



November 2007

Asian Development Bank Institute
Three-Year Rolling Work Program 2008–2010
and Budget for 2008

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ADB I	–	Asian Development Bank Institute
ADB HQ	–	Asian Development Bank Headquarters
ASEAN	–	Association of Southeast Asian Nations
CBT	–	capacity building and training
CSR	–	corporate social responsibility
DMC	–	developing member country
Finsia	–	Financial Services Institute of Australasia
GMS	–	Greater Mekong Subregion
IAE	–	internal administrative expenses
ICT	–	information and communications technology
IMF	–	International Monetary Fund
IT	–	information technology
IWRM	–	integrated water resource management
JFTC	–	Japan Fair Trade Commission
LTSF	–	long-term strategic framework
NARBO	–	Network of Asian River Basin Organizations
OECD	–	Organisation for Economic Co-operation and Development
OREI	–	Office of Regional Economic Integration
PPP	–	public-private partnership
SEACEN	–	South East Asian Central Bank Research and Training Center
SME	–	small and medium-sized enterprise
TVET	–	technical and vocational education and training
UNESCAP	–	United Nations Economic and Social Commission for Asia and the Pacific
VAT	–	value-added tax
WTO	–	World Trade Organization

NOTE

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

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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 2008–2010, including the budget for 2008, for the consideration of the Board of Directors of the Asian Development Bank (ADB).
2. The work program takes into account the current and future procedures of ADB's knowledge management framework. During 2007, the Dean, ADBI formulated new strategic directives to enable ADBI to become a leading center for the creation and sharing of knowledge in Asia and the Pacific. ADBI will actively pursue opportunities for coordinated knowledge management and dissemination between ADB Headquarters (HQ) and ADBI to enhance the synergies with the three other knowledge departments of ADB (Economics Research Department, Office of Regional Economic Integration, and Regional Sustainable Development Department).
3. This paper incorporates guidance from ADB Management, members of the Board of Directors, and ADBI's Advisory Council (which reviewed the work program on 29 October 2007); consultations with senior ADB staff; and comments from concerned ADB departments.

II. ADBI'S VISION

4. ADBI's vision is that it will become a leading center for the creation and sharing of knowledge on economic development in the Asia and Pacific region. This vision will be achieved by conducting research and capacity building and training (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.

III. STRATEGIC APPROACH

5. The objectives of ADBI are "to identify effective development strategies and to improve the capacity for sound development of the agencies and organizations in the developing member countries."¹ To accomplish these objectives, ADBI aims to align its activities closely with the functions specified in the Statute,² and in particular with regard for its target group of middle- to top-level policymakers. The main strategic focus is to ensure the quality, relevance, and impact of ADBI activities. Therefore, ADBI is streamlining its research and CBT activities, selecting projects from strategic perspectives, sharpening analysis on cross-country perspectives, and strengthening linkages with policymakers.
6. It is within this context that ADBI is
 - (i) emphasizing the quality, rather than quantity, of its research and CBT programs by pursuing excellence, originality, and professionalism. This requires quality control mechanisms, such as prepublication referee processes and post-project evaluation.

¹ Article II of the *Statute of the ADB Institute* (2004).

² Article III of the *Statute of the ADB Institute* (2004).

- (ii) ensuring the relevance of research and CBT activities by identifying highly relevant development challenges and policy issues and targeting the right audience. That calls for pre-project consultation with developing member countries (DMCs) and other stakeholders.
- (iii) maximizing the policy impact of research and CBT. That means raising awareness of issues and inducing DMCs to pursue policy reforms and implementation. It requires not only effective knowledge management but also project ownership on the part of DMC governments.

7. ADBI retains its focus on the four priority themes of (i) poverty reduction, (ii) regional cooperation, (iii) private sector development, and (iv) governance. These four themes provide a framework within which ADBI can respond to the many requests it receives for work on particular topics. Organizing work around the four themes has allowed ADBI to be more focused and selective. In addition, ADBI has chosen infrastructure and regional cooperation as an area of specialization for the next few years. In this regard, ADBI is preparing a flagship study on *Infrastructure and Regional Cooperation*, which is scheduled for completion in early 2009.

