

November 2009

Asian Development Bank Institute
Three-Year Rolling Work Program 2010–2012
and Budget for 2010

ABBREVIATIONS

ADB	–	Asian Development Bank
ADBI	–	Asian Development Bank Institute
APEC	–	Asia-Pacific Economic Cooperation
ASEAN	–	Association of Southeast Asian Nations
CBT	–	capacity building and training
CMIM	–	Chiang Mai Initiative Multilateralization
DAJA	–	Developing Asia Journalism Awards and Training
DMC	–	developing member country
ERD	–	Economics Research Department
FAO	–	Food and Agriculture Organization
FTA	–	free trade agreement
G-20	–	Group of Twenty countries
GFC	–	global financial crisis
IDB	–	Inter-American Development Bank
IMF	–	International Monetary Fund
LAEBA	–	Latin America/Caribbean and Asia/Pacific Economics and Business Association
MDG	–	Millennium Development Goal
MFTOT	–	Microfinance Training of Trainers Course
MP3IC	–	Multilateral PPPI Capacity Building Initiative
OECD	–	Organisation for Economic Co-operation and Development
OREI	–	Office of Regional Economic Integration
PPP	–	public–private partnership
PRC	–	People's Republic of China
ROO	–	rules of origin
RSDD	–	Regional and Sustainable Development Department
SAARC	–	South Asian Association for Regional Cooperation
SME	–	small and medium-sized enterprise
UNCTAD	–	United Nations Conference on Trade and Development
UNDP	–	United Nations Development Programme
UNESCAP	–	United Nations Economic and Social Commission on Asia and the Pacific
US	–	United States
WTO	–	World Trade Organization
¥	–	Japanese yen

NOTE

In this report, "\$" refers to US dollars.

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.

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I. INTRODUCTION

1. Pursuant to Article V(3)(a) of the Statute of the Asian Development Bank Institute (ADBI), this paper presents a 3-year rolling work program for 2010–2012, including the budget for 2010, for the consideration of the Board of Directors of the Asian Development Bank (ADB).

2. In 2008, ADB adopted its long-term strategic framework 2008–2020 (Strategy 2020)¹ which has given the organization a more relevant and innovative role in shaping the future of Asia and the Pacific. ADBI promptly aligned its own institutional strategic focus with ADB's Strategy 2020 by adopting three strategic priority themes under the overarching goal of poverty reduction: inclusive and sustainable growth, regional cooperation and integration, and governance for policies and institutions. Private sector issues cut across these three strategic themes due to the sector's important role as a driver of change. The three priority themes, which were approved by the Board of Directors in December 2008, will be the basis for all ADBI activities in 2010. In focusing its activities on these themes, ADBI will seek to further enhance its visibility, impact, and collaboration between the Research and Capacity Building and Training (CBT) Departments by pursuing excellence, originality, and professionalism and ensuring that all ADBI activities are demand-driven and relevant.

II. ASIAN DEVELOPMENT BANK INSTITUTE'S VISION

3. ADBI's vision is to become a leading knowledge center in Asia and the Pacific. It will achieve this vision by conducting research and CBT activities that contribute to ADB's overarching objective of poverty reduction, as well as by looking ahead to the next 10–20 years and focusing on the region's medium- to long-term development issues of strategic importance. ADBI will seek to further enhance its visibility and accessibility to be a trusted source of knowledge and information to which policy makers, academics, and others interested in development issues may turn for guidance.

III. STRATEGIC APPROACH

4. The objectives of ADBI are "to identify effective development strategies and to improve the capacity for sound development of the agencies and organizations" in ADB's developing member countries (DMCs).² In this context, partnership and close connections with policy makers and regional and local think tanks are very important, and ADBI will seek to establish these direct links. ADBI wants to be a laboratory for new ideas and to lead the discussion on emerging issues within ADB and the region. The organization will focus its activities on areas where it has a strategic advantage, such as analyzing emerging policy issues from a regional perspective, and will take action to ensure that its products are innovative and help ADB to further strengthen and sharpen its focus as a knowledge institution. ADBI aims to align its activities closely with the functions specified in its statute,³ in particular in conducting activities that are relevant to middle- and top-level policy makers in ADB's DMCs. ADBI wants to be responsive to stakeholders' specific research and CBT needs. Accordingly, a needs survey under the three priority themes and areas of focus was conducted to gather, analyze, and prioritize these needs and incorporate them into the 3-year work program as appropriate. ADBI will continue to emphasize research quality by focusing on a few policy issues more rigorously

¹ ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. Manila.

² Statute of the ADB Institute (Statute), Article II.

³ Statute, Article III.

and reviewing outputs by peers rather than focusing on the quantity of its research and CBT programs. To maximize the impact of its research and CBT activities, ADBI will ensure that they are relevant by responding to stakeholder demand gathered through frequent personal contacts, a needs survey, post-event surveys, and networking with national think tanks that have frequent and direct contact with policy makers. Particular attention will be given to the interdisciplinary nature of projects, such as a social sector protection system in Asia, demographic changes and labor migration, public service delivery, and administrative reforms.

IV. ACTIVITIES DURING 2009

A. Research

5. Research activities conducted in 2009 aimed to complete research projects initiated before and during 2009. These research projects addressed emerging development issues that fall principally under the three ADBI priority themes: inclusive and sustainable growth, regional cooperation and integration, and governance for policies and institutions.

1. Projects with Crosscutting Themes

a. Flagship Project

6. The flagship project of ADB and ADBI on infrastructure and regional cooperation was initiated in August 2007 and work continued in 2009. For most of 2009, the focus was on the preparation, publication, launch, and dissemination of the flagship book, *Infrastructure for a Seamless Asia*. The prepublication version of the book was launched at ADB's annual meeting in Bali in May. The study's major findings were disseminated in Cambodia in May, Canada in June, and in the United States (US) and Japan in September. In the remaining months of 2009, the final publication of the book, research outputs (including the preparation of working papers and research policy briefs), and research dissemination activities for the project will be conducted.

b. Global Financial Crisis

7. The global financial crisis (GFC) project is aimed at providing policy makers, academics, and opinion makers with a comprehensive overview of the topic, including expected economic, financial, social, and environmental impacts. The project further provides policy analyses and recommendations for both short-term stabilization and for achievement of sustainable and inclusive long-term growth. The project has five broad thematic areas: macroeconomic impacts and policy, real economy (sector) impacts, social and environmental impacts, finance sector reform and regulation, and regional cooperation and regional and global architecture. The Research Department planned to organize 26 events under this project. As of the end of October 2009, 22 had been completed. Following are the themes and activities under the GFC project.

8. **Macroeconomic Impacts and Policy.** Under this thematic area, four events have been completed and two are planned for later in 2009. The first conference, *Responding to the Global Crisis and Addressing Global Imbalances*, provided an overview of the causes and consequences of the crisis and explored ways for Asia to respond accordingly, including scope for regionally coordinated efforts and scope for rebalancing growth. The second conference, *Global Financial Crisis: Impacts, Lessons, and Growth Rebalancing*, reviewed evidence and analysis of the effects of the global economic and financial crisis on Asia, with the aim of setting

up a reference basis for subsequent conferences dealing with appropriate policy responses in the areas such as macroeconomic policy, structural and institutional developments, regional integration, and finance sector reform. The third conference, Crisis Developments in Asia and Europe, examined the impact of the GFC on Asia and Europe and their respective responses, analyzed the future of global monetary arrangements, and discussed some specific proposals for reforming the global regulatory system. The fourth conference under this theme, Global Financial Crisis: Macroeconomic Policy Issues; and Asia after the Global Financial and Economic Crisis, developed concrete macroeconomic policy recommendations aimed at minimizing the impacts of the economic and financial downturn and setting the stage for an early return to sustainable growth. There are two forthcoming conferences: Global Financial Crisis and its Implications for Asia, which will examine global imbalances and liquidity as well as implications of capital flows for crisis management in Asia; and APEC [Asia-Pacific Economic Cooperation] Turns 20 and Anniversary of the Financial Tsunami, which will examine Asia's contribution to global economic adjustment in the post-crisis era.

9. **Real Economy (Sector) Impacts.** All three events planned for this thematic area have been completed. The first conference, SMEs [small- and medium-sized enterprises] and Trade Finance Impacts, reviewed evidence and analyzed the impacts of the global economic and financial crisis on SMEs and trade finance in Asian countries, with the aim of setting up a reference basis for subsequent conferences dealing with appropriate policy responses in the region. The second conference, Labor Market in the People's Republic of China (PRC) and its Adjustment to Global Financial Crisis, reviewed recent developments in the PRC's labor market and provided perspectives on its possible adjustment to the GFC. The third conference, Global Financial Crisis and Industrial Restructuring, reviewed evidence and analyzed the effects of the global economic and financial crisis on Asia, including implications for investment, employment, productivity, and potential growth; share of industries in the overall economy; economic performance by size of firms; and composition and productivity of the services sector.

10. **Social and Environmental Impacts.** The two events planned for this theme have been completed. The first conference, Global Financial Crisis and Social Sector Policy Issues, reviewed evidence and analyzed the social and environmental impacts of the global economic and financial crisis on Asian countries, with the aim of setting up a reference basis for subsequent conferences dealing with appropriate policy responses in the region. The second conference, Global Financial Crisis and Environmental Policy Issues, reviewed evidence and analysis of the environmental impacts of the global economic and financial crisis and potential industrial restructuring in Asian countries, and recommended policy measures to help achieve a low-carbon society.

11. **Finance Sector Reform and Regulation.** All four events planned for this thematic area have been completed. The first conference, Strengthening Payment Systems in Asia, explored possibilities for strengthening payment systems in Asia to develop robust financial systems that are resilient to global shocks. The second conference, OECD [Organization for Economic Cooperation and Development] Roundtable on Capital Markets Development, was jointly organized with the CBT Department and co-sponsored by the OECD. This conference reviewed developments related to the impact of the GFC on Asia, including regulatory and corporate governance issues. The third conference—Credit Ratings, Credit Rating Agencies, and their Developments in Asia—reviewed issues about credit agencies, theoretical rationales, and their development, challenges, and future prospects in Asia. The fourth conference, Financial Sector Reform and Regulation (with the CBT Department), developed concrete recommendations for finance sector reform and regulation aimed at preventing the recurrence of a systemic financial crisis in the region, strengthening macro-prudential oversight and managing systemic risk,

strengthening regional monitoring and cooperation, strengthening the functioning of regional financial markets, managing crisis resolution, improving regulation and oversight of financial products and investor groups where needed, and rationalizing regulatory institutions.

12. **Regional Cooperation and Regional and Global Architecture.** Five events have been completed under this theme. The first was Asia's Response to the Global Financial Crisis—Recommendations for G-20 [Group of Twenty countries]. This event developed recommendations for Asian leaders regarding macroeconomic and financial policy measures to limit the effects of the GFC on Asia and to help provide a basis for sustainable and inclusive growth. The second event, Global Financial Crisis: Regional Cooperation and Architecture, was a conference that developed concrete recommendations for (i) improving and developing regional economic policy and institutions aimed at preventing the recurrence of a regional systemic financial crisis, (ii) improving the resilience of regional economies to external economic and financial shocks, and (iii) strengthening the basis for sustainable long-term growth. The third conference, Europe in Crisis?: Lessons for Asia and from Japan, was jointly organized with Japan's Ministry of Finance Policy Research Institute, and examined issues related to the causes of the current European financial crisis, its implications for European integration, and possible policy responses, with the aim of developing lessons for Asian economies. The fourth conference, Brainstorming Session on Recommendations for G-20 and Annual Meetings, in September 2009, developed policy recommendations in preparation for the forum held jointly with the Brookings Institution on the Washington Roundtable on the Global Economic Agenda in Washington, DC. The fifth is the Washington Roundtable on the Global Economic Agenda in Washington, DC. This forum fostered discussion on the range of global economic policy issues facing leaders, and broadened understanding of the different perspectives of policy makers and leading international economists on the potential courses for action and national points of view in advance of the G-20 leaders' meeting in September 2009 and annual meetings of the International Monetary Fund (IMF) and the World Bank.

