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**Annual Report of the People's Republic of China
Regional Cooperation and Poverty Reduction
Fund 2013**

Asian Development Bank

ABBREVIATIONS

ADB	Asian Development Bank
ADF	Asian Development Fund
ASEAN	Association of Southeast Asian Nations
BIMP–EAGA	Brunei–Indonesia–Malaysia–Philippines East ASEAN Growth Area
BPMSD	Budget, Personnel and Management Systems Department
CAREC	Central Asia Regional Economic Cooperation
CCF	Climate Change Fund
CFA	Channel Financing Agreement
COBP	Country Operations Business Plan
CPS	Country Partnership Strategy
CWRD	Central and West Asia Department
DFID	Department for International Development (United Kingdom)
DMCs	developing member countries
EAs	executing agencies
EAKPF	e-Asia and Knowledge Partnership Fund
EARD	East Asia Department
EIB	European Investment Bank
FAO	Food and Agriculture Organization
GMS	Greater Mekong Subregion
ICT	information and communications technology
IED	Independent Evaluation Department
IFAD	International Fund for Agricultural Development
IMT–GT	Indonesia–Malaysia–Thailand Growth Triangle
ITD	International Institute for Trade and Development
JFPR	Japan Fund for Poverty Reduction
JSF	Japan Special Fund
MfDR	managing for development results
MOF	Ministry of Finance
MW	megawatt
NEA	Nepal Electricity Authority
OCO	Office of Cofinancing Operations
OREI	Office of Regional Economic Integration
PPP	Phnom Penh Plan
PPTA	project preparatory technical assistance
PRC	People’s Republic of China
PRF	Poverty Reduction Fund (DFID)
RCI	regional cooperation and integration
RCI CoP	RCI Community of Practice
RCIF	RCI Fund
RCPS	Regional Cooperation Partnership Strategy
RETA	regional technical assistance
RSDD	Regional and Sustainable Development Department
SARD	South Asia Department
SASEC	South Asia Subregional Economic Cooperation
SERD	Southeast Asia Department
SPD	Strategy and Policy Department
SSTA	small-scale technical assistance
TA	technical assistance

TASF	Technical Assistance Special Fund
TRM	Thailand Resident Mission
TWG	technical working group

In preparing any country program or strategy, financing any project, or by making any designation of, or reference to, a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

CONTENTS

EXECUTIVE SUMMARY

I.	INTRODUCTION	1
II.	BACKGROUND	1
	A. Overview	1
	B. Fund Administration	2
	C. Monitoring and Evaluation	3
III.	HIGHLIGHTS OF FUND OPERATION IN 2012-2013	3
	A. Approvals and Status of Implementation	3
	B. Portfolio Distribution	4
	C. New Features of the Fund Support	6
IV.	HIGHLIGHTS OF OVERALL FUND OPERATION (2005-2013)	9
	A. Approvals and Status of Implementation	9
	B. Portfolio Distribution	13
	C. Cofinancing	14

TABLES

Table 1: Utilization of PRC Fund, 2012-2013	3
Table 2: TA Projects Funded by PRC Fund, 2012-2013	4
Table 3: Status of PRC Fund Projects, 2005-2013	9
Table 4: Utilization of PRC Fund, 2005-2013	9
Table 5: TA Projects Funded by PRC Fund, 2005-2013	10
Table 6: PRC Fund Projects with Cofinancing, 2005-2013 (\$'000)	15

FIGURES

Figure 1: Distribution of PRC Fund by ADB Department 2012-2013 (%)	5
Figure 2: Distribution of PRC Fund by Subregion 2012-2013 (%)	5
Figure 3: Distribution of PRC Fund by Sector 2012-2013 (%)	6
Figure 4: Distribution of PRC Fund by RCI Pillar 2012-2013 (%)	6
Figure 5: Distribution of PRC Fund by ADB Department 2005-2013 (%)	13
Figure 6: Distribution of PRC Fund by Subregion 2005-2013 (%)	13
Figure 7: Distribution of PRC Fund by Sector 2005-2013 (%)	14
Figure 8: Distribution of PRC Fund by RCI Pillar 2005-2013 (%)	14

BOX STORIES

Box Story 1: South Asia Subregional Economic Cooperation (SASEC) Power System Expansion Project	7
Box Story 2: MYA: Design of e-Governance Master Plan and Review of ICT Capacity in Academic Institutions	8

APPENDIX

Appendix 1: Status of Grant Contribution (latest for 2013)	17
Appendix 2: Revised PRC Fund Implementation Guidelines (April 2012)	18
Appendix 3: TA Progress Report for PRC Poverty Reduction and Regional Cooperation Fund (PRC Fund)	23

EXECUTIVE SUMMARY

The People's Republic of China (PRC) Poverty Reduction and Regional Cooperation Fund (the Fund) was established in March 2005 under the Asian Development Bank (ADB), with a contribution of \$20 million from the Government of the PRC. It is the first trust fund established by a developing member country (DMC) of ADB.

The Fund aims to contribute to poverty reduction and economic and social development in developing member countries in an accelerated manner and with tangible results. The Fund helps facilitate the process of poverty reduction, regional cooperation and knowledge sharing. The Fund is an innovative financing mechanism to support South-South cooperation. It encourages the use of DMC expertise in Asia and the Pacific. It provides priority support to countries that are part of the Greater Mekong Subregion (GMS) and Central Asia Regional Economic Cooperation (CAREC).

In April 2012, the PRC government has replenished the Fund with another \$20 million, making the total contribution to \$40 million covering 2005-2016. The replenishment was undertaken in response to the growing demand from the ADB DMCs, in support of activities and programs that promotes poverty reduction, regional cooperation and knowledge sharing.

In 2012-2013, 17 TA proposals have been submitted to the Ministry of Finance (MOF) PRC for funding consideration, of which 13 projects totaling \$5.925 million were approved. Currently, 12 projects are ongoing while one is being processed for TA.

From 2005 to 2013, 71 project proposals have been submitted to MOF for funding consideration, of which 55 projects totaling \$25.57 million were approved for funding. Of the approvals, 5 were for supplemental funding for an existing project, while 4 other approvals represented 4 initial projects that were subsequently merged into two projects. As a result of these mergers and supplemental funding requests, the 55 approvals actually represent a total of 62 approvals by MOF PRC. Currently, 29 of the 55 projects have been completed, 25 are ongoing, and 1 is being processed for TA. For the past 8 years, the Fund was able to support in various sectors, mostly notably in public sector management, multisector, industry and trade, and agriculture and natural resources.

Moving on to its tenth year, the Fund will continue to provide solutions to DMCs' challenges related to next generational regional cooperation and integration (RCI) and poverty reduction through innovative approaches in knowledge sharing, capacity building, and south-south cooperation.

I. INTRODUCTION

1. The People's Republic of China (PRC) Poverty Reduction and Regional Cooperation Fund (the Fund) was established under the Asian Development Bank (ADB) in March 2005 with a \$20 million contribution from the Government of PRC. The Fund was replenished in April 2012 with another \$20 million, making PRC's total contribution to \$40 million. The annual report which covers the period 2012-2013¹ is prepared by ADB's Office of Regional Economic Integration (OREI) in collaboration with ADB's Office of Cofinancing Operations (OCO). This report², aims to review the progress of the Fund operations during the period of 2012-2013, in compliance with the reporting requirement stipulated in the ADB Board Paper and the ADB-PRC Channel Financing Agreement. It also provides an update of the overall Fund operations from 2005 to 2013.

II. BACKGROUND

A. Overview

2. Despite great progress achieved in poverty reduction in Asia and the Pacific in the past decades, the region still hosts more than half of the world's poor population, and poverty reduction remains an essential task to be tackled. It is widely recognized that RCI has vast potential for accelerating economic growth, reducing poverty and economic disparity, raising productivity and employment, and strengthening institutions. Progress in RCI has varied across subregions with East Asia and Southeast Asia much more advanced than the other subregions. Overall, RCI has progressed rapidly during the initial stages as the region easily reaped the low hanging fruits of RCI. However, the task ahead will be more challenging and complex, requiring more innovative approaches including knowledge sharing among the DMCs for cross-learning and promoting best practices in RCI.

3. The objective of the PRC Fund is to contribute to poverty reduction and economic and social development in DMCs in an accelerated manner and with tangible results. The PRC Fund facilitates the process of poverty reduction, regional cooperation and knowledge sharing. The key outputs of the PRC Fund are (i) stronger ownership of DMCs in poverty reduction and the development process; (ii) increased sharing of knowledge and experience on poverty reduction and development across DMCs; (iii) good practices in poverty reduction and development through regional cooperation and country-specific activities; (iv) enhanced regional cooperation aimed at poverty reduction and development; and (v) innovation in poverty reduction and regional cooperation activities.