8. ADBI's main research objective is to identify effective strategies for sound development management in DMCs. ADBI's current research strategy incorporates two new features. First, encouraged by the experience of undertaking a flagship project, the Research Department is giving more emphasis to research projects that cut across the four priority themes. Second, collaboration with think tanks in the region is being promoted in order to increase synergy and policy impact. Target audiences for research activities are DMC government policymakers, think tanks, researchers and academics, as well as the intermediary audiences of ADB HQ staff and media.

9. The main objective of the CBT program is to promote sound development management by senior and mid-level officials of ADB DMCs by enhancing their understanding of key development issues, identifying appropriate policies or measures to address these issues, and assisting them to implement these policies and measures effectively.

10. The rolling work program for 2008–2010 proposes to emphasize quality at the strategic level through the approaches mentioned above. At the operational level, the rolling work program stresses measurable outputs and impacts. Specific mechanisms designed to ensure the quality and impact of these outputs are outlined in Appendix 1.

11. There is a possibility that ADBI's strategic priorities may need some redirection once ADB formulates its new long-term strategic framework (LTSF).

IV. ACTIVITIES DURING 2007

A. Approach to Work in 2007

12. During 2007, ADBI has sharpened its operational focus and adopted new strategic priorities to respond positively to appropriate requests for assistance and cooperation, and especially to those received from ADB HQ and its resident missions (Box 1). The relevance of new activities for stakeholders has been an important yardstick for ADBI priorities.

Box 1: Examples of Joint Activities in 2007 between Asian Development Bank Headquarters (ADB HQ) and Asian Development Bank Institute (ADBI)

Research

- Collaboration with ADB HQ in the ADBI-led flagship project, *Infrastructure and Regional Cooperation*.
- Collaboration with ADB HQ in the flagship project *Emerging Asian Regionalism*, led by the Office of Regional Economic Integration (OREI).
- Research recommendations on rural road and poverty reduction in the Philippines used in design of the second phase of the *ADB Agrarian Reform Project*.
- Collaboration with ADB HQ in the OREI-led project on *Monetary and Exchange Rate Policies in Selected Association of Southeast Asian Nations Countries*.

Capacity Building and Training

- Partnership with ADB HQ, the Ministry of Finance of Japan, the Organisation for Economic Co-operation and Development, and the International Bureau of Fiscal Documentation in organizing the *17th Tax Conference* at ADBI premises in Tokyo.
- Joint organization of the *Conference on Information and Communications Technology (ICT) in Education* with ADB HQ to enable more effective ICT integration into education policy and strategy development.
- Joint organization of the *Customs Director General-Commissioner Meeting on Trade Facilitation* with ADB HQ to facilitate implementation of the World Trade Organization Agreement on Trade Facilitation, including the use of ICT; partnership with the private sector; and regional cooperation.
- Inviting ADB HQ senior staff and experts as resource speakers at the *Workshop on Strengthening Private Sector Participation and Investment in Physical Infrastructure*.

Source: ADB Institute

B. Research

13. Research activities in 2007 aimed to complete ongoing work, principally under the four ADBI priority themes, and to initiate new research projects. Because of ADBI's recent focus on infrastructure development as an issue that cuts across the four priority themes, several research projects have attempted to analyze the links between infrastructure development and one or two of the four priority themes. While the key findings of these studies can help improve policies and in designing programs aimed at reducing poverty in the region, they can also feed into ADBI's flagship project for 2007–2009. This section reviews the major activities and accomplishments for the year.

1. Completed Projects

14. A major output under the poverty reduction theme was publication of *The Dynamics of Regional Development: the Philippines in East Asia*. Lessons drawn from this book's findings are relevant not only for an audience interested in the Philippines—a large developing nation with a population soon to exceed 100 million—but also for many other developing countries now embarking on decentralization programs.