2. Inclusive and Sustainable Growth

13. Three working papers have been published under this theme. The first paper, *Food Safety and ICT Traceability Systems: Lessons from Japan for Developing Countries*, reviewed experiences in information and communications technology to create efficient traceability systems that agricultural exporters in developing countries could adopt to comply with strict food safety standards of advanced markets.

14. The second paper, *Does Organic Agriculture Lead to Better Health among Poor Farmers? An Investigation of Health Expenditure among Organic and Conventional Farmers in Thailand Seed*, revealed that organic farmers spend less on health care than conventional farmers, suggesting that organic agriculture as a development strategy might lead to improved health for its purveyors, which is one of the foundations of sustainable poverty reduction.

15. The third paper, *Patterns of Inclusive Growth in Developing Asia: Insights from an Enhanced Growth-Poverty Elasticity Analysis*, identified three key factors influencing the degree of poverty reduction that accompanies economic growth: (i) good governance, (ii) social expenditures, and (iii) contribution of agriculture to gross domestic product growth.

3. Regional Cooperation and Integration

16. Five conferences have been completed under this priority theme. The first conference, Impacts of Free Trade Agreements (FTAs), was co-organized by ADB headquarters, ADBI, and the Inter-American Development Bank (IDB) under the framework of the Latin America/Caribbean and Asia/Pacific Economics and Business Association (LAEBA). The conference discussed FTA impacts on businesses and export capacities, and offered recommendations for designing Asia's response to the proliferation of regional agreements, especially in light of the GFC. Two conferences were completed on the People's Republic of China (PRC), Japan, and US: Deeper Integration. The conferences discussed the nature of the existing structural links among the three countries and explored measures for improving the policy framework that supports their deepening economic integration. Both were 2-day conferences co-organized with the East West Center and the Asia-Pacific Center of Brandeis University. The fourth conference, Recent Exchange Rate Movements and Policy Issues, focused its analysis on three areas: (i) changes in the fundamental outlook for the US dollar as a result of the current global crisis, (ii) effects of exchange rates on trade in Asia, and (iii) effects of exchange rates on labor-intensive manufacturing exports in the PRC. The fifth conference, Accelerating Regional Integration in the Asia-Pacific Region, was held under the auspices of the ADBI-LAEBA initiative and was supported by the Institute of Southeast Asian Studies. It explored the modalities for accelerating regional integration and its associated issues in Asia and the Pacific, such as limited market access, high transportation costs, and weak SMEs. High-level officials who attended the 14th APEC Ministerial Meeting held in Singapore were among the participants.

4. Governance for Policies and Institutions

17. Three short papers were presented at the panel session on Asia's Role in Global Economic Governance at the Western Economic Association International Biennial Pacific Rim Conference. The papers were: *Economics of Global Governance*, which discusses the reform of international economic institutions; *Asia for the Global Economic Architecture: How Asia Can Improve the Global Financial Architecture*, which highlights the importance of regional initiatives such as the Chiang Mai Initiative Multilateralization (CMIM) and the Asian Bond Market Initiative to augment the global financial architecture; and *Balancing Development and the Climate Change*, which supports public-private partnerships (PPPs) in renewable energy research and generation.

18. A working paper, *Regional Infrastructure and Governance in Institutions: Evidence from Asia*, will be published under this theme. The paper assesses the empirical relationship between governance in institutions and regional infrastructure, and reveals that good governance in institutions positively influences regional infrastructure development, as in the case of the European Union, and is thus crucial for regional infrastructure development in Asia and elsewhere.

5. Distinguished Speaker Seminar Series

19. Eight seminars have been completed under this program with the following prominent speakers: Bindu N. Lohani, Michael D. Intriligator, Peter A. Petri, Barry Bosworth, Fan Gang, Eisuke Sakakibara, Vinod K. Aggarwal, and Duck-Koo Chung. The topics included global concerns, such as addressing climate change and reform of international economic institutions, and specific regional issues, such as Northeast Asian challenges in the post-crisis era and the determinants of US exports to the PRC.

6. Annual Conference

20. ADBI's 11th annual conference, Asia's Contribution to Global Economic Development and Stability, highlighted key development issues for the region. The three topics covered Asia's contribution to (i) global economic stability, (ii) the global trading system, and (iii) global public goods. Jean-Pisani Ferry of the Bruegel think tank gave the keynote address, while ADB President Haruhiko Kuroda provided the closing remarks.

B. Capacity Building and Training

21. As of the end of October 2009, 23 courses and workshops had been conducted under the new three priority themes (Table 1). More than 1,300 participants attended these events. About 50% of the participants were government officials, 48% of whom held senior positions (director and above). In 2009, efforts have been made to incorporate discussion of the impacts of, and country responses to, the global financial and economic crisis into the CBT Department's program.

Table 1: Number of Participants in Capacity Building and Training Activities, January–October 2009

Course or Workshop Name	Total No. of Participants	Government Officials	
		All Levels	Senior Level
Theme: Inclusive and Sustainable Growth			
5th Integrated Water Resources Management Training	24	24	7
Water Governance	38	32	30
Water Security in the Asia-Pacific Region	33	7	6
Exploring New Challenges in Integrated Water Resources Management	19	6	5
OECD-ADB 10th Roundtable on Capital Market Reforms in Asia	67	43	21
Promoting Financial Inclusion through Innovative Policies	24	21	11
Mainstreaming Climate Change Adaptation into Developmental Planning	70	27	21
Knowledge Sharing on Infrastructure Public-Private Partnerships in Asia	71	53	34
Public-Private Partnerships for Infrastructure	77	67	33
6th Microfinance Training of Trainers	359	17	0
Advanced Geographical Information System and Satellite Information for the Benefits of Asia	75	11	8
Financing and Managing Risks in PPPs at National and Subnational Government Levels	31	31	21
Opportunities and Priorities for Low Carbon and Green Growth in Asia	66	28	20
Public-Private Partnerships for Infrastructure Investment in Mongolia	60	25	21
Theme: Regional Cooperation and Integration			
Preferential Rules of Origin for SAARC Members	23	23	9
WTO SPS Measures	28	28	5
The 5th East Asia Conference on Competition Law and Policy and the 5th Top Level Officials' Meeting on Competition Policy	99	99	31
Theme: Governance for Policies and Institutions			
Strengthening Governance for Infrastructure Service Delivery: The Role of Public and Private Partnerships	37	30	23
3rd AEGC Workshop: Costs and Benefits of Competition Policy, Law, and Regulatory Bodies	30	29	7
The Economics of Monopoly and/or Dominance	38	38	6
Tax Administration Seminar VI: Taxpayer Services Focusing on E-filing and	37	37	8

Course or Workshop Name	Total No. of Participants	Government Officials	
		All Levels	Senior Level
Payment			
Developing Asia Journalism Awards and Training (DAJA)	22	0	0
Global Financial Crisis: Financial Sector Reform and Regulation	24	24	10
Total	1,352	700	337

ADB I = Asian Development Bank Institute, AEGC = ASEAN Experts Group on Competition, ASEAN = Association of Southeast Asian Nations, OECD = Organisation for Economic Co-operation and Development, PPP = public-private partnerships, SAARC = South Asian Association for Regional Cooperation, SPS = sanitary and phytosanitary, WTO = World Trade Organization.

22. The remaining CBT Department activities and their expected numbers of participants are summarized in Table 2.

Table 2: Projected Numbers of Participants in Planned Capacity Building and Training Activities, November–December 2009

Course or Workshop	Participants (Projected)
Theme: Inclusive and Sustainable Growth	
Aligning Policies and Strategies to Achieve MDGs in South Asia	32
Eco-Industrial Cluster: Policy and Challenges	30
Water Rights and Water Allocation	15
6th Integrated Water Resources Management Training	30
Employment in the Post-Crisis Context	35
MP3IC - Manila	35
Theme: Regional Cooperation and Integration	
2nd Regional Tax Forum on International Tax Treaties	34
Theme: Governance for Policies and Institutions	
4th AEGC Training Workshop on Challenges in the Implementation of Competition Law	45
Total	256

AEGC = ASEAN Experts Group on Competition, ASEAN = Association of Southeast Asian Nations, MDG = Millennium Development Goal, MP3IC = Multilateral Public Private Partnership for Infrastructure Capacity Building.

23. Some of the activities from Tables 1 and 2 are described in the following paragraphs.

1. Inclusive and Sustainable Growth

24. Fourteen activities have been conducted and six others are planned under the theme of inclusive and sustainable growth. These events address capacity building needs in the areas of PPPs in infrastructure, water resource management, financial and capital market development, trade facilitation, environmentally sustainable growth, and Millennium Development Goals (MDGs). Some of these activities are briefly described below.

25. The OECD–ADB I 10th Roundtable on Capital Market Reform in Asia brought together more than 100 representatives from Asia, the Americas, and Europe involved in government, the business and finance sectors, and academia. The meeting discussed and debated the causes of the GFC, and the impact on, and implications for, capital market development in Asia, including regulations for origination, distribution, and trading of derivatives and asset-backed

securities; gaps in regulatory coverage; the Basel II capital adequacy rules; rules regarding government takeover of systemically important financial institutions; international cooperation and surveillance; and the role of rating agencies and regulators.

26. About 400 participants from 39 countries from Asia and the Pacific and globally attended the Sixth Microfinance Training of Trainers Course (MFTOT). This year, with the support of the African Development Bank, the course expanded its outreach to include about 100 participants from Africa. In addition to the availability of learning materials in Bahasa Indonesia, Khmer (Cambodia), Lao, Mandarin, Mongolian, Thai, and Vietnamese, the 6th MFTOT benefited from ADBI's workshop on promoting financial inclusion through innovative policies conducted earlier in the year. Emerging issues related to microfinance were discussed at the workshop and have been incorporated into the MFTOT videoconference program, including the impact of the global financial and economic crisis on microfinance industry and the expansion of microfinance through mobile banking.

27. A 4-day regional workshop on Mainstreaming Climate Change Adaptation into Developmental Planning brought together more than 50 experts and policy makers—mostly senior officials attached to agriculture, water, and other relevant ministries; universities; research institutes; and private sector entities—to share their practical experiences, and explored ways to more effectively mainstream climate change adaptation measures into development planning. The workshop focused on (i) vulnerability assessment and planning tools, (ii) structural and nonstructural adaptation measures, (iii) practices of adaptation planning, (iv) partnering for climate change adaptation, (v) current status and policy barriers in adapting to climate change, and (vi) mainstreaming strategies.

28. The training course on Eco-Industrial Clusters: Policy and Challenges aims to improve the decision making skills of local governments in environmentally friendly development of industrial and SME clusters. About 30 senior municipal officials will share their experiences of eco-industrial cluster policy and development, including necessary and sufficient conditions for transforming industrial clusters into eco-friendly economic zones, and their sustainability.