4. The PRC Fund supports four types of activities: (i) institutional and capacity building for DMCs; (ii) innovative and demonstrative programs and projects; (iii) knowledge sharing including knowledge products, and human resources development; and (iv) dissemination, networking and cross-learning (e.g., workshops, conferences, publications, website development).

¹ The report covers 2012-2013 because most of the proposals (three batches including the second batch of 2012) were approved in 2013 as a result of suspension of proposals due to the replenishment process in 2012.

² A detailed assessment report was done by OREI in August 2011 which provided a basis for PRC's consideration for the replenishment in April 2012.

5. The PRC Fund supports both regional and country-specific activities. For the regional component, priority will be given to the Greater Mekong Subregion (GMS) and Central Asia Regional Economic Cooperation (CAREC). For the country-specific component, only ADF countries are eligible. PRC will not be eligible as the only beneficiary, but can participate in the regional activities supported by the PRC Fund.

6. The PRC Fund supports ADB's overarching goal of poverty reduction and ADB's Strategy 2020³, RCI Strategy⁴ and Knowledge Management Directions and Action Plan⁵. To remain relevant in responding to the varying and complex need of DMCs in poverty reduction, regional cooperation and knowledge sharing, the PRC Fund enhanced support for individual countries in greater need for poverty reduction and development (e.g., Myanmar), and TA projects that have stronger operational implications (e.g., PPTA). These new activities carried out in 2012-2013 have strengthened the Fund's relevance and responsiveness to changing needs in the region (see two box stories on page 7-8).

B. Fund Administration

7. The PRC has appointed ADB as the administrator of the PRC Fund. Within ADB, the Office of Regional Economic Integration (OREI), in close collaboration with the Regional and Sustainable Development Department (RSDD), is responsible for managing the PRC Fund and functions as a technical communication link to Ministry of Finance (MOF), PRC. The Office of Cofinancing Operations (OCO) functions as the official channel of communication on financial aspects of the fund.

8. To better manage the fund, a technical working group (TWG) was established. It is chaired by OREI and co-chaired by RSDD, and comprised of representatives of the Regional Cooperation and Integration Community of Practice (RCI CoP) and other relevant departments.

9. OREI, as the secretariat of the TWG, in close coordination with RSDD, coordinates the submission, review, and approval of applications.

10. **Criteria.** The PRC Fund is open to providing support to all ADB DMCs for both regional and country-specific activities. For the regional cooperation component, priority is given to the Greater Mekong Subregion (GMS) and Central Asia Regional Economic Cooperation (CAREC).

11. The PRC Fund supports the following activities: (i) institutional and capacity building for DMCs; (ii) innovative and demonstrative programs and projects; (iii) knowledge sharing including knowledge products, and human resources development; and (iv) dissemination, networking and cross learning (e.g. workshops, conferences, publications, website development).

12. To be eligible for funding, proposals generally should: (i) be conceptually, programmatically, and procedurally aligned with the ADB country partnership strategy (CPS) or its annual indicative rolling Country Operations Business Plan (COBP) and Regional Cooperation Partnership Strategy (RCPS); (ii) include discussions with the concerned key country stakeholders on the proposals; (iii) use DMC expertise; (iv) encourage contributions,

³ ADB. 2008. The Long-Term Strategic Framework of the Asian Development Bank. Manila.

⁴ ADB. 2006. Regional Cooperation and Integration Strategy. Manila.

⁵ ADB 2013. Knowledge Management Directions and Action Plan (2013-2015): Supporting "Finance ++ at the Asian Development Bank

whether in kind or in cash, from DMCs benefitting from activities; and (v) utilize the PRC Fund in the most cost-effective way.

13. **Approval Process.** Applications for funding of project proposals (concept papers) are submitted semi-annually. Generally, Batch I proposals are submitted in March/April and Batch II in September/October. Each proposal undergoes a three-tier review process within ADB for quality assurance: first, a review within the initiating department; next, within OREI; and then to the PRC Fund TWG in the final stage. After review and approval by the PRC Fund TWG, project concept papers are endorsed by the TWG Chair to MOF for funding consideration. MOF confirms funding decisions on project proposals within 30 working days after receipt of submissions.

C. Monitoring and Evaluation

14. Implementation progress of projects is monitored through the submission of annual progress reports by the project officer. The template for annual progress report is attached in Appendix 3.

III. HIGHLIGHTS OF FUND OPERATIONS IN 2012-2013

A. Approvals and Status of Implementation

15. From 2012 to 2013, 17 projects have been submitted to MOF for funding consideration, of which 13 projects totaling \$5.925 million were approved. Currently, 12 projects are ongoing while one is being processed for TA. Table 1 shows the current status for PRC Fund projects approved in 2012 and 2013. A complete list of 2012-2013 projects is on Table 2.

Table 1: Utilization of PRC Fund, 2012-2013

	2012	2013	Total 2012-2013
Number of Approvals	6	7	13
Batch 1	3	4	7
Batch 2	3	3	6
New/Individual Projects	6	7	13
Mergers	-	-	-
Supplemental Requests	-	-	-
Total Project Cost (in '000\$)	2,600	3,325	5,925
Batch 1	1,400	2,100	3,500
Batch 2	1,200	1,225	2,425
Allocation per CFA ('000\$)	4,000	4,000	8,000
Utilization Rate (%)	65	83	74

Table 2: TA Projects Funded by PRC Fund, 2012-2013

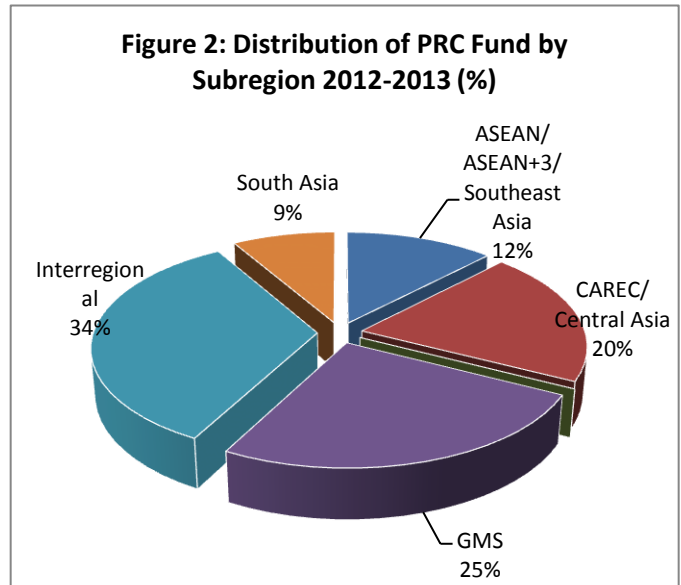
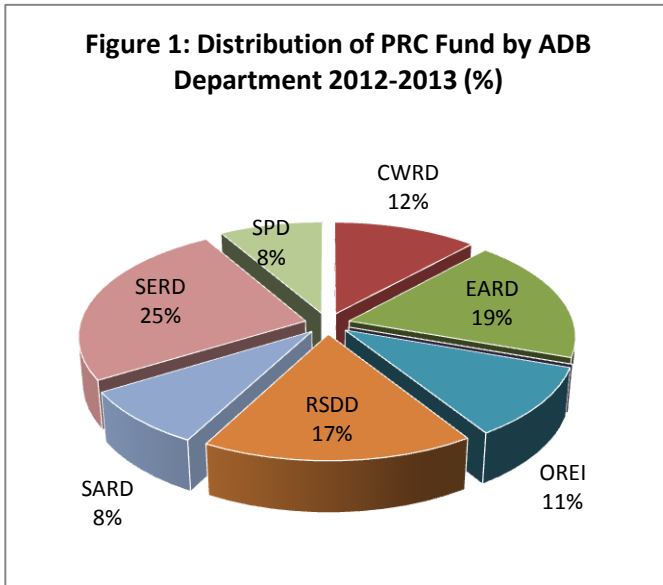
Project Title	TA No.	Dept	Amount (\$'000)	Date of PRC Govt Approval	Date of TA Paper Approval	Completion/ Expected Completion Date
2012 Approvals			2,600			
<i>Batch I</i>			<i>1,400</i>			
1	8392	RSDD	500	20-Nov-12	30-May-13	31-Dec-14
2	8225	SERD	500	20-Nov-12	22-Jan-13	30-Apr-14
3	8301	CWRD	400	20-Nov-12	17-Dec-12	31-Dec-15
<i>Batch II</i>			<i>1,200</i>			
4	8367	CWRD	300	1-Mar-13	09-May-13	31-Dec-15
5	8386	EARD	500	1-Mar-13	18-Jun-13	31-Dec-14
6	8433	OREI	400	1-Mar-13	16-Aug-13	30-Dec-15
2013 Approvals			3,325			
<i>Batch I</i>			<i>2,100</i>			
7	8412	SARD	500	20-Jun-13	30-Jul-13	
8	8425	SERD	500	20-Jun-13	13-Aug-13	
9	8430	EARD	600	20-Jun-13	16-Aug-13	25-Mar-15
10	8398	RSDD	500	20-Jun-13	4-Jul-13	31-Aug-14
<i>Batch II</i>			<i>1,225</i>			
11	8510	OREI	225	13-Nov-13	21-Nov-13	
12	8549	SERD	500	13-Nov-13	9-Dec-13	31-Dec-17
13	FP	SPD	500	31-Nov-13		
Total TAs approved by ADB 2012-2013			5,425			
Total Committed Funds 2012-2013			5,925			

ADB = Asian Development Bank, ASEAN = Association of Southeast Asian Nations, ASEAN+3 = ASEAN+ PRC, Japan, and Korea, CAREC = Central Asia Regional Economic Cooperation, CWRD = Central and West Asia Department, DMC = developing member country, EARD = East Asia Department, FP= for process (of TAs), GMS = Greater Mekong Subregion, ICT = information and communications technology, MfDR = managing for development results, OREI = Office of Regional Economic Integration, RSDD = Regional and Sustainable Development Department, PRC = People's Republic of China, SARD = South Asia Department, PPTA = project preparatory technical assistance, SASEC = South Asia Subregional Economic Cooperation, SERD = Southeast Asia Department, SPD = Strategy and Policy Department, SSTA = small scale technical assistance, TA = technical assistance.
Source: ADB database.