15. Under the regional cooperation theme, a study looked into the desirability and necessity of achieving intraregional exchange rate stability across the East Asian region in view of deepening market-driven economic integration in the region. Another study

examined the spectrum of policy options available in dealing with dollarization in Southeast Asia's transitional economies. Still another selected several bilateral free trade agreements as case studies to examine their economic impacts among the participating countries.

16. The initiatives under the Latin America/Caribbean and Asia Pacific Economics and Business Association of ADB and Inter-American Development Bank have focused on the role of infrastructure in regional cooperation and integration, which is intended to contribute to the ADBI-led flagship project, *Infrastructure and Regional Cooperation*. Several research papers presented in a conference under the auspices of the Association in 2006 have been revised and finalized in 2007.

2. Ongoing Projects

17. In 2007, as mentioned above, ADBI launched its flagship research project, *Infrastructure and Regional Cooperation*. The objective of the study is to examine the key issues and challenges facing infrastructure development in the Asia and Pacific region in its ongoing efforts to support regional cooperation. This is a collaborative effort between ADBI and ADB HQ, the results of which can feed into ADB's various programs and operations. The project will be completed in 2009.

18. A major research project on poverty reduction, which will be completed in 2007, focuses on contract farming and market facilitation for the poor. This project investigates empirically the extent to which contract farming can provide necessary services to rural households in selected Asian countries and provides policy recommendations. Three other projects to be completed this year are: *CGE Modeling of Macroeconomics and Income Distribution Impact of Organic Agriculture Development in Thailand*, *Options for Organic Agriculture and Biofuel for Lao PDR and Cambodia*, and *Microfinance and Poverty Reduction*. A major ongoing project on poverty reduction, which was initiated in 2006 and will be completed in 2008, investigates the contribution of organic agriculture to achieving the Millennium Development Goals.

19. Under the regional cooperation theme, ADBI is collaborating with ADB HQ in the flagship project *Emerging Asian Regionalism*, led by the Office of Regional Economic Integration, by providing assistance in initiating and designing the project and in conducting the midterm workshop, serving as a focal point for one of the chapters, contributing a background paper, and hosting a retreat and the finalization workshop for the project team.

20. Another project, *After the Tsunami: Rebuilding in Indonesia, Sri Lanka and Thailand*, undertakes a comparative study of the post-tsunami experience of Indonesia, Sri Lanka, and Thailand, which are the three most severely affected countries in the region. The three country studies have already been completed, and the full report is expected to be finalized by the end of 2007.

21. The study *Aging in Asia* aims to (i) discuss the current status and characteristics of aging in Asia, (ii) draw out its domestic and regional implications, and (iii) explore feasible policy responses. Since much of the work on aging in Asia has had a strong domestic focus, this study pays particular attention to the regional dimension, especially the role that regional cooperation could play. The whole report is expected to be completed within 2007.

22. ADBI has recently launched the project *Managing Capital Flows: Search for a Model*. The objective of this project is to develop a policy framework for managing capital flows that can be used as a basis for formulating (i) DMCs' national policy responses to surges in capital inflows consistent with the goals of macroeconomic and financial sector stability, (ii) Asian regional cooperation initiatives in support of national efforts to manage capital flows, and (iii) proposals for reforming the international financial architecture that can support DMCs' efforts to manage capital flows. The project involves ASEAN+3 and Indian think tanks through the Asian Policy Forum and international experts on capital flows.

23. Under the private sector development and governance theme, a finalization workshop for the project *Infrastructure's Role in Reducing Trade Costs* was conducted in June. It includes country case studies from India, Indonesia, the Kyrgyz Republic, Malaysia, and the People's Republic of China that focus on different aspects of developing trade-related infrastructure. The project will be completed before the end of 2007.