29. As part of the Multilateral PPP for Infrastructure (MP3IC) Capacity Building initiative which ADBI has been implementing in collaboration with the World Bank Institute and the IDB Multilateral Investment Fund, four workshops and seminars were organized, and another is planned. These shared global PPP practices and lessons learned among participating PPP policy makers and program managers to improve the design and implementation of PPP programs and achieve greater access and more cost-effective infrastructure service delivery. A number of country and sector case studies were prepared as inputs into the MP3IC global learning products.

2. Regional Cooperation and Integration

30. Three CBT Department activities were held under the theme of regional cooperation and integration. Two of them addressed issues related to trade facilitation, such as rules of origin and sanitary and phytosanitary measures, while the other facilitated sharing of country experiences on the development of competition policy and law. In addition, a regional tax forum will be held to discuss the latest development of international tax treaties, and enhance DMCs' capacity in negotiating such treaties.

31. A subregional workshop on Preferential Rules of Origin [ROO] for South Asian Association for Regional Cooperation (SAARC) members was organized, in collaboration with

ADB headquarters, United Nations Conference on Trade and Development (UNCTAD), Association of Southeast Asian Nations (ASEAN) Secretariat, and the Japan Ministry of Finance. The workshop examined existing preferential ROO that are directly relevant to SAARC's members, such as those of Generalized System of Preferences, ASEAN Free Trade Area, ASEAN-PRC, and ASEAN-Japan, as well as the role of ROO in FTA implementation. Twenty participants and three observers from eight SAARC member countries attended the workshop. ROO experts and participants explored ways to improve South Asian Free Trade Area ROO to further facilitate cross-border trade within and outside the SAARC region, and identified a set of recommendations to be put forward for SAARC members' consideration. This program, held for ASEAN members in 2008 and SAARC members in 2009, will be extended to Central Asian countries in 2010 and Pacific island countries in 2011.

32. ADBI, the Japan Fair Trade Commission, and the Authority for Fair Competition and Consumer Protection, Mongolia, jointly organized the 5th East Asia Conference on Competition Law and Policy and 5th Top Level Officials Meeting on Competition Policy in Ulaanbaatar, Mongolia, to promote sharing of country experiences in establishing and implementing competition policy and laws, and to promote competition advocacy. The conference and meeting were attended by about 140 experts and senior officials on competition policy from 11 East Asian countries.

3. Governance for Policies and Institutions

33. Six CBT Department activities have been conducted in 2009 and one more is planned to enhance the effectiveness of government policies and their implementation in the areas of PPP, competition policy, tax administration, journalism, and finance sector reform and regulation. Some of these activities are described below.

34. ADBI's CBT and Research Departments jointly organized a conference on Global Economic Crisis: Financial Sector Reform and Regulation where more than 60 financial experts, academics, and policy makers reviewed evidence and analyzed the implications of the global economic and financial crisis on desired finance sector reform and regulation by Asian economies. At the roundtable session focused on sharing of country experiences on banking sector reform, it was observed that the region's banks had withstood the crisis relatively well but the impacts on the real economy were taking their toll on the banking sector in many countries, with an emerging trend toward an increase in nonperforming loans. Macroeconomic policies in the region have been geared more toward supporting domestic demand and economic growth. Recognizing the importance and potential impact of systemic risk, some participants suggested that the systemic risk be more closely monitored and addressed in a timely manner, possibly through "macro prudential supervision," as a complement to "micro prudential supervision." There was also a need to increase competition in the credit ratings industry as well as promote transparency in credit rating methods and timely review of assigned ratings, particularly for systemically important financial institutes.

35. A third ASEAN Experts Group on Competition training workshop on Costs and Benefits of Competition Policy, Law and Regulatory Bodies was jointly organized by ADBI, the US Federal Trade Commission, and the ASEAN Secretariat. Thirty-two senior officials from ASEAN competition and related authorities and agencies and the ASEAN Secretariat participated in the workshop, which focused on issues, tools, methodology, and country experiences on (i) costs and benefits of competition policy and law, (ii) designing and developing an effective competition law, (iii) efficiency of competition regulatory bodies, (iv) needs and challenges for

better regulatory management for small and developing economies, and (v) generating evidence to guide merger enforcement.

36. The Tax Administration Seminar VI was held in cooperation with Japan's National Tax Agency and Vietnamese General Department of Taxation. Twenty-four tax administrators and 13 observers from eight Southeast Asian countries participated in the seminar. Based on several Asian models on e-filing and payment systems that were presented, participants discussed and explored ways to establish an effective e-filing and payment system, including financial and human resource requirements. Such a system is expected to bring about a set of benefits both to taxpayers and tax administrations, such as time saving, cost-effectiveness, accuracy, increased productivity, and safety. This seminar program, started in 2004, addresses major operational taxation issues and is hosted in rotation by Southeast Asian tax administrations.

37. Twenty-two finalists from 18 DMCs attended the 2009 Developing Asia Journalism Awards and Training, which aims to promote excellence in development journalism and further enhance journalists' capacities in monitoring and promoting good governance. In addition to competing for awards in the categories of the poverty impact of the GFC, government responses to the GFC, infrastructure development, and climate change adaptation, the finalists participated in a 4-day training program in Tokyo. The training program was designed to provide the latest thinking and development on the four competition categories.

4. Post-Event Survey

38. Post-event surveys have been conducted for 2008 CBT Department events. Questionnaires were sent to participants of 2008 CBT Department events via email.

39. More than 80% of the respondents rated the impact of the CBT Department's events on their personal career development *significant to very significant*. About 70% of respondents indicated *significant to very significant* impacts on their organizations. After the events, participants usually shared their course materials with others and spoke at internal seminars on issues related to the CBT activities they had attended. Some of the participants also spoke at local seminars on issues related to, or wrote an article or report about, the event. Most participants applied the knowledge gained from CBT activities to improve the productivity of their day-to-day work, align national practices to best practices, and improve the effectiveness of their policy implementation.

40. About 85% of respondents continued to network with each other after their events, primarily to share country-specific information and foster closer cooperation. About 60% of them kept in touch with some resource speakers to seek their advice, including getting updates and suggestions from other experts on relevant issues.

41. In terms of constraints in the application of knowledge, 40% of respondents indicated that application required facilities or equipment they do not have. A few others cited lack of time due to other obligations and duties and the sophistication of concept and technique as obstacles to application of knowledge.

42. Most respondents would like ADBI to organize follow-up activities to the events they had attended. Suggestions of issues to be covered in these activities include water resources management, climate change, PPP in infrastructure, ROO, competition policy, regional cooperation, poverty reduction, and human rights.

C. Outreach and Knowledge Management

43. ADBI continues to enhance its outreach activities to reach target audiences of policy makers, academics, think tanks, and the private sector. The institution has improved the quality of its publications by stringently following its newly strengthened publications guidelines.

44. ADBI expanded its outreach program using the media in Japan and internationally. A series of six interviews with ADBI's dean have been published in the Japanese language newspaper, *Asahi Shimbun*. The dean was also interviewed by Japan's NHK television and Bloomberg on the subject of the GFC. In March, a press conference was held at the Foreign Correspondents' Club of Japan to launch two reports: *Recommendations of Policy Responses to the Global Financial Crisis for East Asian Leaders* and *Recommendations for East Asian Leaders for G20 Meeting*. Over 40 journalists attended the conference and the story was picked up by news wires and international newspapers.

45. ADB's four knowledge departments (ADBI, Economics and Research Department [ERD], Office of Regional Economic Integration [OREI], and Regional and Sustainable Development Department [RSDD]) have closely coordinated their work programs to improve synergy in their knowledge creation efforts. ADBI staff join the meetings of ADB's knowledge management coordinators. ADBI led the preparation, publication, and dissemination efforts of ADB headquarters' and ADBI's collaborative flagship study, *Infrastructure for a Seamless Asia*. The prepublication version of the book was launched at ADB's annual meeting in May 2009, and disseminated at several external (non-ADBI) events and at workshops in Cambodia, Canada, Japan, and the US. ADBI is collaborating with OREI on a project on the impact of free trade agreements on business in Asia, the output of which will be a book to be copublished with a commercial publisher.

46. ADBI's daily e-newsletter of development news (*e-newsline*) reaches 3,700 subscribers as of 1 November 2009, an increase of about 12% in 12 months.

47. ADBI's website is the key dissemination tool for ADBI's knowledge products and underpins ADBI's communication strategy. Website traffic continues to grow as the website is regularly updated with new research publications, event announcements, and CBT Department workshop papers and presentations. Technical reports of web hits, number of downloads, and user statistics are disseminated to staff each month. Authors are informed when their papers and books are posted online and encouraged to share this information with their colleagues and networks. In the past 12 months (as of 31 October 2009), web hits have averaged 1.9 million per month, an increase of 16.5% over the same time in 2008.

48. At the request of ADBI's Advisory Council, ADBI is exploring the use of YouTube, podcasts, and other new media technologies to promote ADBI's products more widely. In addition to online publishing, the website is used as a tool for employment and business opportunities, online registration for events, and article submissions for the 2009 Developing Asian Journalism Awards and Training (DAJA) program. Over 250 journalists registered for the event and 200 articles have been submitted.

49. As of 16 November 2009 (year-to-date), the e-notification service had 5,641 subscribers (an increase of about 20% in 12 months), who regularly receive electronic updates on new ADBI materials and opportunities.

50. Participating in external events is an effective way to promote ADBI's work in the region and internationally. As of 16 November 2009 (year-to-date), the dean, as the key spokesperson for ADBI, was an invited speaker at 38 external events, and ADBI staff were invited to speak at many external events.

1. Publications

51. As of 16 November 2009 (year-to-date), ADBI has circulated 35 papers under its working paper series, with many more expected this year. One research policy brief and one research paper have been published and disseminated. ADB headquarters' and ADBI's flagship book *Infrastructure for a Seamless Asia* was formally launched at ADB's annual meeting in May. Other books published were: *ADBI Year in Review: 2008, Asia's Contribution to Global Economic Development and Stability* from the 2008 ADBI annual conference, and *Infrastructure's Role in Lowering Asia's Trade Costs: Building for Trade* copublished with Edward Elgar, ADBI's first commercially copublished book to be posted online as a read-only file, and which will be available for free download after 12 months.

52. Eleven ADBI working papers were published or accepted for publication in international journals. For the 12 months to 31 October 2009, the average number of downloads from ADBI's website per month was more than 70,000, showing that ADBI's publications reach a large audience.

53. The CBT Department produced a CD-ROM, *Mainstreaming Climate Change Adaptation into Developmental Planning*, which is a compilation of papers and presentations from a workshop held in April 2009. The CD-ROM was produced primarily for disseminating to workshop participants; copies have been sent to more than 40 members of the public who requested a copy.

2. Conferences, Seminars, and Workshops

54. ADBI's research outreach activities in 2009 included 42 conferences, seminars, and workshops (as of 16 November 2009, year-to-date), most of which were jointly organized with other institutions. Research activities in 2009 focused on the GFC with 22 events held to date (as of 16 November 2009), and two more scheduled. These events provide a platform for debate on emerging development issues in the region, and were aimed at soliciting comments on the preliminary drafts of ADBI's research outputs as part of ADBI's research quality-control mechanisms and dissemination (Appendix 1). In addition, eight speakers (as of 16 November 2009, year-to-date) have presented in ADBI's distinguished speaker seminar series.

3. Networking

55. In 2009, ADBI continued efforts to strengthen external knowledge partnerships and to disseminate knowledge. Under the ADBI Visiting Researcher Program, 11 researchers from Asia and the Pacific spent up to 6 months each at ADBI, working on topics of mutual interest. ADBI continued to communicate with former visiting fellows and researchers to inform them of ongoing ADBI activities and to inquire as to the status of their ADBI working papers and the outreach activities that they had conducted for their research papers. ADBI's database of visiting fellows, researchers, and scholars is being used to strengthen its networking program.

