellent,” 49% as “very good,” and 23% as “good” (totaling 98%). These high marks reflect the high added value of the workshops for the government officials involved.

Table 11B Overall Participant Satisfaction with Learning from 0.5-Day Workshops (%)

	Excellent	Very Good	Good	Fair	Poor	No Reply
Total from all three countries	26	49	23	2	0	0

Source: From the authors, based on data from feedback of participants.

Furthermore, participants were requested to provide detailed feedback on the content of the program. The evaluation forms included detailed questions on the following items:

1. **Program content**
 - Content of the program
 - Relevance of content to work
 - Course duration (length)
2. **Program objectives**
 - Program objectives were clearly stated
 - Objectives support desired results
 - Objectives achieved
3. **Methodology and materials**
 - Use and quality of presentation materials
 - Use and quality of handouts and reading materials
 - Appropriateness of overall methods used

On topics mentioned above, participants could score their experience as follows:

Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
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More detailed information about the experience of participants in the CEPs workshop can be found in Annex III.

Content of the Program

2.5-Day Technical Workshop

All participants were either “very satisfied” (44%) or “satisfied” (56%) with the content of the program (totaling 100%). The table below provides an overview of the total score of all workshops in the three ADB member countries.

Table 12A Overall Participant Satisfaction with Content of the 2.5-Day Program (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	44	56	0	0	0	0

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

All participants were either “very satisfied” (36%) or “satisfied” (64%) with the content of the program (totaling 100%). The table below provides an overview of the total score of all workshops in the three ADB member countries.

Table 12B Overall Participant Satisfaction with Content of the 0.5-Day Program (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	36	64	0	0	0	0

Source: From the authors, based on data from feedback of participants.

Relevance of Content to Work

Participants were asked to what extent the content of the workshop was relevant to their daily work.

2.5-Day Technical Workshop

The scoring shows that for a large majority of the participants the workshops were highly relevant to their daily work. Seventy-three percent of all participants were “very satisfied” or “satisfied.”

Table 13A 2.5-Day Workshop: Participant Satisfaction with Relevance of Content to Daily Work (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	19	54	25	2	0	1

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

The scoring shows that for a large majority of the participants the workshops were highly relevant to their daily work. Eighty-four percent of all participants were “very satisfied” or “satisfied.”

Table 13B 0.5-Day Workshop: Participant Satisfaction with Relevance of Content to Daily Work (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	21	63	15	0	0	2

Source: From the authors, based on data from feedback of participants.

Course Duration (Length)

Participants were asked whether they were satisfied about the duration of the workshops.

2.5-Day Technical Workshop

Most participants were “very satisfied” or “satisfied” (totaling more 66%), although many participants remarked that the course should have been longer given the many topics covered. These participants expressed a “neutral” (22%) or “dissatisfied” (12%) scoring regarding the length of the course.

Table 14A 2.5-Day Workshop: Participant Satisfaction with Length of the Workshop (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	13	53	22	12	0	0

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

Most participants were “very satisfied” or “satisfied” (totaling 72%), although many participants remarked that the course should have been longer given the many topics covered. These participants expressed a “neutral” (23%) or “dissatisfied” (5%) scoring regarding the length of the course.

Table 14B 0.5-Day Workshop: Participant Satisfaction with Length of the Workshop (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	20	52	23	5	0	0

Source: From the authors, based on data from feedback of participants.

Program Objectives Were Stated Clearly

2.5-Day Technical Workshop

Participants were asked whether the program objectives were clear. This was the case for the overwhelming majority. Together, 94% of participants were “very satisfied” or “satisfied.”

Table 15A 2.5-Day Workshop: Participant Satisfaction with Clarity of Objectives (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	36	58	5	1	0	0

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

When asked about the clarity of program objectives for the 0.5-day executive workshop, 83% of participants were “very satisfied” or “satisfied.”

Table 15B 0.5-Day Workshop: Participant Satisfaction with Clarity of Objectives (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	15	68	17	0	0	0

Source: From the authors, based on data from feedback of participants.

Objectives Support Desired Results

2.5-Day Technical Workshop

This question assessed whether participants felt that the program objectives supported the desired results. Those answering “very satisfied” and “satisfied” represent 95% of all participants.

Table 16A 2.5-Day Workshop: Participant Satisfaction with Objectives Supporting Desired Results (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	22	73	4	1	0	0

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

Those answering “very satisfied” and “satisfied” represent 83% of all participants.

Table 16B 0.5-Day Workshop: Participant Satisfaction with Objectives Supporting Desired Results (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	15	68	17	0	0	0

Source: From the authors, based on data from feedback of participants.

Objectives Were Achieved

2.5-Day Technical Workshop

Participants were asked whether the workshop had achieved the stated objectives. Those scoring “very satisfied” and “satisfied” represent 88% of all participants.

Table 17A 2.5-Day Workshop: Participant Satisfaction that Objectives Were Achieved (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	21	67	12	0	0	0

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

Those scoring “very satisfied” and “satisfied” represent 83% of all participants.

Table 17B 0.5-Day Workshop: Participant Satisfaction that Objectives Were Achieved (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	17	66	17	0	0	0

Source: From the authors, based on data from feedback of participants.

Use and Quality of Presentation Materials

2.5-Day Technical Workshop

Participants were asked whether they were satisfied with the use and quality of presentation materials. Overall, 98% of participants reported being “very satisfied” or “satisfied.”

Table 18A 2.5-Day Workshop: Participant Satisfaction with Use and Quality of Presentation Materials (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	55	43	2	0	0	0

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

Overall, 95% of participants reported being “very satisfied” or “satisfied.”

Table 18B 0.5-Day Workshop: Participant Satisfaction with Use and Quality of Presentation Materials (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	40	55	5	0	0	0

Source: From the authors, based on data from feedback of participants.

Use and Quality of Handouts and Reading Materials

2.5-Day Technical Workshop

Participants were asked whether they were satisfied with the use and quality of handouts and reading materials. Participants who reported being “very satisfied” or “satisfied” represent 97% of all participants.

Table 19A 2.5-Day Workshop: Participant Satisfaction with Use and Quality of Handouts and Reading Materials (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	45	52	3	0	0	0

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

Participants were asked whether they were satisfied with the use and quality of handouts and reading materials. Participants who reported being “very satisfied” or “satisfied” represent 90% of all participants.

Table 19B 0.5-Day Workshop: Participant Satisfaction with Use and Quality of Handouts and Reading Materials (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	45	45	10	0	0	0

Source: From the authors, based on data from feedback of participants.

Appropriateness of Overall Methods Used

2.5-Day Technical Workshop

Participants were asked whether, in their view, the overall methods used were appropriate. Participants who reported feeling “very satisfied” or “satisfied” represent 95% of all participants.

Table 20A 2.5-Day Workshop: Participant Satisfaction with Appropriateness of Overall Methods (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	36	59	5	0	0	0

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

Participants who reported feeling “very satisfied” or “satisfied” represent 95% of all participants.

Table 20B 0.5-Day Workshop: Participant Satisfaction with Appropriateness of Overall Methods (%)

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
Total from all three countries	37	58	5	0	0	0

Source: From the authors, based on data from feedback of participants.

Recommendation to Attend Workshop

In addition to the topic above, participants were asked whether they would recommend the CEPs workshop to other government officials in their country. The responses are presented in Table 21.

Table 21 Participant Willingness to Recommend the Workshops (All Three Countries) (%)

	Yes	No	No Answer
2.5-day workshop participants	88	10	2
0.5-day workshop participants	94	6	0

Source: From the authors, based on data from feedback of participants.

Overall Conclusion Regarding Objective 3

From the feedback presented above, participants found the CEPs workshop very useful. The overall satisfaction and learning of participants were very high, which is confirmed by the fact that a vast majority of participants would recommend the CEPs workshops to other government officials.

Objective 4 concerning outcome: Developing member country officials initiate use of credit enhancement products in financing arrangements with the Asian Development Bank.

Objective 5 concerning impact: Developing member country officials make greater, and more effective use, of credit enhancements over 3–5 years.

Whether these two objectives have been met, can only be measured by an in-depth assessment after a period of 3–5 years. However, based upon the feedback on the evaluation forms, we can assess the likelihood that these two objectives will be met. Participants were asked various questions to assess whether they would make use of CEPs in the near future.

One question asked whether participants knew a concrete potential project in their country that could benefit from CEPs. A distinction was made between CEPs provided by:

1. ADB;
2. other multilateral development institutions;
3. ECAs and EXIM banks; and
4. MLT private insurers.

Furthermore participants were asked:

1. whether it is likely that they will approach ADB for CEPs support within a year after the workshop; and
2. whether they would like to be kept informed about CEPs provided by ADB.

On all these questions participants could respond as follows:

Yes	No	No Reply
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The responses to these questions are presented below.

Do you know a concrete (potential) project in your country that could benefit from credit enhancement products provided by the Asian Development Bank?

2.5-Day Technical Workshop

Eighty-three percent of participants responded that they know a concrete potential project in their country that could benefit from CEPs provided by ADB. Seventeen percent responded negatively to this question.

Table 22A 2.5-Day Workshop: Participants Know of Project that Could Benefit from Credit Enhancement Products from Asian Development Bank (%)

	Yes	No	No Reply
Total from all three countries	83	17	0

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

Sixty percent of participants responded that they know a concrete potential project in their country that could benefit from CEPs provided by ADB. Forty percent responded negatively to this question.

Table 22B 0.5-Day Workshop: Participants Know of Project that Could Benefit from Credit Enhancement Products from Asian Development Bank (%)

	Yes	No	No Reply
Total from all three countries	60	40	0

Source: From the authors, based on data from feedback of participants.

Do you know a concrete (potential) project in your country that could benefit from credit enhancement products provided by other multilateral development institutions?

2.5-Day Technical Workshop

Fifty-three percent of participants responded that they know a concrete potential project in their country that could benefit from CEPs provided by other multilateral development institutions. Forty-seven percent responded negatively to this question.

Table 23A 2.5-Day Workshop: Participants Know of Project that Could Benefit from Credit Enhancement Products from Other Multilateral Development Institution (%)

	Yes	No	No Reply
Total from all three countries	53	47	0

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

Fifty-five percent of participants responded that they know a concrete potential project in their country that could benefit from CEPs provided by other multilateral development institutions. Forty-five percent responded negatively to this question.

Table 23B 0.5-Day Workshop: Participants Know of Project that Could Benefit from Credit Enhancement Products from Other Multilateral Development Institution (%)

	Yes	No	No Reply
Total from all three countries	55	45	0

Source: From the authors, based on data from feedback of participants.

Do you know a concrete (potential) project in your country that could benefit from credit enhancement products provided by officially supported export credit agencies and/or export–import banks?

2.5-Day Technical Workshop

Forty-one percent of the participants responded that they know a concrete potential project in their country that could benefit from CEPs provided by ECAs and EXIM banks. Fifty-nine percent responded negatively to this question.

Table 24A 2.5-Day Workshop: Participants Know of Project that Could Benefit from Credit Enhancement Products from Export Credit Agencies or Export–Import Banks (%)

	Yes	No	No Reply
Total from all three countries	41	59	0

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

Forty-three percent of the participants responded that they know a concrete potential project in their country that could benefit from CEPs provided by ECAs and EXIM banks. Fifty-seven percent responded negatively to this question.

Table 24B 0.5-Day Workshop: Participants Know of Project that Could Benefit from Credit Enhancement Products from Export Credit Agencies or Export–Import Banks (%)

	Yes	No	No Reply
Total from all three countries	43	57	0

Source: From the authors, based on data from feedback of participants.

Do you know a concrete (potential) project in your country that could benefit from credit enhancement products provided by medium to long term private insurers?

2.5-Day Technical Workshop

Fifty-two percent of the participants responded that they know a concrete potential project in their country that could benefit from CEPs provided by MLT private insurers. Forty-eight percent responded negatively to this question.

Table 25A 2.5-Day Workshop: Participants Know of Project that Could Benefit from Credit Enhancement Products from Medium to Long Term Private Insurers (%)

	Yes	No	No Reply
Total from all three countries	52	48	0

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

Fifty-seven percent of the participants responded that they know a concrete potential project in their country that could benefit from CEPs provided by MLT private insurers. Forty-three percent responded negatively to this question.

Table 25B 0.5-Day Workshop: Participants Know of Project that Could Benefit from Credit Enhancement Products from Medium to Long Term Private Insurers (%)

	Yes	No	No Reply
Total from all three countries	57	43	0

Source: From the authors, based on data from feedback of participants.

Do you think it is likely that you will approach the Asian Development Bank for support through one of the credit enhancement products within 1 year?

2.5-Day Technical Workshop

Fifty-nine percent of participants responded that they would likely approach ADB within 1 year for support through CEPs. Forty-one percent responded negatively to this question.

Table 26A 2.5-Day Workshop: Participants Likely to Approach the Asian Development Bank for Credit Enhancement Products Support within 1 Year (%)

	Yes	No	No Reply
Total from all three countries	59	41	0

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

Sixty-five percent of participants responded that they would likely approach ADB within 1 year for support through CEPs. Thirty-five percent responded negatively to this question.

Table 26B 0.5-Day Workshop: Participants Likely to Approach the Asian Development Bank for Credit Enhancement Products Support within 1 Year (%)

	Yes	No	No Reply
Total from all three countries	65	35	0

Source: From the authors, based on data from feedback of participants.

Would you like to be kept informed about credit enhancement products provided by the Asian Development Bank?

2.5-Day Technical Workshop

The intention of this question was to assess whether participants would like to frequently receive updated information about the CEPs provided by ADB. The majority (79%) responded positively to this question and provided their e-mail address to ADB.

Table 27A 2.5-Day Workshop: Participants Interested in Receiving Information about Credit Enhancement Products from the Asian Development Bank (%)

	Yes	No	No Reply
Total from all three countries	79	21	0

Source: From the authors, based on data from feedback of participants.

0.5-Day Executive Workshop

The vast majority (81%) responded they would like to frequently receive updated information about the CEPs provided by ADB.

Table 27B 0.5-Day Workshop: Participants Interested in Receiving Information about Credit Enhancement Products from the Asian Development Bank (%)

	Yes	No	No Reply
Total from all three countries	81	19	0

Source: From the authors, based on data from feedback of participants.

Overall Conclusion Regarding Objectives 4 and 5

It can be concluded that it is very likely that objectives 4 and 5, concerning the utilization of ADB CEPs, will be met in the near future. Similar conclusions can be drawn regarding CEPs from other multilateral development institutions, ECAs and EXIM banks, and private insurers.

4

Challenges Discussed During 0.5-Day Executive Workshop

The 0.5-day executive workshop covered five strategic issues that were relevant for Bangladesh, the Lao PDR, and Nepal. In the evaluation form, the senior government officials who participated were asked whether they agreed or disagreed with statements related to the issues discussed in the workshop. The tables and charts below provide a summary of the feedback received from participants.

Challenge I: Do you agree that catalyzing private capital should be a priority issue on the strategic agenda of ADB and other MDBs?

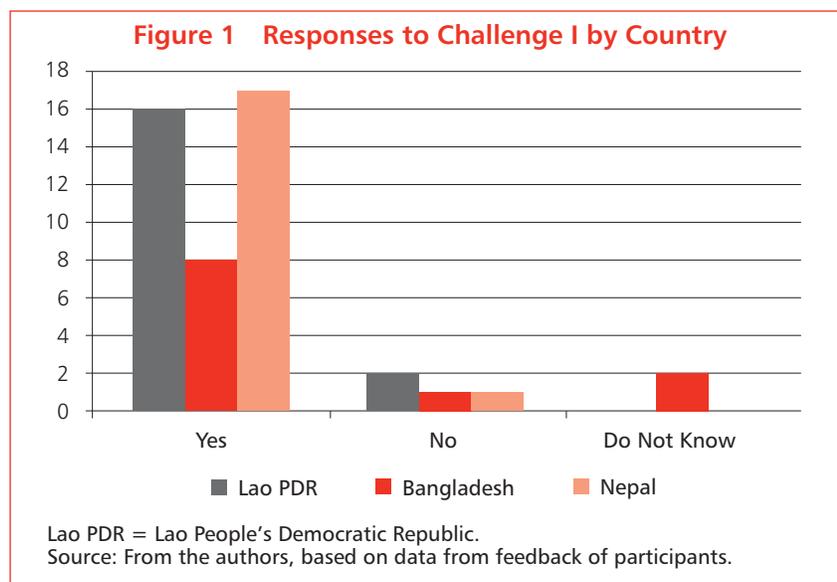
This topic got quite a lot of attention during the executive workshop. It led to interesting discussions about the infrastructure investment needs of countries, the current financing gap, the roles of commercial finance and development finance, and aid efficiency and effectiveness. A large majority of participants (87%) agreed that catalyzing private capital should be a priority issue for ADB and other MDBs. Nine percent disagreed and 4% were undecided.

Table 28 Responses of All Participants to Challenge I (%)

	Yes	No	Don't know
Total from all three countries	87	9	4

Source: From the authors, based on data from feedback of participants.

The graph below provides insight to the response to this question by country.



Challenge II: Do you agree that concessional finance should not be used for infrastructure projects that generate sufficient cash flow to repay market-based loans?

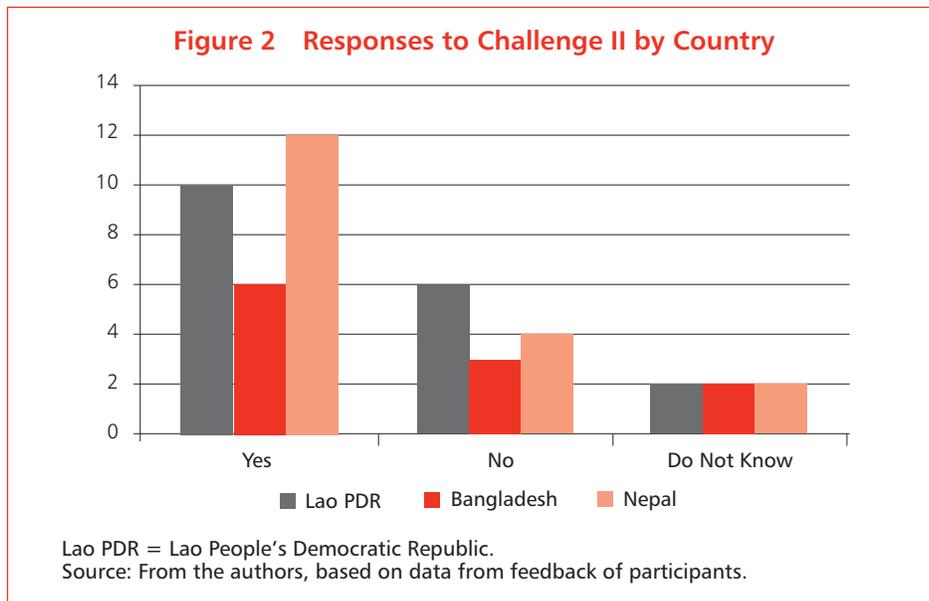
Based on the statement above, there was an interesting discussion about the utilization of limited concessional funds. Sixty percent of all participants agreed with this statement. Twenty-eight percent disagreed and 12% were undecided.

Table 29 Responses of All Participants to Challenge II (%)

	Yes	No	Don't know
Total from all three countries	60	28	12

Source: From the authors, based on data from feedback of participants.