24. The ADBI 10th anniversary conference, *A Decade of Developments* (4 December 2007), aims to highlight ADBI's past research topics from new perspectives while identifying critical issues for future research. The conference themes are (i) Ten Years On - Financing for the Future, (ii) Poverty Reduction for an Inclusive and Equitable Asia and (iii) Growth through Regional Cooperation and Integration. ADBI has drawn on the expertise of eminent persons from universities, think tanks and government agencies as speakers, chairs and discussants. Program details are on the ADBI website at <http://www.adbi.org/event/2367.adbi.10th.anniversary.conference/>.

C. Capacity Building and Training

25. As of end-October 2007, 13 courses and workshops had been conducted or completed in 2007: five courses or workshops in poverty reduction, two in regional cooperation, and six in governance. A total of 1,105 participants participated in these activities. The number of participants in each workshop or course is specified in Table 1.

26. Nine of these workshops were intended for policymakers and government officials. More than half of the participants in these nine workshops were government officials, about 30% of whom held senior-level positions (director and above). The last two columns of Table 1 give the number of government and senior officials who participated in each activity.

Table 1: Number of Participants in Capacity Building and Training Courses and Workshops, 2007

Course or Workshop	Total Participants	Government Officials	
		All	Senior
Poverty Reduction			
Online Course on E-learning Policies	418	85	—
4th Network of Asian River Basin Organizations Thematic Workshop*	13	6	3
Pilot Course on Workforce Development: Computer Courseware Development	33	1	—
National Course on E-learning and Computer Courseware Development	57	—	—
Information and Communications Technology in Education*	83	74	22
Regional Cooperation			
Enhancing Corporate Social Responsibility in Asia*	19	19	9
17th Tax Conference*	32	32	9
Governance			
Customs Director General-Commissioner Meeting on Trade Facilitation*	26	26	18
Industrial Development Planning*	18	15	3
High-Level Seminar on E-governance*	32	28	18
Asian Think Tanks: Strengthening Knowledge Management and Knowledge Sharing	35	—	—
Distance Learning Course on E-governance*	320	98	4
Tax Administration Course IV*	19	19	6
Total	1,105	403	92
Activities for government officials	562	317	92

Note: * = Activities intended for policymakers and government officials.

Source: ADB Institute

27. Five courses and workshops were conducted under the poverty reduction theme.

28. The *Online Course on E-learning Policies* discussed the use of information and communications technology (ICT) to overcome barriers of traditional learning, including through the use of multimedia. Relevant software, hardware, and courseware, including a content management system, were introduced. Participants also learned how to draft

their own courseware development plan based on sound principles of instructional systems design.

29. The 4th *Network of Asian River Basin Organizations Thematic Workshop* is one of the main activities of the Network of Asian River Basin Organizations (NARBO), promoted jointly by the Japan Water Agency and ADB HQ, and under the theme of "Water Allocation and Water Rights." This Fourth Workshop was the final meeting of the series, where the final action programs for improving water allocation were presented and discussed by participating countries.

30. The *Pilot Course on Workforce Development: Computer Courseware Development* was held in Nepal and focused on the development of multimedia courseware based on sound learning theories and instructional strategies, including the development of reusable learning objects and formulation of multimedia computer courseware development plans.

31. The *National Course on E-learning and Computer Courseware Development* was also conducted in Nepal to train Nepalese teachers to develop multimedia computer courseware and draft courseware development plans, taking into account national education needs and new technologies available. The course was fully funded by local partners.

32. Recognizing that access to quality education is an important driver of regional competitiveness, economic growth, and poverty reduction, a conference on *Information and Communication Technology in Education* was organized jointly with ADB HQ to enable more effective ICT integration into education policy and strategy development. The conference discussed recent ICT and education sector developments, as well as shared experiences and best practices with education policymakers, sector development partners, researchers, and nongovernment organizations from across the Asia and Pacific region.

33. Two workshops were organized under the regional cooperation theme.

34. To promote closer cooperation on taxation, the *17th Tax Conference* was organized jointly with ADB HQ to share country experiences on tax policy reforms and discuss key issues in international and national taxation in developing countries such as transfer pricing and value-added tax.