B. Portfolio Distribution

16. **ADB Department Distribution.** SERD received the biggest share of funding from the PRC Fund (25%), followed by EARD (19%), RSDD (17%), CWRD (12%), OREI (11%), SARD (8%), and SPD (8%).

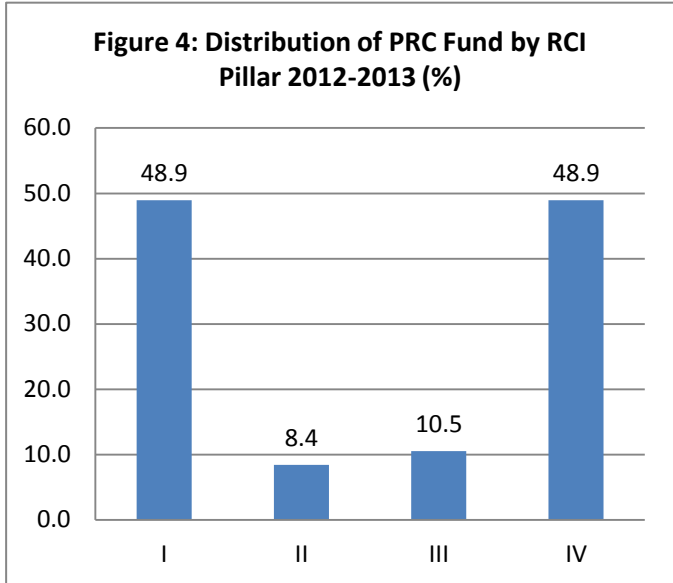
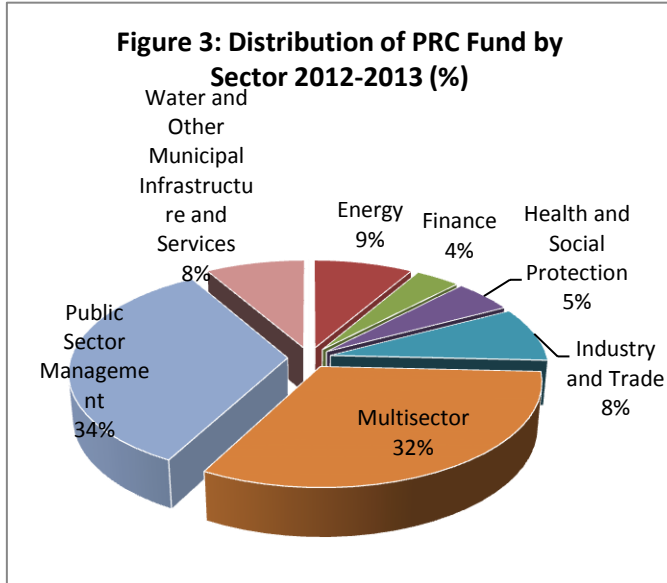
17. **Geographical Distribution.** Interregional projects received the largest share with 34%, followed by GMS (25%), CAREC/Central Asia (20%), ASEAN/ASEAN+3/Southeast Asia (12%), and South Asia (9%).



ADB = Asian Development Bank, ASEAN = Association of Southeast Asian Nations, ASEAN+3 = ASEAN + PRC, Japan and Korea, CAREC = Central Asia Regional Economic Cooperation, CWRD = Central and West Asia Department, EARD = East Asia Department, GMS = Greater Mekong Subregion, OREI = Office of Regional Economic Integration, PRC = People's Republic of China, RSDD = Regional and Sustainable Development Department, SARD = South Asia Department, SERD = Southeast Asia Department, SPD = Strategy and Policy Department.
Source: ADB TA database.

18. **Sector Distribution.** Public sector management received the biggest share (34%), followed by multisector (32%), energy (9%), industry and trade (8%), water and other municipal infrastructure and services (8%), health and social protection (5%), and finance (4%).

19. **RCI Pillar Distribution.** Almost half (49%) of the funding approved by the PRC Fund in 2012 and 2013 went to projects classified under Pillar 1 (Regional and subregional economic cooperation programs) and Pillar 4 (Cooperation in regional public goods). Pillar 3 (Monetary and financial cooperation and integration) received 10.5% while Pillar 2 (Trade and investment cooperation and integration) received 8.4%.



Note: some projects are counted more than once as they cut across several RCI pillars
 Pillar I - Regional and subregional economic cooperation programs (cross-border infrastructure and related software)
 Pillar II - Trade and investment cooperation and integration
 Pillar III - Monetary and financial cooperation and integration
 Pillar IV - Cooperation in regional public goods

C. New Features of the Fund Support

20. After the replenishment in 2012, the Fund has started supporting project preparation technical assistance (PPTA) projects (in the previous phase, the Fund only supported TA projects) in response to ADB regional departments' demands to augment ADB efforts for lending projects. In 2012-2013, two PPTAs were approved for funding. Another new feature is that the Fund also augmented support for activities of individual ADF countries which are in greater need of support. The support to Myanmar (Design of e-Governance Master Plan and Review of ICT Capacity in Academic Institutions) was timely to meet the country's demand to strengthen e-governance capacity among its development challenges. Below are two box stories representing PPTA and individual ADF country support.

Box Story 1: South Asia Subregional Economic Cooperation (SASEC) Power System Expansion Project (approved in 2013, with \$500,000 from PRC Fund)

Nepal is endowed with vast hydropower potential, with theoretical hydropower potential of 83,000 megawatts (MW), of which 43,000 MW is considered economically viable. However, Nepal is facing chronic power shortages where only 44% of the country's households have grid access to electricity. Electricity supply can be interrupted for 14-18 hours a day during the dry season. This is mainly due to inadequate generation capacity and transmission network. While Nepal has been making significant investments to increase the generation capacity including six hydropower projects totaling 592 MW under construction, and 1,735 MW planned in the near to medium term, the limited power evacuation network is becoming the bottleneck of meeting domestic power demand as well as power trade with neighboring countries. The country has a transmission system master plan, but it needs to be updated. The institutional capacity of system planning for the sole utility in power sector, Nepal Electricity Authority (NEA), needs to be enhanced, and the transmission and distribution departments of NEA needs to be ring fenced. A separate power trading company shall be established to be in charge of power exchanges with neighboring countries. By 2012, Nepal only had 2,130 circuit km 132 kV, and 511 circuit km 66 kV transmission lines. There is one existing cross-border connection in western Nepal to Tanakpur, India of around 100MW capacity. The Government is also planning the second cross-border transmission line from Bardghat in central Nepal to Gorakhpur in India to export electricity from hydropower projects in Kali Gandaki and other basins.

The proposed project will support the construction and operation of national high-voltage transmission lines for domestic demand and also enhance cross-border power trading capacity. In the near term, power trading between Nepal and India will be mainly imports from India. Some export of wet season surplus power is likely in the medium term. In the longer term, power trading will be mainly exports to India as a year-round daily power surplus is developed and the high-voltage transmission network is expanded to support large-scale hydropower development. The interconnection between Nepal and India will eventually form part of interconnected SASEC power systems.

The PPTA, with \$500,000 funding from the PRC Fund approved in July 2013, aims to conduct due diligence on technical, economic, financial, governance, social and environmental aspects of the project. It will also support the executing agencies (EAs) on project readiness improvement which includes bidding documents finalization and tendering support, etc. The total project cost is estimated at \$440 million, comprising a loan of \$180 million from the Asian Development Fund (ADF), and around \$180 million to be possibly cofinanced by Norwegian government and European Investment Bank (EIB). The project will contribute to Nepal's improved living standard through increased supply of electricity and regional cooperation through increased electricity trading among countries in SASEC.