The graph below provides insight to the response to this question by country.



Challenge III: Do you agree that management of environmental and social risks in infrastructure projects is very important?

During the executive workshop, participants were informed about the current social and environmental risk management guidelines and practices of ADB and other MDBs, ECAs and EXIM banks, private insurers, and commercial banks (i.e., Equator Principles). In essence, the guidelines of all these different financial sector organizations require a solid and thorough risk assessment and management of social and environmental risks in infrastructure projects.

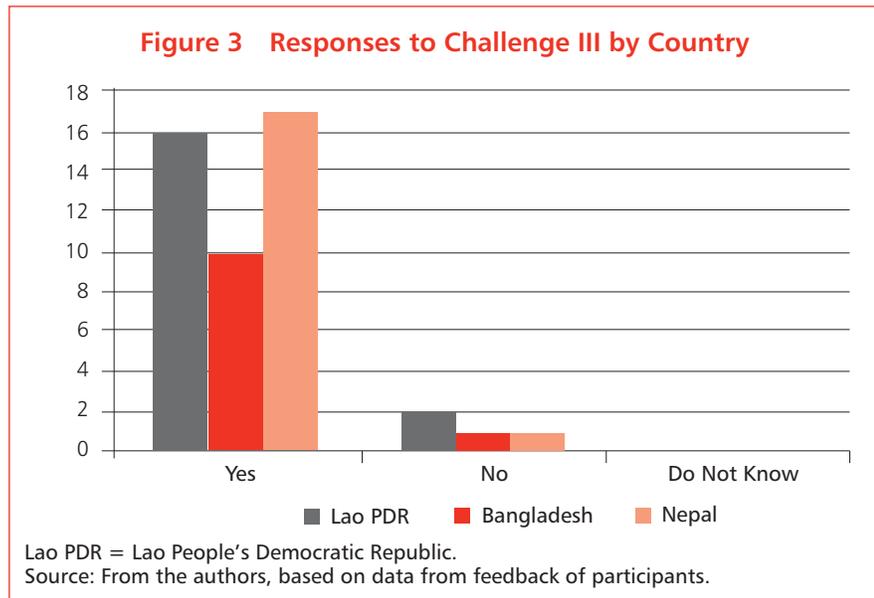
Ninety-one percent of the participants agreed that management of these risks is very important. Nine percent disagreed with this.

Table 30 Responses of All Participants to Challenge III (%)

	Yes	No	Don't know
Total from all three countries	91	9	0

Source: From the authors, based on data from feedback of participants.

The graph below provides insight to the responses to this question by country.



Challenge IV: Do you agree that there is a challenge for your country to expand the number of bilateral investment protection agreements?

During the workshop, participants were informed about the number of bilateral investment treaties of a selection of Asian countries. These bilateral investment protection agreements do provide some comfort for foreign investors. The figures in Table 31 show that Bangladesh, the Lao PDR, and Nepal have relatively small numbers of bilateral investment treaties. Against that background, it was suggested that the countries concerned should consider the expansion of the number of these treaties.

Table 31 Selected Asian Countries and Number of Bilateral Investment Treaties

Country	No. of Bilateral Investment Treaties (BITs)	Country	No. of BITs
Japan	16	Indonesia	53
Republic of Korea	96	Mongolia	20
Hong Kong, China	?	Cambodia	15
People's Republic of China	110	Sri Lanka	24
Malaysia	34	Bangladesh	17
Thailand	39	Pakistan	38
India	30	Republic of Korea	?
Philippines	31	Myanmar	2
Viet Nam	31	Nepal	5
Papua New Guinea	4	Lao PDR	12

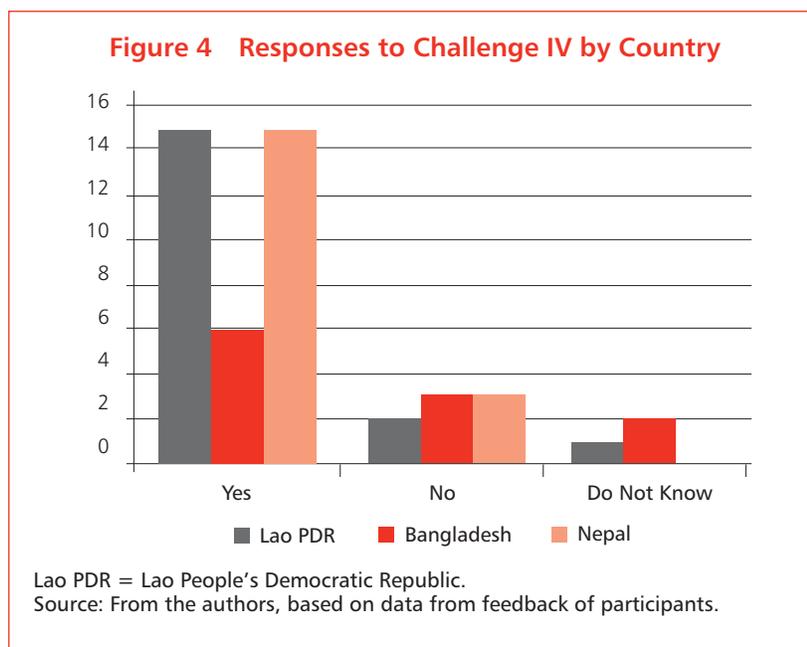
Source: United Nations Conference on Trade and Development, www.unctadxi.org

Table 32 Responses of All Participants to Challenge IV (%)

	Yes	No	Don't know
Total from all three countries	77	17	6

Source: From the authors, based on data from feedback of participants.

The graph below provides insight to the response to this question by country.



Challenge V: Do you agree that your country should investigate the establishment of an export credit agency or an export–import bank to promote exports from your country?

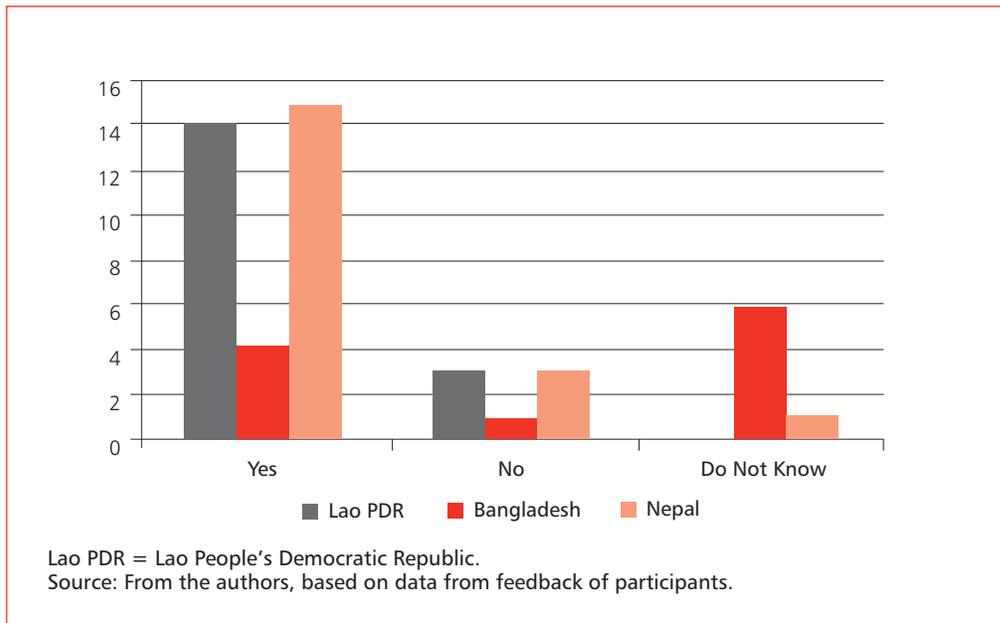
During the workshop, participants were informed about the importance of exports for their countries. Through exports hard currency income can be generated, sustainable jobs can be created, and additional tax income for the government can be realized. Many governments, in both OECD and non-OECD countries, have established an export credit agency (ECA) and/or an export–import (EXIM) bank in their country to promote exports from their country. These type of organizations do currently not exist in the Lao PDR or Nepal, and there is only a single ECA in Bangladesh. Against that background, it was suggested to the senior government officials of these countries to consider the establishment of an ECA or EXIM bank in their countries.

Table 33 Responses of All Participants to Challenge V (%)

	Yes	No	Don't know
Total from all three countries	70	15	15

Source: From the authors, based on data from feedback of participants.

The graph below provides insight to the response to this question by country.



Observations and Recommendations

In our first evaluation report, which was based on workshops in eight ADB developing member countries, we described many observations and provided various recommendations. Most of the recommendations are also of relevance for Bangladesh, the Lao PDR, and Nepal. For the sake of convenience, the recommendations from Phase 1 are included in Annex IV.

In this report, we will focus on our observations and recommendations regarding the technical and executive workshops in Bangladesh, the Lao PDR, and Nepal.

Observation 1: This program would be useful to government officials in other ADB member countries.

The CEPs training program has, so far, taken place in 11 ADB member countries. Phase 1 included Cambodia, the People's Republic of China, Indonesia, Mongolia, Papua New Guinea, the Philippines, Sri Lanka, and Viet Nam; Phase 2 included Bangladesh, the Lao PDR, and Nepal.

The participants in the 2.5-day technical workshops in Bangladesh, the Lao PDR, and Nepal were very positive about the workshops. Eighty-eight percent of the participants would recommend the technical workshops to other people.

Ninety-four percent of the senior government officials that attended the 0.5-day executive workshops would recommend these workshops to other people.

These figures are in line with the scorings from Phase 1 of the project.

Recommendation 1

ADB should organize similar CEPs workshops for government officials in other ADB member countries.

Observation 2: There is a need for banks, exporters, and investors in ADB DMCs to participate in CEPs workshops.

The CEPs workshops have been organized, thus far, for government officials in 11 ADB member countries. However, it is fair to say that the most important entities that make use of CEPs are commercial banks that finance the local business community, international trade, and investments. Furthermore, exporters and investors are also important users of CEPs. The fact is that credit and investment insurance and other CEPs covered during the workshop are relatively new to many banks and exporters in ADB DMCs. A lot of trade business is done on a cash basis or by means of advance payments or through letters of credit in which banks play a role. By increasing the knowledge about CEPs among banks, in particular local banks and exporters, ADB DMCs could benefit substantially. It would help to expand international trade and investment in these countries, which would generate hard currency income, sustainable jobs, and additional tax income for the government.

Recommendation 2

ADB should organize similar CEPs workshops for commercial banks, in particular local banks, exporters, and investors in ADB member countries.

Observation 3: There is a great need among ADB developing member countries for CEPs workshops, due to the high demand for infrastructure financing and the high turnover rates of government officials.

Given the enormous investment needs for infrastructure finance of ADB DMCs and the expected growth of infrastructure projects, the number of government officials in ADB member countries that will become involved in this area will increase substantially. Furthermore, because government officials regularly move to other positions in their institutions, it is necessary to provide their successors with information about CEPs.

Obviously, these observations are also of relevance to banks, exporters, and investors. This all implies that these CEPs trainings should be organized on a regular basis. Although the need for these trainings will vary by country, the CEPs trainings should be organized for each country at least once every 2 years.

Recommendation 3

CEPs workshops for ADB member countries should be held on a regular basis. It is proposed that in each ADB member country, CEPs trainings should occur at least once every 2 years.

Observation 4: It is very important for Bangladesh, the Lao PDR, and Nepal to expand their export business to generate hard currency income. The Lao PDR and Nepal do not have an ECA or EXIM bank to support exports out of their country, and Bangladesh has a single insurance company that provides export credit insurance.

In most developed and many developing countries, the national governments have established an official ECA and/or EXIM bank. These institutions are the most important export promotion schemes of individual governments, not only in OECD countries, but also in many non-OECD countries.

Bangladesh, the Lao PDR, and Nepal mainly depend on the exports of garments, textiles, agricultural commodities (e.g., rice), and other consumer goods, which are typically sold on a short-term credit basis. Here, short-term CEPs can play an important role. These can be provided by local ECAs or EXIM banks, multilateral development banks such as ADB (e.g., the trade finance program), and private insurers. In the Lao PDR and Nepal, a national ECA and/or EXIM bank does not exist. It is recommended that ADB and each of these governments conduct a feasibility study on the establishment of an officially supported ECA or EXIM bank in each of these countries. In Bangladesh, the state-owned general insurance company, Sadharan Bima Corporation, provides export credit insurance, but the extent of which exporters in Bangladesh make use of their credit insurance services is unknown.

Recommendation 4:

ADB and/or the governments of the Lao PDR and Nepal should conduct feasibility studies on the establishment of officially supported ECAs or EXIM banks in each of these countries.

Observation 5: Catalyzing private capital should be a priority issue on the strategic agenda of ADB and other MDBs.

Eighty-seven percent of all senior government officials in the 0.5-day executive workshop thought that catalyzing private capital should be a priority issue on the strategic agenda of ADB and other MDBs.

Recommendation 5:

ADB should develop a clear strategy on how to catalyze private capital for infrastructure and other developmental needs in developing countries. Such a strategy could include guidelines about the utilization of limited concessional loans for noncommercially viable infrastructure projects. ADB could play a leading role in enhancing the cooperation between the worlds of development finance and commercial finance, which—given the enormous needs of developing countries—is critical for a sustainable development of these countries. The strategy will assist ADB in fulfilling its complementary role, leveraging its own scarce resources, and increasing its developmental impact on developing countries.

APPENDIX 1

Agenda of the 2.5-Day Technical Workshop

Strengthening Capacity of Developing Member Countries for Managing Credit Enhancement Products: Agenda

Time	Topics
DAY ONE	
0830–0900	Registration
0900–0905	Welcome remarks
0905–0930	<p>Introduction</p> <p>Purpose of the workshop</p> <ul style="list-style-type: none"> • Tour de table of participants • Experience with credit enhancement products (CEPs) • Expectations about CEPs workshop <p>Brief introduction to CEPs covered in the workshop</p> <ul style="list-style-type: none"> • Investment insurance/guarantees • short term (ST) and medium and long term (MLT) export credit insurance/guarantees • B loans • B guarantees
0930–1100	<p>Investment needs in developing countries and external sources of finance</p> <ul style="list-style-type: none"> • Overview of investment needs in Asia • Main sources of external finance • Public and private flows • Multilateral and bilateral aid • Private capital flows and the financial and economic crisis • CEPs and foreign direct investments • CEPs and international trade • Types of infrastructure projects: public sector projects (sovereign and sub-sovereign), private sector projects (corporate, project finance) • Overview of main financial risks by type of project • Overview of sovereign risk perceptions: credit rating agencies and Organisation for Economic Co-operation and Development (OECD) export credit agencies (ECAs)
1100–1115	Coffee break

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Table continued

Time	Topics
1115–1230	<p>Credit Enhancement Products (Part I)</p> <ul style="list-style-type: none"> • Overview of the global credit and investment insurance/guarantee market • The main risks: ST/MLT risks, political risks, commercial risks, manufacturing risk, credit risk, country risk, borrower risk • The main insurance/guarantee products: e.g., political risk only, commercial risk only, comprehensive cover, whole turnover policies, single risk policies, trade and investment insurance • Claims and recoveries • Importance of bilateral investment protection agreements • Roles of Paris Club and London Club • Overview of the main insurance/guarantee providers: multilaterals, bilateral export credit agencies, private insurers • The main benefits of insurance/guarantees for various stakeholders: e.g., developing countries, multilaterals, exporters, importers, commercial banks • Commercial bank regulations (e.g., Basel II and III)
1230–1400	Lunch
1400–1430	Continuation of Credit Enhancement Products (Part I)
1430–1445	<p>Interactive session</p> <p>Risk rating of various countries around the globe (mainly Asian countries)</p>
1445–1530	<p>Credit Enhancement Products (Part I-A)</p> <p>The global market of insurance/guarantees provided by multilateral development institutions</p> <ul style="list-style-type: none"> • Multilateral insurance/guarantees • Role and mandate of multilaterals <p>Asian Development Bank (ADB) guarantees:</p> <ul style="list-style-type: none"> • Political risk guarantee • Credit risk guarantee • Trade finance facilitation program • ADB guarantor of record program <p>Other multilateral insurance/guarantees:</p> <ul style="list-style-type: none"> • Global: International Bank for Reconstruction and Development (IBRD)/ International Development Association (IDA), International Finance Corporation, Multilateral Investment Guarantee Agency (MIGA) • Regional: European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IADB), Islamic Corporation for the Insurance of Investments and Export Credit (ICIEC), African Trade Insurance Agency (ATI), Arab Investment and Export Credit Guarantee Corporation <p>Various case studies:</p> <ul style="list-style-type: none"> • ADB political risk guarantee • ADB credit risk guarantee • IBRD partial risk guarantee • International Finance Corporation (IFC) partial credit guarantee • MIGA political risk guarantee
1530–1545	Coffee break

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Table continued

Time	Topics
1545–1730	Credit Enhancement Products (Part I-B) The global market of insurance/guarantees provided by bilateral export credit agencies and export–import banks (EXIM banks) <ul style="list-style-type: none"> • Officially supported export credits • What is an ECA? • What is an EXIM bank? • Role and mandate of ECAs and EXIM banks • ECAs and EXIM banks in Asia • International regulations for officially supported export credits (e.g., World Trade Organization, OECD) Two case studies
1730	End of Day One
	DAY TWO
0830–0900	Registration
0900–1015	Credit Enhancement Products (Part I-C) The global market of insurance/guarantees provided by private insurers. <ul style="list-style-type: none"> • What is a private credit insurance company? • Role and mandate of private credit insurance companies • Leaders in ST business • Leaders in MLT business • Role of insurance brokers Two case studies
1015–1045	Interactive session Comparing multilaterals, export credit agencies, and private insurers
1045–1100	Coffee break
1100–1230	Credit Enhancement Products (Part II) Other relevant credit enhancement products B loans—lender of record <ul style="list-style-type: none"> • The main risks • The main terms and conditions • The main benefits • The main providers (multilateral and bilateral development banks) A/B guarantees—guarantor of record <ul style="list-style-type: none"> • ADB guarantee of record program • MIGA cooperative underwriting program Cooperation between insurers/guarantors <ul style="list-style-type: none"> • Co-insurance • Re-insurance
1230–1400	Lunch
1400–1700	Case Study I: Sovereign project
1700	End of Day Two

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Time	Topics
DAY THREE	
0830–0900	Registration
0900–1015	Sustainable development and the financial sector <ul style="list-style-type: none"> • What is sustainable development? • Why is it important for the financial sector? • Management of environmental and social risks by multilateral development banks, export credit agencies, private insurers, commercial banks, and institutional investors Various international sustainability initiatives: <ul style="list-style-type: none"> • OECD guidelines for multinationals • Extractive industry transparency initiative • United Nations global compact
1015–1030	Coffee break
1030–1230	Case Study II: Private sector project finance
1230–1245	Evaluation of the workshops
1245–1300	Wrap-up and closing session
1300	End of Day Three and lunch

ADB = Asian Development Bank, AIEGCG = Arab Investment and Export Credit Guarantee Corporation, ATI = African Trade Insurance Agency, BIS = Bank of International Settlements, CEP = credit enhancement program, EBRD = European Bank for Reconstruction and Development, ECA = export credit agency, EXIM bank = export–import bank, IaDB = InterAmerican Development Bank, IBRD = International Bank for Reconstruction and Development, ICIEC = Islamic Corporation for Insurance of Investments and Export Credit, IDA = International Development Agency, IFC = International Finance Corporation, MIGA = Multilateral Investment Guarantee Agency, MLT = medium to long term, OECD = Organisation for Economic Co-operation and Development, ST= short term, WTO = World Trade Organization.