V. ROLLING WORK PROGRAM FOR 2010–2012

56. The identification of research and CBT activities for 2010–2012 is guided by ADBI's newly formulated priority themes: inclusive and sustainable growth, regional cooperation and integration, and governance for policies and institutions.

A. Research

1. Approach to Research Project Prioritization

57. The identification of research projects has been guided by (i) perceived needs of DMCs gathered through the 2009 ADBI Research and CBT Needs Survey, (ii) relevance of the policy issues to the priority themes, (iii) the ADB Budget Review Committee's suggestions to contribute to ADB's Strategy 2020 (footnote 1), (iv) advice provided by the Advisory Council members, (v) capacity of the research staff, and (vi) potential synergy between ADBI's Research and CBT Departments.

58. ADBI's research projects for 2010–2012 are clustered under four headings: projects with crosscutting themes, inclusive and sustainable growth, regional cooperation and integration, and governance for policies and institutions. These are briefly described below (see Appendix 3 for more detailed event information).

2. Research Projects for 2010–2012

a. Projects with Crosscutting Themes

59. There are two research activities under this priority theme:

- (i) **Global Financial and Economic Crisis.** The aim of this activity is to publish a book which describes the overall impacts of the GFC on Asia, lessons learned, and the policy implications derived from those lessons. The policy implications will be forward-looking and focused on facilitating a rebalancing of Asian growth toward domestic and regional demand.
- (ii) **ASEAN, India, and the People's Republic of China.** The emergence of the PRC and India as major economic players is one of the most significant economic developments in the world economy in recent years. This activity will conduct studies on emerging development issues of Asia's emerging economies. The research may center on the following areas: (i) the role of ASEAN, India, and the PRC as main drivers for Asia's sustainable and inclusive growth; (ii) macroeconomic and microeconomic factors that determine the sustainability and inclusiveness of economic growth of Asia's emerging economies; and (iii) regional integration among these economies with special emphasis on trade, investment, and finance.

b. Inclusive and Sustainable Growth

60. Six major research activities fall under this priority theme:

- (i) **Financial Sector Reform and Regulation in Emerging Markets.** This will generate policy-oriented research and provide a forum that allows for a comparison of experiences of different countries in terms of the effects of the current financial crisis on their economies and financial systems, and the results

of their policy interventions and lessons that can be learned from their successes and mistakes.

- (ii) **A Perspective of the Asian Financial Sector in the Post-Crisis Era.** This will deal with issues such as micro- and macro-prudential issues and finance sector reforms to ensure effective financial intermediation.
- (iii) **Emerging Market Review Symposium on Asian Financial Developments.** The activity aims to publish a special issue of *Emerging Markets Review* with papers on subjects related to Asian financial development and other topics such as corporate financial policies and exchange rate regimes
- (iv) **Social Protection System in Asia.** This activity will examine the impact of social protection systems and education on domestic demand, in the context of creating ways to rebalance growth in Asia toward domestic and regional demand.
- (v) **The Role of the Services Sector in Asia's Development.** This will study performance of services sectors in Asian economies and determine ways to enhance their roles in economic development as part of the overall strategy of rebalancing growth.
- (vi) **Energy and Resource Efficiency for Green Growth.** The aim is to identify immediate and long-term opportunities that exist for governments and the private sector to adopt tested and proven sustainable energy consumption and green production approaches.

c. Regional Cooperation and Integration

61. This priority theme will include the following 10 projects:

- (i) **Trans-Pacific Growth Rebalancing.** The project will analyze factors to achieve balanced, sustainable growth in the US and Asia, and the policy implications of these adjustments in both regions.
- (ii) **Regional Credit Rating Agency.** This will examine the appropriate steps to develop a regional credit rating agency in Asia.
- (iii) **Exchange Rates and Capital Flows in Asia: Implications for Regional Cooperation in the Post-Crisis Era.** This will examine the implications of a possible renewed fear of currency appreciation, as opposed to fear of floating currency per se, for the region and for global imbalances, and the effectiveness of the Chiang Mai Initiative Multilateralization (CMIM) in reducing the intensity of reserve stockpiling in Asia.
- (iv) Under the auspices of the Asia-Europe Economic Forum, this activity will examine global issues of mutual interest to Asia and Europe;
- (v) **One Money in Asia.** This will analyze issues on Asia's need for a liquidity mechanism based on non-US dollar currencies, and for creating a monetary union.
- (vi) **Emerging Trade Patterns, Production Networks, Investment, and Regional Cooperation Architecture.** This will examine how the global crisis is affecting these trading patterns, the implications of these changes for industrial structure and productivity growth, and how policy challenges and opportunities can emerge for further enhancement of regional integration among Asian economies.
- (vii) To be held under the annual Latin America/Caribbean and Asia/Pacific Economics and Business Association (LAEBA) conference series, the project concentrates on some aspects of regional integration and lessons learned from the integration process in Asia and Latin America.

- (viii) **Policy Discussion of Multilateralizing Asian Regionalism.** This will examine certain aspects of bilateral and multilateral FTAs and will use the results, together with those of previous studies, in policy discussions involving regional senior government officials and representatives from the private sector.
- (ix) **Demographic Changes, Labor Migration, and Regional Cooperation and Integration.** This will examine the impacts of regional demographic changes on labor supply, regional production and trade patterns, and international labor movement, and discuss their implications for regional cooperation.
- (x) **Regionalism and Reform of the Global Monetary and Financial System: Role for the European Union and East Asia.** This activity will analyze the future of global and regional monetary arrangements, consider global and regional financial frameworks for balance of payments adjustments, and discuss some specific proposals for reforming regional financial regulation and supervision.

d. Governance for Policies and Institutions.

62. This priority theme will include the following three projects:

- (i) **Fiscal Policy Issues after the Crisis.** This will examine fiscal policy issues in the post-crisis period and provide lessons for Asian countries on risk factors and best practice for normalizing their fiscal policy stances.
- (ii) **Policy Discussion of Financial Regulation and Prudential Supervision.** This project will hold a policy discussion using the results of ADBI Research Department studies on finance sector reform and regulation.
- (iii) **Public Service Delivery and Administrative Reforms.** The project will study public sector reform issues in the following areas: (a) service delivery—the introduction of one-stop service-delivery centers; and (b) administrative reform—a system of incentives for public servants, and key drivers of change in making the public sector more transparent, accountable, and efficient.

63. **Annual Conference.** ADBI will continue to hold an annual conference to share the results of selected major research activities with policymakers and the general public. The theme of the conference for 2009 is the effect of social policy on domestic demand.

64. **Visiting Researcher Program.** The ADBI Visiting Researcher Program is run competitively for researchers from ADB's DMCs. In addition, ADBI engages a small number of outstanding scholars from all ADB member countries as visiting fellows to participate in ADBI's research activities. A visiting researcher or fellow usually works on a topic of interest that falls under one of the three priority themes previously mentioned. ADBI has adopted appropriate measures, such as closely scrutinizing the research proposals and expertise of the applicants to ensure that visiting researchers and fellows produce quality outputs that can form part of a larger ADBI research project.

65. **Distinguished Speaker Seminar Series.** This series aims to bring eminent persons to ADBI to encourage debate among policy makers, researchers, academics, think tanks, and other audiences interested in economic development challenges in Asia and the Pacific. To date, seven internationally known economists and one political scientist have delivered seminars on various policy and development issues in the region, including reform of international economic institutions, impacts of the current economic crisis on Asia, challenges of climate change, and US trade policies toward Asia. This series will be continued for the 2010–

2012 work program. Efforts will be made to identify and invite internationally known scholars from various regions to discuss development issues of interest to DMCs.

B. Capacity Building and Training

1. Approach to Capacity Building and Training

66. The CBT Department's programs aim to promote sound development management by senior and mid-level officials of ADB's DMCs by (i) enhancing their understanding of important development issues, (ii) introducing appropriate policies or measures to address these issues, and (iii) sharing international best practices and country experiences in implementing these policies and measures. These objectives will be achieved by designing and implementing a demand-oriented and policy-focused CBT program that facilitates sharing of country experiences and adoption of good practices on these issues.

67. To identify capacity building needs of DMCs, a needs survey was conducted in July to seek input from DMCs as well as ADB departments and offices on specific issues under ADBI's priority themes and focused areas that ADBI can help address.

68. Potential issues for the CBT Department to address have been identified through the needs survey, CBT post-event surveys, and specific requests for capacity building from DMCs and regional and international organizations. Issues that can be addressed by CBT resources—either through skill mixes of CBT Department staff or collaboration with ADBI's own Research Department, departments and offices of ADB headquarters, and international organizations (with relevant expertise and/or knowledge products)—are summarized below. Priority will be given to issues that are common or regional in nature. Issues that overlap with the Research Department's issues may be jointly formulated as research-cum-capacity-building projects. Efforts will also be made to enhance outreach of ADBI research studies through CBT workshops and seminars where applicable. (See Appendix 4 for more detailed event information.)

69. **Inclusive and Sustainable Growth.** Continuing with the focus on the GFC, CBT activities will address development issues that are critical to Asia's response to, and recovery from, the crisis. These activities may include rural infrastructure management, sharing of good practices and country experiences on environmentally sustainable development including climate change adaptation, low-carbon green growth, finance sector reform and development, and water resources management. Capacity building activities on PPPs in infrastructure under MP3IC will be transferred to, and carried out primarily by, ADB headquarters from January 2010.

70. The focus for finance sector development will continue to be on increasing access to financing and financial services, as well as on promoting the development of sound and robust financial and capital markets in DMCs. The work program may address CBT needs in financial inclusion, SME financing, and capital market development.

71. In addition to integrated water resources management, environment-related CBT activities for 2010–2012 will cover issues such as water security, disaster management, environmental impact assessment, low-carbon green growth, sustainable energy consumption and green production, MDGs, and climate change adaptation.

72. **Regional Cooperation and Integration.** CBT activities will continue to focus on trade and investment facilitation and capital market integration. ADBI will collaborate with ADB headquarters' knowledge and regional departments and other international organizations on joint CBT programs to enhance the capacity of DMCs to negotiate, adjust to, and productively participate in regional economic integration. This will allow the DMCs to fully benefit from the integration process and thus reduce development gaps. Specific issues and needs to be addressed include trade and investment facilitation (including ROO, nontariff barriers, taxes, customs, antidumping measures, trade negotiation, foreign direct investment, and competition policies) and capital market integration.

73. **Governance for Policies and Institutions.** Amid the growing uncertainty of economic growth as a result of fluctuating oil and commodity prices and the adverse impacts of the GFC, there has been increased demand for capacity building in the areas of macroeconomic policy management and post-crisis development policies. To address this need, collaboration with government agencies, international organizations, and international development agencies will be explored to design CBT programs that promote best practices in macroeconomic policy management, banking regulation and supervision, public debt management, tax administration, labor market reform, and social safety nets. Given the recent progress in the CMIM, possible joint CBT Department activities with OREI related to the capacity building needs for regional (ASEAN plus PRC, Japan, and Republic of Korea [ASEAN+3]) surveillance may also be explored.

74. **Other Activities.** Other activities under this theme will promote best practices and issues related to public governance. Specific issues and needs include e-governance, water governance, management of change, efficiency of health services, monitoring and evaluation of public sector performances, and best practices in local government administration.

75. In addition, the annual DAJA program will continue to provide updates on emerging development issues and enhance the capacity of journalists in ADB's DMCs to monitor and analyze them.