35. A regional conference on *Enhancing Corporate Social Responsibility (CSR) in Asia* was conducted to discuss the trend and share country experiences in CSR development and operation in Asia and the Pacific. The conference also promoted networking among participating officials and resource speakers, many of whom were from the private sector and directly involved in implementing CSR for their corporations in the region.

36. To enhance public sector governance, six courses and workshops were offered.

37. Conducted on the basis of the ADB Technical Assistance,³ the *Customs Director General-Commissioner Meeting on Trade Facilitation* discussed issues related to implementing the WTO Agreement on Trade Facilitation, including the use of ICT, partnerships with the private sector, and regional cooperation.

38. The seminar on *Industrial Development Planning* focused on cluster-based development approaches to industrial development. Participants discussed the most appropriate development approaches for their countries and drafted action statements to be used as bases for their national policy designs.

39. At the *High-Level Seminar on E-governance* in Nepal, 32 Nepalese government officials (18 of whom held senior-level positions) critically analyzed advantages and disadvantages of e-government programs, prioritized e-government services, and drafted action plans for introducing e-government programs.

40. The *Asian Think Tanks: Strengthening Knowledge Management and Knowledge Sharing* workshop gathered 32 senior managers from premier knowledge institutions from 18 ADB member countries across the Asia and Pacific region. The participants discussed knowledge management and knowledge sharing strategies and explored ways to increase synergies with ADBI research and among participating think tanks towards achieving greater policy impact for development in Asia.

41. A *Distance Learning Course on E-governance* was offered from July 2007 to October 2007. Three hundred twenty-five participants registered for the course. Participants discussed advantages and challenges of e-government programs, reviewed various country cases, and developed strategies for introducing and improving e-government programs. They also developed or prepared plans to develop e-government portals (websites).

42. At the *Tax Administration Course IV*, 19 government officials from DMCs discussed and shared their experience on the use of information technology (IT) in tax administration, including managing taxpayers' data, increasing taxpayer compliance, and broadening the tax base through IT. They also explored measures to minimize the risk of information security in order to maintain the credibility and sustainability of IT use in tax administration.

43. In addition, a *Distance Learning Course on Microfinance* is being offered from August 2007 to November 2007. ADBI, the Tokyo Development Learning Center, and the World Bank Institute jointly organized this course to enhance the knowledge of practitioners in the microfinance field as well as to promote greater awareness and better understanding of microfinance operation and its impacts among decision makers and the general public.

44. For the remainder of 2007, two additional workshops will be held:

- (i) *Workshop on Strengthening Private Sector Participation and Investment in Physical Infrastructure*. Targeting senior and mid-level government officials, this workshop is designed to improve the understanding of

³ ADB. 2006. *Capacity Development of Selected Developing Member Countries on the Implementation of the Trade Facilitation Agreement of the World Trade Organization*. Manila (TA 39208).

policymakers regarding the main challenges to greater private sector participation and investment in infrastructure projects in the region and to facilitate accelerated development of policy reform programs that will strengthen the enabling environment and legal and governance frameworks.

- (ii) *Seminar on Cross-border Infrastructure Management*. To further accelerate and promote regional cooperation, and regarding infrastructure as part of the regional public goods, the Seminar on Cross-border Infrastructure Management aims to promote best practices in managing cross-border infrastructure within various groupings in Asia, such as the Association of Southeast Asian Nations (ASEAN), the Greater Mekong Subregion, and central Asia.

D. Outreach and Knowledge Management

45. ADBI's knowledge and outreach activities continue to expand as new initiatives are launched and information and technology tools are used more effectively. ADBI is enhancing its outreach activities to better reach prioritized target audiences.

46. ADBI publishes *ADB News*, a quarterly print newsletter, of which four issues have been published to date. ADBI has also published an information brochure in English, Japanese, and Chinese, as well as a publications catalog listing ADBI's research products since 1997.