Box Story 2: MYA: Design of e-Governance Master Plan and Review of ICT Capacity in Academic Institutions (approved in 2013 with \$500,000 from PRC Fund)

In its efforts to improve efficiency, transparency and wider reach of public service delivery, the Government of the Republic of the Union of Myanmar (the Government) is focusing on streamlining its processes by undertaking administrative reforms initiatives. E-Governance is expected to play a significant role in this effort. It also proposes to review and strengthen Information Communications and Technology (ICT) capacity in institutions of higher learning in the country. This will ensure sustaining supply of skilled human resources to support the e-governance program.

One of the key issues facing the Government as it seeks to introduce ICT systems to help strengthen performance of public services is the lack of a coherent and systematic approach to the design, evaluation, and adoption of such systems. This presents a real risk of government agencies adopting diverse systems on an ad hoc and fragmented basis, and that such systems may prove inappropriate from a needs, interoperability of ICT systems, as well as cost, perspectives. Systems could also prove incompatible in effectively sharing information between ICT systems in the various agencies. This issue is particularly acute just now, since many development partners are offering support for ICT systems.

A common framework is needed to guide the design, evaluation, and adoption of these systems in order to ensure their cost-effectiveness, interoperability, and appropriateness while allowing them to effectively support the Government's reform efforts. Therefore, such ICT solutions must be undertaken on the basis of an e-Governance master plan that identifies and satisfies the demands of different arms of the Government in a systematic manner. Essential in parallel with an e-Governance master plan, is to review ICT capacity in the country's ICT academic institutions in order to provide a steady supply of skilled human resources to nurture and support e-Governance initiatives. The maturity of the country's ICT academic institutions is an indicator of the supporting environment for sustaining e-Governance initiatives. Typically, this covers the use of ICT educational assets, research in ICT, and the fostering of innovation in implementing an e-Governance program. In order to develop the skills of ICT graduates and academia, it is essential to bring new technology solutions by way of demonstration projects. Such an approach will help promote practical knowledge in emerging technologies which will foster entrepreneurial capabilities in the country.

The TA, approved in June 2013 and partially funded from the PRC Fund (\$500,000), will help the Government to (i) prepare a national e-Governance master plan, (ii) prepare an action plan for strengthening ICT capacity in academic institutions, and (iii) undertake a demonstration project in a new technology area such as, but not limited to, TV White Spaces technology, e-learning, e-library with content generation, and tracking and search solutions in the partner academic institutions. The TA outputs will help the administrative reforms that the Government is currently pursuing and ensure orderly development of the ICT sector, which will ultimately benefit the development of Myanmar.

IV. HIGHLIGHTS OF OVERALL FUND OPERATIONS (2005-2013)

A. Approvals and Status of Implementation

21. From March 2005 to November 2013, 71 projects have been submitted to MOF for funding consideration, of which 55 projects totaling \$25.57 million were approved. Of the approvals, five were for supplemental funding for an existing project, while four other approvals represented four initial projects that were subsequently merged into two projects. As a result of these mergers and supplemental funding requests, the 55 approvals actually represent a total of 62 projects. Currently, 29 of the 55 projects have been completed, 25 are ongoing, and one is being processed for TA. Tables 3 and 4 show the current status for PRC Fund projects. A complete list of projects is on Table 5.

Table 3: Status of PRC Fund Projects, 2005-2013

	Number of Projects	Amount (US\$'000)
Endorsed and Approved by PRC MOF	55	25,567
Approved as TA	54	25,067
TAs completed	29	12,942
Ongoing TAs	25	12,125
TAs being processed	1	500

Table 4: Utilization of PRC Fund, 2005-2013

	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
Number of Approvals	12	9	9	10	4	2	3	6	7	62
Batch 1	7	6	6	6	2	-	1	3	4	35
Batch 2	5	3	3	4	2	-	2	3	3	25
Special Batch						2				2
New/Individual Projects	10	8	9	8	3	2	2	6	7	55
Mergers	1	1	-	-	-	-	-	-	-	2
Supplemental Requests	1	-	-	2	1	-	1	-	-	5
Total Project Cost (in '000\$)	4,100	2,970	4,022	4,250	2,000	1,000	1,300	2,600	3,325	25,567
Batch 1	2,600	1,670	2,522	2,250	1,000		500	1,400	2,100	14,042
Batch 2	1,500	1,300	1,500	2,000	1,000		800	1,200	1,225	10,525
Special Batch						1,000				1,000
Allocation per CFA ('000\$)	4,000	4,000	4,000	4,000	4,000			4,000	4,000	40,000
Utilization Rate (%)	103	74	101	106	50			65	83	64

Table 5: TA Projects Funded by PRC Fund, 2005-2013

	Project Title	TA Number	Dept	Amount (USD'000)	Date of PRC Govt Approval	Date of TA Paper Approval	Completion/ Expected Completion Date
2005 Approvals				4,100			
	<i>Batch I</i>			<i>2,600</i>			
1	Support to Trade Facilitation and Capacity Building in GMS	6328	SERD	400	3-Jun-05	19-Jul-06	31-Jan-10
2	Development Study of the GMS Economic Corridors	6310	SERD	400	3-Jun-05	20-Mar-06	30-Jun-11
3	Implementation of the Greater Mekong Subregion Cross-border Transport Agreement	6307	SERD	400	3-Jun-05	06-Mar-06	31-Oct-11
4	Enhancing the Business Environment of the Greater Mekong Subregion	6266	SERD	200	3-Jun-05	31-Oct-05	31-Oct-08
5	Greater Mekong Subregion Phnom Penh Plan for Development Management Phase II (Supplementary)	6237	SERD	500	3-Jun-05	27-Jul-05	31-Dec-08
6	Capacity Building for Regional Cooperation in Central Asia	6288	CWRD	400	3-Jun-05	16-Dec-05	31-Mar-08
7	Strengthening Carbon Financing for Regional Grassland Management in Northeast Asia ¹	7534	EARD	300	3-Jun-05	17-May-10	30-Jun-14
	<i>Batch II</i>			<i>1,500</i>			
8	Partnership on Persistent Organic Pollutants Pesticides Management for Agricultural Production in Central Asian Countries	6339	CWRD	400	22-Dec-05	25-Aug-06	30-Apr-08
9	Technical Training and Capacity Building for Selected ASEAN+3 Countries on Regional Economic and Financial Monitoring	6342	OREI	500	22-Dec-05	12-Sep-06	28-Feb-10
	Strengthening Carbon Financing for Regional Grassland Management in Northeast Asia (Approved by PRC MOF in 2 batches; see proj#7)		EARD	100	22-Dec-05		
10	Expansion of Subregional Cooperation in Agriculture in the Greater Mekong Subregion	6324	SERD	250	22-Dec-05	23-Jun-06	31-Jul-10
	Human Resources Development for Trade in the GMS (merged with TA 6328; see proj#1) ²		SERD	250	22-Dec-05		
2006 Approvals				2,970			
	<i>Batch I</i>			<i>1,670</i>			
11	Support Preparations for the Central Asia Regional Economic Cooperation (CAREC) Business Development Forum (BDF)	6340	CWRD	200	13-Jun-06	25-Aug-06	30-Nov-06
12	Enhancement of Subregional Cooperation in BIMP-EAGA and IMT-GT	6352	SERD	250	13-Jun-06	07-Nov-06	27-Apr-09
	Expansion of Subregional Cooperation in Agriculture in the Greater Mekong Subregion (merged with TA 6324; see proj#10) ³		SERD	350	13-Jun-06		
13	Capacity Building for Designing, Negotiating and Implementing Free Trade Agreements in Selected Asian Developing Member Countries	6345	OREI	500	13-Jun-06	24-Oct-06	31-Dec-07
14	ASEAN+3 Regional Guarantee and Investment Mechanism - Phase 2	6373	OREI	300	13-Jun-06	18-Dec-06	31-Dec-10
15	Second ASEAN+3 Seminar on Poverty Reduction (SSTA)	6382	EARD	70	13-Jun-06	15-Sep-06	31-Jan-07
	<i>Batch II</i>			<i>1,300</i>			
16	Central Asia Regional Economic Cooperation: Capacity Development for Regional Cooperation in CAREC Participating Countries, Phase I	6375	CWRD	500	1-Dec-06	18-Dec-06	31-Dec-08
17	Transboundary Animal Disease Control for Poverty Reduction in the Greater Mekong Subregion (Phase II)	6390	SERD	300	1-Dec-06	27-Mar-07	31-Jul-14
18	CAREC Members Electricity Regulators Forum	6389	CWRD	500	1-Dec-06	26-Mar-07	30-Nov-08
2007 Approvals				4,022			
	<i>Batch I</i>			<i>2,522</i>			
19	Strengthening Central Asia Regional Economic Cooperation, 2007-2011 ⁴	6409	CWRD	500	2-Jul-07	27-Aug-07	31-Dec-12

