

ADB in South Asia

A Presentation for the 2006 Orientation
Program for DMC Officials

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ADB

South Asia DMCs

- Bangladesh
- Bhutan
- India
- Maldives
- Nepal
- Sri Lanka

Issues, Challenges and Opportunities in South Asia

- Fastest growing subregion in the world
- Macroeconomic stability critical to sustain high GDP growth
- Needs massive investments
- Can reap large benefits from greater regional cooperation and integration
- Needs to improve absorption and effectiveness development assistance
- Weak governance, high poverty incidence

SARD Strategy and Action Plan

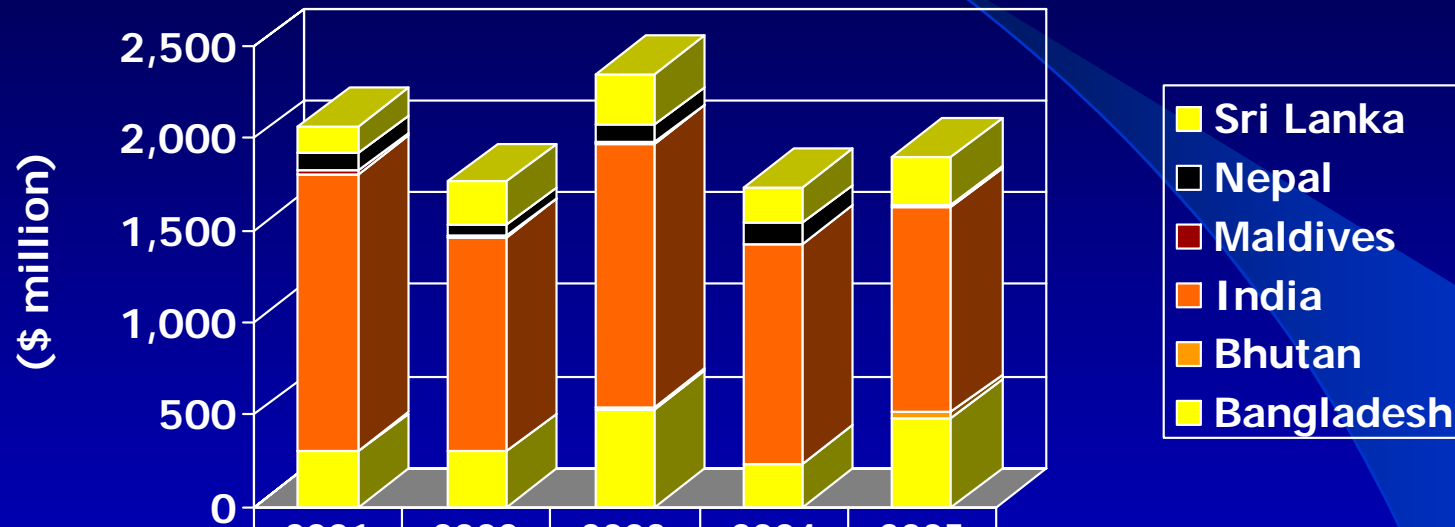
Goal

- Enhance the scale, efficiency and effectiveness of SARD operations

Objectives

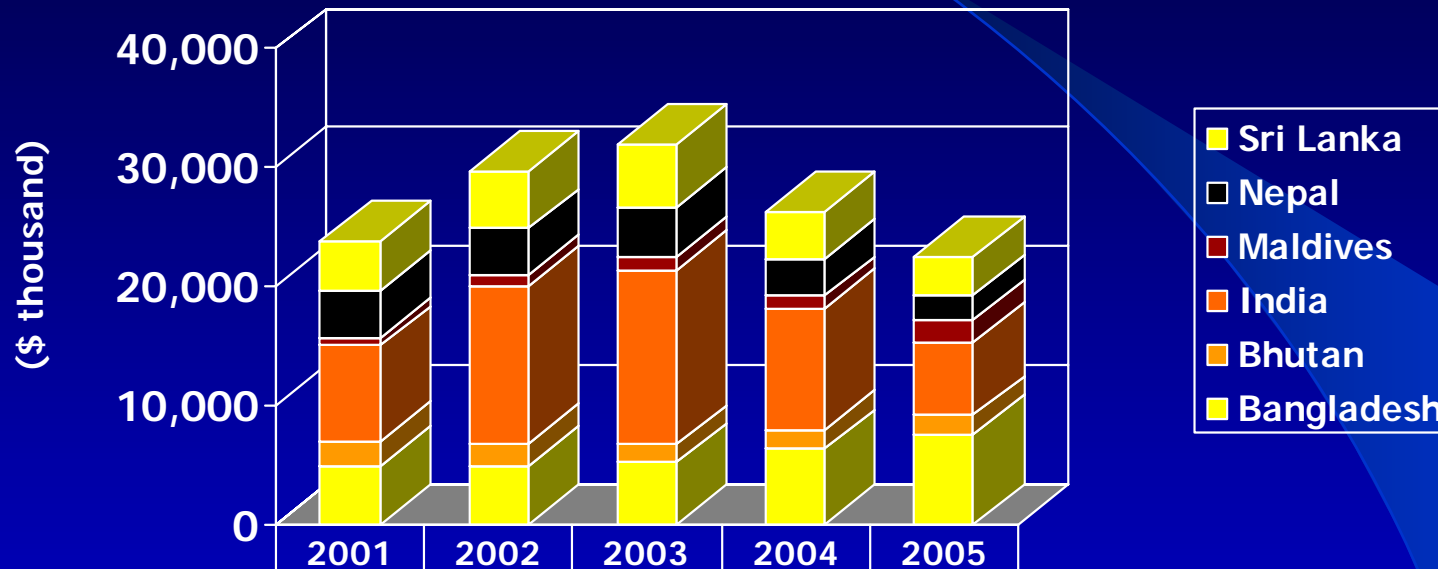
- Scale up assistance in South Asia
- Develop strong focus on achieving results
- Strengthen alignment with country development priorities and harmonization with development partners
- Strengthen knowledge development and management activities
- Enhance regional cooperation and economic integration activities
- Improve efficiency of resource allocation

ADB Lending Assistance to South Asia



	2001	2002	2003	2004	2005
■ Sri Lanka	146	237	275	195	267
■ Nepal	95	60	94	110	-
■ Maldives	18	5	6	-	8
■ India	1,500	1,164	1,430	1,200	1,117
■ Bhutan	7	-	9	-	27
■ Bangladesh	298	300	532	230	485

ADB Nonlending Assistance to South Asia



	2001	2002	2003	2004	2005
■ Sri Lanka	4,106	4,785	5,350	3,950	3,113
■ Nepal	4,000	3,900	4,185	3,184	2,155
■ Maldives	700	980	1,050	1,000	1,917
■ India	8,000	13,240	14,695	10,200	6,078