47. ADBI has set up a Publications Committee chaired by the Dean and has developed publications guidelines, programs, and procedures to enhance quality control of ADBI's publications, as well as to ensure publications are focused and that they reach the targeted audiences. In addition, the Dean is a member of ADB's high-level publications committee, which provides overall direction and advice on policies, standards, content, and quality of ADB's publications. ADBI has agreed with ADB's other three knowledge departments to avoid duplication and improve synergy in their knowledge creation efforts. ADBI has strengthened coordination efforts with ADB HQ in many areas. One example is supporting preparation of the ADB-wide collaborative study on *Emerging Asian Regionalism*, slated for completion by April 2008.

48. ADBI has changed its logo to make it more visible. It is now implemented across all ADBI knowledge products and materials (Box 2).

Box 2: Asian Development Bank Institute Logo



The circle around ADBI represents its aim of creating networks of knowledge. Pixels, which compose the circle, emphasize the importance of information and communication technology for sharing knowledge.

Source: ADB Institute

49. ADBI's daily e-newsletter of development news and analysis (e-newsline) was reaching over 2,800 subscribers in the final quarter of 2007. Recent collaborative efforts between the e-newsline and staff in charge of the website include the addition of "What's New on adbi.org" in e-newsline and a regular poverty spotlight on the website. The e-newsline template has been changed to have the same "look and feel" as ADBI's website. As a result of feedback received from a subscriber survey undertaken in July, ADBI has sharpened the focus of e-newsline articles.

50. The ADBI website underpins ADBI's communication strategy and is the key dissemination tool for ADBI's knowledge products. Web traffic continues to grow as the web is regularly updated with new research publications, CBT products, and new event announcements. Web technical reports showing web hits, numbers of downloads, and user statistics are disseminated to staff each month. The web is used as an interactive tool for other purposes, including a newly developed and implemented business opportunities section and an online event application tool used for research; CBT; and administration, management, and coordination activities. This tool reduces the time required for staff to process participants' information. To date, it has been used for 13 events. The e-notification service now has over 3,800 subscribers (as of August 2007, an increase of 55.53% in the past 12 months), who regularly receive electronic updates on new ADBI materials and opportunities.

1. Publications

51. As of end-September 2007, 23 research papers have been circulated under ADBI's Discussion Paper series. One book has been published, which is the third in a series of joint ADBI-Edward Elgar publications. Four discussion papers are undergoing review by external reviewers for possible publication in the ADBI Research Paper series. One Research Policy Brief and an excerpt of the book *The Dynamics of Regional Development: the Philippines in East Asia*, which enumerated 10 key lessons and observations that emerged from the analysis, were published. Seven ADBI research outputs have been published in various journals; one research output has been included as a chapter in a book published by another publisher in 2007 (see Appendix 2 for details). Four discussion papers produced in 2007 have been submitted by their authors to various journals for possible publication. Publications available on ADBI's website have been downloaded about 20,000 times a month.

2. Conferences, Seminars, and Workshops

52. ADBI's outreach activities in 2007 included 12 seminars and workshops, most of which were jointly organized with other institutions. Many of these seminars and workshops 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; others were intended to provide a platform for debate on emerging development issues in the region (see Appendix 2 for details).

53. Some Visiting Fellows and Researchers, after completing their terms at ADBI, attend seminars and conferences organized in their home countries to present their ADBI research outputs. In 2007, four of the discussion papers were presented at such seminars and conferences. The tsunami study team ran a global development learning network session for 15 officials from Aceh, Indonesia, using the three recently completed ADBI tsunami country studies (on Indonesia, Sri Lanka, and Thailand) as its basis.