APPENDIX 2

Agenda of the 0.5-Day Executive Workshop

Executive Workshop on Managing Credit Enhancement Products: Agenda

Time	Topics
0830–0900	Registration
0900–0905	Welcome remarks
0905–0910	Opening remarks
0910–0930	<ul style="list-style-type: none"> • Introduction • Financial needs of developing countries • External sources of finance available to developing countries • Other potential sources of finance for developing countries
0930–1000	<ul style="list-style-type: none"> • Type of infrastructure projects • Main risks in public–private partnerships and credit enhancement products • Government support for public–private partnerships • Country risk rating
1000–1045	<p>The global credit insurance/guarantee market</p> <p>Main insurance/guarantee providers</p> <ul style="list-style-type: none"> • Multilateral development banks • Export credit agencies and export–import banks • Private insurers
1045–1100	Coffee Break
1100–1200	<ul style="list-style-type: none"> • B loans • Some strategic issues/challenges
1200–1240	Case study and financing options to be considered
1240–1300	Discussion
1300–1400	Lunch

APPENDIX 3

Overview of Evaluation of All Workshops

Introduction

Participants were requested to fill in an extensive evaluation form to provide feedback about the workshop. This annex provides a comprehensive overview of all the feedback received.

The workshops were attended by 201 participants, of which 176 provided feedback through the evaluation forms. The table below provides an overview of the number of participants in each country.

Table A3.1 Number of Workshop Participants in Each of Three Countries

Country	Technical 2.5-Day CEPs Workshop		Executive 0.5-Day CEPs Workshop	
	No. of Participants	No. of Questionnaire Respondents	No. of Participants	No. of Questionnaire Respondents
Lao PDR	43	40	21	18
Bangladesh	40	33	12	11
Nepal	62	56	23	18
Total	145	129	56	47

CEPs = credit enhancement products, Lao PDR = Lao People's Democratic Republic.

Note: Countries presented in chronological order by workshop.

Source: From the authors, based on data from technical assistance procedure.

The evaluation covered the following main themes:

1. program area;
2. learning evaluation;
3. overall satisfaction and learning;
4. probability of achieving results;
5. potential follow up; and
6. potential projects.

In these six areas, detailed questions were asked to obtain relevant feedback. The results of the evaluation are explained below.

Program Area

This section included the following topics:

1. Program content
 - a. Content of the program was appropriate.
 - b. Content was relevant to work.
 - c. Course duration (length) was appropriate.
4. Program objectives
 - a. Program objectives were clearly stated.
 - b. Objectives supported desired results.
 - c. Objectives were achieved.
3. Methodology and materials
 - a. Participants were satisfied with the use and quality of presentation materials.
 - b. Participants were satisfied with the use and quality of handouts and reading materials.
 - c. Participants were satisfied with the appropriateness of overall methods used.
4. Facilitator Paul Mudde
 - a. Participants were satisfied with the facilitator's presentation style and delivery.
 - b. Participants were satisfied with the facilitator's knowledge of subject matter.
 - c. Participants were satisfied with the facilitator's effectiveness in dealing and interacting with participants.
5. Facilitator Anne van't Veer
 - a. Participants were satisfied with the facilitator's presentation style and delivery.
 - b. Participants were satisfied with the facilitator's knowledge of subject matter.
 - c. Participants were satisfied with the facilitator's effectiveness in dealing and interacting with participants.
6. Logistics and administrative support
 - a. Pre-program communication and confirmation was appropriate.
 - b. The venue was appropriate.

On these topics participants could score their experience as follows:

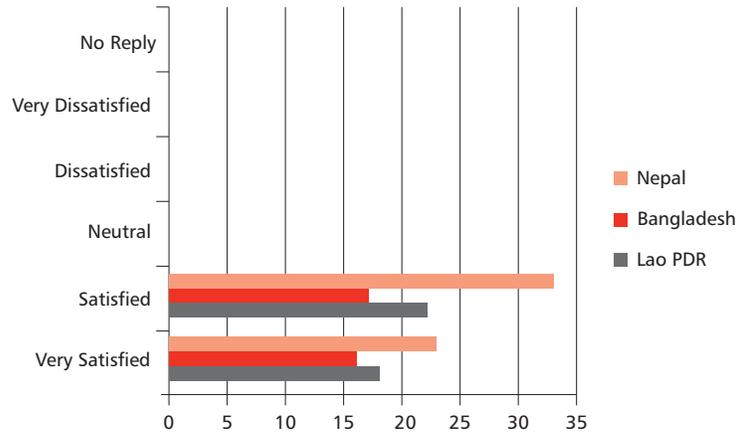
Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	No Reply
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Program Content

Content of the program was appropriate.

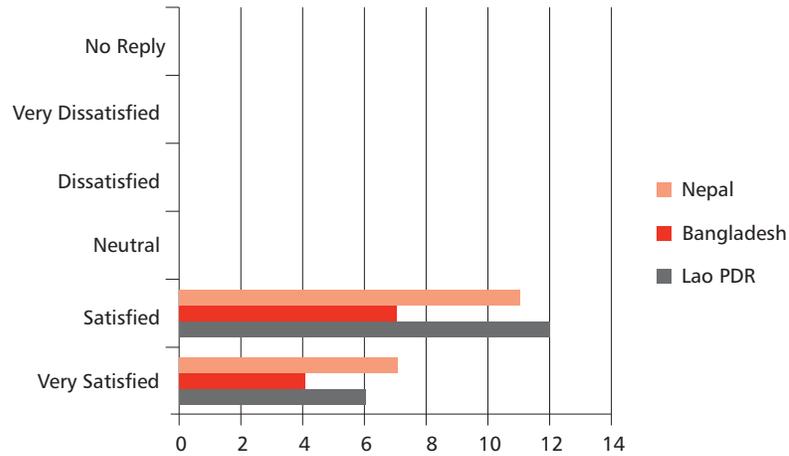
The figures below provide the scoring for both the technical and the executive workshops in each country.

Figure 3.1A 2.5-Day Technical Workshop: Overall Participant Satisfaction with Content of Program by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

Figure A3.1B 0.5-Day Executive Workshop: Overall Participant Satisfaction with Content of Program by Country

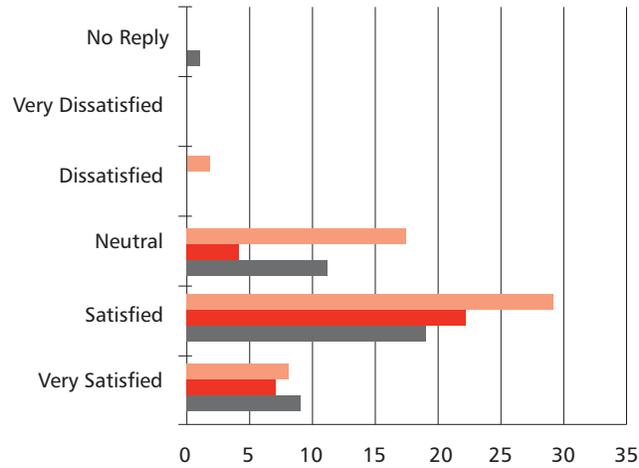


Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

Content was relevant to work.

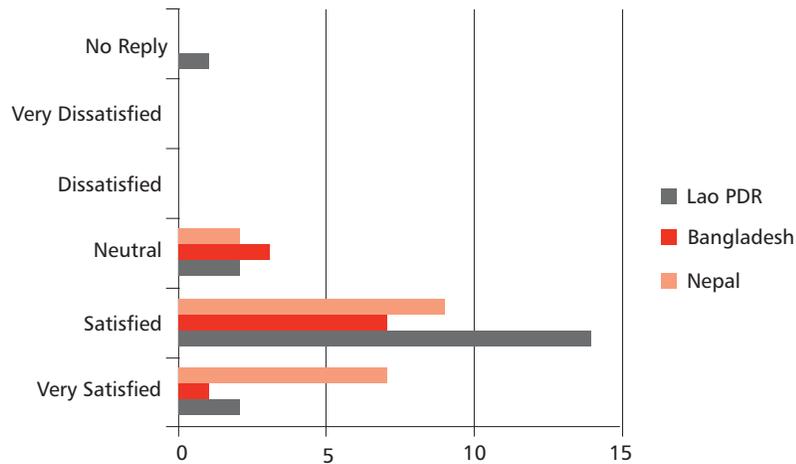
The figures below provide the scoring for both the technical and the executive workshops in each country.

Figure 3.2A 2.5-Day Technical Workshop: Participant Satisfaction with Relevance of Content to Daily Work by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

Figure A3.2B 0.5-Day Executive Workshop: Participant Satisfaction with Relevance of Content to Daily Work by Country

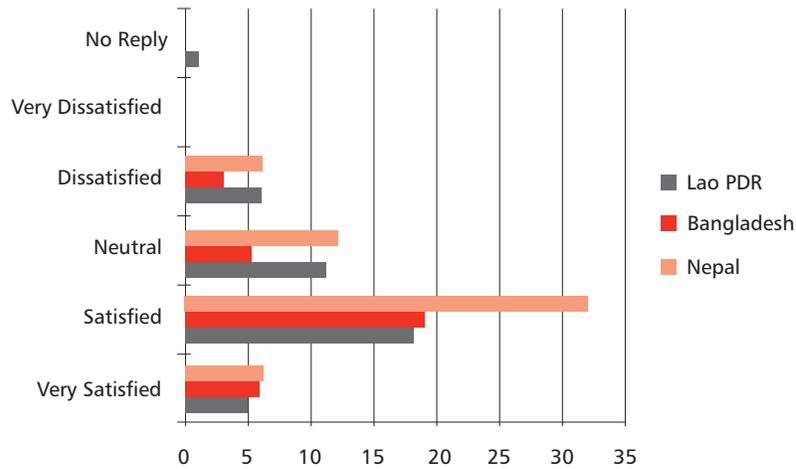


Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

Course duration (length) was appropriate.

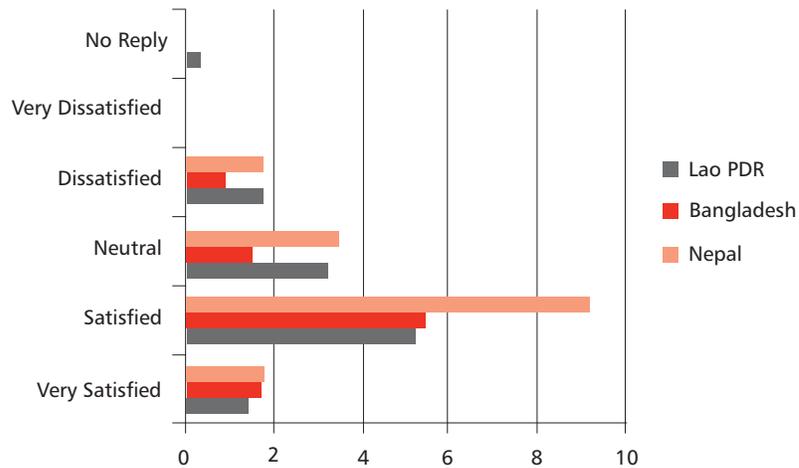
The figures below provide the scoring for both the technical and the executive workshops in each country.

Figure A3.3A 2.5-Day Technical Workshop: Participant Satisfaction with Length of Workshop by Country



Lao PDR = Lao People’s Democratic Republic.
Source: From the authors, based on data from feedback of participants.

Figure A3.3B 0.5-Day Executive Workshop: Participant Satisfaction with Length of Workshop by Country



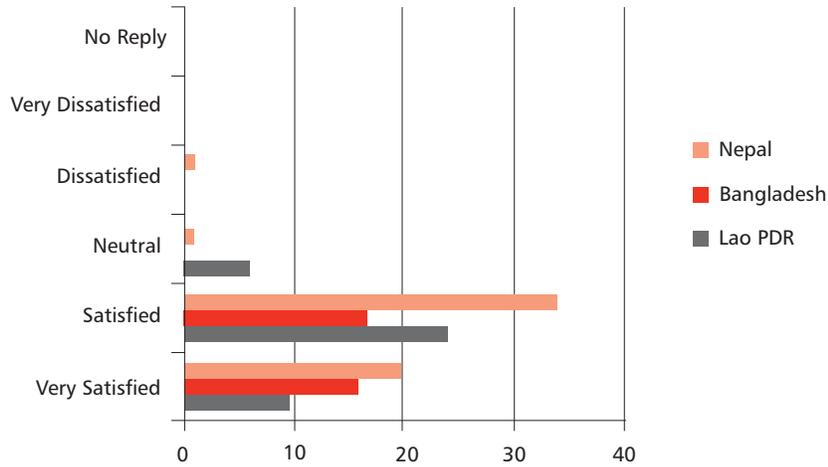
Lao PDR = Lao People’s Democratic Republic.
Source: From the authors, based on data from feedback of participants.

Program Objectives

Program objectives were clearly stated.

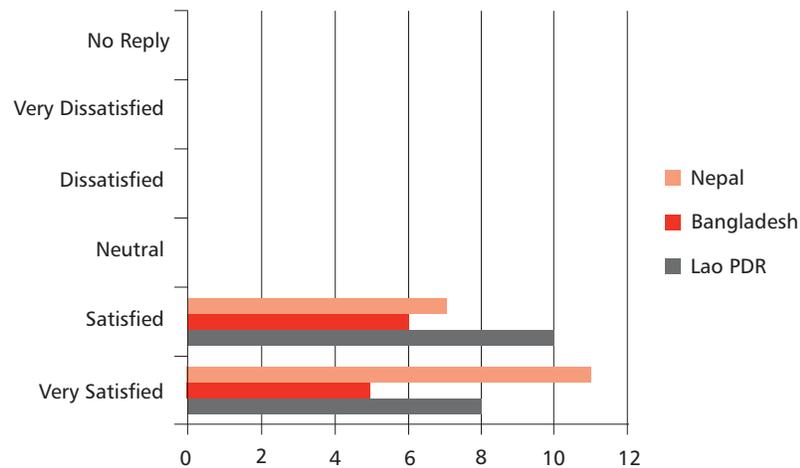
The figures below provide the scoring for both the technical and the executive workshops in each country.

Figure A3.4A 2.5-Day Technical Workshop: Participant Satisfaction with Clarity of Objectives by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

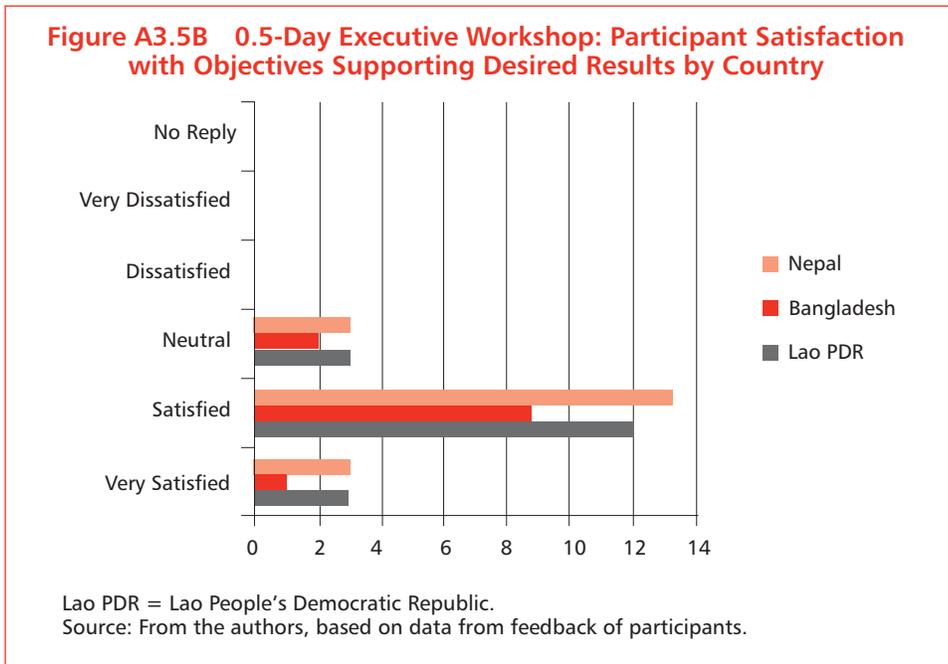
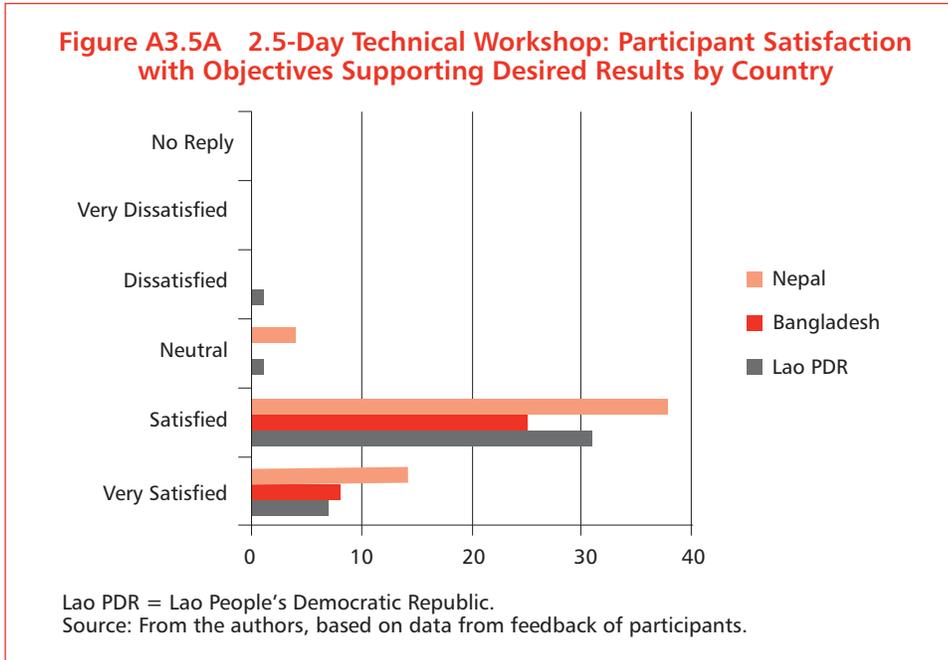
Figure A3.4B 0.5-Day Executive Workshop: Participant Satisfaction with Clarity of Objectives by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

