

Classification of Regional Projects Training Workshop

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Score Card Assessment for the Classification of Regional Projects at Concept Stage

Regional Projects – what are they?

- Regional projects can be single country owned or multicity owned
- Single country regional projects have cross-border\regional spillover effects, but no project cost sharing by the neighbouring country or subregion.
- Multicity regional projects have project cost as well as benefit sharing
- Both single country projects and multicity projects aim at producing development outcomes, i.e., net socio economic benefits at national as well as at subregional\regional level.

Identification of Regional Benefits at Concept Stage

- Identification of cross border or regional benefits is fundamental at concept stage (*What will be the regional benefits?*)
- Project benefits at national and cross border or subregional economic benefits (regional benefits) are the positive economic effects of the outputs produced by regional projects, e.g., development outcomes as in a DMF
- Statements of outcomes and indicators are necessary for the design and monitoring of the implementation of the project as well.
- It is important to understand and explain the mechanism of economic benefits that arise from regional projects (*How regional benefits will arise?*)

Regional Spill-over Effects?

- Cross-border\regional development outcomes or economic benefits are the positive regional spillover effects of regional projects
- Cross-border\regional net benefits should be identified, even if they cannot always be valued in monetary terms, at concept stage
- Cross-border\regional spillover benefits can arise through a range of different mechanisms, which should explained in making the case for classification as a regional project, at the concept stage.

Some Examples of Regional Spillover Effects

The following are some examples of the mechanism through which regional benefits may arise:

- Additional funding and technology transfer through Foreign Direct Investment (FDI)
- Additional trade through improved transport and communications, trade facilitation
- Economies of scale through regional specialization
- Agglomeration effects through the linking of urban centers in neighboring countries
- Mitigation of cross-border environmental and public health risks

Score Card Approach to Assess RCI Project Proposals

- Score Card (SC) approach helps to assess whether a proposed RCI project has potential regional benefits and justifies a classification as a regional project
- The approach is logical and meaningful to the purpose and easy to apply
- It is linked with the project DMF
- It considers different possible ways in which a project can contribute to regional development, i.e., create cross-border and regional benefits
- Two levels of assessment – country level and project level
- A rating (score) is given to the country readiness\context (max. 30%), potential for regional benefits (max.50%) and additionality.(max.20%).
- Minimum required score is 50% from each of the criteria to qualify as a regional project.

Score Card Approach to Assess RCI Project Proposals.....Contd.

- There are two levels of assessment
 - country-level, and
 - project level
- Country level assessment examines the country readiness - context and commitment to RCI.
- Project level assessment assesses potential for regional development outcomes:
 - Regional economic benefits
 - Additionality

Country Context and Commitment to RCI: Some Examples of Sub-criteria

- Extent to which country's national development strategy or sector plans and/or relevant subregional RCI strategy and sector master plans embrace regional cooperation and assign it a priority.
- Participation in sub-regional groupings
- Signatory to cross border agreements (e.g., on trade, transport, energy or public health and environment)
- Extent to which country is active in improving trade facilitation
- Demonstration of willingness of government to allocate some of national level ADB allocations to regional projects and/or willingness to fund significant part of a regional project's cost from the national budget.
- Country's track record in regional project implementation

Regional Economic Benefits: Examples

- Expected outcomes in terms of net economic benefits; e.g. from increased trade and investment, improved transport system, or improved power supply at national as well as at cross border and regional levels.
- Enhanced trade and transport facilitation and related net benefits through the implementation of cross border agreements
- RCI outcome (net economic benefit) from sub-regional RCI framework implementation,
- RPG projects – e.g. control of communicable diseases, flood control, or disaster risk management.
- Enhanced RCI, e.g., through ASEAN, GMS or CAREC related projects

Regional Projects: Additionality

Additional benefits may arise from:

- Net private sector fund flows realized
- Total co-financing funds mobilized from other development partners,
- Contribution to ADB's catalytic role in RCI promotion or any relevant policy reform
- Any project specific additional benefits from the proposed regional project not covered by any of the above.

Thank you!