3. Networking

54. In 2007, ADBI has continued efforts to strengthen its networking program. Under the ADBI Visiting Researcher Program, seven researchers from the Asia and Pacific region spent up to 6 months each at ADBI, working on topics of mutual interest. The list of Asian Think Tanks has been updated. Two new activities were initiated to enhance the networking program. First, ADBI resurrected the Asian Policy Forum, which is a policy discussion forum among Asian think tanks, in conducting the project *Managing Capital Flows: Search for a Model*. Selected ASEAN+3 and Indian think tanks comprising the core group of the Forum are involved in the project either as researchers or discussants of the research papers. Second, the Research Director has made initial contacts with Visiting Fellows and Researchers who completed their terms at ADBI in 2006 and early 2007 to inform them of ongoing ADBI activities and to inquire as to the status of their ADBI discussion papers (i.e., whether they have been submitted for publication in journals or other publication outlets) and outreach activities they had conducted for their research papers. ADBI is building a database of Visiting Fellows, Researchers, and Scholars who have visited ADBI since 1997. This will be used as one of the instruments for strengthening ADBI's networking program and for evaluating the effectiveness of its Visiting Researcher Program. A database of partner institutes, resource speakers, and participants in CBT activities has also been established and is regularly updated.

V. ROLLING WORK PROGRAM FOR 2008–2010

A. Research

1. Approach to Research

55. The preparation of the Research Department's work program has been guided by suggestions from the ADB Board members, ADBI Advisory Council, and other key stakeholders. The key suggestions may be summarized as follows:

- (i) ADBI should complement the main activities of ADB HQ.

- (ii) ADBI should focus on medium- and long-term issues that cannot be easily addressed by ADB HQ.
- (iii) ADBI should look 10–20 years ahead and lead ADB in terms of new ideas and strategies.
- (iv) Policy impacts need to be built into the ADBI research work program.

56. The identification of specific research topics for 2008–2010 is guided by ADBI's priority themes: poverty reduction, regional cooperation, private sector development, and governance. It should be noted, however, that ADB is currently reviewing its LTSF, and the revised LTSF is likely to require a redirection of ADBI's priority themes for 2008–2010 and, hence, the research projects planned for the period. Should this need arise, ADBI will consult with its Advisory Council, ADB Board, management, staff, and DMC stakeholders to formulate its research program in line with the priorities in the new LTSF.

2. Research Projects for 2008–2010

57. ADBI's research projects for 2008–2010 are clustered under four headings: flagship project, poverty reduction, regional cooperation, and private sector development and governance. These are briefly described below (see Appendix 3 for additional information).

58. **Flagship Project.** In 2008, research activities will focus on accomplishing most of the tasks outlined in the flagship project, *Infrastructure and Regional Cooperation*. This project examines four major areas: trade and logistics, institutions and policy, financing infrastructure, and transnational issues. With regard to the third major area, "soft infrastructure" issues pertaining to policy and regulatory frameworks and other related matters will be considered in this study. Publication of the research outputs and research dissemination activities for the project will be conducted in the first half of 2009.

59. **Poverty Reduction.** Studies on poverty reduction have been a key element of ADBI's work since 2003. Under this work program, three major research projects fall into this priority theme. The first project, *Organic Agriculture and the Millennium Development Goals*, aims to generate empirical results that can be used as a basis for policy formulation to support organic agriculture. Existing literature suggests that organic agriculture can contribute effectively to multiple goals within the Millennium Development Goals. Results of the various studies under this project will be published and disseminated in 2008. The second project, *Biofuel and Poverty Reduction: Energy or Food Sufficiency?*, aims to assess choices between food and energy self-sufficiency of rural communities in Asia, using lessons from Cambodia and the Lao People's Democratic Republic. This project will be completed in 2008. The third project, *Facilitating Human Capital Formation in Rural Areas*, explores options utilizing ICT to meet the demand for social services in rural areas and to recover costs. It also attempts to identify roles for both the public and private sectors in providing those services. The project will be completed in 2010.

60. **Regional Cooperation.** The project *Managing Capital Flows: Search for a Model* aims to develop a policy framework for managing capital flows that can be used as a basis for formulating (i) DMCs' national policy responses to surges in capital inflows consistent with the goals of macroeconomic stability, (ii) Asian regional cooperation initiatives in support of national efforts to manage capital flows, and (iii) proposals for reforming the international financial architecture that can support DMCs' efforts to

manage capital flows. This project will be completed in 2008. Another project under this theme, *Regional Trade Patterns and Growth*, will compare the Asian and Latin American regions' trade patterns and growth as they respond to recent developments promoting integrated supply chains and reduced trade costs. The project will be completed in 2009.