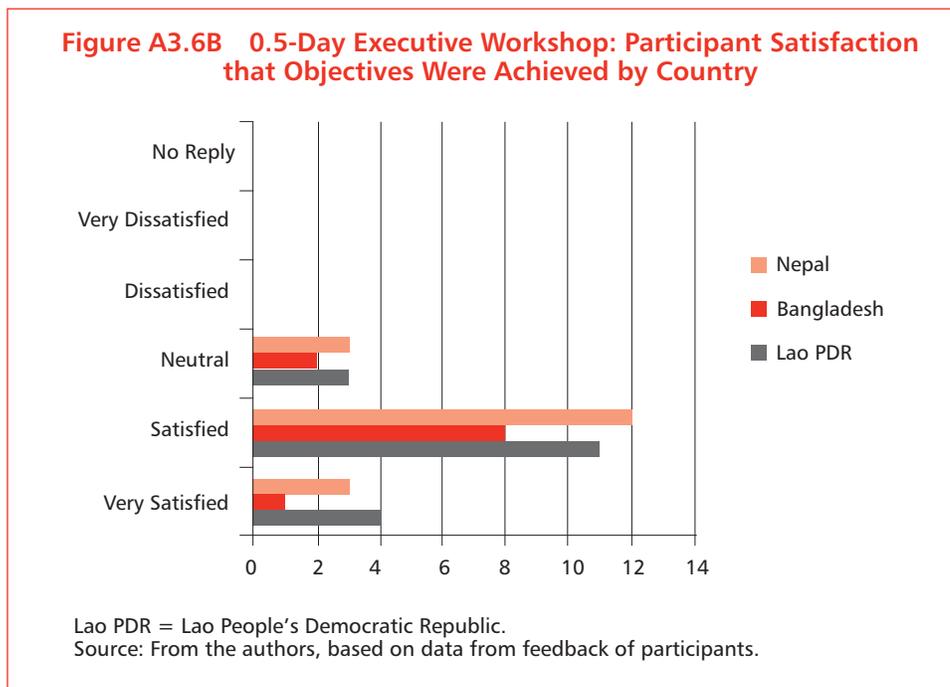
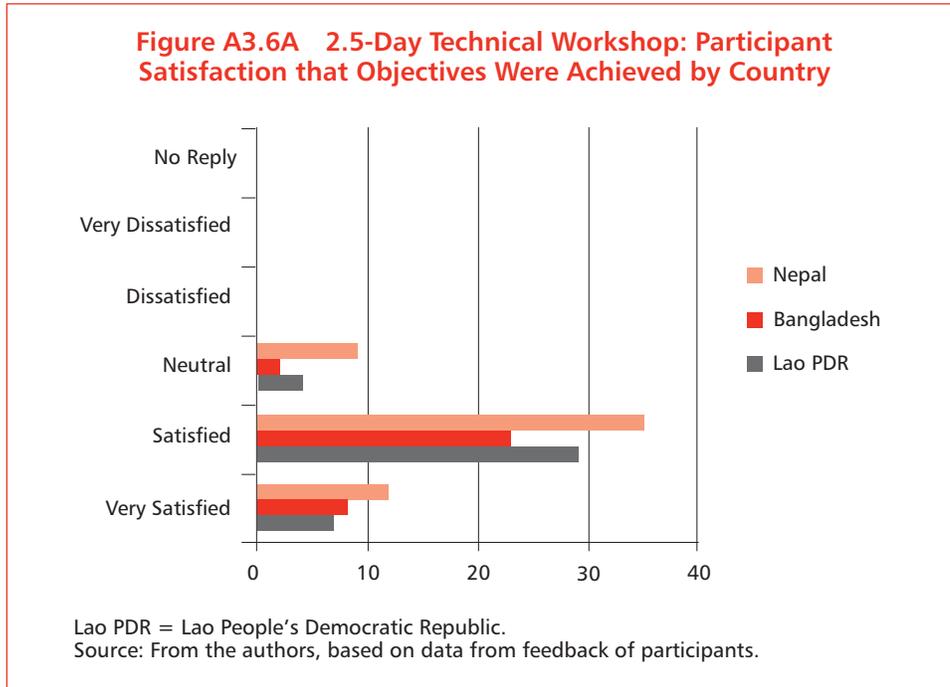
Objectives supported desired results.

The figures below provide the scoring for both the technical and the executive workshops in each country.



Objectives were achieved.

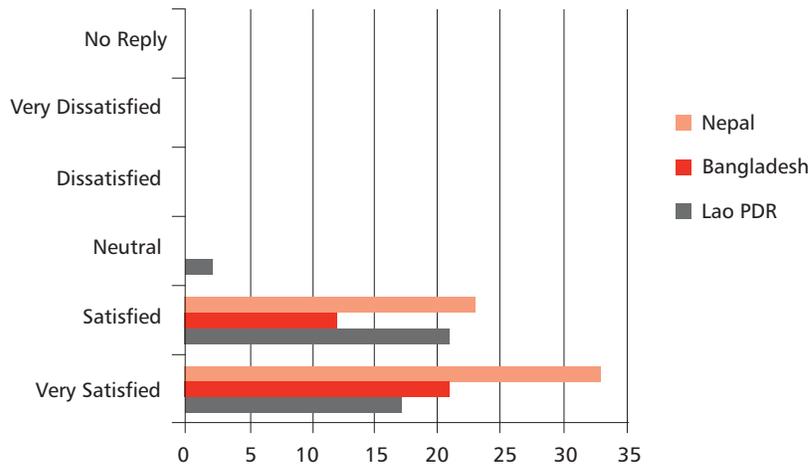
The figures below provide the scoring for both the technical and the executive workshops in each country.



Methodology and Materials

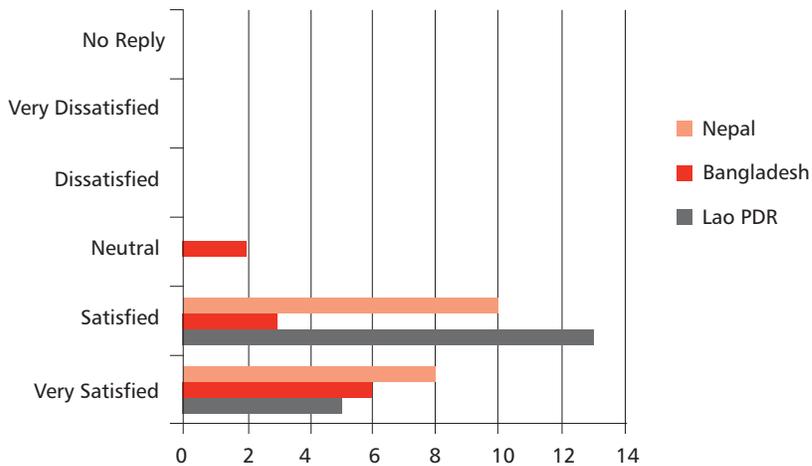
Participants were satisfied with the use and quality of presentation materials.

Figure A3.7A 2.5-Day Technical Workshop: Participant Satisfaction with Use and Quality of Presentation Materials by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

Figure A3.7B 0.5-Day Executive Workshop: Participant Satisfaction with Use and Quality of Presentation Materials by Country

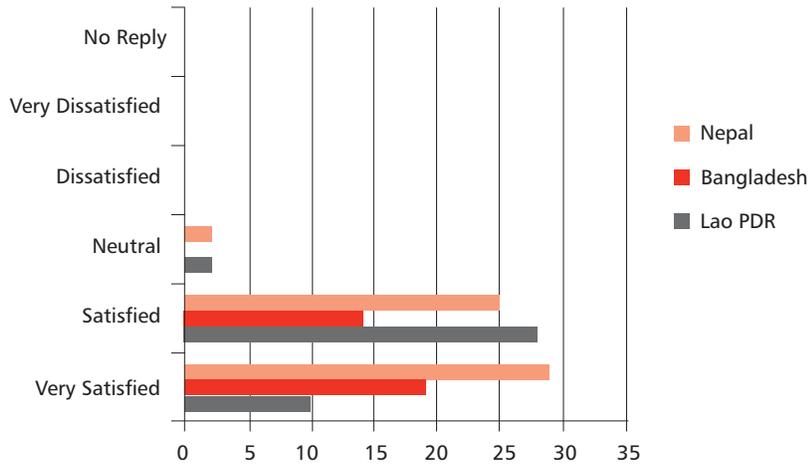


Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

Participants were satisfied with the use and quality of handouts and reading materials.

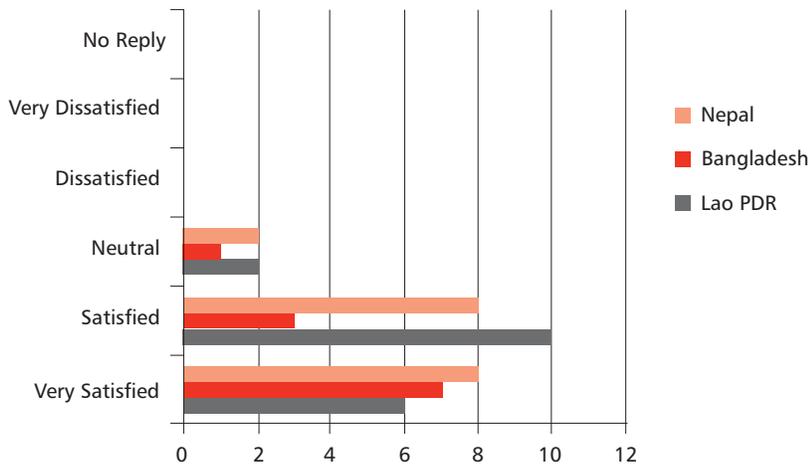
The figures below provide the scoring for both the technical and the executive workshops in each country.

Figure A3.8A 2.5-Day Technical Workshop: Participant Satisfaction with Use and Quality of Handouts and Reading Materials by Country



Lao PDR = Lao People's Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

Figure A3.8B 0.5-Day Executive Workshop: Participant Satisfaction with Use and Quality of Handouts and Reading Materials by Country

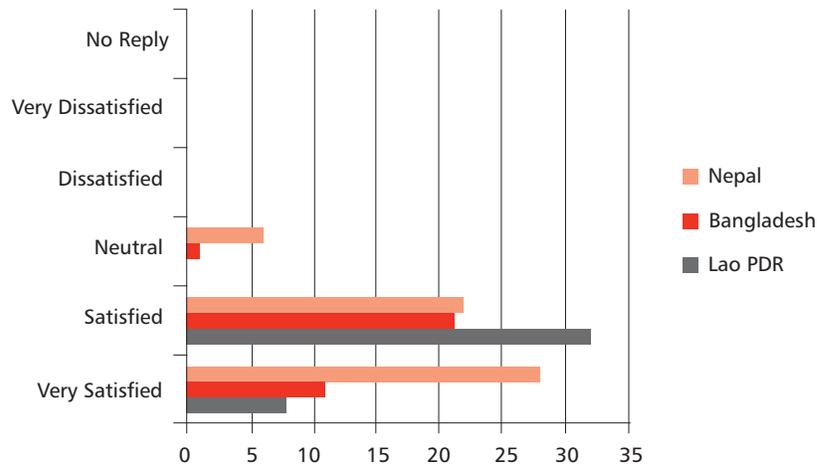


Lao PDR = Lao People's Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

Participants were satisfied with the appropriateness of overall methods used.

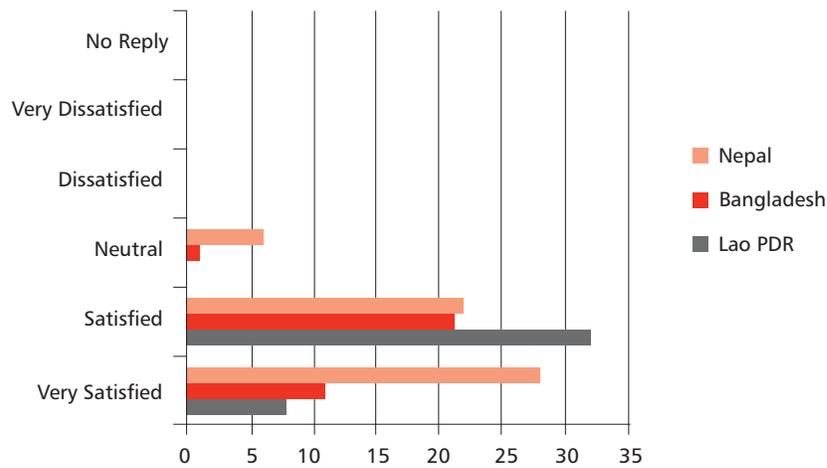
The figures below provide the scoring for both the technical and the executive workshops in each country.

Figure A3.9A 2.5-Day Technical Workshop: Participant Satisfaction with Appropriateness of Overall Methods by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

Figure A3.9B 0.5-Day Executive Workshop: Participant Satisfaction with Appropriateness of Overall Methods by Country

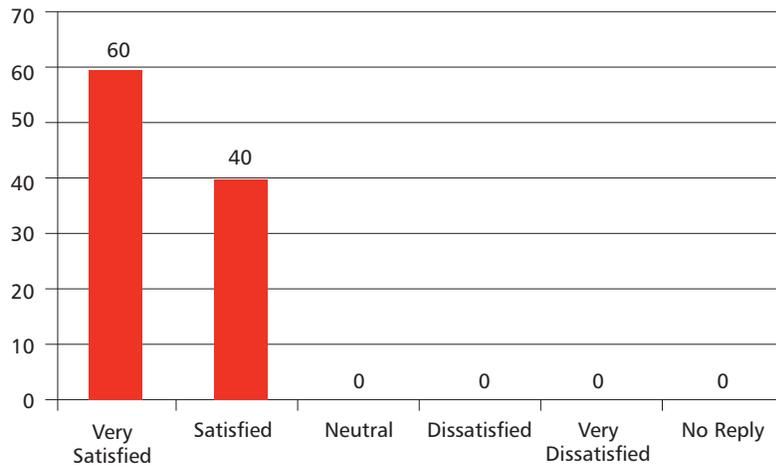


Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

Facilitator Paul Mudde

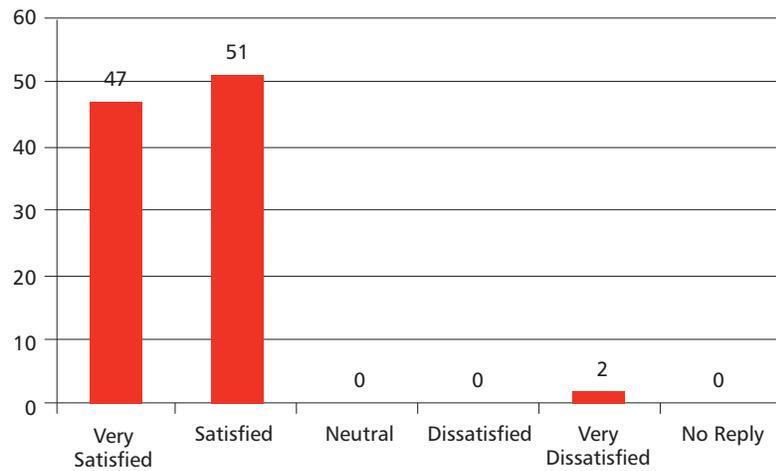
Participants were satisfied with the facilitator’s presentation style and delivery.

Figure A3.10A 2.5-Day Technical Workshop: Participant Satisfaction with Facilitator’s Presentation Style and Delivery, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

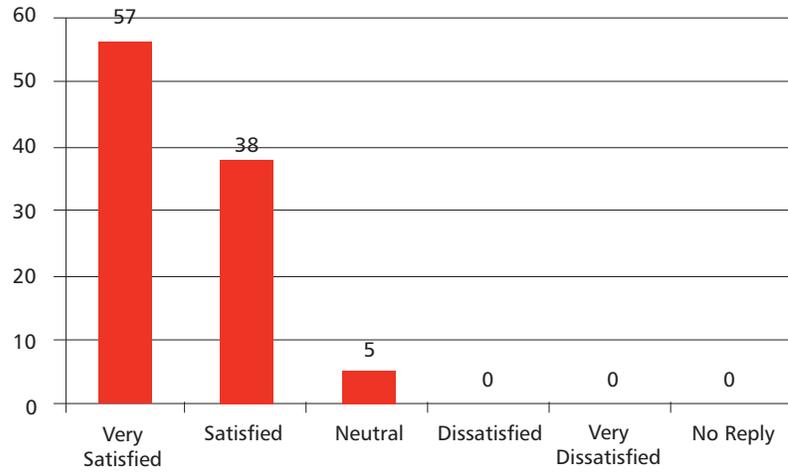
Figure A3.10B 0.5-Day Executive Workshop: Participant Satisfaction with Facilitator’s Presentation Style and Delivery, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

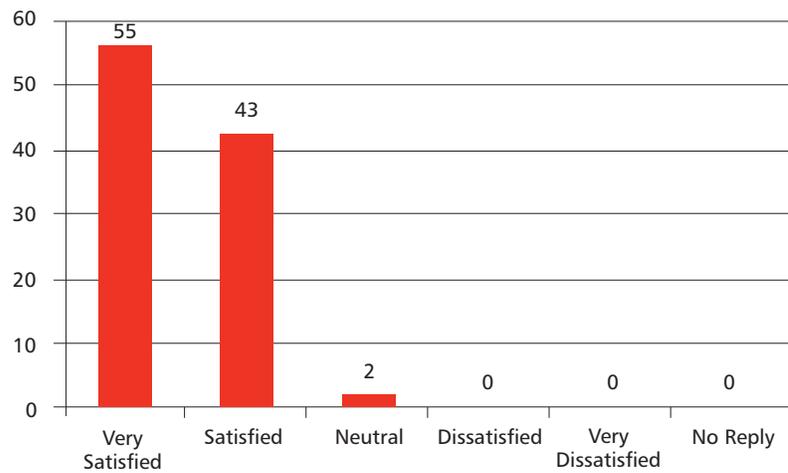
Participants were satisfied with the facilitator’s knowledge of subject matter.

Figure A3.11A 2.5-Day Technical Workshop: Participant Satisfaction with Facilitator’s Knowledge of Subject Matter, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

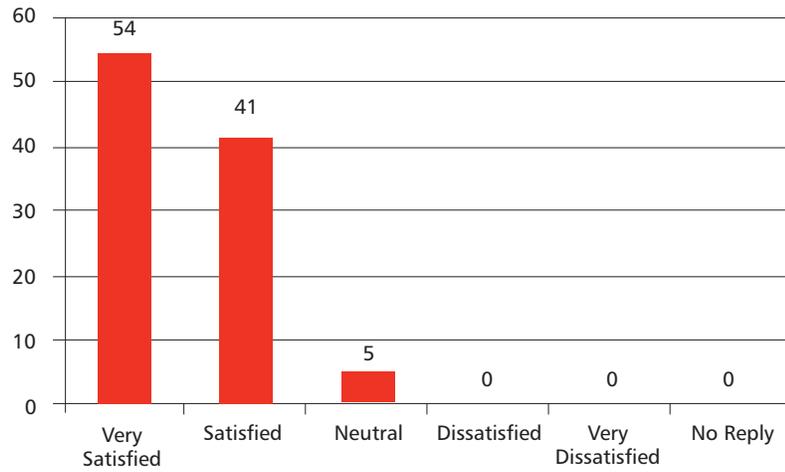
Figure A3.11B 0.5-Day Executive Workshop: Participant Satisfaction with Facilitator’s Knowledge of Subject Matter, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

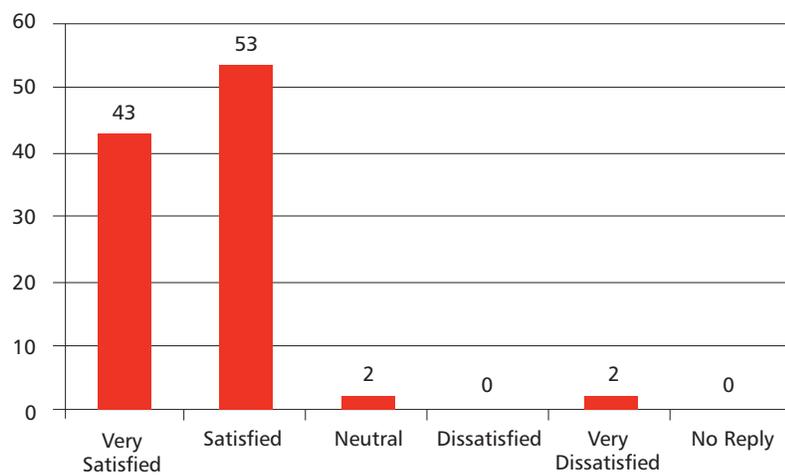
Participants were satisfied with the facilitator’s effectiveness in dealing and interacting with participants.