■ Bhutan	2,100	1,850	1,550	1,650	1,700
■ Bangladesh	4,865	4,850	5,120	6,290	7,450

ADB in Bangladesh

- Started operations in 1973
- Cumulative lending: \$8 billion for 148 projects
- Cumulative technical assistance: \$165 million for 312 projects
- 7 private sector projects worth \$137.2 million
- Major focus of ADB sectoral operations
 - energy
 - transport
 - education
 - urban health
 - urban water supply and sanitation sectors
- Key crosscutting issues: disaster mitigation, regional cooperation, gender and environment

ADB in Bhutan

- Started operations in 1983
- Cumulative lending: \$138 million for 19 projects
- Cumulative technical assistance: \$35 million for 94 projects
- Major focus of ADB sectoral operations
 - transport
 - rural electrification
 - urban development
 - financial and private sector development
- Key crosscutting issues: building institutional, policy, and regulatory capacities of the sector policymaking and executing agencies

ADB in India

- Founding member of ADB; first received assistance in 1986
- Cumulative lending: \$15 billion for 81 loans
- Cumulative technical assistance: \$116 million for 212 projects
- ADB program aligned with GOI's core focus on reducing poverty through infrastructure-led growth
- Major focus of ADB sectoral operations
 - transport
 - urban services and infrastructure
 - energy
 - rural finance development
- Key crosscutting issues: fiscal consolidation, private sector development, agriculture and rural development, state-level operations, regional cooperation, social development and environmental protection, and good governance