C. Collaboration Initiatives

1. Internal Collaboration between Research and Capacity Building and Training Departments

76. During 2010–2012, the Research and CBT Departments shall continue to closely coordinate their activities to enhance synergistic benefits. Research outputs on the following themes that can potentially be used as inputs in CBT activities for 2010–2012 are (i) the global financial and economic crisis, (ii) multilateralizing Asian regionalism, (iii) finance sector reform and regulation, (iv) energy and resource efficiency for green growth, and (v) public service delivery and administrative reforms. CBT Department staff will be involved in the early stages of development of these outputs to ensure that their contents are also appropriate for capacity building and training purposes.

2. Collaboration between ADBI and ADB Headquarters

77. For 2010–2012, the Research Department has planned to organize the following conferences in collaboration with ADB headquarters: Energy and Resource Efficiency for Green Growth in Asia, Policy Discussion of Multilateralizing Asian Regionalism, and Policy Discussion of Financial Regulation and Prudential Supervision. The CBT Department will continue to

collaborate with ADB headquarters in organizing capacity building activities in areas such as climate change adaptation, MDGs, DAJA, macroeconomic policy management, and surveillance.

3. Collaboration between ADBI and Other Organizations

78. ADBI continues to collaborate with the following organizations: Alliance for Financial Inclusion, ASEAN Secretariat, Asia Europe Economic Forum, Asia-Europe Foundation, Asia-Pacific Economic Cooperation (APEC), Asian Institute of Technology, Asian Productivity Organization, Australian Agency for International Development (AusAID), Bank for International Settlements, Brookings Institution, City University of Hong Kong, Claremont McKenna College, Colombo Plan Staff College for Technical Education, Consultative Group to Assist the Poor, European Commission, European Institute for Asian Studies, Financial Services Agency (Japan), Food and Agriculture Organization (FAO), IDB, Institute for Global Environmental Strategies, Institute of Southeast Asian Studies, International Labor Organization, International Monetary Fund (IMF), Inwent, Japan Fair Trade Commission, Keio University, Korea Institute for International Economic Policy (KIEP), Nanyang Technological University, National Cheng Kung University, North East Asia Research Foundation, Policy Research Institute (Ministry of Finance, Japan), OECD, SAARC Secretariat, UNCTAD, United Nations Development Programme (UNDP), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), US Agency for International Development (USAID), US Department of Justice, US Federal Trade Commission, and World Bank and its institute.

Examples of Joint Activities with ADB Headquarters in 2009

Research

- Infrastructure and regional cooperation flagship project (research collaboration with various ADB headquarters departments).
- Global financial crisis conference series (co-organized several conferences with ERD and RSDD).
- Global financial crisis book with OREI and ERD.

Capacity Building and Training

- Workshop on Preferential Rules of Origin (ROO) for SAARC Members (in collaboration with OREI and the Sri Lanka Resident Mission).
- Workshops on Public–Private Partnerships for Infrastructure, Mainstreaming Climate Change Adaptation into Developmental Planning, and Opportunities and Priorities for Low-Carbon Green Growth in Asia (invited ADB headquarters senior staff and experts as resource speakers).
- Workshop on Aligning Policies and Strategies to Achieve the Millennium Development Goals in South Asia (in collaboration with RSDD and the Nepal Resident Mission).

Source: ADB Institute.

D. Outreach and Knowledge Management

79. ADBI will enhance collaboration with the three knowledge departments at ADB headquarters on knowledge management efforts. ADBI's dean is a member of ADB's Technical Assistance Strategic Forum, chaired by the vice president of Knowledge Management and Sustainable Development. The forum's overall objective is to refine and focus the research and

development technical assistance program to ensure that ADB's operations and the knowledge needs of ADB DMCs are effectively supported.

80. ADBI will more clearly identify its target audiences and promote its major publications by disseminating them via its website; ADB headquarters, resident missions, and representative offices; conferences, seminars, and workshops; and news releases and press conferences. ADBI will expand its outreach activities using traditional as well as new media outlets. ADBI will continue to produce *e-newsline*, its daily online bulletin on development issues. *ADBI News* will continue to be published quarterly in hard copy and online; limited copies will be produced for environmental consciousness reasons. ADBI will explore the development of an email newsletter to broaden its outreach.

81. ADBI will publish a biannual journal, the objective of which is to provide a vehicle for disseminating high-quality, policy-oriented, evidence-based research on emerging development issues in Asia and the Pacific. The target audience for the journal includes policy makers and the private sector in the region, multilateral institutions, and academics. The journal will initially publish only invited papers and high quality ADBI working papers. The journal will be web-based, with a small number of printed copies produced for selected depository libraries.

82. ADBI's Research Department expects to have eight major publications in 2010, six in 2011, and six in 2012.

83. ADBI's quality control mechanisms (Appendix 1) will continue to be applied to all publications to ensure high-quality products.

84. To enhance the policy impact of ADBI research outputs, which is reflected in ADBI's strategic directions, the following actions will be undertaken:

- (i) ADBI will continue its policy of making its published books and research papers available online for free; and, whenever deemed necessary, translate selected publications into major languages of ADB member countries in a cost-effective manner.
- (ii) ADBI will submit selected publications for linking on other organizations' websites as well as ADB headquarters' website.
- (iii) ADBI will work with copublishers to promote its copublications as widely as possible, and to ensure they reach their respective target audiences.
- (iv) Research policy briefs will be prepared for major ADBI publications and selected conferences.
- (v) ADBI will expand its network of think tanks, external partners, and former visiting researchers and fellows. Think tanks and former visiting researchers and fellows may have considerable influence on national policy making institutions. ADBI will organize joint conferences with national think tanks to present the key findings and policy recommendations of its studies.
- (vi) ADBI, with the assistance of ADB headquarters, national think tanks, and other partners in DMCs, will organize meetings with senior officials to inform them of the key findings and policy recommendations of its studies.

85. Website development will focus on improving and updating web content, ensuring that the website is compatible with new browser technologies, enhancing the e-notification system for better impact, and expanding the e-notification and *e-newsline* subscriber databases. ADBI

will continue to explore and implement (if appropriate) the latest web-sharing technologies such as YouTube and podcasts to increase outreach of ADBI's work.

VI. STAFFING AND BUDGET FRAMEWORK

A. Staffing

86. At the end of 2009, ADBI is expected to have 59 personnel—15 professional staff, 7 supporting staff, 4 long-term consultants, 9 temporary staff, 3 editors, 12 research associates, 2 information technology help desk staff, 1 staff member seconded from the Japan Water Agency, and 6 interns—representing 17 nationalities.

87. All of the professional staff positions remain filled due to active recruitment efforts, in spite of the practice of short-term (3-year) staff appointments.

88. In addition to the above staff, ADBI will have engaged 2 visiting fellows or researchers at the end of 2009.

B. Budget Framework

89. The budget proposed for 2010 is \$17.294 million, around 6% higher than the 2009 budget (\$16.316 million). The allocation for internal administrative expenses has increased by 7%, from \$10.216 million to \$10.897 million. The allocation to the program expenses budget has increased by 5%, from \$6.10 million to \$6.40 million. These increases are due to the enhanced activities by the Research and CBT Departments as well as appreciation of the yen (Table 3).

1. Program Expenses Budget

90. The program expenses budget of \$6.40 million consists of \$3.83 million for the Research Department and \$2.57 million for the CBT Department. The proposed 2010 program budget for research and CBT, which has increased by 5%, is required to enable ADBI to (i) publish and disseminate a book that summarizes the various research projects on the GFC; (ii) initiate an ADBI flagship project on emerging Asian economies; (iii) conduct new research projects on a post-crisis agenda for Asia such as services sector development in Asia, emerging trade patterns in Asia, fiscal policy issues, and finance sector reform and regulations; and (iv) implement the objectives of ADBI's work program in CBT activities based on ADBI's priority theme areas.

91. The total program-related internal administrative expenses, such as staff costs and business travel for ADBI as a whole, are \$5.792 million (\$2.479 million for the Research Department; \$1.656 million for the CBT Department; and \$1.656 million for the Administration, Management, and Coordination Department), or 33% of the overall budget. If these expenses are included, the total for program-related expenses is \$12.189 million, or 70% of the total budget (Table 5).

2. Internal Administrative Expenses Budget

92. The internal administrative expenses budget proposed for 2010 is \$10.897 million, which is 6.7% higher than that for 2009 in US dollar terms. Within the 6.7% increase, 3.4% is due to

the appreciation of the yen. As more than half of the internal administrative expenses budget is denominated and paid in yen, these expenses are affected by fluctuation in the yen.

93. The major items of the internal administrative expenses budget are explained below.

94. **Advisory Council.** The budget for the Advisory Council is mainly travel expenditures of the seven members for two meetings, one at ADBI and one at ADB headquarters.

95. **Staff Costs.** The staff cost proposed for 2010 is \$5.26 million. This contains the salaries and benefits of the 15 professional staff, including the cost of seconded ADB headquarters employees. In accordance with usual budget practices, provisions for salary increases have been made for 2010.

96. **Business Travel.** The proposed business travel budget is lower than in 2009 mainly due to the increased efforts to contain it. ADBI will continue to reduce business travel expenses by making use of video and telephone conference facilities whenever feasible.

97. **Staff Consultants.** Editors' fees had been previously budgeted for in the staff consultants category. However, these editing costs have been included in the program budget since 2009, because the editing activities are so closely related to the publication activities of the Research and CBT Departments.

98. **Administrative Expenses.** Lease of the ADBI premises and the cost of office equipment are major administrative expenditures.

- (i) **Office occupancy.** The square-meter cost of the office space will increase in 2010 and is well in line with annual increases as provided for in the current 3-year lease contract that was concluded in December 2007. However, thanks to the colocation of the office with the Japanese Representative Office since September 2008, ADBI has realized the following mutual benefits:
 - (a) enhanced external relations and dissemination through ADBI and Japanese Representative Office networks;
 - (b) accelerated collaboration between ADB headquarters and ADBI through frequent visits of ADB Management and staff to ADBI;
 - (c) efficient utilization of conference facilities and the ADBI library; and
 - (d) cost savings in office occupancy, estimated at \$458,000 in 2010.
- (ii) **Office equipment.** The office equipment expenses are mainly for information technology services, including maintenance of the network and telephone systems, and preparation for, and implementation of, conferences and workshops at ADBI.
- (iii) **Contractual services.** Contractual services include the external auditor fees and social security services.
- (iv) **Library.** The library budget includes the costs of databases, books, and other publications needed for research and CBT activities.

99. **General Contingency.** About 3% of the internal administrative expenses budget is set aside as a contingency to provide for unforeseen expenditure.

3. Capital Expenditure Budget

100. In order for ADBI to enhance its knowledge collaboration with ADB headquarters, ADBI's information technology systems are to be further integrated into headquarters' systems. Taking this opportunity, ADBI is replacing its Tokyo-based servers, at a cost of \$55,000, through the 2010 capital expenditure budget (Table 4).

