
2001 YEAR IN REVIEW

The Institute's **research is focused** on understanding the dynamics of development in Asia-Pacific for formulating long-term development strategies for sustainable social and economic development in the region. There are four basic questions to be examined under the overarching research theme—development paradigms for Asia: (i) What was the pre-Asian financial crisis paradigm? (ii) What went right with it (the “miracle”) and what went wrong with it (the “crisis”)? (iii) What are the new challenges? and (iv) What new paradigms will be more efficient for future development?

The key task of research activities, therefore, has been centered on examining the respective roles of markets, governments, and institutions, which best fit countries at different stages of development with diverse historical and cultural settings. Research has been designed to assess the potential strengths and weaknesses of different development paradigms as a basis for post-crisis strategies for long-term development and for capacity building and training. During 2001, the Institute has undertaken extensive research activities using its in-house expertise combined with that of visiting scholars and outside experts.

Poverty studies have become an important part of the Institute's research program, and the last two anniversary conferences focused squarely on measures to reduce poverty. In 2001, major research on poverty reduction included a survey of the experiences of the “Miracle” economies in poverty reduction; a detailed modeling exercise assessing the impact of the financial crisis in Indonesia on poverty; and a study of the poverty situation in the Western region of PRC.

Under the general heading of **development paradigms**, the Institute conducted research in a systematic manner, as follows: (i) a major survey of the current thinking on poverty in the development literature; (ii) an analysis of the impact of different types of growth on poverty reduction; (iii) an analysis of the links between information and communications technology (ICT) and poverty in Asia; (iv) an examination of the relationship between public governance and poverty; and (v) a study on policy failures in the name of poverty reduction. Other important areas for research continue to be corporate governance, and various aspects of international competitiveness. Under corporate governance, a number of studies on Korea were completed and a study was initiated on state-owned enterprises in PRC.

In the area of **product markets and competitiveness**, work has been completed on various aspects of the operations of multinational firms, including a study of basic characteristics of skills and organizational structure of software firms in India; the lessons from the research and development activities of multinationals in Singapore; the FDI behavior of Japanese firms in East Asia, including development of technology platforms; and a comparative analysis of international production networks between U.S. and Japanese multinationals. In addition, a study of trade competitiveness prior to the financial crisis has been completed.

Considerable research has been conducted and published on how to design a **new intermediate financial market structure in post-crisis Asia**. Groundbreaking work, including a new online database, has also been carried out on the relationship between the information quality of financial systems and economic development. In addition, economic modeling of the financial crisis in Indonesia has been used to examine the

macroeconomic consequences of exchange rate depreciation, a high interest rate policy, and political turmoil. The criteria used by global credit rating agencies in assessing developing country borrowers have been critically analyzed. Work has also started on banking reforms in the PRC and on more effective alternative means of resolving the problems of nonperforming bank loans in the region.

During 2001, ADB Institute strengthened its institutional links and groupings developed in previous years. The most notable example is the **Asian Policy Forum (APF)**, which was established in December 1999 to bring together leading researchers from a range of institutions in Asia. In 2001 this forum focused on the problem of developing new and balanced financial market structures in post-crisis Asia, with a special emphasis on the corporate bond market. After several workshop meetings, a final draft report on policy recommendations on this theme was completed in October 2001. The draft recommendations were discussed for the first time in a seminar conducted as part of the 34th ADB Annual Meeting seminar series in Hawaii in May 2001. Dissemination seminars have been conducted in Beijing and Shanghai, Indonesia and India. A seminar on these policy recommendations was held 12 October 2001 in ADB in Manila when ADB Institute's Advisory Council Meeting took place. They were formally launched at an evening briefing for the media in mid-October at the Institute in Tokyo. In addition, as part of the future program of the APF during the latter part of 2001 a major study commenced on the question of the appropriate sequencing of measures for capital account liberalization in Asia, taking PRC and India as case studies.

The Institute's high profile **fourth anniversary conference in December 2001** focused on the theme of the quality of growth, governance and social development in achieving poverty reduction. Papers were commissioned from leading international scholars on development strategies and poverty reduction and on trade liberalization and poverty reduction. In addition, Institute staff and visiting scholars produced four new papers for the conference (on trade liberalization and poverty reduction, governance and famine, financial issues and poverty, and policy options for Western Region development in the PRC).

As part of its institutional development and efforts at maximizing synergy with research institutions and relevant professionals, ADB Institute has conducted various in-house research seminars, expert group meetings, and evening lectures. In addition, Institute staff hold regular research seminars to report on their work-in-progress, to discuss the analytical approach adopted, and to present their preliminary findings. These are internal seminars, but outside experts from multilateral organizations, including ADB, as well as from universities and international research institutes are invited to provide inputs.

Research output of the Institute has been published in hard copy and online principally

in its Working Paper series. During the course of 2001 the title of this series was changed to **Research Papers** to reflect the detailed and completed rather than preliminary nature of all studies. In addition, the policy recommendations and technical background papers relating to the work of the APF have also been published.

In 2001, the Institute completed around **29 capacity building and training activities**, which exceeded the initial target of activities planned for the year. This resulted from additional programs conducted for dissemination of the Institute's research findings and meeting additional training requests from several countries that were not originally included in the 2001 work program.

The programs have a fairly wide thematic coverage, including: (i) poverty, such as rural and urban poverty reduction, emerging issues on social protection, and reforms of pension funds; (ii) governance, including public and private sector governance, public administration, and public expenditure management; (iii) social development, such as public-private partnerships in the social sector; (iv) ICT, including ICT strategies for developing countries, and the potential for partnerships in ICT and education; and (v) finance, such as international finance and securities market regulation.

Different types of programs were conducted for different target audiences. For high-level policymakers, the Institute runs half-day seminars and one- to two-day conferences to disseminate its research findings and three- to four-day forums to discuss and exchange views on contemporary issues. For middle- to senior-level government officials, the Institute conducts various longer-duration training programs, some up to 10 days with one face-to-face meeting and others with two or more modules, each conducted for 5-10 days at six-monthly intervals, with the longest over a two-year period. Those having more than one module include a distance-learning online component between each of the modules to allow for increased in-depth learning.

These CBT programs have benefited over 1,600 participants (of whom 25 percent are women) from 45 developed and developing countries of ADB and have achieved around 6,300 participant-days of training.