20	Capacity Building and Institutional Strengthening of the ASEAN Free Trade Area Units of Selected ASEAN Member Countries (Phase 1)	6451	OREI	500	2-Jul-07	28-Mar-08	30-Jun-13
21	Enhancing the Development Effectiveness of the GMS Economic Cooperation Program (Supplemental)	6262	SERD	500	2-Jul-07	18-Sep-07	31-Dec-10
22	GMS Core Environment Program and Biodiversity Conservation Corridors Initiative (Phase 1, Supplemental)	6289	SERD/ TRM	500	2-Jul-07	11-Feb-08	31-Dec-12
23	GMS Public Health Forum on Regional Cooperation in Communicable Disease Control and Health Systems Development (under umbrella of RETA 6413: Strengthening Human Resources Development Cooperation in the GMS)	6413	SERD	22	2-Jul-07	02-Oct-07	31-Dec-09
24	Capacity Building for Monitoring and Evaluation in Participating Countries	6410	IED	500	2-Jul-07	03-Sep-07	31-Dec-10
	<i>Batch II</i>			1,500			
25	GMS: Phnom Penh Plan for Development Management Phase III	6407	SERD	500	16-Nov-07	16-Aug-07	Jan-11
26	Central Asia Regional Economic Cooperation (CAREC) Institute 2009-2012	6488	CWRD	500	16-Nov-07	24-Sep-08	31-Dec-13
27	Supporting Boao Forum for Asia (BFA)	6444	OREI	500	16-Nov-07	13-Feb-08	31-Dec-10
2008 Approvals				4,250			
	<i>Batch I</i>			2,250			
28	Enhancing Transport and Trade Facilitation in the Greater Mekong Subregion	6450	SERD	500	24-Jun-08	28-Mar-08	31-Dec-12
	Transboundary Animal Disease Control for Poverty Reduction in the Greater Mekong Subregion (Phase II) (supplemental funding for TA 6390; see proj#17)		SERD	200	24-Jun-08		
29	Mongolia: Developing a Computable General Equilibrium Modeling Framework for Analyzing the Impact of Power Trading between Mongolia and People's Republic of China	6494	EARD	150	24-Jun-08	16-Oct-08	30-Aug-11
	Development Study of the GMS Economic Corridors (supplemental funding for TA 6310; see proj#2)		SERD	400	24-Jun-08		
30	Regional Knowledge and Partnership Networks for Poverty Reduction and Inclusive Growth	6502	RSDD	500	24-Jun-08	14-Nov-08	31-Jul-15
31	Cambodia: Capacity Development for National Economic Policy Analysis and Development Management, Phase III	7226	SERD	500	24-Jun-08	12-Jan-09	30-Jun-13
	<i>Batch II</i>			2,000			
32	Capacity Development for Monitoring and Evaluation	7348	IED	500	17-Dec-08	17-Sep-09	30-Jun-14
33	Implementing the Greater Mekong Subregion Human Resource Development Strategy Framework and Action Plan 2009-2011	7275	SERD	500	17-Dec-08	29-Apr-09	31-Dec-13
34	Accelerating the Implementation of the Core Agriculture Support Program	6521	SERD	500	17-Dec-08	23-Dec-08	30-Jun-14
35	Deposit Insurance Establishment	7337	EARD	500	17-Dec-08	27-Aug-09	31-Aug-12
2009 Approvals				2,000			
	<i>Batch I</i>			1,000			
36	Central Asia Regional Economic Cooperation: Working with the Private Sector in Trade Facilitation	7353	EARD	500	31-May-09	25-Sep-09	30-Jun-14
37	Asia Pacific Procurement Partnership Initiative	7437	BPMSD	500	31-May-09	11-Dec-09	30-Jun-14
	<i>Batch II</i>			1,000			
	Strengthening Central Asia Regional Economic Cooperation, 2007-2011 (supplemental funding for TA 6409; see proj#19)		CWRD	500	9-Dec-09		
38	GMS Phnom Penh Plan (PPP) for Development Management, Phase IV (Supplementary)	7431	SERD	500	9-Dec-09	10-Dec-09	31-May-13
2010 Approvals				1,000			
	<i>Special Batch</i>			1,000			

39	Supporting the Boao Forum for Asia in Regional Economic Integration and Partnership Dialogues	7651	OREI/O CO	500	6-May-10	22-Nov-10	31-Oct-13
40	Strengthening Coordination of the GMS Program	7561	SERD	500	6-May-10	15-Jul-10	31-Jan-14
2011 Approvals				1,300			
<i>Batch I</i>				500			
41	Regional Program for Research and Capacity Development on Water Security	7845	RSDD	500	15-Apr-11	12-Aug-11	31-Mar-14
<i>Batch II</i>				800			
Poverty Reduction and Inclusive Growth Network in Asia Pacific (supplemental funding for TA 6502; see proj#30)			RSDD	400	20-Nov-12		
42	Support for Pan-Beibu Gulf Economic Cooperation	8017	EARD	400	20-Nov-12	13-Dec-11	31-Dec-14
2012 Approvals				2,600			
<i>Batch I</i>				1,400			
43	Provision of Knowledge Products and Services to DMCs through Systematic Knowledge	8392	RSDD	500	20-Nov-12	30-May-13	31-Dec-14
44	GMS Phnom Penh Plan for Development Management, Phase V	8225	SERD	500	20-Nov-12	22-Jan-13	30-Apr-14
45	Supporting Capacity Development Needs of CAREC 2020	8301	CWRD	400	20-Nov-12	17-Dec-12	31-Dec-15
<i>Batch II</i>				1,200			
46	Prevention and Control of Communicable Diseases in CAREC Member Countries (Pilot Initiative)	8367	CWRD	300	1-Mar-13	09-May-13	31-Dec-15
47	CAREC Trade Facilitation Program: Promoting Cooperation in Sanitary and Phytosanitary Measures	8386	EARD	500	1-Mar-13	18-Jun-13	31-Dec-14
48	Technical Training and Capacity Building for Selected Asian Countries on Regional Economic and Financial Monitoring - Phase II	8433	OREI	400	1-Mar-13	16-Aug-13	30-Dec-15
2013 Approvals				3,325			
<i>Batch I</i>				2,100			
49	Nepal: Subregional Electricity Transmission Capacity Expansion Project (PPTA) (SASEC Power System Expansion)	8412	SARD	500	20-Jun-13	30-Jul-13	
50	Proposed Loans to Cambodia, Lao PDR, and Viet Nam: Second GMS Corridor Towns Development Project (PPTA)	8425	SERD	500	20-Jun-13	13-Aug-13	
51	People's Republic of China: Promoting Regional Knowledge Sharing Partnerships	8430	EARD	600	20-Jun-13	16-Aug-13	25-Mar-15
52	MYA: Design of e-Governance Master Plan and Review of ICT Capacity in Academic Institutions	8398	RSDD	500	20-Jun-13	4-Jul-13	31-Aug-14
<i>Batch II</i>				1,225			
53	Developing Local Currency Bonds for Infrastructure Finance in ASEAN+3 (SSTA)	8510	OREI	225	13-Nov-13	21-Nov-13	
54	Implementing the Greater Mekong Subregion Human Resource Development Strategy Framework and Action Plan Phase II	8549	SERD	500	13-Nov-13	9-Dec-13	31-Dec-17
55	Asia-Pacific Community of Practice on Managing for Development Results - Strengthening Knowledge Partnerships on MfDR	FP	SPD	500	13-Nov-13		
Total TAs approved by ADB				25,067			
Total Committed Funds				25,567			
Total PRC Commitment				40,000			
Balance				14,433			

ADB = Asian Development Bank, ASEAN = Association of Southeast Asian Nations, ASEAN+3 = ASEAN+ PRC, Japan, and Korea, BPMSD = Budget, Personnel and Management Systems Department, CAREC = Central Asia Regional Economic Cooperation, CWRD = Central and West Asia Department, DMC = developing member country, EARD = East Asia Department, FP= for process (of TAs), GMS = Greater Mekong Subregion, ICT = information and communications technology, IED = Independent Evaluation Department, MfDR = managing for development results, OCO = Office of Cofinancing Operations, OREI = Office of Regional Economic Integration, PPTA = project preparatory technical assistance, PRC = People's Republic of China, RSDD = Regional and Sustainable Development Department, SARD = South Asia Department, SASEC = South Asia Subregional Economic Cooperation, SERD = Southeast Asia Department, SPD = Strategy and Policy Department, SSTA = small scale technical assistance, TA = technical assistance, TRM = Thailand Resident Mission. Source: ADB database.

B. Portfolio Distribution

22. **ADB Department Distribution.** SERD received the biggest share of funding from the PRC Fund (39%), followed by CWRD (17%), OREI (13%), EARD (12%), RSDD (9%), IED (4%), and BPMSD, SARD, and SPD, with 2% each.