Table 3: 2010 Budget
(\$'000)

Item	2008	2009		2010	Change (%)	
	Actual (A)	Budget (B)	Estimate (C)	Budget (D)	(D/B)	(D/C)
A. Program Expenses						
Research	2,411	3,650	3,535	3,832	5	8
Capacity Building and Training	1,403	2,450	2,200	2,565	5	16
Subtotal (A)	3,814	6,100	5,735	6,397	5	12
B. Internal Administrative Expenses						
1) Advisory Council	71	86	104	104	21	0
2) Staff Costs	5,037	5,176	5,077	5,260	2	4
3) Staff Consultants	20	0	0	0	0	0
4) Business Travel	386	485	420	421	(13)	0
5) Representation	1	8	6	7	(13)	17
6) Administrative Expenses	4,055	4,163	4,304	4,788	15	11
(i) Office Occupancy	3,133	3,205	3,258	3,628	13	11
(ii) Depreciation	48	60	55	107	78	95
(iii) Office Equipment	552	560	626	681	22	8
(iv) Contractual Services	92	90	103	103	14	0
(v) Library	125	145	137	144	(1)	5
(vi) Communication	53	55	67	64	16	(4)
(vii) Office Supplies	37	30	37	38	27	3
(viii) Fire Insurance	4	3	4	4	33	0
(ix) Bank Charges	11	15	17	18	20	6
7) General Contingency	0	298	0	317	7	
Subtotal (B)	9,570	10,216	9,911	10,897	7	10
Total (A+B)	13,384	16,316	15,646	17,294	6	11

() = negative

Source: ADB Institute.

Table 4: 2010 Capital Expenditure Budget
(\$'000)

Item	Amount
Server Replacement	55
Total	55

Source: ADB Institute.

Table 5: 2010 Budget by Program
(\$'000)

Item	Research	CBT	AMC	Total	%
A. Program Expenses	3,832	2,565	0	6,397	37
B. Program-Related IAE					
Staff Cost	2,251	1,504	1,504	5,260	
Business Travel, Representation and Advisory Council	228	152	152	532	
Subtotal (B)	2,479	1,656	1,656	5,792	33
Subtotal (A + B)	6,311	4,221	1,656	12,189	70
C. Administrative Expenses				4,788	28
D. General Contingency				317	2
Total (A+B+C+D)				17,294	100

AMC = Administration, Management, and Coordination Department; CBT = Capacity Building and Training Department; IAE = internal administrative expenses.

Source: ADB Institute.

VII. RECOMMENDATION

101. In accordance with the Statute of ADBI, I hereby recommend that the Board approve the Asian Development Bank Institute's 2010 work program and its budget amounting to \$17,294,000 and capital expenditure amounting to \$55,000.

Haruhiko Kuroda
President

17 November 2009

ASIAN DEVELOPMENT BANK INSTITUTE QUALITY CONTROL MECHANISMS, 2010–2012*

Item	Quality Control Mechanism	Output
Products		
Books	External reviewers and experts assess work in progress (either at workshops, seminars, or conferences or on special request). All books are subject to review and approval for publication by ADBI's Publications Committee.	Published in hard copy and posted on the ADBI website. Some works are copublished with a commercial publisher. May be disseminated at international and in-country events.
Research Policy Briefs	Based on ADBI books, research papers, working papers, journal articles, or conference outputs, these are reviewed internally and externally.	Published in hard copy and online.
Working Papers	Reviewed internally and may be presented in a conference or workshop to obtain feedback. External review is conducted when appropriate.	Regarded as preliminary and published only online. Results may be presented at in-country seminars in liaison with ADB resident missions.
Journal Articles	Relevant material is submitted to academic journals and is subject to international review procedures by experts.	Published in regional and international journals to reach a research audience.
<i>e-newsline</i>	Editorial monitoring of content by professional staff and external journalists	More than 240 <i>e-newsline</i> issues produced each year, directly reaching more than 3,300 subscribers daily.
Website	Monitoring effectiveness of ADBI's website as a dissemination tool through monthly statistics reports and quantitative and qualitative assessments of ADBI's website.	Increase in website hits and numbers of web users.
<i>ADBI News</i>	Checked by ADBI professional staff and in-house editor(s).	300 copies published quarterly, distributed to headquarters, resident missions, Japanese Representative Office, think tanks, workshop participants, and others. Posted online.
Workshop Proceedings, Reports, Guidelines, Handbooks, Tool Kits	Peer review and review by external consultants. Review of training materials, handbooks, and reports by peers and ADBI's Publications Committee.	High-quality training materials and publications.
Events		
CBT Courses and Workshops	Course participants and resource speakers evaluate each course. Periodic training needs surveys and impact assessments of CBT programs by external consultant(s).	Improve quality, relevance, and impact of courses. Reports on stakeholder training needs under ADBI priority areas, including proposals to enhance impact.
Staff Participation in External Seminars and Conferences	Frequency of invitations and repeat invitations; feedback from seminar organizers and participants.	Speeches and papers delivered at events and published online and in event proceedings.
Support for and attendance at Conferences and Workshops in ADBI Facilities	Reputation, including international reputation, of development partners that wish to work with ADBI.	Conferences and workshops cosponsored with partners at ADBI facilities in Tokyo.

ADBI = Asian Development Bank Institute, CBT= Capacity Building and Training Department.

*ADBI's Advisory Council biannually contributes to quality control by providing advice and recommendations on ADBI's strategic directions and work program.

ADBI MAJOR OUTPUTS, 2009
Publications in 2009 (As of 12 November 2009)

Books

ADB and ADBI. 2009. *Infrastructure for a Seamless Asia*. Tokyo: ADBI.

ADBI. 2009. *ADBI: Year in Review*. Tokyo: ADBI.

Brooks, D. H., and D. Hummels (eds). 2009. *Infrastructure's Role for Lowering Trade Costs: Building for Trade*. Cheltenham, United Kingdom: Edward Elgar.

Kawai, M., and S. Stone (eds.). *Asia's Contribution to World Economic Growth and Stability*. Tokyo: ADBI.

Working Papers

Anna Strutt, Susan Stone

Transport Infrastructure and Trade Facilitation in the Greater Mekong Subregion

Working Paper 130, January 2009

Juzhong Zhuang, Fan Zhai

Agricultural Impact of Climate Change: A General Equilibrium Analysis with Special Reference to Southeast Asia

Working Paper 131, February 2009

Ying Yi Tsai

Strategic Choice of Freight Mode and Investments in Transport Infrastructure within Production Networks

Working Paper 132, March 2009

Renato E. Reside, Jr.

Global Determinants of Stress and Risk in Public-Private Partnerships (PPP) in Infrastructure

Working Paper 133, March 2009

Bhim Adhikari

Market-Based Approaches to Environmental Management: A Review of Lessons from Payment for Environmental Services in Asia

Working Paper 134, March 2009

Hyungpyo Moon

Demographic Changes and Pension Reform in the Republic of Korea

Working Paper 135, April 2009

Masahiro Kawai, Ganeshan Wignaraja

The Asian "Noodle Bowl": Is It Serious for Business?

Working Paper 136, April 2009

Masahiro Kawai, Fan Zhai,

PRC-Latin America Economic Cooperation: Going beyond Resource and Manufacturing Complementarity

Working Paper 137, April 2009

Biswa Bhattacharyay

Infrastructure Development for ASEAN Economic Integration

Working Paper 138, May 2009

Sununtar Setboonsarng, Jun Sakai, Lucia Vancura

Food Safety and ICT Traceability Systems: Lessons from Japan for Developing Countries

Working Paper 139, May 2009

Biswa Bhattacharyay, Prabir De

Restoring the Asian Silk Route: Toward an Integrated Asia

Working Paper 140, June 2009

Susan Stone, Ginalyn Komoto
Determining Poverty Impacts on Lao People's Democratic Republic and Cambodia: Reconciling Household and GTAP Data
Working Paper 141, July 2009

Barry Bosworth, Aaron Flaaen
America's Financial Crisis: The End of an Era
Working Paper 142, July 2009

Daisuke Hiratsuka, Hitoshi Sato, Ikumo Isono
Impacts of Free Trade Agreements on Business Activity in Asia: The Case of Japan
Working Paper 143, July 2009

Masahiro Kawai, Ganeshan Wignaraja
Asian FTAs: Trends and Challenges
Working Paper 144, August 2009

Cielito F. Habito
Patterns of Inclusive Growth in Developing Asia: Insights from an Enhanced Growth-Poverty Elasticity Analysis
Working Paper 145, August 2009

Michael Pomerleano
What Is the Impact of the Global Financial Crisis on the Banking System in East Asia?
Working Paper 146, August 2009

Dong Chul Cho
The Republic of Korea's Economy in the Swirl of Global Crisis
Working Paper 147, August 2009

Shankaran Nambiar
Malaysia and the Global Crisis: Impact, Response, Rebalancing Strategies
Working Paper 148, August 2009

Ira S. Titihieruw, Raymond Atje
Malaysia and the Global Crisis: Impact, Response, Rebalancing Strategies
Working Paper 149, August 2009

Souvik Gupta, Jacques Miniane
Recessions and Recoveries in Asia: What Can the Past Teach Us about the Present Recession?
Working Paper 150, September 2009

Amir Akmar Basir
Payment Systems in Malaysia: Recent Developments and Issues
Working Paper 151, September 2009

Masahiro Kawai, Fan Zhai,
The People's Republic of China-Japan-United States Integration Amid Global Rebalancing: A Computable General Equilibrium Analysis
Working Paper 152, October 2009

Masahiro Kawai, Shinji Takagi
Why was Japan Hit So Hard by the Global Financial Crisis?
Working Paper 153, October 2009

Somchai Jitsuchon, Chalongphob Sussangkarn
Thailand's Growth Rebalancing
Working Paper 154, October 2009

Marie Mondeil, Sununtar Setboonsarng
Enhancing Biodiversity Through Market-Based Strategy: Organic Agriculture
Working Paper 155, October 2009

Inkyo Cheong, Jungran Cho
The Impact of Free Trade Agreements (FTAs) on Business in the Republic of Korea
Working Paper 156, October 2009

Masahiro Kawai, Peter Petri, Elif Sisli-Ciamarra
Asia in Global Governance: A Case for Decentralized Institutions
Working Paper 157, October 2009

Chad Bown, Rachel McCulloch
US-Japan and US-PRC Trade Conflict: Export Growth, Reciprocity, and the International Trading System
Working Paper 158, November 2009

Judith M. Dean, Mary E. Lovely, Jesse Mora
Decomposing PRC-Japan-US Trade: Vertical Specialization, Ownership, and Organizational Form
Working Paper 159, November 2009

Willem Thorbecke
An Empirical Analysis of East Asian Computer Exports
Working Paper 160, November 2009

Theresa M. Greaney, Yao Li
Assessing Foreign Direct Investment Relationships Between Japan, the People's Republic of China, and the United States
Working Paper 161, November 2009

Ming Lu, Hong Gao
When Globalization Meets Urbanization: Labor Market Reform, Income Inequality, and Economic Growth in the People's Republic of China
Working Paper 162, November 2009

Peter Morgan
The Role and Effectiveness of Unconventional Monetary Policy
Working Paper 163, November 2009

Rajiv Kumar and Pankaj Vashisht
The Global Economic Crisis: Impact on India and Policy Responses
Working Paper 164, November 2009

Research Policy Briefs

Peter Morgan
Unregulated Entities, Products, and Markets: Challenges for Monitoring and Regulation
Research Policy Brief 30, August 2009

Research Papers

Bruno Rocha
At Different Speeds: Policy Complementarities and the Recovery from the Asian Crisis
Research Paper 74, July 2009

CD-ROM

ADB. 2009. *Mainstreaming Climate Change Adaptation into Developmental Planning*

Book Chapters, Articles in Refereed Journals

Anbumozhi, V., T.Gunjima, A. Prem Nath, and C. Viswanathan. 2009. An Assessment of Inter-Firm Networks in a Wood Industrial Cluster: Lessons for Integrated Policy Making. *Journal of Clean Technology and Environmental Policy* 11: 12–24.