ADB in Maldives

- Started operations in 1978
- Cumulative lending: \$91 million for 15 loans
- Cumulative technical assistance: \$19 million for 55 projects
- Major focus of ADB sectoral operations
 - energy
 - transport and communications
 - social infrastructure in the atolls
- Major challenges: tsunami recovery and economic reforms

ADB in Nepal

- Started operations in 1968
- Cumulative lending: \$2.2 billion for 109 loans
- Cumulative technical assistance: \$114 million for 247 projects
- Major focus of ADB sectoral operations
 - agriculture and rural development
 - education
 - water supply and sanitation
 - infrastructure (transport and energy)
 - public and private sector governance
- Major challenges: internal conflict and political instability

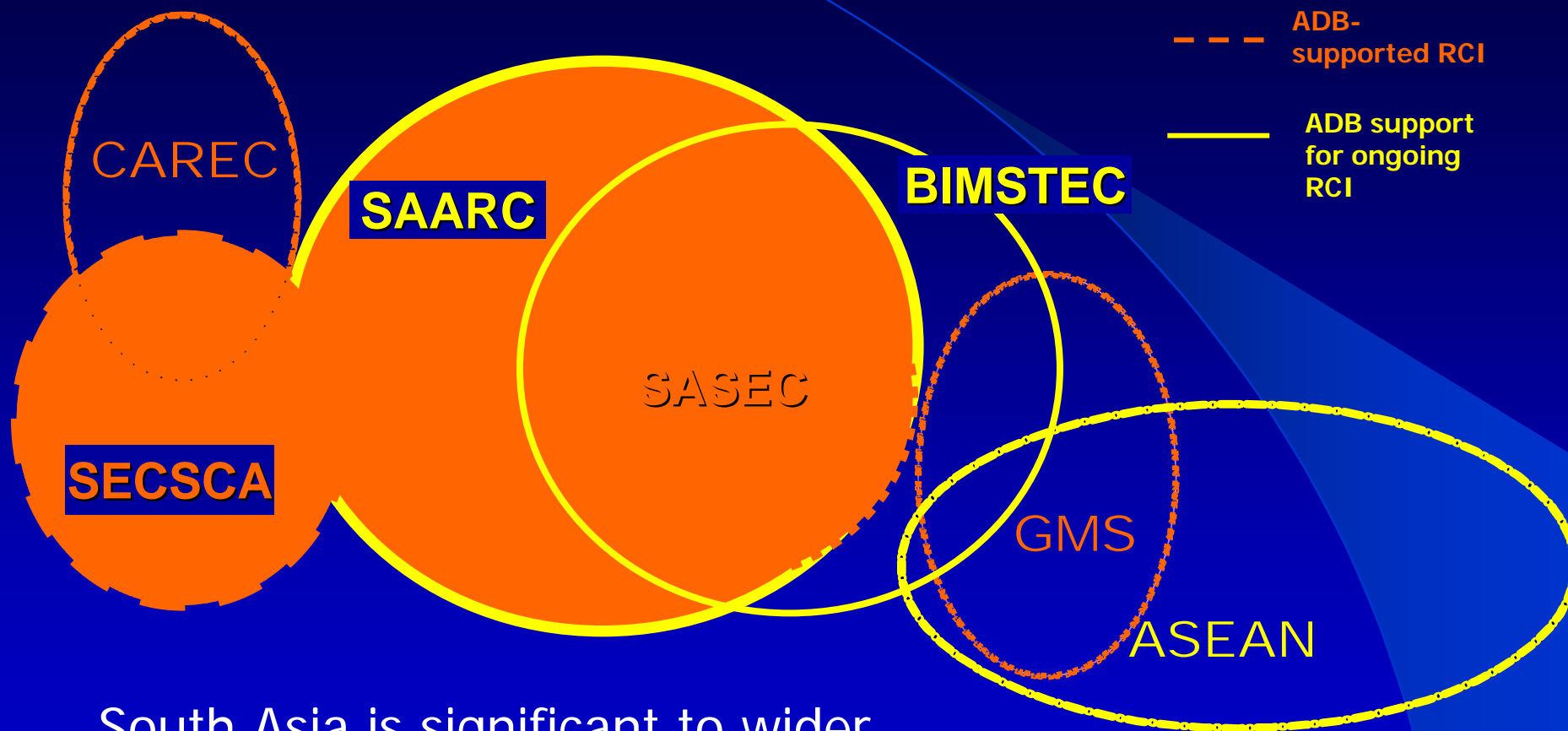
ADB in Sri Lanka

- Started operations in 1968
- Cumulative lending: \$3.7 billion for 128 loans
- Cumulative technical assistance: \$92 million for 220 projects
- Major focus of ADB sectoral operations
 - power
 - roads
 - education
 - infrastructure (transport and energy)
 - public and private sector governance
- Major challenge: civil conflict

Regional Cooperation and Integration (SARD's Ongoing Initiatives)

- South Asia Subregional Economic Cooperation (SASEC)
- Subregional Economic Cooperation in South and Central Asia (SECSCA)
- Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)

Regional Cooperation in Asia



South Asia is significant to wider Asian integration given its strategic geographic location

ADB-Supported South Asian RCI

South Asia Subregional Economic Cooperation (SASEC) – 2001

- ✧ Six priority areas of cooperation
 - transport
 - tourism
 - trade, investment and private sector cooperation
 - energy and power
 - environment
 - ICT

ADB-Supported South Asian RCI

Subregional Economic Cooperation in South and Central Asia (SECSCA) - 2003