23. **Geographical Distribution.** GMS received the largest share with 38%, followed by CAREC/Central Asia (22%), interregional (21%), ASEAN/ASEAN+3/Southeast Asia (13%), East Asia (4%), and South Asia (2%). This distribution is consistent with PRC Fund's priority support areas: the GMS and CAREC subregions.

Figure 5: Distribution of PRC Fund by ADB Department 2005-2013 (%)

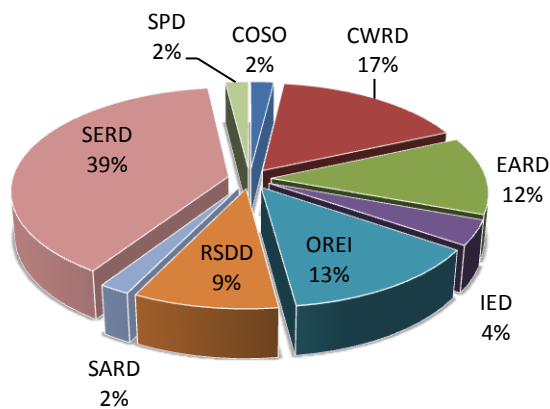
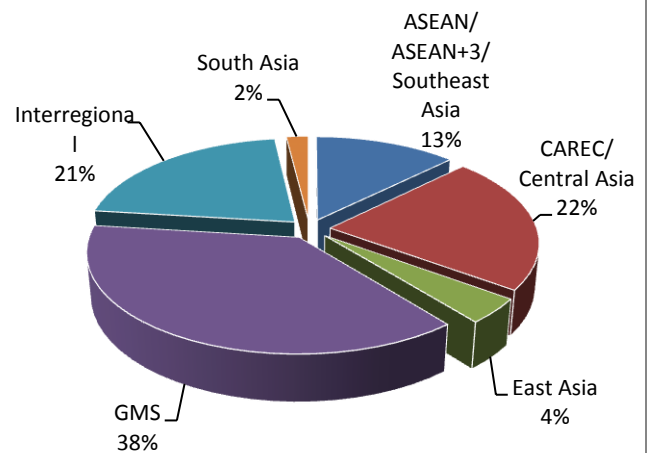


Figure 6: Distribution of PRC Fund by Subregion 2005-2013 (%)



ADB = Asian Development Bank, ASEAN = Association of Southeast Asian Nations, ASEAN+3 = ASEAN + PRC, Japan and Korea, BPMSD = Budget, Personnel and Management Systems Department, CAREC = Central Asia Regional Economic Cooperation, CWRD = Central and West Asia Department, EARD = East Asia Department, GMS = Greater Mekong Subregion, IED = Independent Evaluation Department, OREI = Office of Regional Economic Integration, PRC = People's Republic of China, RSDD = Regional and Sustainable Development Department, SARD = South Asia Department, SERD = Southeast Asia Department, SPD = Strategy and Policy Department.

Source: ADB TA database.

24. **Sector Distribution.** Public sector management received the biggest share (40%), followed by multisector (19%), industry and trade (16%), agriculture and natural resources (13%), energy (5%), finance (4%), water and other municipal infrastructure and services (2%), and health and social protection (1%).

25. **RCI Pillar Distribution.** Majority of the approved projects are under Pillar 1 (39 projects representing 71.7% of total funding) and Pillar 4 (19 projects; 34.4%), followed by Pillar 3 (9 projects; 17.1%), and Pillar 2 (8 projects; 15.3%). Some 17 projects cut across more than one of the four pillars and thus could not be distinctly classified in any single pillar, demonstrating the interrelated and multidimensional nature of the projects.

Figure 7: Distribution of PRC Fund by Sector 2005-2013 (%)

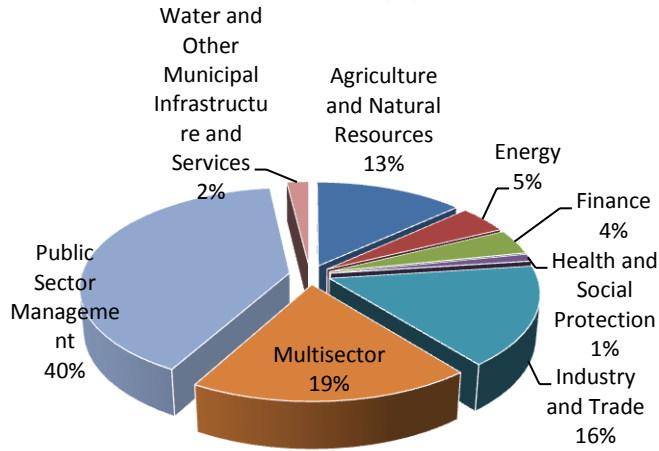
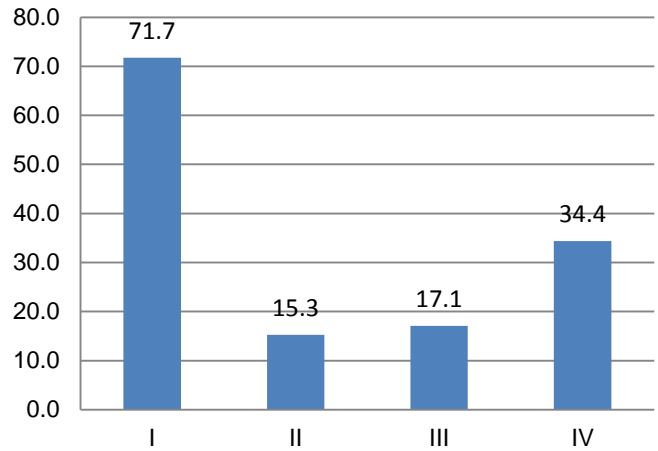


Figure 8: Distribution of PRC Fund by RCI Pillar 2005-2013 (%)



Note: some projects are counted more than once as they cut across several RCI pillars
 Pillar I - Regional and subregional economic cooperation programs (cross-border infrastructure and related software)
 Pillar II - Trade and investment cooperation and integration
 Pillar III - Monetary and financial cooperation and integration
 Pillar IV - Cooperation in regional public goods

C. Cofinancing

26. Notable progress has been made in attracting partners to cofinance PRC Fund projects. Of the 55 approved projects, 39 involve cofinancing with other multilateral development partners such as the International Fund for Agricultural Development (IFAD), International Institute for Trade and Development (ITD), the Food and Agricultural Organization (FAO), and the ASEAN Foundation; and bilateral development partners from Australia, Japan, Republic of Korea, New Zealand, France, Finland, Sweden, and the United Kingdom. The PRC Fund has helped mobilize more than \$59 million for RCI projects, including counterpart funding from governments (Table 6).

Table 6: PRC Fund Projects with Cofinancing, 2005-2013 (\$'000)

TA No.	Project Title	PRC Fund	TASF	Others	Total Financing	PRC Fund Contribution (%)
1	6328 Support to Trade Facilitation and Capacity Building in GMS	650	650	190 (ITD, G)	1,490	44%
2	6310 Development Study of the GMS Economic Corridors	800	400	30 (G)	1,230	65%
3	6307 Implementation of the Greater Mekong Subregion Cross-border Transport Agreement	400	400	1,995 (Australia, G)	2,795	14%
4	6266 Enhancing the Business Environment of the Greater Mekong Subregion	200	300		500	40%
5	6237 Greater Mekong Subregion Phnom Penh Plan for Development Management Phase II (Supplementary)	500	1,110	2,463 (France, New Zealand)	4,073	12%
6	6288 Capacity Building for Regional Cooperation in Central Asia	400		50 (G)	450	89%
7	7534 Strengthening Carbon Financing for Regional Grassland Management in Northeast Asia ^{/1}	400	-	1,400 (RCIF, G)	1,800	22%
8	6339 Partnership on Persistent Organic Pollutants Pesticides Management for Agricultural Production in Central Asian Countries	400	-	90 (G)	490	82%
9	6342 Technical Training and Capacity Building for Selected ASEAN+3 Countries on Regional Economic and Financial Monitoring	500	-	480 (JSF, G)	980	51%
10	6324 Expansion of Subregional Cooperation in Agriculture in the Greater Mekong Subregion	600	400	200 (IFAD)	1,200	50%
11	6352 Enhancement of Subregional Cooperation in BIMP-EAGA and IMT-GT	250	871	-	1,121	22%
12	6373 ASEAN+3 Regional Guarantee and Investment Mechanism - Phase 2	300	600	-	900	33%
13	6375 Central Asia Regional Economic Cooperation: Capacity Development for Regional Cooperation in CAREC Participating Countries, Phase I	500	490	-	990	51%
14	6390 Transboundary Animal Disease Control for Poverty Reduction in the Greater Mekong Subregion (Phase II)	500	150	1,050 (RCIF, G)	1,700	29%
15	6409 Strengthening Central Asia Regional Economic Cooperation, 2007-2011 ^{/4}	1,000	7,750	1,400 (RCIF, G)	10,150	10%
16	6262 Enhancing the Development Effectiveness of the GMS Economic Cooperation Program (Supplemental)	500	2,500	1,525 (RCIF, G)	4,525	11%
17	6289 GMS Core Environment Program and Biodiversity Conservation Corridors Initiative (Phase 1, Supplemental)	500	1,620	32,736 (Netherlands, Sweden, PRF, Finland, CCF, G)	34,856	1%
18	6413 GMS Public Health Forum on Regional Cooperation in Communicable Disease Control and Health Systems Development (under umbrella of RETA 6413: Strengthening Human Resources Development Cooperation in the GMS)	22	200	-	222	10%
19	6407 GMS: Phnom Penh Plan for Development Management Phase III	500	1,000	1,800 (New Zealand, France, EAKPF)	3,300	15%
20	6488 Central Asia Regional Economic Cooperation (CAREC) Institute 2009-2012	500	4,000	700 (RCIF, G)	5,200	10%
21	6450 Enhancing Transport and Trade Facilitation in the Greater Mekong Subregion	500	-	1,400 (RCIF, Australia, G)	1,900	26%
22	6502 Regional Knowledge and Partnership Networks for Poverty Reduction and Inclusive Growth	900	-	855 (EAKPF, ASEAN Foundation)	1,755	51%
23	7226 Cambodia: Capacity Development for National Economic Policy Analysis and	500	150	250 (G)	900	56%