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SELECTED RESEARCH ACTIVITIES, 2010–2012: PROJECT OUTLINES

Theme: Crosscutting

Project: Global Financial Crisis Book (Jointly organized with the Capacity Building and Training [CBT] Department)

Activity Outline: The aim of this activity is to publish a book describing the overall impacts of the GFC on Asia and the resulting policy implications to facilitate a rebalancing of Asian growth toward domestic and regional demand. Along with the launch of this publication, a policy discussion seminar targeting policy makers will be held, as well as follow-up seminars on more specific aspects.

Expected Outputs: Working papers, research policy brief, conference proceedings, and a book.

Partners: Asian Development Bank (ADB) headquarters (Office of Regional Economic Integration and Economics Research Department), Asian think tanks.

Theme: Crosscutting

Project: Association of Southeast Asian Nations (ASEAN), India, and the People's Republic of China (PRC)

Activity Outline: One of the key issues with the emergence of the PRC and India as major economic players is the intensification of regional integration between these two Asian economic giants and ASEAN. In this context, the activity aims to address questions on the role of these economies as key drivers for Asia's sustainable and inclusive growth, as well as on regional integration among these economies in areas of trade, investment, and finance.

Expected Outputs: Working papers, research policy brief, and conference proceedings.

Partners: ADB headquarters (Office of Regional Economic Integration) and Asian think tanks.

Theme: Inclusive and Sustainable Growth

Project: Finance Sector Reform and Regulation in Emerging Markets

Activity Outline: This activity will generate policy-oriented research and will provide a forum to compare the experiences of different countries in terms of (i) the effects of the global crisis on their economies and financial systems, and (ii) results of their policy interventions and lessons that can be learned from successes and mistakes. Participants will collaborate on designing medium- and long-term strategies for strengthening regulatory frameworks that facilitate, manage, and mitigate the risks from the process of financial development and broadening of financial inclusion.

Expected Outputs: Working papers, research policy brief, and conference proceedings.

Partners: Brookings Institution.

Theme: Inclusive and Sustainable Growth**Project: A Perspective of the Asian Financial Sector in the Post-Crisis Period**

Activity Outline: This activity will examine how financial institutions can promote recovery from the economic downturn. The issues to be covered include (i) micro-prudential policy and the business model for banks in Asia, including regulatory lessons from Japan's experience, and ways to ensure adequate capital for banks; (ii) finance sector reforms to ensure effective and stable financial intermediation, particularly to improve credit access of small- and medium-sized enterprises and strengthen regional bond markets; and (iii) the role and scope of regulations in averting systemic crisis.

Expected Outputs: Working papers, research policy brief, and conference proceedings.

Partners: Japan Financial Services Agency, Keio University, and the International Monetary Fund.

Theme: Inclusive and Sustainable Growth**Project: Emerging Market Review Symposium on Asian Financial Developments**

Activity Outline: This activity aims to publish a special issue of *Emerging Markets Review* with papers on subjects related to Asian financial developments and related topics, including (i) developments in Asian bond markets, (ii) performance analysis of the Asian banking sector during the crisis, (iii) analysis of the appropriate role of the central bank in securing financial system stability in addition to price stability, (iv) issues related to overall regulatory structure, (v) capacity for resolution of banks and other financial institutions, and (vi) issues related to deposit insurance.

Expected Outputs: Conference papers and a special issue of *Emerging Markets Review*.

Partners: *Emerging Markets Review*.

Theme: Inclusive and Sustainable Growth**Project: Social Protection Systems in Asia**

Activity Outline: This activity will focus on the impacts of social protection systems and education in the context of developing ways to rebalance growth in Asia toward domestic and regional demand. Research papers will review the experience of other countries in public spending, particularly in the areas of health care, pensions, unemployment insurance, and education, and assess the potential of such policies to increase domestic demand and lower savings rates in Asia.

Expected Outputs: Working papers, research policy brief, and conference proceedings.

Partners: To be determined.

Theme: Inclusive and Sustainable Growth**Project: The Role of the Services Sector in Asia's Development**

Activity Outline: The adverse impact of the global financial and economic crisis on Asian economies has prompted calls for a growth rebalancing in Asia that mostly relies on domestic and regional aggregate demand. This activity will thoroughly examine the potential and performance of the services sectors in Asian economies to generate endogenous growth and determine ways to enhance their role in economic development.

Expected Outputs: Working papers, research policy brief, and conference proceedings.

Partners: World Bank and Asian think tanks.

Theme: Inclusive and Sustainable Growth

Project: Energy and Resource Efficiency for Green Growth in Asia (Jointly organized with the CBT Department)

Activity Outline: This policy discussion aims to identify immediate and long-term opportunities that exist for governments and the private sector to facilitate Asia's ecological restructuring to mitigate the effects of climate change and unsustainable production patterns. Critical issues to be addressed include (i) reducing energy intensity of production, (ii) maximum use of renewable energy, (iii) reducing the material intensity of goods and services, (iv) minimizing wastes and byproducts, and (iv) reducing dispersion of toxic materials.

Expected Outputs: Working papers, research policy brief, and a database on good practices for advocacy.

Partners (potential): ADB's Regional Sustainable Development Department, Organisation for Economic Co-operation and Development (OECD), Asian Productivity Organization, selected Asian think tanks (e.g., Institute for Global Environmental Strategies, The Energy and Resources Institute, Thailand Environment Institute, Central Asia Regional Economic Cooperation [CAREC]), and other ADB knowledge departments.

Theme: Regional Cooperation and Integration**Project: Trans-Pacific Growth Rebalancing**

Activity Outline: This activity examines factors to achieve balanced, sustainable growth in the United States and Asia, and the policy implications of these adjustments in both regions. The research effort will include three components: (i) an overview section that analyzes causes and trends of the imbalances, (ii) country and/or regional studies that review the main sources and causes of imbalances in that country or region and the prospects for reducing such imbalances, and (iii) an agenda for trans-Pacific cooperation that develops a scenario for sustainable and balanced growth in the region.

Expected Outputs: Working papers, research policy brief, and conference proceedings.

Partners: Brookings Institution.

Theme: Regional Cooperation and Integration**Project: Regional Credit Rating Agency in Asia**

Activity Outline: This activity analyzes the need for, and examines appropriate steps to develop and establish, a regional credit rating agency in Asia. Some of the questions that the activity aims to address include (i) should a regional credit agency be public or private? and (ii) what are the policy implications of the establishment of a regional credit rating agency to Asian countries and to the rest of the world?

Expected Outputs: Working papers, research policy brief, and conference proceedings.

Partners: University of Bari, Italy.

Theme: Regional Cooperation and Integration**Project: Exchange Rates and Capital Flows in Asia: Implications for Regional Cooperation in the Post-Crisis Era**

Activity Outline: This activity addresses renewed regional concerns on the level of exchange rate and foreign reserves in the absence of regional policy coordination. Some of the questions to be addressed include (i) what does this possible renewed fear of currency appreciation, as opposed to a fear of floating per se, imply for the region and for global imbalances going forward? (ii) can the Chiang Mai Initiative Multilateralization help to reduce the intensity of reserve stockpiling in individual regional economies? and (iii) can greater regional monetary cooperation ever get off the ground without some degree of exchange rate coordination?

Expected Outputs: Working papers, research policy brief, and conference proceedings.

Partners: Institute of Southeast Asian Studies.

Theme: Regional Cooperation and Integration**Project: Asia Europe Economic Forum**

Activity Outline: The Asia Europe Economic Forum serves as a high-level forum, giving Asian and European policy experts an occasion for in-depth, research-based exchanges on global issues of mutual interest. Asia and Europe alternate in hosting the conference. The last conference, Crisis Developments and Long-Term Global Responses - Insights from Asia and Europe, was held in Kiel, Germany. The next conference will be held in Tokyo, Japan; the topic has yet to be determined by the Asia Europe Economic Forum but it will fall under the regional cooperation and integration thematic area.

Expected Outputs: Working papers, research policy brief, and conference proceedings.

Partners: Brussels European and Global Economic Laboratory (BRUEGEL), The Institute of World Economics and Politics (Chinese Academy of Social Sciences), Global Security Research Centre (Keio University), Korea Institute for International Economic Policy and The Center for International Commerce and Finance (Seoul National University), and Centre D'Etudes Prospectives et D'Informations Internationales (CEPII),

Theme: Regional Cooperation and Integration**Project: One Money in Asia**

Activity Outline: In the recent global financial and economic crisis, Asia has experienced a reversal in capital flows, currency depreciation, and insufficient US dollar liquidity. Apart from creating a liquidity mechanism such as reserve pooling, this experience has raised several questions, such as (i) how can Asia cope with increasing exchange rate volatility due to the common global shocks? (ii) does Asia need to develop a liquidity mechanism based on currencies other than the US dollar? and (iii) is there a need to create a monetary union in Asia?

Expected Outputs: Working papers, research policy brief, and conference proceedings.

Partners: North East Asia Research Foundation.

Theme: Regional Cooperation and Integration**Project: Emerging Trade Patterns, Production Networks, Investment, and Regional Cooperation Architecture**

Activity Outline: Before the crisis, Asia exhibited triangular trading patterns. Asia's advanced economies produce technology-intensive parts and components and shipped them to the PRC and ASEAN to be assembled for export to the US, Europe, and Japan. This activity will examine how the global crisis is affecting these trading patterns, analyze the potential for rebalancing growth away from exports and implications on industrial structure and productivity growth, and policy challenges and opportunities to deepen regional integration among Asian economies.

Expected Outputs: Working papers, research policy brief, and conference proceedings.

Partners: Vienna Institute of International Economic Studies and ADB's Office of Regional Economic Integration.

Theme: Regional Cooperation and Integration**Project: Annual Latin America/Caribbean and Asia/Pacific Economics and Business Association (LAEBA) Conference**

Activity Outline: The annual LAEBA conference will be organized under the direction of the Inter-American Development Bank (IDB) and ADBI. In 2010, IDB will host the conference. The exact topic for the conference is still to be decided but it will concentrate on aspects of regional integration. ADBI and IDB will each contribute three to four research papers.

Expected Outputs: Working papers, research policy brief, and conference proceedings.

Partners: IDB.

Theme: Regional Cooperation and Integration

Project: Policy Discussion of Multilateralizing Asian Regionalism (Jointly organized with the CBT Department)

Activity Outline: This activity is part of an ongoing program on multilateralizing Asia's regionalism to address issues surrounding the burgeoning number of free trade agreements in East Asia posing challenges for Asian trade and investment. A policy discussion seminar to disseminate the main conclusions of this research to policy makers has been proposed.

Expected Outputs: Better understanding of issues on multilateralizing Asian regionalism, closer cooperation among key stakeholders in handling the issue, and presentation materials and summary of proceedings to be uploaded on the ADBI website (within 6 weeks after the event).

Partners (potential): ADB headquarters.

Theme: Regional Cooperation and Integration

Project: Demographic Changes, Labor Migration, and Regional Cooperation and Integration

Activity Outline: During the next 10–15 years, demographic transition is expected to slow in East and Southeast Asia, but to accelerate in South Asia. The divergent population trend within Asia may offer numerous opportunities for regional cooperation in building an integrated regional labor market. This activity will examine the impacts of regional demographic changes on labor supply, regional production and trade patterns, and the international labor movement, and will discuss their implications for regional cooperation.

Expected Outputs: Working papers, research policy brief, and conference proceedings.

Partners: To be determined.

Theme: Regional Cooperation and Integration

Project: Regionalism and Reform of the Global Monetary and Financial System: Role for the European Union and East Asia

Activity Outline: This research project will analyze the future of global and regional monetary arrangements, consider global and regional financial frameworks for balance of payments adjustments, and discuss some specific proposals for reforming regional financial regulation and supervision.