Figure A3.12A 2.5-Day Technical Workshop: Participant Satisfaction with Facilitator’s Effectiveness in Interacting with Participants, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

Figure A3.12B 0.5-Day Executive Workshop: Participant Satisfaction with Facilitator’s Effectiveness in Interacting with Participants, All Three Countries (%)

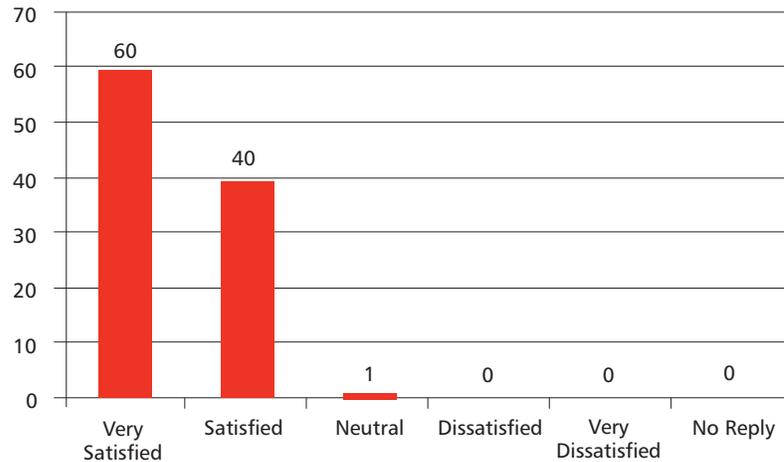


Source: From the authors, based on data from feedback of participants.

Facilitator Anne van't Veer

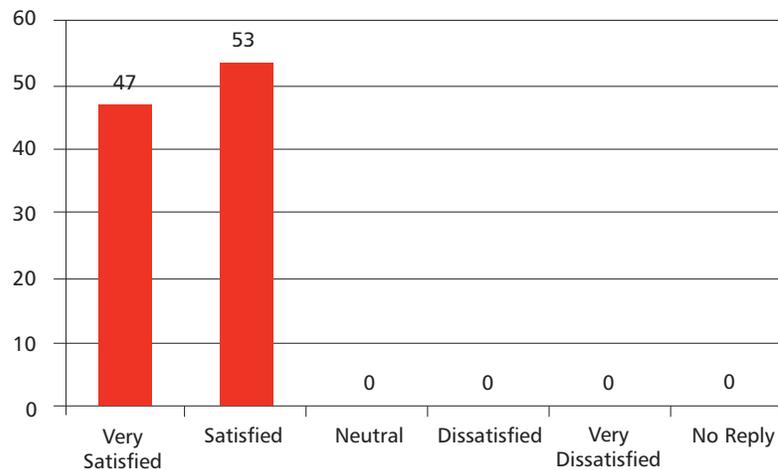
Participants were satisfied with the facilitator's presentation style and delivery.

**Figure A3.13A 2.5-Day Technical Workshop:
Participant Satisfaction with Facilitator's Presentation Style and
Delivery, All Three Countries (%)**



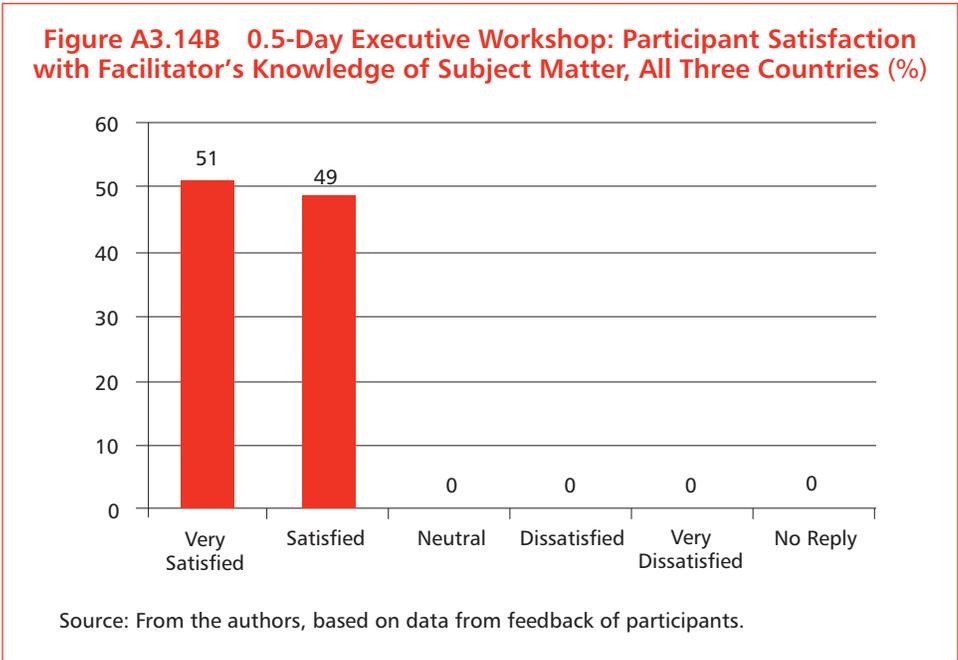
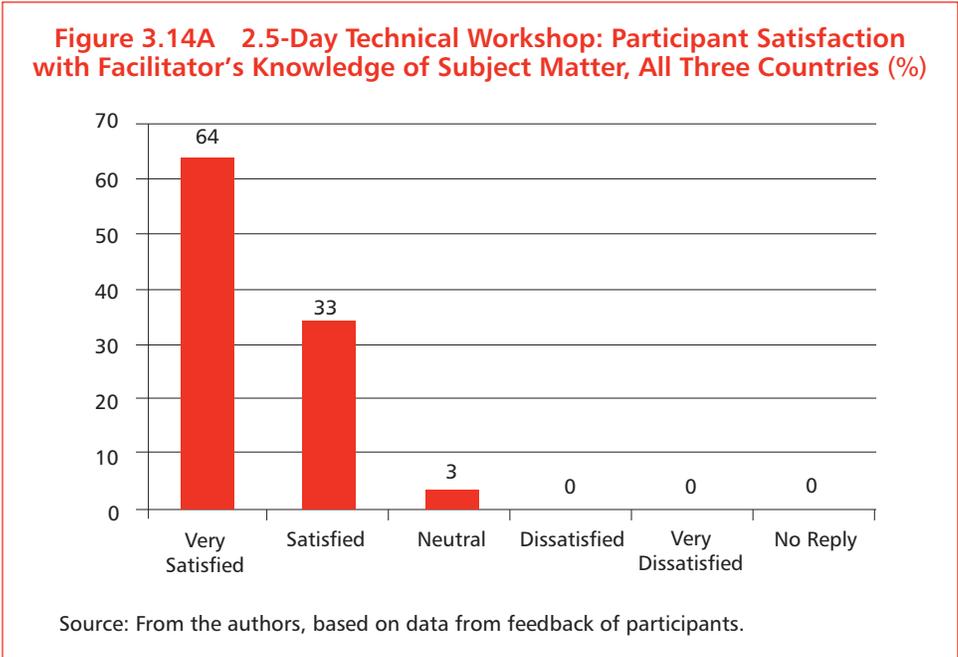
Source: From the authors, based on data from feedback of participants.

**Figure A3.13B 0.5-Day Executive Workshop:
Participant Satisfaction with Facilitator's Presentation Style
and Delivery, All Three Countries (%)**



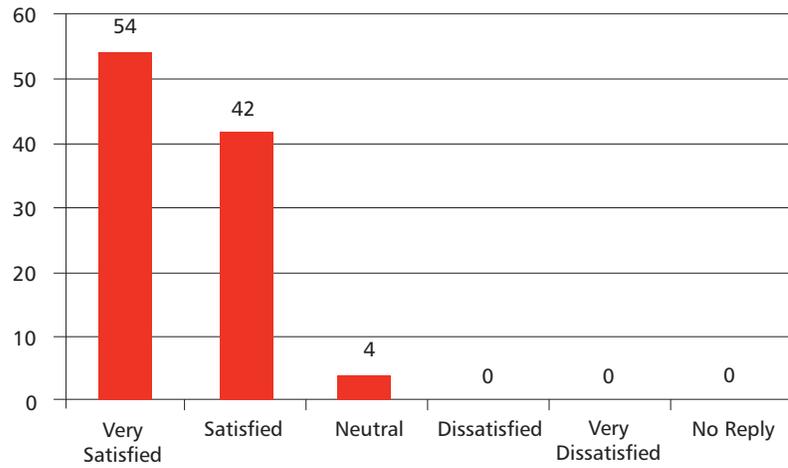
Source: From the authors, based on data from feedback of participants.

Participants were satisfied with the facilitator’s knowledge of subject matter.



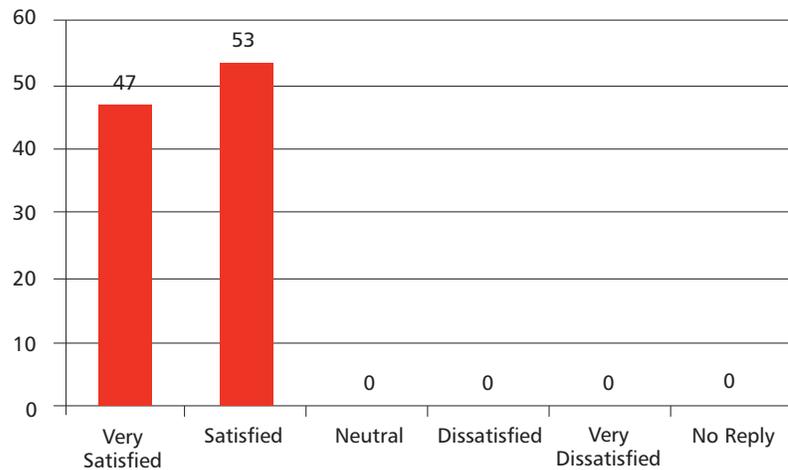
Participants were satisfied with the facilitator’s effectiveness in dealing and interacting with participants.

Figure A3.15A 2.5-Day Technical Workshop: Participant Satisfaction with Facilitator’s Effectiveness in Interacting with Participants, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

Figure A3.15B 0.5-Day Executive Workshop: Participant Satisfaction with Facilitator’s Effectiveness in Interacting with Participants, All Three Countries (%)

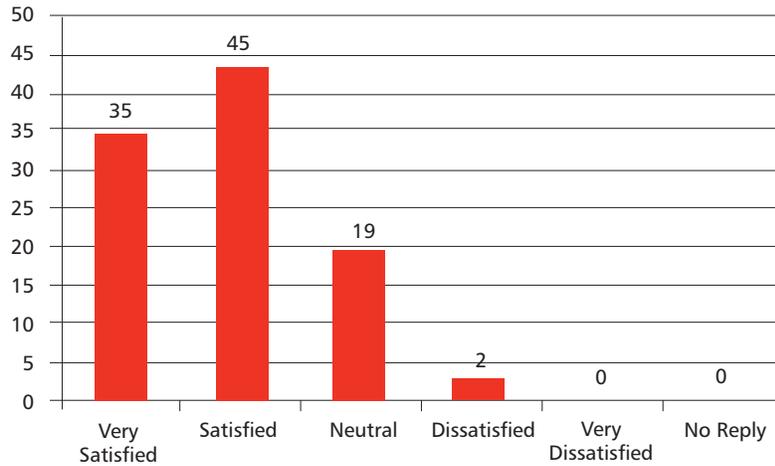


Source: From the authors, based on data from feedback of participants.

Logistics and Administrative Support

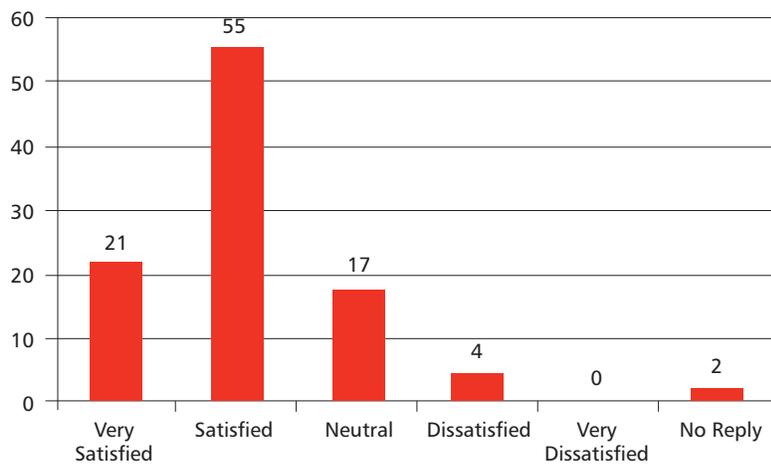
Pre-program communication and confirmation was appropriate.

Figure A3.16A 2.5-Day Technical Workshop: Participant Satisfaction of Pre-Program Communication and Confirmation, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

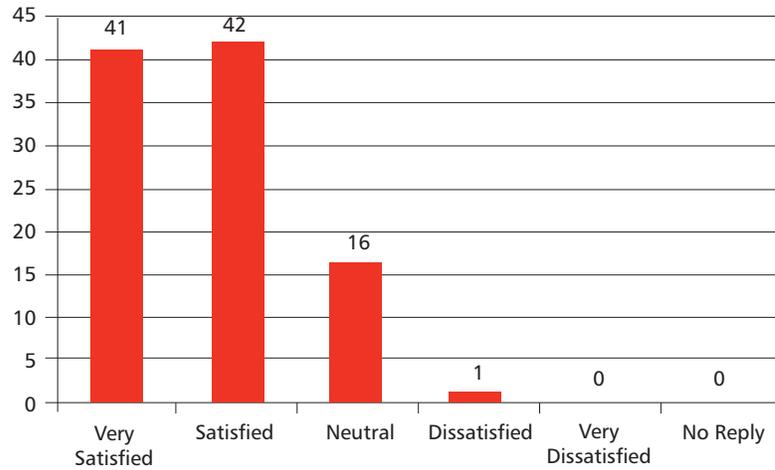
Figure A3.16B 0.5-Day Executive Workshop: Participant Satisfaction of Pre-Program Communication and Confirmation, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

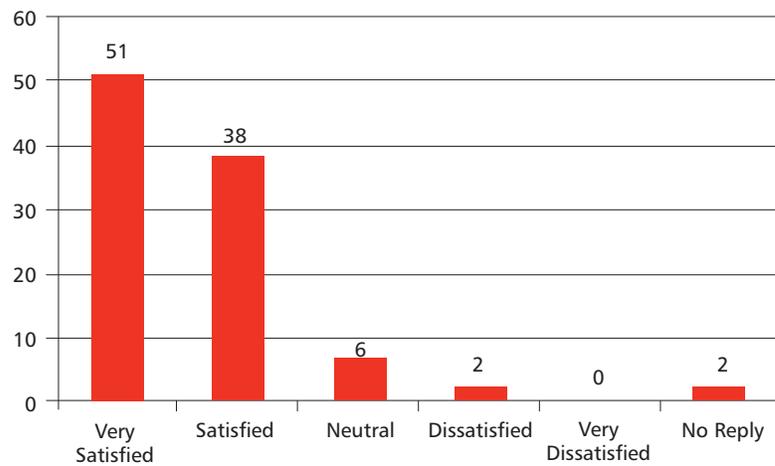
The venue was appropriate.

Figure A3.17A 2.5-Day Technical Workshop: Participant Satisfaction with the Venue, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

Figure A3.17B 0.5-Day Executive Workshop: Participant Satisfaction with the Venue, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

Learning Evaluation

The intention of the “learning evaluation” section of the evaluation form was to assess participants’ knowledge of credit enhancement products (CEPs) prior to the workshop and after the workshop. This gives an indication about the knowledge that has been gained by participants.

In the scoring, a distinction has been made in the following topics:

1. Knowledge about CEPs provided by ADB;
2. Knowledge about CEPs provided by other multilateral development institutions;
3. Knowledge about CEPs provided by export credit agencies (ECAs) and export–import (EXIM) banks;
4. Knowledge about CEPs provided by private credit and investment insurers; and
5. Knowledge about sustainable development and its relevance for the financial sector.

On these topics, participants could score their knowledge as follows:

Topic	Completely	Almost Completely	Partially	Almost Not at All	Not at All
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Scoring of knowledge about credit enhancement products prior to and after the workshop

Knowledge concerning credit enhancement products provided by the Asian Development Bank.