Development Management, Phase III						
24	7275	Implementing the Greater Mekong Subregion Human Resource Development Strategy Framework and Action Plan 2009-2011	500	-	900 (RCIF, G)	36%
25	6521	Accelerating the Implementation of the Core Agriculture Support Program	500	1,500	1,164 (IFAD, FAO, G)	16%
26	7353	Central Asia Regional Economic Cooperation: Working with the Private Sector in Trade Facilitation	500	1,261	2,000 (RCIF, G)	13%
27	7437	Asia Pacific Procurement Partnership Initiative	500	1,100	-	31%
28	7431	GMS Phnom Penh Plan (PPP) for Development Management, Phase IV (Supplementary)	500	2,150	500 (EAKPF)	16%
29	7561	Strengthening Coordination of the GMS Program	500	2,000	450 (RCIF)	17%
30	8017	Support for Pan-Beibu Gulf Economic Cooperation	400	400		50%
31	8225	GMS Phnom Penh Plan for Development Management, Phase V	500	750	500 (EAKPF)	29%
32	8301	Supporting Capacity Development Needs of CAREC 2020	400	1,500	200 (G)	19%
33	8367	Prevention and Control of Communicable Diseases in CAREC Member Countries (Pilot Initiative)	300	-	1,500 (HIV Fund)	17%
34	8386	CAREC Trade Facilitation Program: Promoting Cooperation in Sanitary and Phytosanitary Measures	500	-	60 (G)	89%
35	8433	Technical Training and Capacity Building for Selected Asian Countries on Regional Economic and Financial Monitoring - Phase II	400	-	900 (RCIF, G)	31%
36	8412	Nepal: Subregional Electricity Transmission Capacity Expansion Project (PPTA)	500	-	1,000 (JFPR)	33%
37	8425	Proposed Loans to Cambodia, Lao PDR, and Viet Nam: Second GMS Corridor Towns Development Project (PPTA)	500	1,500	-	25%
38	8398	MYA: Design of e-Governance Master Plan and Review of ICT Capacity in Academic Institutions	500	500	575 (EAKPF, G)	32%
39	8549	Implementing the Greater Mekong Subregion Human Resource Development Strategy Framework and Action Plan Phase II	500	750	800 (RCIF, G)	24%
Total			18,822	36,002	59,163	17%

ASEAN = Association of Southeast Asian Nations, ASEAN+3 = ASEAN + PRC, Japan and Korea, BIMP-EAGA = Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area, CAREC = Central Asia Regional Economic Cooperation, CCF = Climate Change Fund, EAKPF = e-Asia and Knowledge Partnership Fund, FAO = Food and Agriculture Organization, G = government, GMS = Greater Mekong Subregion, HIV Fund = Cooperation Fund for Fighting HIV/AIDS in Asia and the Pacific, ICT = information and communications technology, IFAD = International Fund for Agricultural Development, IMT-GT = Indonesia-Malaysia-Thailand Growth Triangle, ITD = International Institute for Trade and Development, JFPR = Japan Fund for Poverty Reduction, JSF = Japan Special Fund, PPTA = project preparatory technical assistance, PRF = Poverty Reduction Fund, RCIF = Regional Cooperation and Integration Fund, RETA = regional technical assistance, TA = technical assistance

ASIAN DEVELOPMENT BANK
ADMINISTRATOR FOR
REGIONAL COOPERATION AND POVERTY REDUCTION FUND
PEOPLE'S REPUBLIC OF CHINA

STATUS OF GRANT
As of 31 December 2013
(Amounts in US dollar)

TOTAL CONTRIBUTION COMMITTED		40,000,000.00
Amount received	28,000,000.00	
Receivable from the People's Republic of China	12,000,000.00	
Interest income	191,175.53	
Income from investment	982,644.37	
Other income	40.13	
Gain on foreign exchange transactions	17,045.47	1,190,905.50
TOTAL AMOUNT AVAILABLE		41,190,905.50
Amounts utilized for:		
Project expenditures (Statement 2)	(17,010,913.73)	
ADB administration cost	(850,545.73) ^{b/}	
Audit fees	(66,086.00)	
Salary- secondment	(167,661.59)	
Financial expense - bank charges	(5,738.48)	(18,100,945.53)
UNUTILIZED BALANCE		23,089,959.97 ^{a/}
Outstanding commitments	(6,785,274.30)	
Reserve for ADB administration cost	(339,263.72) ^{b/}	(7,124,538.02)
UNCOMMITTED BALANCE		15,965,421.95
Approved TAs Not Yet Effective		
8425/REG: Second GMS Towns Development Project	(500,000.00)	
Reserve for ADB administration cost	(25,000.00) ^{b/}	(525,000.00)
BALANCE AVAILABLE FOR NEW COMMITMENTS		15,440,421.95

^{a/} Represented by:

Cash in bank		1,748,005.32
Investments		8,899,222.91
Accrued interest		462.27
Interfund receivable		610.47
Undrawn contribution		12,000,000.00
Advances		510,560.73
Interfund payable		(68,901.73)
		23,089,959.97

^{b/} Represents five percent (5%) of project expenditures/outstanding commitments/approved not yet effective.

Implementation Guidelines

People's Republic of China Poverty Reduction and
Regional Cooperation Fund (PRCF)

I. INTRODUCTION

1. The Government of the People's Republic of China (PRC) and the Asian Development Bank (ADB) signed an agreement on replenishment of \$20 million to the PRC Poverty Reduction and Regional Cooperation Fund (PRCF)¹.

II. OBJECTIVES AND OUTPUTS

2. The objective of PRCF is to contribute to poverty reduction and economic and social development in developing member countries (DMCs) in an accelerated manner and with tangible results. PRCF will facilitate the process of poverty reduction, regional cooperation and knowledge sharing.

3. The key outputs of the Fund are:

- (i) Stronger ownership of DMCs in poverty reduction and the development process;
- (ii) Increased sharing of knowledge and experience on poverty reduction and development across DMCs;
- (iii) Good practices in poverty reduction and development through regional cooperation and country-specific activities;
- (iv) Enhanced regional cooperation aimed at poverty reduction and development; and
- (v) Innovation in poverty reduction and regional cooperation activities.

III. SCOPE OF THE PROGRAM

4. PRCF will support the following types of activities:

- (i) Institutional and capacity building for DMCs;
- (ii) Innovative and demonstrative programs and projects;
- (iii) Knowledge sharing including knowledge products, and human resources development; and
- (iv) Dissemination, networking and cross-learning (e.g., workshops, conferences, publications, website development).

5. PRCF will finance the activities consisting of technical assistance (TA) operations and any other activities which may be agreed upon between PRC and ADB, including small-scale investment projects.

6. The size of any individual grant provided for eligible TA projects will generally not exceed \$1 million; however, larger grants may be discussed and agreed on a case by case basis. For large projects, PRCF will undertake a "one commitment, phased payment" approach, namely, to approve the overall framework arrangement for the project (including project concept with commitment for total funding), with disbursement to be done in phases during the implementation of the project.

¹ A trust fund established in March 2005 with \$20 million contribution by the PRC and managed by ADB.

IV. ELIGIBILITY AND PRIORITIES

7. **Country Eligibility.** All ADB DMCs will be eligible for support from PRCF. PRCF will support regional and country-specific activities. For the regional cooperation component, priority will be given to the Greater Mekong Subregion (GMS) and Central Asia Regional Economic Cooperation (CAREC). Other cooperation across various subregional cooperation mechanisms supported by ADB can also be included. For the country-specific component under PRCF, only ADF countries are eligible. PRC will not be eligible as the only beneficiary, but can participate in the regional activities supported by PRCF.