Expected Outputs: Working papers, research policy brief, and conference proceedings.

Partners: European Commission.

Theme: Governance for Policies and Institutions**Project: Fiscal Policy Issues After the Crisis**

Activity Outline: This activity will examine fiscal policy issues in the post-crisis period and provide lessons for Asian countries on risk factors and best practice for normalizing their fiscal policy stances. The main areas of discussion will be (i) an overview of issues related to fiscal policy timing, including criteria for timing and magnitude of withdrawal of stimulus, and implications for government debt management, monetary policy coordination, and currency policy; (ii) review of developed economies' experience on policy timing; and (iii) four Asian country-specific studies on fiscal stimulus strategy issues.

Expected Outputs: Working papers, research policy brief, and conference proceedings.

Partners: Policy Research Institute (Ministry of Finance, Japan) and Hitotsubashi University.

Theme: Governance for Policies and Institutions

Project: Policy Discussion of Financial Regulation and Prudential Supervision (Jointly organized with the CBT Department)

Activity Outline: Drawing from the main conclusions of the Research Department's GFC conference series, a policy discussion seminar is proposed to deal with the following topics: (i) financial monitoring and coordination, (ii) macro-prudential supervision, (iii) regulation of capital flows, (iv) regulation of innovative financial products and specific investor groups, and (v) credit rating agencies.

Expected Outputs: Better understanding of the challenges of financial regulation and prudential supervision in the post-crisis world, closer cooperation among key stakeholders handling this issue, and presentation materials and summary of proceedings to be uploaded on the ADBI website (within 6 weeks after the event).

Partners (potential): ADB headquarters.

Theme: Governance for Policies and Institutions

Project: Public Service Delivery and Administrative Reforms (Jointly organized with the CBT Department)

Activity Outline: The Research Department is proposing to undertake a study of public sector reform issues in the following areas: (i) service delivery—the introduction of one-stop service-delivery centers; and (ii) administrative reforms—a system of incentives and motivations for public servants. Both of these are key drivers of change in making the public sector more transparent, accountable, and efficient. A policy discussion seminar based on the study's main conclusions will be held upon the finalization of this study.

Expected Outputs: Better understanding of the challenges of public sector reform issues, closer cooperation among key stakeholders dealing with this issue, and presentation materials and summary of proceedings to be uploaded on the ADBI website (within 6 weeks after the event).

Partners: To be determined.

**SELECTED CAPACITY BUILDING AND TRAINING ACTIVITIES,
2010–2012: PROJECT OUTLINES**

Theme: Inclusive and Sustainable Growth

Project: Water Resources Management

Activity Outline: A number of workshops and meetings will be organized on issues related to water resources management to promote best practices and share country experiences through case studies and group work. These issues may include integrated water resource management; public–private partnerships in integrated water resource management; water-related disaster management, monitoring, and evaluation of water rights and water allocation proposals; climate change adaptation; and water governance.

Expected Outputs: Adoption of best practices, country action plans, enhanced networking.

Partners: Asian Development Bank (ADB) headquarters, International Water Management Institute, Japan Water Agency, Mekong River Commission, and Network of Asian River Basin Organizations Secretariat.

Theme: Inclusive and Sustainable Growth

Project: Microfinance Training of Trainers

Activity Outline: This is an annual distance-learning course that started in 2004. The course aims to enhance the capacity of microfinance operators and institutes in Asia and the Pacific by training microfinance trainers. The training can also benefit regulators by enhancing their understanding of microfinance operations, microfinance institutes' risk profile, and implications for regulation or supervision.

Expected Outputs: Trained microfinance trainers.

Partners: World Bank (Tokyo Development Learning Center) and Global Development Learning Network.

Theme: Inclusive and Sustainable Growth

Project: Capital Market Development and Integration

Activity Outline: Continued collaboration with the Organisation for Economic Co-operation and Development (OECD) will be explored to organize the Roundtable on Capital Market Reform series. The roundtable serves as a platform to discuss international best practices and standards in market supervision and enforcement; risk management; and market infrastructure for trading, clearing and settlement, disclosure, governance, and accounting, among other things. Issues and best practices related to capital account liberalization and harmonization of market standards and practices can also be discussed to promote further integration of capital markets.

Expected Outputs: Adoption of best practices and standards.

Partners: ADB headquarters (Southeast Asia Department and Office of Regional Economic Integration [OREI]), OECD, and South East Asian Central Banks Research and Training Centre.

Theme: Regional Cooperation and Integration**Project: Trade Facilitation**

Activity Outline: Regional and subregional workshops will be organized to further build capacity, promote best practices, and share country experiences on key trade facilitation issues to further facilitate cross-border trade. These issues include rules of origin, sanitary and phytosanitary measures, antidumping and other trade remedy measures, customs procedures, World Trade Organization (WTO) dispute settlement procedures, and WTO trade facilitation.

Expected Outputs: Adoption of best practices, harmonization and simplification of policies and rules, and enhanced networking.

Partners: ADB headquarters (OREI) and resident missions; Association of Southeast Asian Nations (ASEAN) and South Asian Association for Regional Cooperation secretariats; Food and Agriculture Organization (FAO); United Nations Conference on Trade and Development (UNCTAD); World Bank; WTO; and Ministry of Finance, Japan.

Themes: Regional Cooperation and Integration and Governance for Policies and Institutions**Project: Competition Policies**

Activity Outline: As regulations or limitations on intraregional trade and investment are relaxed or removed with closer economic integration, effective competition law that applies consistently across the region is needed to promote fair competition and prevent anticompetitive practices. An effective competition law will also help promote the growth of small and medium-sized enterprises and allow them to compete more effectively in a larger and more integrated economic region. Workshops will be organized to share experiences in the developments of, and explore ways to further harmonize, competition laws and policies in ASEAN and Asia, as well as to enhance the capacity of competition agencies.

Expected Outputs: Adoption of best practices for setting up an effective competition agency, drafting and enforcement of competition laws and policy, and competition advocacy.

Partners: Japan Fair Trade Commission, United States (US) Federal Trade Commission, ASEAN Secretariat.

Theme: Governance for Policies and Institutions**Project: Post-Crisis Development Policies**

Activity Outline: The recent rise in commodity prices and the GFC have caused greater volatility in developing member country (DMC) economies. Asian economies need to adapt their development strategies to this more difficult environment and to take up the challenge of rebalancing growth toward greater reliance on domestic and regional demand. Against this background, seminars and workshops will be held to provide policy makers with a better understanding of the challenge of rebalancing growth in the post-crisis world, and share country experiences in areas such as employment and skills, counter-cyclical macroeconomic and financial policies, regulatory reform, innovation and technology, liberalizing foreign investment, and financial inclusion.

Expected Outputs: Adoption of policies and measures that facilitate rebalancing growth in Asia.

Partners: ADB headquarters, US Federal Reserve, OECD, International Labor Organization, Alliance for Financial Inclusion, and UNCTAD.

Theme: Governance for Policies and Institutions**Project: Tax Policy and Administration**

Activity Outline: There are two annual taxation programs: Regional Tax Forum, and the Tax Administration Seminar. The objectives of the Regional Tax Forum are (i) to discuss the latest development of international tax treaty models, including the domestic legislation required to accommodate treaty obligations; and (ii) to enhance the capacity for negotiation of an international tax treaty that will efficiently and effectively avoid double taxation. The Tax Administration Seminar aims to enhance the efficiency of tax administrations in DMCs by addressing operational issues, such as anticorruption measures, taxpayer services, and tax audits.

Expected Outputs: Better understanding of the implications of international tax treaty provisions, improved skills for bilateral tax treaty negotiation, greater efficiency and effectiveness of tax administrations, and enhanced networking.

Partners: International Bureau of Fiscal Documentation; International Monetary Fund; OECD; United Nations; governments of DMCs; Ministry of Finance, Japan; Japan's National Tax Agency; and the host tax administration.

Theme: Inclusive and Sustainable Growth**Project: Sustainable Energy Consumption and Green Production**

Activity Outline: This workshop aims to identify and share effective approaches for sustainable energy consumption and green production. Despite recent improvements in energy efficiency and resource productivity, energy consumption, waste generation, and pollution has continued to increase. To help maintain economic growth as well as environmental quality and social progress, the workshop will address issues such as (i) reducing energy intensity, waste and byproducts of production, and material intensity of goods and services; (ii) use of renewables; and (iii) reducing dispersion of toxic materials.

Expected Outputs: Database on good practices for advocacy; discussion papers and research articles; a policy brief; and a book on the theory, policy, and practices for sustainable energy consumption and green production in Asia.

Partners: ADB headquarters, OECD, Asian Productivity Organization, and selected Asian think tanks.

Theme: Inclusive and Sustainable Growth**Project: Climate Change Adaptation**

Activity Outline: The existing pressures and anticipated challenges of climate change require immediate adaptation actions in the key sectors including agriculture, water resource management, and health. This regional workshop on mainstreaming climate change adaptation aims to strengthen the DMCs' capacity to mainstream climate change adaptation into sector development planning, through effective use of adaptation planning tools and methods such as vulnerability indices, vulnerability mapping, multi-criteria evaluation, coping ranges, impact models, and integrated assessment methods.

Expected Outputs: Enhanced capacity of participating officials in climate change adaptation planning.

Partners: FAO, US Department of Agriculture, International Food Policy Research Institute, and International Water Management Institute.

Theme: Inclusive and Sustainable Growth

Project: Low-Carbon Green Growth

Activity Outline: This workshop will explore and share country experiences on policy- and market-based instruments needed to reduce carbon emissions and to minimize the adverse impact of global warming in Asia. These instruments may include cap and trade systems, clean development mechanisms, enabling financial mechanisms, pricing of carbon emissions directly via carbon taxes, amendment of technology trade laws, and new regulations for eco-restructuring.

Expected Outputs: Adoption of policy- and market-based instruments most suitable to Asia.

Partners: ADB headquarters (Regional and Sustainable Development Department), World Bank, United Nations Environment Programme, and United Nations Economic and Social Commission on Asia and the Pacific (UNESCAP).

Theme: Inclusive and Sustainable Growth

Project: Aligning Strategic Development Policies with Millennium Development Goals

Activity Outline: ADB headquarters, United Nations Development Programme (UNDP), and UNESCAP Millennium Development Goal (MDG) Partnership has developed a road map called Delivering as One: Asia-Pacific Regional MDG Road Map 2008–2015 that includes capacity building to help planning and development agencies align their national development plans with the MDGs. In partnership with ADB headquarters, subregional workshops will be organized to review the progress of achieving the MDGs, identify remaining impediments, and share best practices and country experiences in realizing the MDGs.

Expected Outputs: Strategies for the alignment of national development plans and policies to accelerate progress in MDG achievement.

Partners: ADB headquarters, UNDP, and UNESCAP.

Theme: Inclusive and Sustainable Growth

Project: Corporate Leadership Program on Environmental Strategies

Activity Outline: Integration of environmental, social, and governance factors into business strategies and operations can provide a framework for long-term competitiveness of businesses. Many firms in emerging economies, however, have neither an adequate appreciation nor an understanding of these factors in the context of business competitiveness. The objective of the program is to help organizations and their managers to critically analyze and effectively leverage the environmental risks and social pressures that influence their respective firm's competitive advantage in the global market place.

Expected Outputs: Greater awareness and appreciation of environmental and social issues and wider incorporation of these issues into business planning and operation.

Partners: Asia Business Council, World Business Council for Sustainable Development, Indian Institute of Management, Kansai Economic Federation.