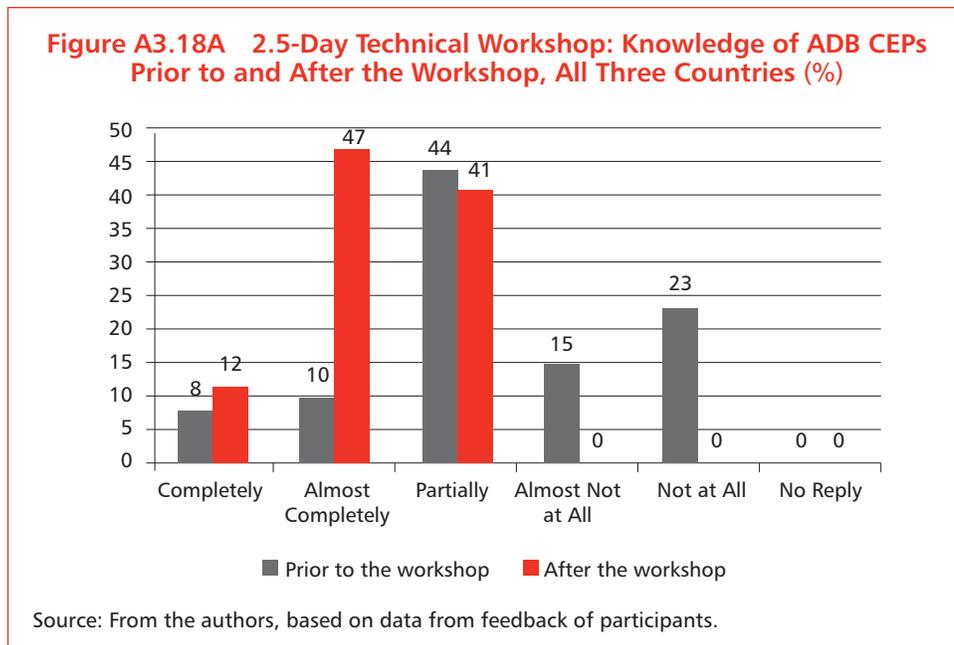
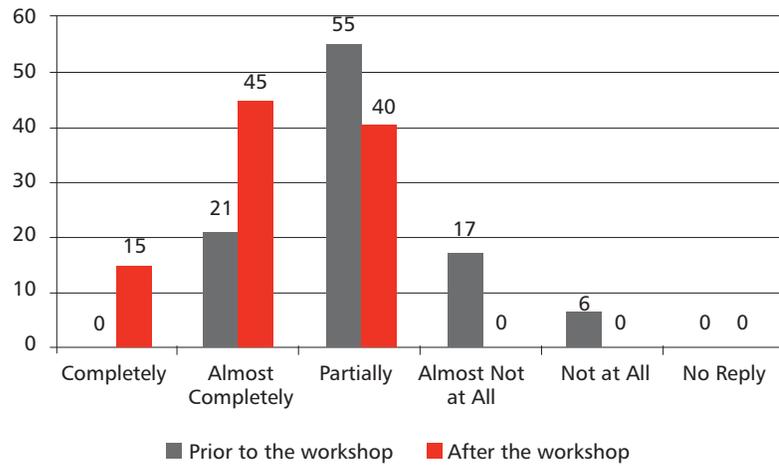


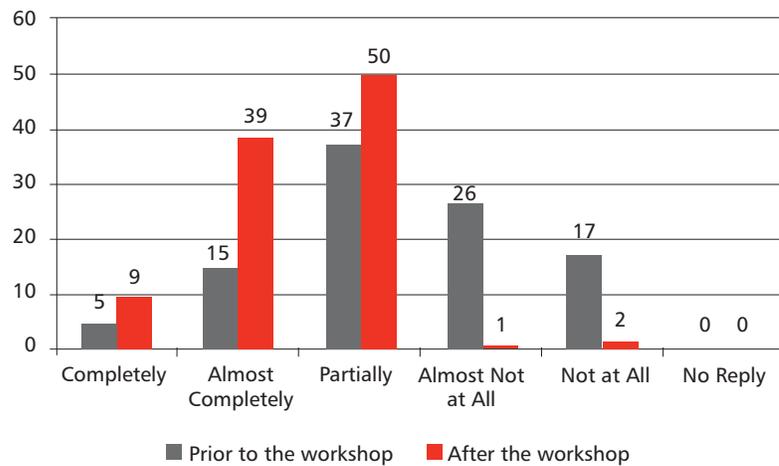
Figure A3.18B 0.5-Day Executive Workshop: Knowledge of ADB CEPs Prior to and After the Workshop, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

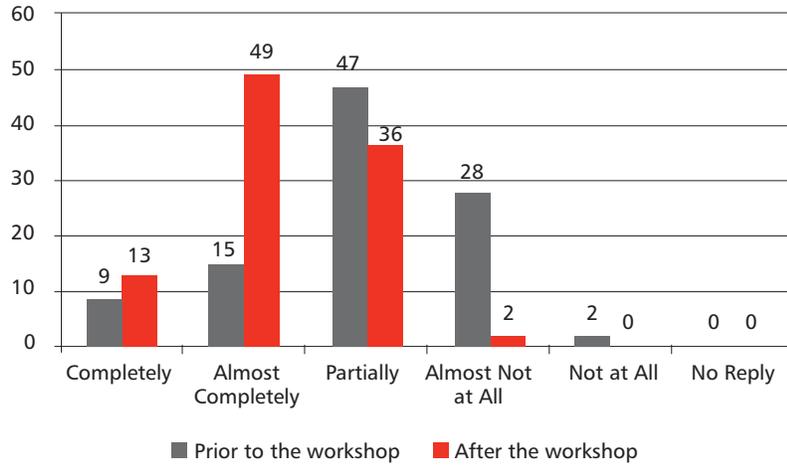
Knowledge about credit enhancement products provided by other multilateral development institutions.

Figure A3.19A 2.5-Day Technical Workshop: Knowledge of CEPs of Other Multilateral Development Institutions, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

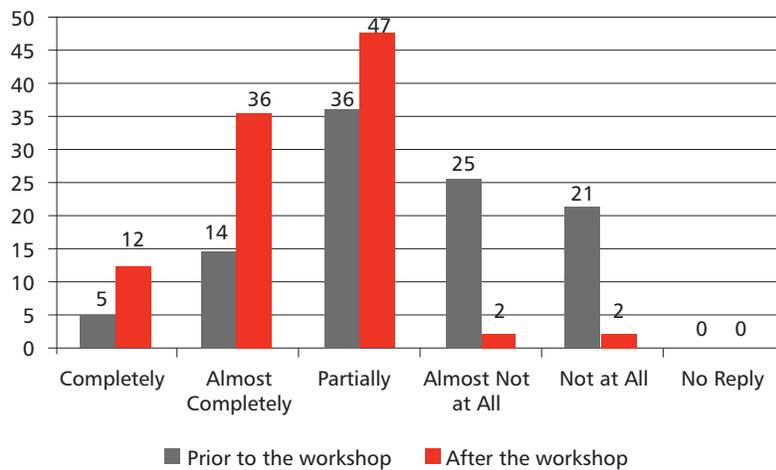
Figure A3.19B 0.5-Day Executive Workshop: Knowledge of Credit Enhancement Products of Other Multilateral Development Institutions, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

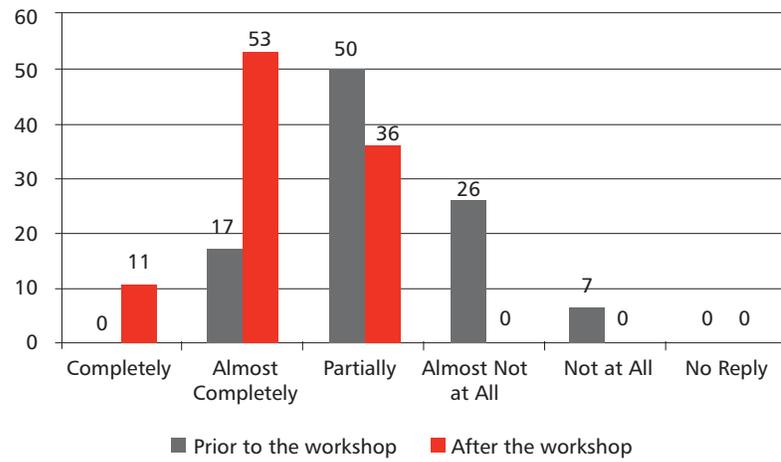
Knowledge of credit enhancement products provided by export credit agencies and export-import banks.

Figure A3.20A 2.5-Day Technical Workshop: Knowledge of Credit Enhancement Products of Export Credit Agencies and Export-Import Banks, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

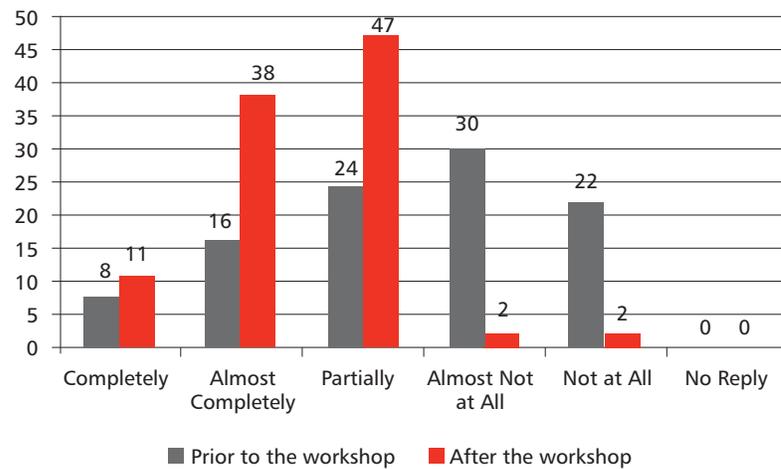
Figure A3.20B 0.5-Day Executive Workshop: Knowledge of Credit Enhancement Products of Export Credit Agencies and Export-Import Banks, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

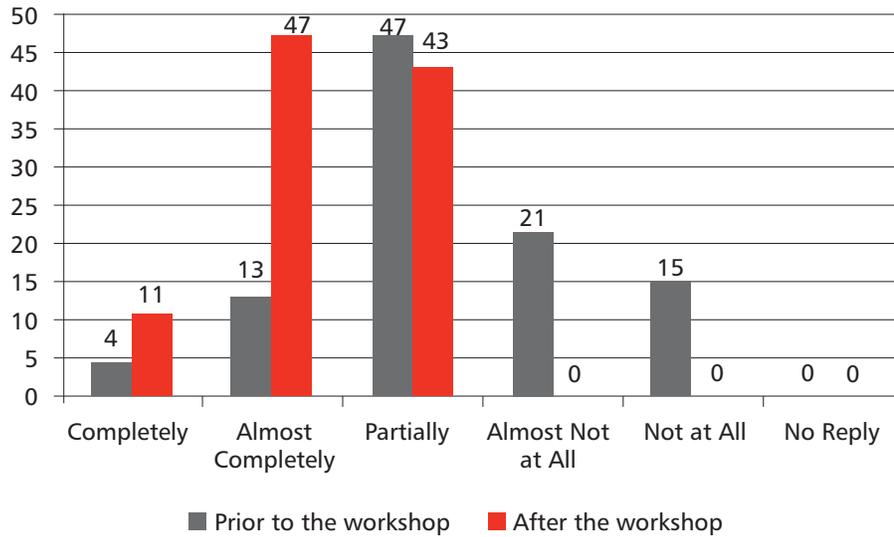
Knowledge about credit enhancement products provided by medium to long term private insurers.

Figure A3.21A 2.5-Day Technical Workshop: Knowledge of Credit Enhancement Products of Private Insurers, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

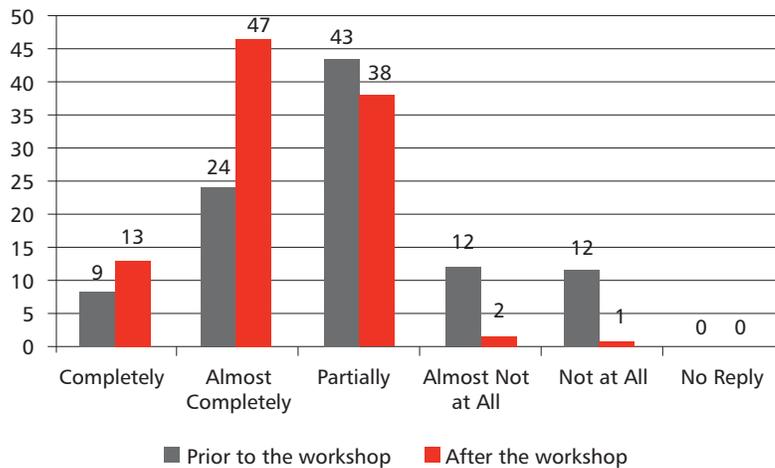
Figure A3.21B 0.5-Day Executive Workshop: Knowledge of Credit Enhancement Products of Private Insurers, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

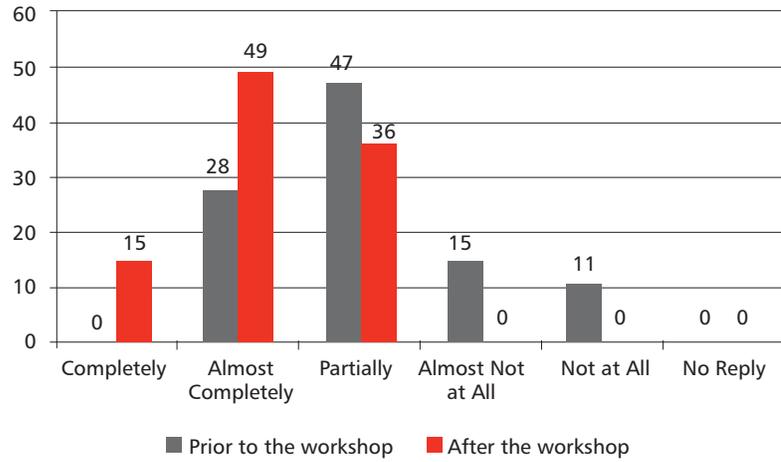
Knowledge about sustainable development and its relevance for the financial sector.

Figure A3.22A 2.5-Day Technical Workshop: Knowledge of Sustainability, All Three Countries (%)



Source: From the authors, based on data from feedback of participants.

Annex III. Figure 22B 0.5-Day Executive Workshop: Knowledge of Sustainability, All Three Countries (%)



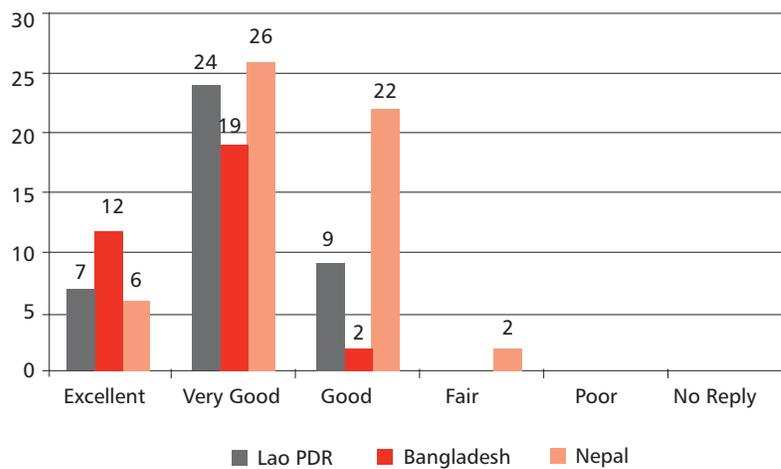
Source: From the authors, based on data from feedback of participants.

Overall Satisfaction and Learning

Participants could score their experience as follows:

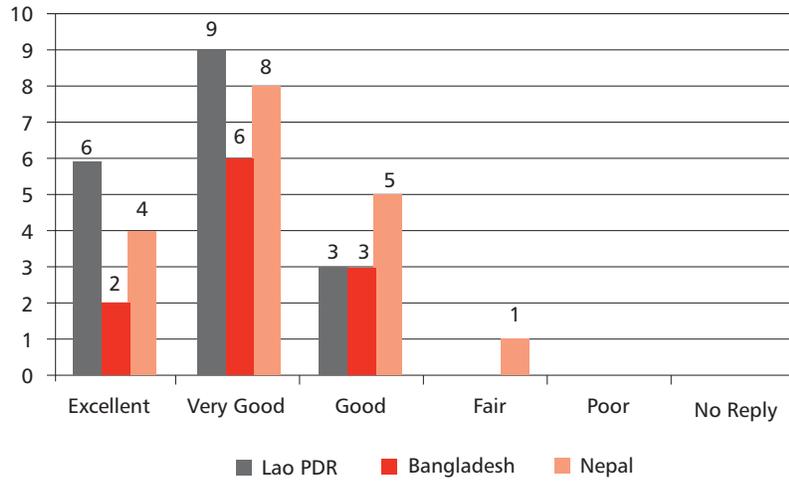
Overall, how would you rate your program experience?	Excellent	Very Good	Good	Fair	Poor	No Reply
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Figure A3.23A 2.5-Day Technical Workshop: Overall Participant Satisfaction with Learning from Workshops, by Country



Source: From the authors, based on data from feedback of participants.

Figure A3.23B 0.5-Day Executive Workshop: Overall Participant Satisfaction with Learning from Workshops, by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

Probability of Achieving Results

The intention of the “achieving results” section of the evaluation form was to assess how certain the participants were that they would apply the knowledge, skills, and attitudes regarding the various topics discussed in the workshop to their daily work.

A distinction has been made between the following topics:

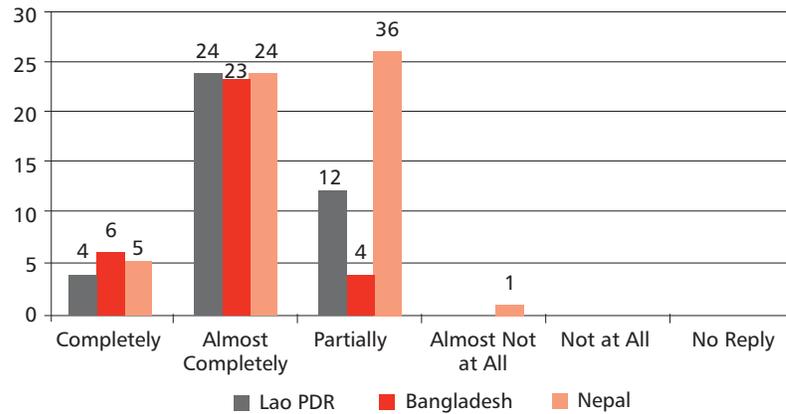
1. CEPs provided by ADB;
2. CEPs provided by other multilateral development institutions;
3. CEPs provided by ECAs and EXIM banks;
4. CEPs provided by private credit and investment insurers; and
5. Sustainable development and its relevance for the financial sector.

On these topics, participants could score their assessment as follows:

Completely	Almost Completely	Partially	Almost Not at All	Not at All	No Reply
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How certain are you that you will apply the knowledge, skills, and attitudes gained in this program when working with the Asian Development Bank?

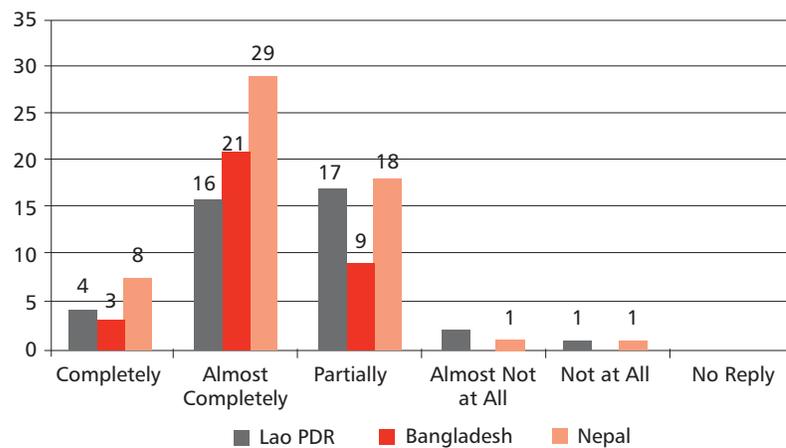
Figure A3.24 2.5-Day Technical Workshop: Participant Certainty That They Will Apply Knowledge, Skills, and Attitudes from the Workshop with ADB, by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

How certain are you that you will apply the knowledge, skills, and attitudes gained in this program when working with other multilateral development institutions?

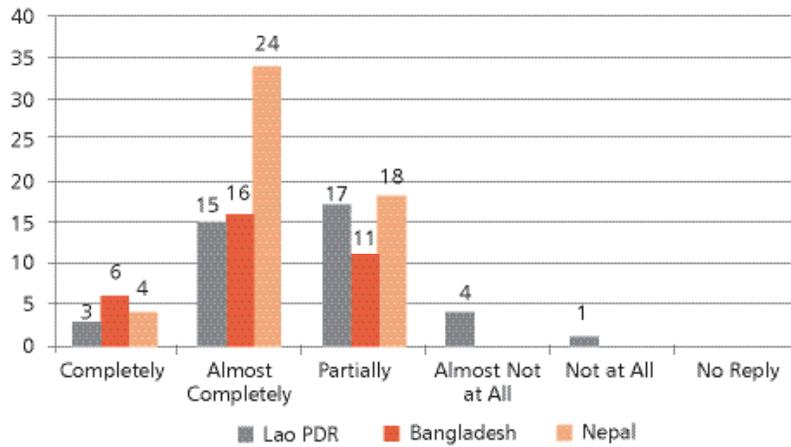
Figure A3.25 2.5-Day Technical Workshop: Participant Certainty That They Will Apply Knowledge, Skills, and Attitudes from the Workshop with Other Multilateral Development Institutions, by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

How certain are you that you will apply the knowledge, skills, and attitudes gained in this program when working with officially supported export credit agencies and export-import banks?