8. **Sectoral/Thematic Priorities.** PRCF can be used for the sectors or crosscutting themes that are considered priorities by the ADB-supported regional cooperation programs and Country Partnership Strategies (CPSs).

9. **Basic Principles.** The following basic principles are encouraged:

- Proposals should be, to the extent possible, conceptually, programmatically, and procedurally aligned with the CPS or its annual indicative rolling Country Operations Business Plan (COBP) and Regional Cooperation Partnership Strategy (RCPS) .
- Discussion with the concerned key country stakeholders on the proposals should take place as early as possible.
- DMC expertise should be used to the extent possible where applicable and available.
- Contributions, either in kind or in cash, from DMCs benefiting from activities financed under PRCF are welcomed.
- The utilization of PRCF should strike a reasonable balance between complementarity to, and distinction from, ADB's core financing sources.
- PRCF should be utilized in the most cost-effective way.

10. **Eligible and Non-Eligible Activities.** PRCF will finance operational expenses related to TA and other eligible initiatives agreed upon by PRC and ADB, including consulting services, training, conferences and workshops. Grant components of TA may also finance small-scale civil works and other related expenses. It will not be used for permanent staffing costs or the hiring of staff consultants.

V. GOVERNANCE STRUCTURE

11. The PRC has appointed ADB as the administrator of PRCF. Within ADB, the Office of Regional Economic Integration (OREI), in close collaboration with the Regional and Sustainable Development Department (RSDD), is responsible for managing PRCF and functions as a technical communication link to MOF PRC. The Office of Cofinancing Operations (OCO) functions as the official channel of communication on financial aspects of PRCF.

12. To better manage PRCF, ADB will establish a technical working group (TWG), which will be chaired by OREI and co-chaired by RSDD, and comprise representatives of the RCI CoP and other relevant departments.

13. OREI as the secretariat of the TWG, in close coordination with RSDD, coordinates the submission, review, and approval of applications. During this process, the concerned departments and offices are consulted as necessary.

14. To better facilitate the management of the PRCF and enhance the communication and coordination between PRC and ADB, MOF PRC will second staff to ADB to participate in the management of PRCF.

VI. APPLICATION, REVIEW, AND CONCEPT APPROVAL PROCESS

15. Applications for funding consideration by PRCF are submitted semi-annually² in February/March and September/October. OREI will announce the batch processing schedule and issue a reminder of the deadlines in ADB Today.

16. Departments and offices submit to OREI cleared concept papers³ using the relevant concept paper format found on the ADB intranet. The concept papers are initially screened, prioritized, and cleared by the concerned departments, as appropriate, before they are submitted to OREI.

17. OREI, together with RSDD, undertakes a preliminary review of the applications to ensure compliance with guidelines and eligibility criteria of PRCF (about 8 working days). The TWG reviews and prioritizes the applications (about 5 working days). The project team leader will revise the concept paper, if necessary, to incorporate the comments of the TWG (about 2 working days).

18. Based on the recommendation of the TWG, the chair in collaboration with the co-chair of the TWG approves the list of priority projects to be submitted to MOF PRC for funding consideration. MOF PRC confirms its decisions on proposals (whether they are approved or rejected) within 30 working days of submission if the application contains sufficient information. For projects which may need more information and coordination, a decision on the proposal may take longer.

19. After funding approval, the projects are to be processed following ADB's standard policies, procedures, and guidelines for project approval. If a project is not processed and approved within 6 months from the date of approval for funding, the fund allocation for the project is returned to the PRCF pool, unless sufficient justification for the delay can be provided. In the case of a delay, a memo requesting extension and providing justification is to be submitted by the project team leader to OREI. OREI, in consultation with MOF PRC, approves or disapproves the extension request.

VII. IMPLEMENTATION AND REPORTING

20. Project implementation, supervision, and monitoring are conducted by the concerned departments and offices following ADB's standard policies, procedures, and guidelines, including consulting services and procurement, social and environmental safeguards, financial management and reporting, and anticorruption and governance, as amended from time to time. Concerned departments and offices are to provide the TWG with semi-annual progress reports and additional updates (as necessary) on project implementation. For major changes in project scope, duration, or funding

² While OREI will submit proposals to PRC twice a year, a special batch may be arranged for urgent proposals.

arrangements, draft memos should be circulated to the TWG for review prior to approval.

21. Through annual consultation meetings, MOF PRC and ADB will discuss and agree on the general direction of the Program, and to discuss issues such as progress of PRCF utilization, and project implementation and monitoring, and to resolve problems, if any.

22. OREI prepares annual reports of PRCF for submission to PRC. OCO arranges for the preparation of semi-annual⁴ financial statements for submission to PRC. The Controllers Department is responsible for fund accounting and preparing the financial statements.

23. An evaluation of PRCF may be requested by PRC or by ADB. The cost of such evaluation is to be paid primarily from investment income, including interest earned from contributions and, if necessary, from available resources of PRCF.

24. **Visibility of PRCF Support.** ADB, as administrator of PRCF, is strongly encouraged to help promote the visibility and awareness of PRCF in DMC beneficiaries by, among others:

- Updating regularly and on a timely basis the PRCF webpage on the ADB official website;
- Clearly indicating in publications, training programs, seminars and workshops financed by PRCF that such activities received funding from the PRC;
- Citing the financial contribution from PRCF in press releases issued by ADB related to PRCF or PRCF-financed activities;
- Ensuring that PRCF-financed activities are covered by local print and electronic media. Public events, such as signing ceremonies, launching ceremonies, workshops, dissemination activities, etc. are encouraged.
- Using the PRCF logo in publications and reports financed by PRCF and in banners and other publicity materials used in seminars and dissemination activities financed by PRCF;
- Strengthening coordination with GMS/CAREC Secretariat and others concerned for increased dissemination of PRCF funded projects.

⁴ Unless mutually agreed by ADB and PRC for specific reasons.

TA Progress Report for PRC Poverty Reduction and Regional Cooperation Fund (PRC Fund)

Date (as of):	
TA Type and Title:	
TA Number:	
Department:	
Project Leader:	
National Staff (NS and AS):	
Consultants (International and National):	
TA Amount :	
Other funding sources:	
1.	
2.	
3.	
TA Approval Date:	
Original Completion Date:	
Revised Completion Date (if extended):	
Project Duration: (including extension)	
Financial Status:	
Disbursed:	
Undisbursed:	
Uncommitted:	
Project Classification:	
RCI Strategy	PRC Fund Priority Activity (only for projects funded by the PRC Fund)
Pillar I (Regional & subregional economic cooperation) <input type="checkbox"/>	Institutional and capacity building <input type="checkbox"/>
Pillar II (Trade & investment cooperation and integration) <input type="checkbox"/>	Innovative and demonstrative programs and projects <input type="checkbox"/>
Pillar III (Monetary & financial cooperation and integration) <input type="checkbox"/>	Knowledge sharing <input type="checkbox"/>
Pillar IV (Cooperation in regional public goods) <input type="checkbox"/>	Dissemination, networking & cross-learning <input type="checkbox"/>
Sector:	Subregion/Countries Covered:
Short Description of the Project:	

Progress to Date (Delivery of Outputs and Outcomes):								
Project Impact/Expected Impact (Evaluation of Outputs and Achievement of Outcomes):								
Efficiency and Effectiveness in Project Implementation:								
Minor/Major Changes in Scope (please provide details if yes):								
Supplemental Request (please provide details if yes):								
Other Concerns (Challenges/Problems):								
Number of Consultants Hired (please fill in the table below):								
<table border="1"> <tr> <td></td> <td>Number</td> </tr> <tr> <td>National Consultants</td> <td></td> </tr> <tr> <td>International Consultants</td> <td></td> </tr> <tr> <td>Total Number of Consultants Hired</td> <td></td> </tr> </table>		Number	National Consultants		International Consultants		Total Number of Consultants Hired	
	Number							
National Consultants								
International Consultants								
Total Number of Consultants Hired								

TA Outputs

Table 1. Meetings/Conferences/Seminars

Title	Date/Venue	Number participants
•	•	•
•	•	•
•	•	•
•	•	•
•	•	•

Table 2. Capacity Building/Training Workshops/Events

Title	Date/Venue	Number participants
•	•	•
•	•	•
•	•	•
•	•	•
•	•	•

Table 3. Publications and Reports

Title	Date Published or Prepared
•	•
•	•
•	•
•	•
•	•

Table 4. Agreements/Memorandums of Understanding signed

Title of Agreement	Date Signed
•	•
•	•
•	•
•	•
•	•

Table 5. Other outputs (if any)

Outputs	Date completed
•	•
•	•
•	•
•	•
•	•

*Kindly include the link for websites, if applicable.