- ✧ Promote economic cooperation by improving transit corridors connecting landlocked countries in Central and South Asia to seaports
- ✧ Main areas: customs and trade; cross-border infrastructure; drugs and human trafficking; money laundering

ADB-Support for Ongoing RCI in South Asia

Bay of Bengal Initiative for Multi-Sectoral Economic Cooperation (BIMSTEC)

- ✧ Closer coordination and increased cooperation between BIMSTEC and SASEC to avoid duplication of initiatives
- ✧ ADB now processing TA for BIMSTEC Transport Infrastructure and Logistics Study (BTILS)

The Reinvigoration of SAARC and ADB's Response

Islamabad Summit Declaration (2004): "intensify cooperation and eradicate poverty in the region and to resolve any conflict through peaceful means"

Dhaka Summit (2005): leaders reaffirmed their commitment to regional cooperation and emphasized the importance of accelerating cooperation in the core economic areas in making South Asia truly vibrant, dynamic and secure.

The Reinvigoration of SAARC and ADB's Response

ADB-SAARC MOU signed in April 2004 to:

- ✧ Strengthen cooperation between the institutions
- ✧ Provide a framework for ADB's assistance to SAARC activities

ADB provided the first TA for the SAARC Regional Multimodal Transport Study (SRMTS)

SAARC Regional Multimodal Transport Study (SRMTS)

Key Outcome

Identified 17 regional corridors and 26 gateways important for regional trade and connectivity

Lack of transport and transit agreements are major barriers to trade and travel in rail and road transport

Physical capacity is main barrier to maritime and aviation gateways

ADB Assistance to the Energy Sector

Proposed TA will include:

SAARC Energy Dialogue Study:

- ✧ Address effectiveness and efficiency of energy networks in South Asia

Capacity-building of the SAARC Energy Center (endorsed by SAARC leaders in the Dhaka Summit)