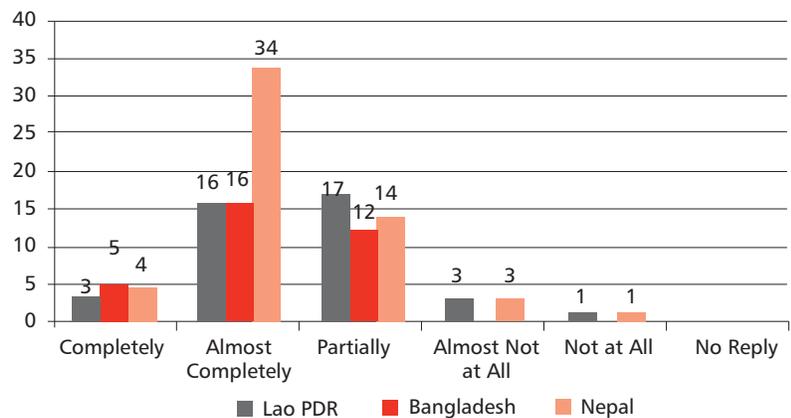
Figure A3.26 2.5-Day Technical Workshop: Participant Certainty That They Will Apply Knowledge, Skills, and Attitudes from the Workshop with Export Credit Agencies and Export-Import Banks, by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

How certain are you that you will apply the knowledge, skills, and attitudes gained in this program when working with medium and long term private insurers?

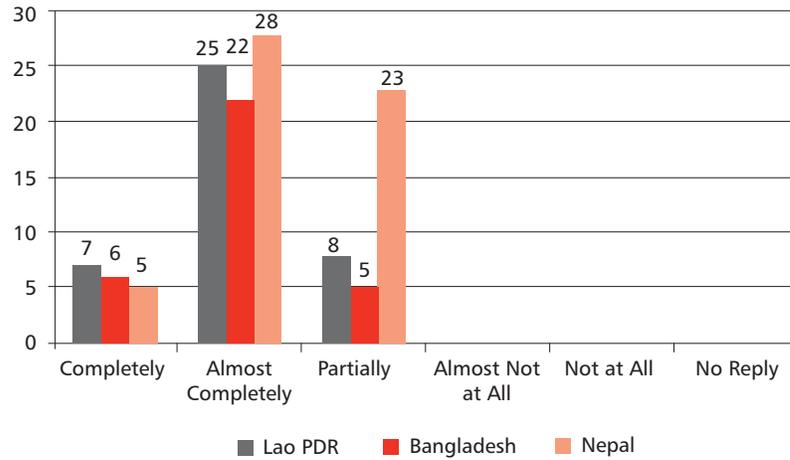
Figure A3.27 2.5-Day Technical Workshop: Participant Certainty That They Will Apply Knowledge, Skills, and Attitudes from the Workshop with Medium and Long Term Private Insurers, by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

How certain are you that you will apply the knowledge, skills, and attitudes gained on sustainable development in your work?

Figure A3.28 2.5-Day Technical Workshop: Participant Certainty That They Will Apply Knowledge, Skills, and Attitudes Gained on Sustainable Development in Their Own Work, by Country



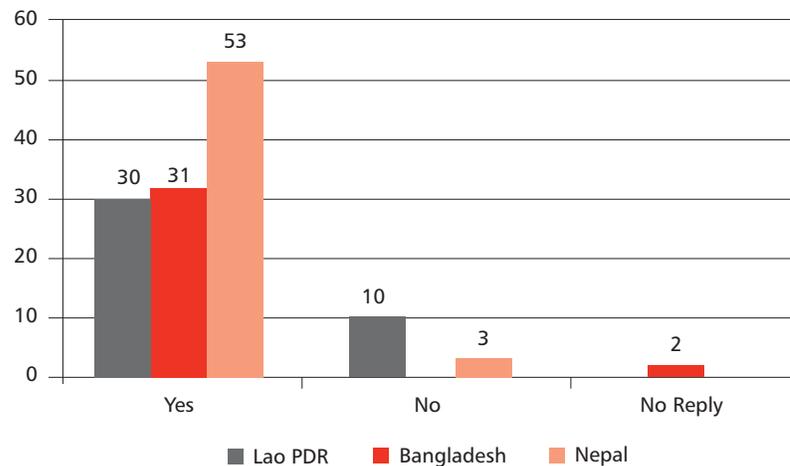
Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

Potential Follow-Up

The intention of the “potential follow-up” section of the evaluation was to assess whether participants would recommend the workshop to other people or organizations in their country.

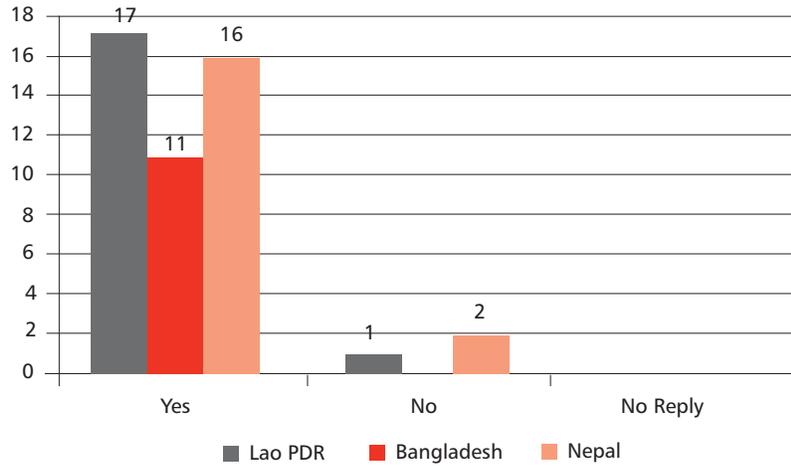
The actual scores can be found below.

Annex III. Figure 29A 2.5-Day Technical Workshop: Will Participants Recommend the Workshop to Others, by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

Figure A3.29B 0.5-Day Technical Workshop: Will Participants Recommend the Workshop to Others, by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

Potential Projects

The intention of the “potential projects” section of the evaluation was to assess whether participants knew a concrete potential project in their country that could benefit from CEPs. A distinction was made between CEPs provided by:

1. ADB;
2. other multilateral development institutions;
3. ECAs and EXIM banks; and
4. MLT private insurers.

Furthermore, participants were asked:

5. whether it is likely that they will approach ADB for CEPs support within a year after the workshop; and
6. whether they would like to be kept informed about CEPs provided by ADB.

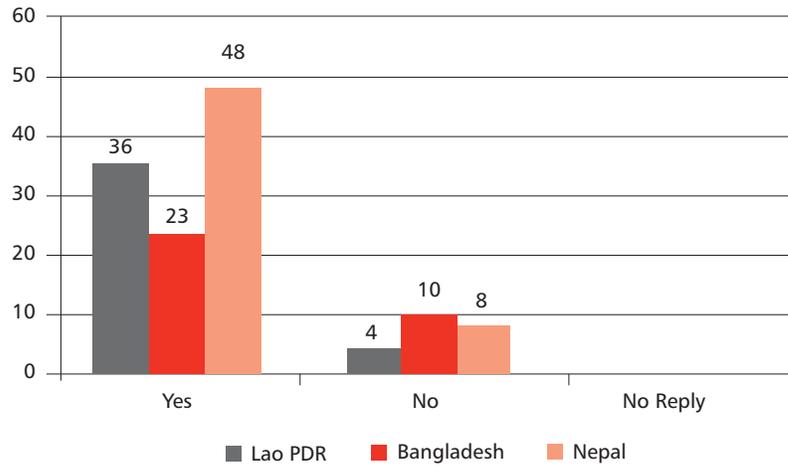
On all these questions participants could respond as follows:

Yes	No	No Reply
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The actual responses to these questions are as follows:

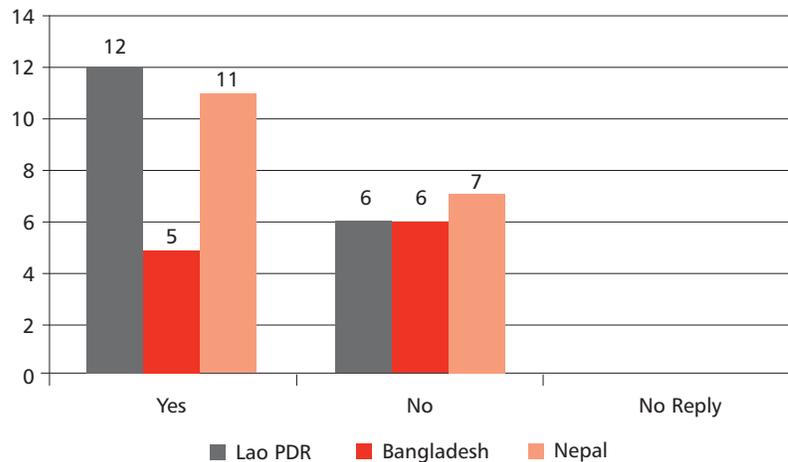
Do you know a concrete (potential) project in your country that could benefit from credit enhancement products provided by the Asian Development Bank?

Figure A3.30A 2.5-Day Technical Workshop: Participant Knowledge of a Concrete Project That Could Benefit from Credit Enhancement Products from the Asian Development Bank, by Country



Lao PDR = Lao People's Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

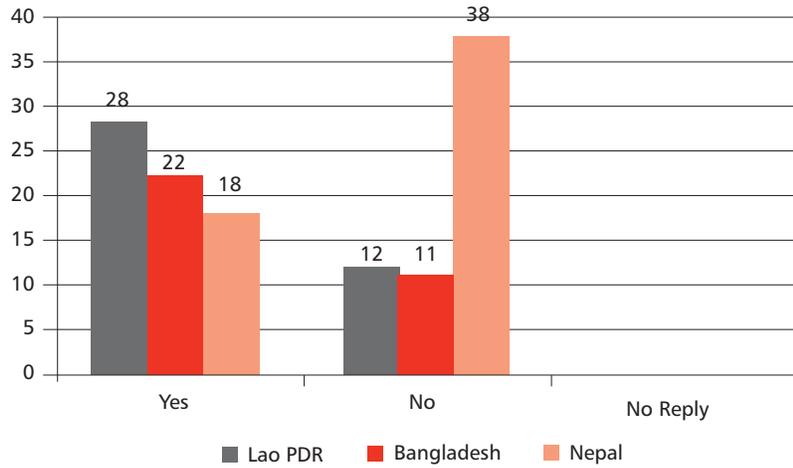
Figure A3.30B 0.5-Day Executive Workshop: Participant Knowledge of a Concrete Project That Could Benefit from Credit Enhancement Products from the Asian Development Bank, by Country



Lao PDR = Lao People's Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

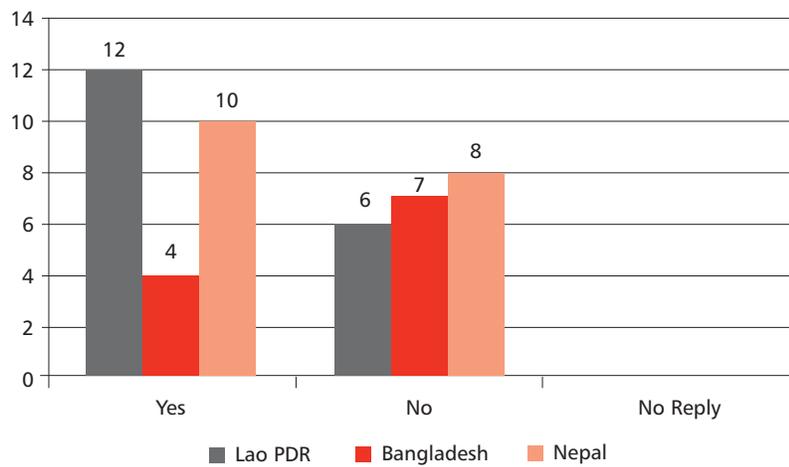
Do you know a concrete (potential) project in your country that could benefit from credit enhancement products provided by other multilateral development institutions?

Figure A3.31A 2.5-Day Technical Workshop: Participant Knowledge of a Concrete Project That Could Benefit from Credit Enhancement Products from Other Multilateral Development Institution, by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

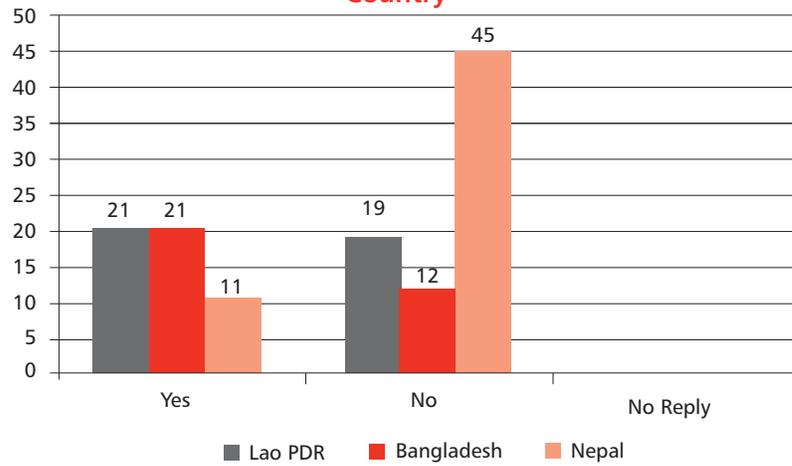
Figure A3.31B 0.5-Day Executive Workshop: Participant Knowledge of a Concrete Project That Could Benefit from Credit Enhancement Products from Other Multilateral Development Institution, by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

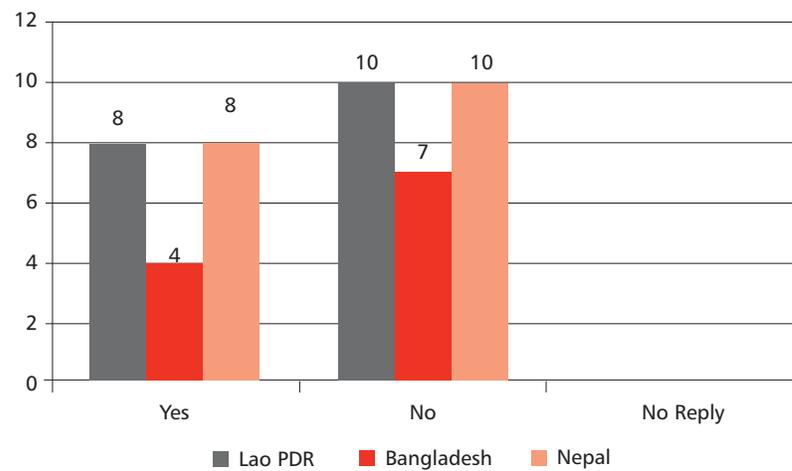
Do you know a concrete (potential) project in your country that could benefit from credit enhancement products provided by officially supported export credit agencies and export-import banks?

Figure A3.32A 2.5-Day Technical Workshop: Participant Knowledge of a Concrete Project That Could Benefit from Credit Enhancement Products from Export Credit Agencies and Export-Import Banks, by Country



Lao PDR = Lao People's Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

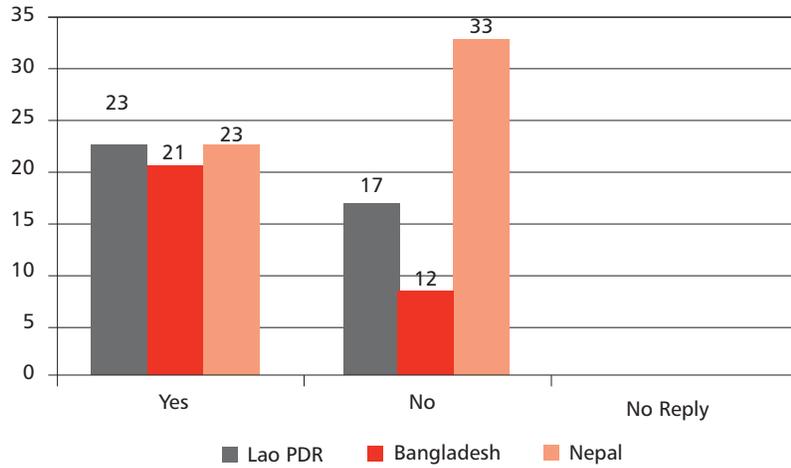
Figure A3.32B 0.5-Day Executive Workshop: Participant Knowledge of a Concrete Project That Could Benefit from Credit Enhancement Products from Export Credit Agencies and Export-Import Banks, by Country



Lao PDR = Lao People's Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

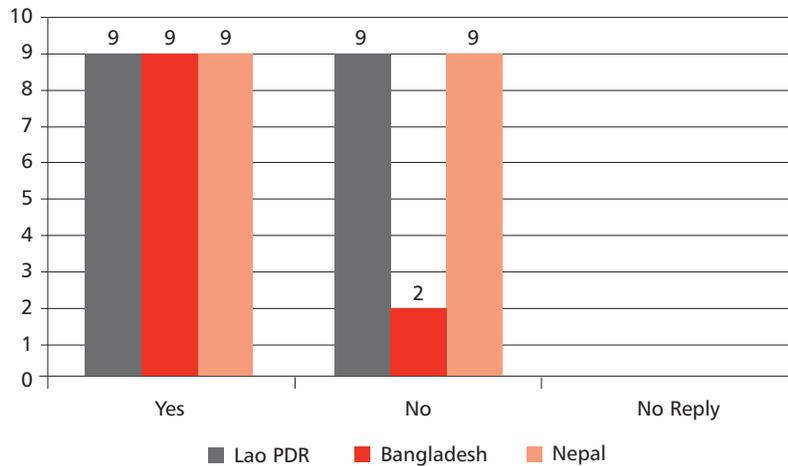
Do you know a concrete (potential) project in your country that could benefit from credit enhancement products provided by medium to long term private insurers?

Figure A3.33A 2.5-Day Technical Workshop: Participant Knowledge of a Concrete Project That Could Benefit from Credit Enhancement Products from Medium to Long Term Private Insurers, by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

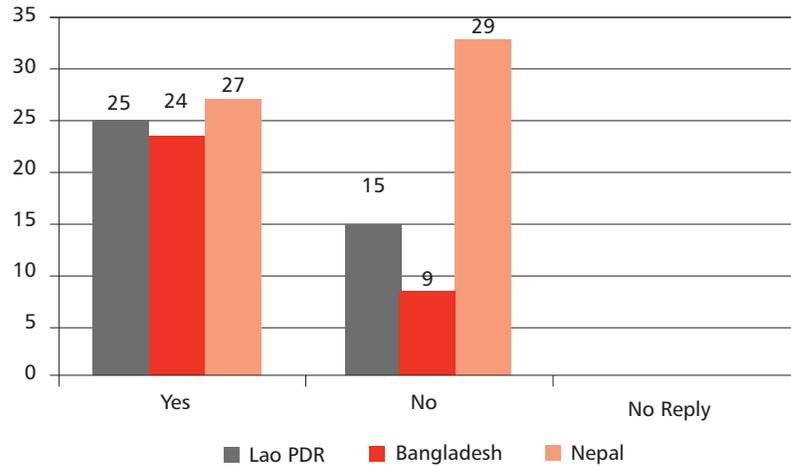
Figure A3.33B 0.5-Day Executive Workshop: Participant Knowledge of a Concrete Project That Could Benefit from Credit Enhancement Products from Medium to Long Term Private Insurers, by Country



Lao PDR = Lao People’s Democratic Republic.
 Source: From the authors, based on data from feedback of participants.