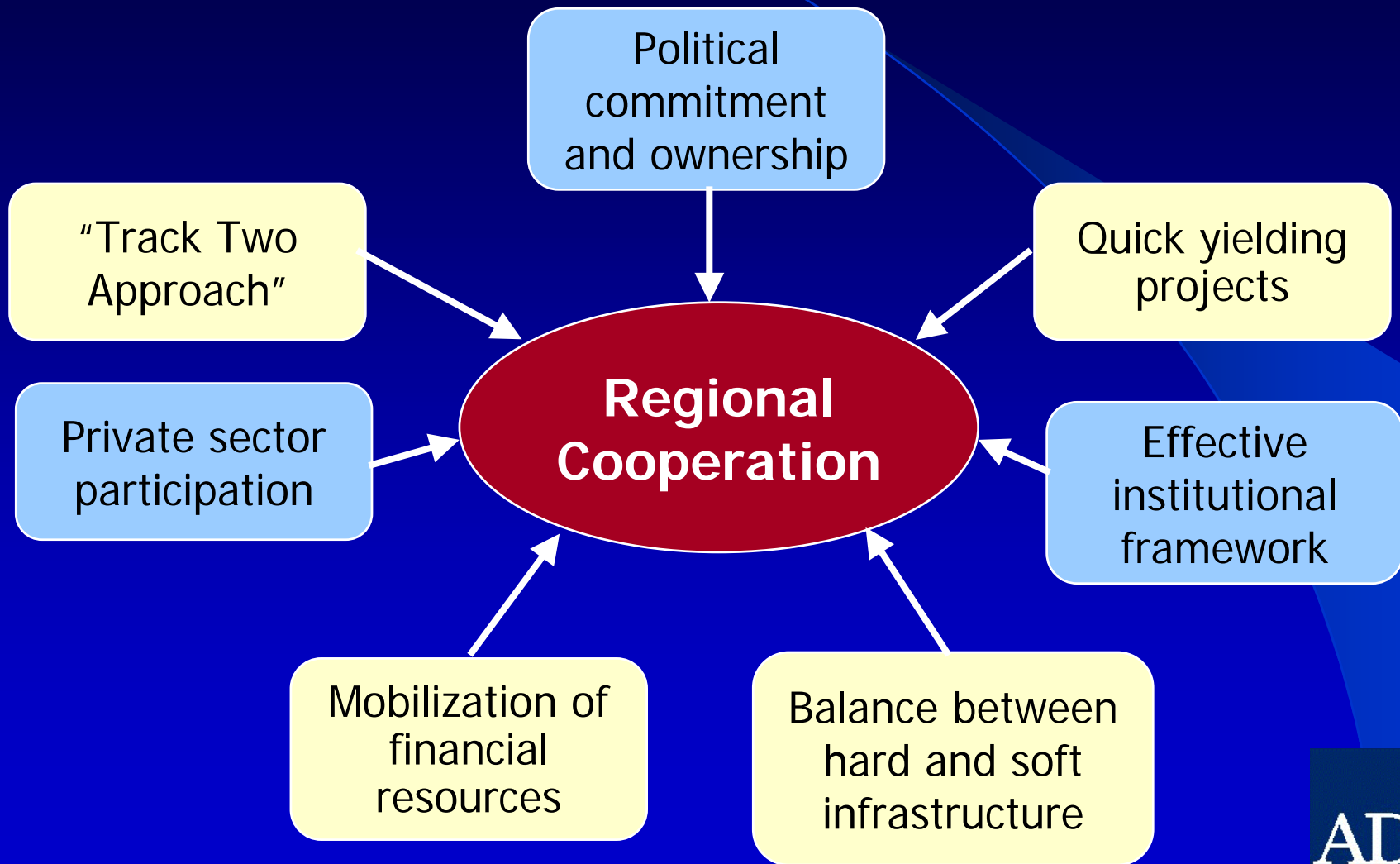
ADB Assistance to the SAARC Development Fund (SDF)

TA approved in January 2006

Currently preparing to operationalize SDF by:

- ✧ Developing charter, laws and legal documents to establish SDF
- ✧ Studying options to mobilize and generate funds from financial markets

ADB's Experience in Regional Cooperation



ADB's Response: RCI Strategy in South Asia

Vision

Help South Asia realize its full potential in economic and social development, and enable it to play an effective part in wider Asian integration

Operational Objectives

- Improve connectivity
- Facilitate trade and investment
 - Develop regional tourism
- Facilitate cooperation in energy
 - Promote private sector development

ADB's Response: RCI Strategy in South Asia

- Strengthen region-wide cooperation
- Support ongoing subregional cooperation initiatives
- Promote inter-regional cooperation
- Strengthen mechanisms to deliver cooperation projects
- Strengthen coordination with other development partners