Do you think it is likely that you will approach the Asian Development Bank for support through one of the credit enhancement products within 1 year?

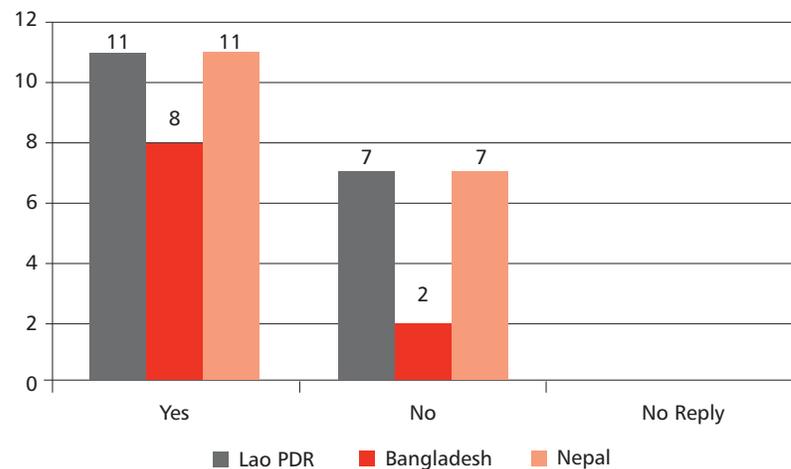
Figure A3.34A 2.5-Day Technical Workshop: Participants Likely to Approach the Asian Development Bank for Support Regarding Credit Enhancement Products Within 1 Year, by Country



Lao PDR = Lao People’s Democratic Republic.

Source: From the authors, based on data from feedback of participants.

Figure A3.34B 0.5-Day Executive Workshop: Participants Likely to Approach the Asian Development Bank for Support Regarding Credit Enhancement Products Within 1 Year, by Country

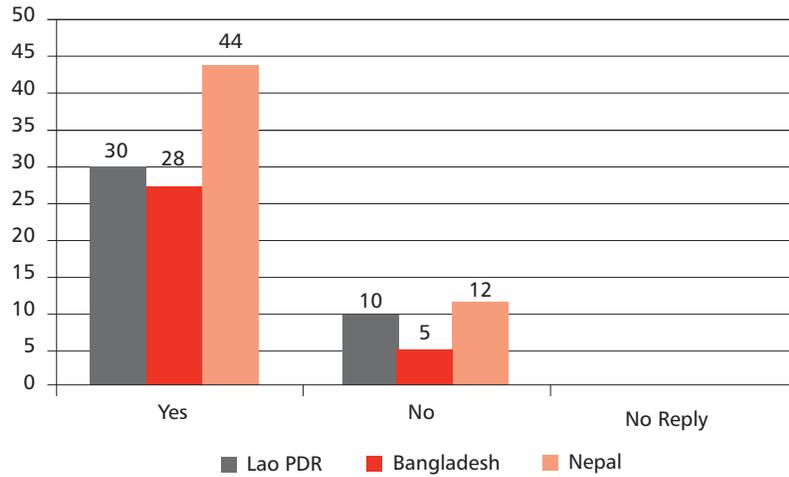


Lao PDR = Lao People’s Democratic Republic.

Source: From the authors, based on data from feedback of participants.

Would you like to be kept informed about credit enhancement products provided by the Asian Development Bank?

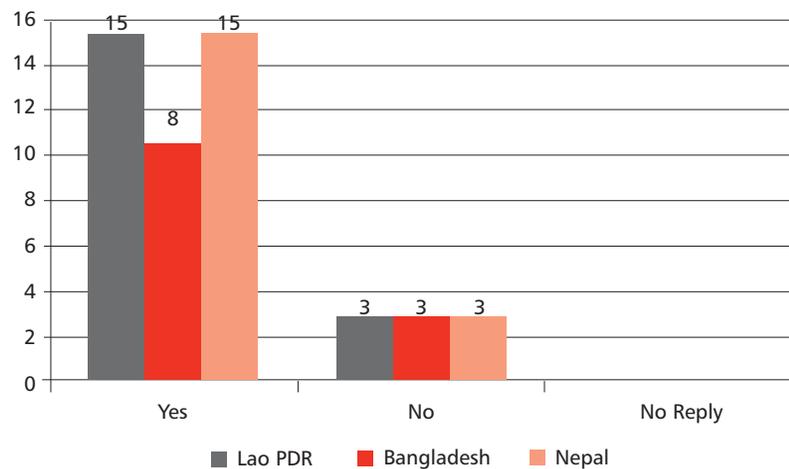
Figure A3.35A 2.5-Day Technical Workshop: Participants Interested in Being Kept Informed about Credit Enhancement Products from the Asian Development Bank, by Country



Lao PDR = Lao People's Democratic Republic.

Source: From the authors, based on data from feedback of participants.

Figure A3.35B 0.5-Day Executive Workshop: Participants Interested in Being Kept Informed about Credit Enhancement Products from the Asian Development Bank, by Country



Lao PDR = Lao People's Democratic Republic.

Source: From the authors, based on data from feedback of participants.

APPENDIX 4

Recommendations Based on Experience with Credit Enhancement Products Workshops in Eight ADB Member Countries (Phase 1)

The recommendations below were described in Phase 1 evaluation report concerning the credit enhancement products (CEPs) workshops in eight Asian Development Bank (ADB) member countries. It was published in August 2011 and can be found on ADB's website.¹⁶

Observations and Recommendations

The observations and recommendations are of relevance to (A) the workshops, (B) ADB, and (C) some individual ADB member countries.

Recommendations Concerning the Workshops

1. After the workshops in Mongolia and the People's Republic of China (PRC), the team leader from ADB carried out a pre-workshop mission to developing member countries (DMCs) concerned to meet with senior officials in the government and to explain to them ADB's CEPs and the objective of the workshop. The pre-workshop missions proved to be very effective in getting the appropriate government officials to participate in the workshop. Such pre-workshop missions should be continued in future workshops on CEPs.
2. The CEPs workshops took 2 days. Given the many different CEPs globally available, and the various CEPs providers—each with unique terms, conditions, and eligibility criteria—it was quite a challenge to cover all topics during the 2-day program. This was confirmed by the feedback from many participants. Many responded that there should be more time for interactions and case study discussions. Therefore, it is recommended to extend future CEPs workshops by half a day.

¹⁶ The report can be found on ADB's website: <http://www.adb.org/publications/strengthening-capacity-developing-member-countries-managing-credit-enhancement-products>

3. Participants were not always senior government officials and/or key decision makers. Many participants strongly suggested having separate workshops organized for high government officials. As these officials may not have time to be present for two days, a special half-day program on CEPs could be developed. This program should focus on the strategic importance of CEPs and how they can be used in the interest of the country.
4. DMC officials' understanding and knowledge of CEPs appeared to be very limited. The results of the workshops showed that participants got a substantially better understanding of CEPs and how to use CEPs in their future work. Many responded that they think they will make use of ADB CEPs in the future. Most DMC officials were also not aware of CEPs from other CEPs providers, such as other multilateral development institutions, export credit agencies (ECAs), export–import banks (EXIM banks), and private insurers. It is recommended to organize such workshops in other DMCs.
5. In structuring the financing for projects, other important local parties are often involved. In surveys, participants expressed strong desire that such workshops should be organized for commercial bankers, investors, and exporting companies in their countries.
6. There may be a high turnover of DMC officials. This would justify the organization of such workshops on CEPs on a regular basis—for example, once every 2 to 3 years in each of the DMCs.

Recommendations for ADB

1. Many ADB member countries face huge challenges in their export business. It is recommended to organize CEPs trainings for banks and exporters with a focus on facilitating exports from ADB member countries. These trainings should be tailored to the nature of the exports business of each individual country. In most countries, the focus will likely be on short-term CEPs and short-term trade finance. In countries with an ECA and/or an EXIM bank, these trainings could be co-organized with these institutions.
2. ECAs in many ADB DMCs—and therefore in their national exporters—cannot compete against ECAs and the national exporters of Organisation for Economic Co-operation and Development (OECD) countries. The quality of cover (in particular, insurance counterparty risk, i.e., their credit rating) provided by ECAs in many ADB member countries are substantially lower than that of OECD ECAs. It is recommended to investigate whether ADB can play a credit enhancement role for certain ECAs and/or EXIM banks in ADB DMC to promote capital goods exports from these DMCs.
3. The partial risk guarantee and partial credit guarantee—the two key CEPs of the ADB to support infrastructure finance—have been used sparingly during the past 10 years. The vast majority of ADB support to its member countries is based upon sovereign lending. It is recommended to investigate why the guarantee products of ADB are relatively underutilized for projects in its DMCs. This investigation should include the leverage potentials and pricing practices of both lending and guarantee products.
4. Given the fact that ADB's main support for its member countries is in the form of lending, the guarantee products are less known within the ADB organization. Knowledge about other important CEPs providers, such as official ECAs, EXIM banks, and private insurers and how they could be involved in Asian infrastructure projects to leverage scarce ADB resources may also be limited. It is recommended to organize periodic trainings on CEPs for ADB staff.
5. In the international insurance and/or guarantee community, it is very common to cooperate with other insurers and/or guarantors through reinsurance and co-insurance programs.

ADB is not fully utilizing these resources. It is recommended to investigate the possibility of leveraging more ADB capital through accepted market practices like co-insurance and reinsurance with ECAs, EXIM banks, and private insurance companies.

6. To enhance cooperation with the global export credit and investment insurance community, it is recommended to ADB to establish and to maintain a good relationship and dialogue with the Berne Union (the association of major credit and investment insurance organizations), to develop a structural exchange of information and to enhance cooperation between ADB and the ECAs and private insurers that are member of the Berne Union.
7. Many infrastructure projects generate only local currency income, whereas they are often financed in hard currency (e.g., US\$). As the Asian crisis in 1997 showed, this currency mismatch is a great concern to investors and debt financiers. It is recommended to ADB to develop further currency guarantees, which could be used to stimulate local currency financing for (1) local currency generating infrastructure projects (e.g., water sanitation) and (2) local costs of an infrastructure project. Part of such a program could be an active (institution building) policy to stimulate longer-term deposits in local currency.
8. According to OECD regulations, official ECAs and EXIM banks are only allowed to support the local costs of a project up to 30% of the export value of their exports. These local costs are the costs of a project that relate to local suppliers or construction companies (i.e., suppliers in the country of project). The fact is, in many infrastructure projects, the local costs component is often much greater than this 30%. From a developmental point of view, this is good, since involvement of local suppliers and construction companies create sustainable local jobs and leads to additional tax income for the government. In supporting local costs of infrastructure projects, ADB could play an important complementary role. It is recommended to ADB to utilize its guarantee scheme to support local costs financing of large infrastructure projects in ADB member countries.

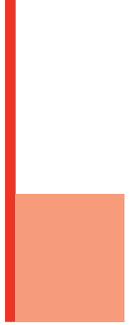
Recommendations Concerning Some Individual ADB Member Countries

Cambodia, Mongolia, Papua New Guinea, and Viet Nam

In these countries, there is no official ECA or EXIM bank to promote exports or investments. It is recommended to ADB and each of the governments to conduct a feasibility study on the establishment of an officially supported ECA or EXIM bank in each of these countries.

People's Republic of China (PRC)

The workshops in the PRC were attended by various representatives of Sinasure (the Chinese ECA) and [the People's Republic of] China EXIM bank. From many participants and a senior official in Sinasure (with whom we spoke in a bilateral meeting) we got the feedback that it would be useful to organize similar CEPs trainings for other staff in both these institutions. It is recommended to consider additional trainings on CEPs for staff of the Chinese ECA Sinasure and [the People's Republic of] China EXIM bank.



Glossary of Terms

B loan:

This concerns a special form of cofinancing between a multilateral development bank (MDB) and commercial lenders, whereby the MDB provides a borrower with a loan, which is partially funded by the multilateral itself (the A loan) and partially by one or more commercial lenders (the B loan). For the B loan financiers, the multilateral will act as “lender of record.” B loan lenders enjoy the same privileges and immunities given to loans from multilaterals. These include sharing of preferred creditor status of the multilateral, and possible reduction in provisioning requirements for the commercial lender.

Breach of contract risk:

This concerns the risk of breach or repudiation of a contract with the investor by the government in the country where the investment was made.

Country risk rating:

This concerns the classification of countries into various risk categories. Well-known rating systems are those of Standard & Poor’s, Moody’s, and Fitch. These three organizations are all private credit rating agencies. The export credit agencies (ECAs) in the Organisation for Economic Co-operation and Development (OECD) have also developed a common country risk classification system. This is a public sector rating methodology, based on eight categories of risk level (from 0 to 7) to classify medium and long term (MLT) payment risks. This rating also determines the minimum premium rates for insurance by OECD ECAs.

Credit enhancement product:

This is a financial product that reduces the risk of nonpayment, which a credit provider runs on the entity that benefits from its financing. Credit enhancement products (CEPs) are often also called credit risk mitigation products.

The CEPs covered in the workshop are:

- credit and investment insurance/guarantees;
- B loans of certain MDBs; and
- guarantor of record schemes of ADB and the Multilateral Investment Guarantee Agency (MIGA), under which these multilaterals cooperate with private insurers.

Credit and investment insurance are the most important CEPs to facilitate MLT trade and investments.

Credit insurance:

This concerns the insurance of trade-related credits (e.g., exports, imports, or domestic trade), whereby the credit provider (e.g., an exporter [supplier credit] or a bank [buyer credit]) seeks insurance from a credit insurer against all or certain risks of nonpayment.

Equator Principles:

These are a voluntary set of standards for determining, assessing, and managing social and environmental risk in project financing, developed by private sector banks and based on the environmental standards of the World Bank and the social policies of the International Finance Corporation (IFC).

Expropriation risk:

This concerns the risk of a nationalization, confiscation, or expropriation of an investment due to unlawful government acts (or a series of acts) that deprive the investor of its fundamental rights in a project.

Guarantee:

A guarantee is an unconditional payment obligation. An example is a bank guarantee. The biggest difference between credit guarantees and credit insurance is the fact that insurance policies do not provide unconditional cover. The insured party (the policy holder) has to meet various important obligations to maintain its right of claims payment. These obligations include the payment of premium, the timely notification of potential losses, and actions to prevent or minimize losses. Furthermore, it is not uncommon for insurers to exclude certain risks from cover (e.g., investment insurance policies usually do exclude commercial risks). In the English-speaking world it is not uncommon to speak about guarantees when the actual cover that is provided is insurance, because the credit enhancement or risk mitigation provided is not unconditional.

Inconvertibility risk:

This concerns the risk that, in a country, an amount in local currency cannot be converted in a foreign currency (e.g., US\$) as a result of currency exchange restrictions imposed by the monetary authorities or a lack of foreign exchange reserves in the country.

Investment insurance:

This concerns the insurance of both equity and debt investments against political risks (transfer risk, inconvertibility risk, [civil] war, expropriation, and breach of contract by a host government). Usually the risks on the investee (i.e., the company in which the investment is made) are excluded from cover under investment insurance. This risk on the investee is regarded as a commercial risk, which should be borne by the investor. Some investment insurers do provide comprehensive cover for so-called third party debt investments. This can be a bank loan for a subsidiary of a multinational.

London Club:

The London Club is an informal group of private creditors (e.g., commercial banks) on the international stage that meet to discuss rescheduling the private debts of debtor countries. The London Club meets on an ad hoc basis and operates more or less the same as the Paris Club of public creditors.

Paris Club:

The Paris Club is an informal group of official creditors whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by debtor countries. As debtor countries undertake reforms to stabilize and restore their macroeconomic and financial situations, Paris Club creditors provide appropriate debt treatment. Paris Club creditors provide debt treatments

to debtor countries in the form of rescheduling, which is debt relief by postponement or, in the case of concessional rescheduling, reduction in debt service obligations during a defined period (flow treatment) or as of a set date (stock treatment). Usually, Paris Club rescheduling agreements cover bilateral aid loans, loans provided by official export–import (EXIM) banks, and commercial loans supported by official export credit agencies (ECAs). The Paris Club dates back to 1956 when Argentina agreed to meet its public creditors in Paris. Since then, the Paris Club has reached 415 agreements with 87 different debtor countries. Since 1956, the debt treated in the framework of Paris Club agreements amounts to \$543 billion.

Project finance:

Project finance is the long term financing of infrastructure and industrial projects based on the projected cash flows of the project rather than the balance sheets of the project sponsors. Usually, a project financing structure involves a number of equity investors, known as sponsors, as well as a syndicate of banks that provide loans to the operation. The loans are most commonly non-recourse loans, which are secured by the project assets and paid entirely from project cash flow, rather than from the general assets or creditworthiness of the project sponsors. Project lenders are given a lien on all of the project assets, and are able to assume control of a project if the project company has difficulty complying with the loan terms.

Sovereign borrower:

This is a public sector borrower who represents the central government. Usually, credit insurers recognize the monetary authorities of a country as the sovereign borrower. In most countries, either the ministry of finance or the central bank represents the monetary authorities.

Subsovereign borrower:

This is a public sector borrower that is not the monetary authority of a country. It can be another ministry of the central government (e.g., ministry of transport) or a state, province, or municipality.

Sustainable development:

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The Brundtland Commission developed this definition. In the context of sustainable development, reference is often made to the concept of “Triple P,” which stands for People, Planet, and Profit. The main challenge for sustainable development is to incorporate the Triple P concept into key business processes. This implies that not only financial and economic criteria (profit) have to be taken into account in decision-making processes, but also environmental (planet) and social (people) criteria.

Transfer risk:

This concerns the risk that a payment of an amount in foreign currency (e.g., US\$) to another country is not possible due to transfer restrictions imposed by the monetary authorities in the country.

(Civil) War risk:

This concerns the risk of financial losses from, damage to, or the destruction or disappearance of, tangible assets or total business interruption (the total inability to conduct operations essential to a project’s overall financial viability) caused by politically motivated acts of war or civil disturbance in the country, including revolution, insurrection, sabotage, and terrorism.

Strengthening Capacity of Developing Member Countries for Managing Credit Enhancement Products (Phase 2)

This technical assistance project was designed to familiarize policy makers in the developing member countries of the Asian Development Bank (ADB) with credit enhancement products (CEPs), including guarantees, available from ADB, export credit agencies, other multilateral development banks, and the private market. CEPs are used by inventors, exporters, and financial institutions to mitigate risks and are an effective tool to mobilize private capital for investment and trade. CEPs support both sovereign and nonsovereign projects. This technical assistance is consistent with ADB's Strategy 2020, which support private sector investment and development, and commercial cofinancing.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.7 billion people who live on less than \$2 a day, with 828 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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