61. **Private Sector Development and Governance.** Three research projects fall under the private sector development and governance priority themes. The first project, *Food Safety and Food Traceability System*, examines the roles of IT and ICT in facilitating food safety assurance and market access for smallholders in developing countries. Publication of the research reports and dissemination will be completed in 2008. The second project, *SME Financing*, will start in mid-2008 and will be completed in 2010, including publication of the reports and research dissemination activities. This project will explore the issue of why microenterprises that have gained access to microfinance services have not graduated to the regular banking services and why financial services for small and medium-sized enterprises (SMEs) seem to be missing. It will also address the issue of how SMEs can participate in the national and regional capital markets, which countries in the region are trying to develop through regional cooperation initiatives. The results of this project can help in identifying rigidities in the existing financial systems in DMCs that prevented them from efficiently intermediating savings into the sectors having the greatest needs. The project can strengthen ADB's ability to deliver effective financial sector assistance to DMCs. The third project, *Private Sector Governance and Trade Facilitation*, examines what the private sector can do to improve its export performance, both on its own and in conjunction with the public sector. This project will be completed in 2010.

62. **Annual Conference.** ADBI will continue to hold an annual conference to share results of ADBI's selected major research activities with policymakers and the general public.

63. **Visiting Researcher Program.** In addition to carrying out its own projects, ADBI supports the work of individual researchers (principally drawn from within the region) who visit ADBI. A visiting researcher usually works on a topic of mutual interest that falls under one of the priority themes of the work program. For 2008–2010, applications for topics that are included in projects with crosscutting themes will be encouraged. ADBI has adopted appropriate measures to ensure that visiting researchers produce quality outputs in a timely manner.

64. **Distinguished Speaker Seminar Series.** In 2007, ADBI launched the Distinguished Speaker Seminar Series, which aims to bring eminent persons to ADBI to encourage debate among policymakers, researchers, academics, think tanks, and other audiences interested in economic development challenges in Asia and the Pacific. To date, eight internationally known economists have delivered seminars on policy and development issues in the region, such as exchange rate policies, six transformations in the People's Republic of China from 960 to 2030 A.D., and regional public goods.

65. This series will be continued in this work program. Efforts will be exerted 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 CBT

66. The main objective of the CBT programs is 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) identifying appropriate policies or measures to address these issues, and iii) assisting them to implement these policies and measures effectively. This may, in some cases, involve identifying applicable international best practices and assisting DMCs in determining approaches to adopting them, including through sharing of country experiences and practices. In other cases, analysis may need to be conducted to identify the appropriate policies, practices, modalities, or approaches.

67. To ensure the high quality, relevance, and impact of the CBT program, the CBT work program and its activities will

- (i) be demand-oriented and focused on priority development needs of DMC governments;
- (ii) be coherent with the other CBT activities of ADB;
- (iii) develop suitable knowledge for the intended target audience by building on existing policy research work and knowledge where available; and
- (iv) develop tangible, quality knowledge products where applicable.

68. Identification of CBT needs or issues and the target audience will therefore be carried out, where applicable and appropriate, in consultation with the ADBI Research Department, ADB HQ, resident missions, and other partner organizations.

69. To ensure the relevance of CBT activities, emphasis will be put on identifying the right contents and materials for the selected issues and the intended target audience. To achieve this, CBT staff will work with the Research Department, relevant experts from ADB HQ, or external consultants (including those from partner institutes). Seeking out such experts will enable the CBT Department to explore best practices as well as appropriate approaches, modalities, or measures. Presentation materials provided by speakers will be reviewed prior to events to ensure their relevance and consistency.

70. The CBT work program will also build on relevant work done by ADBI's Research Department and ADB HQ as well as other relevant agencies/organizations. Additional research or modification of existing work or knowledge materials will be carried out, as necessary, to ensure the relevance of the CBT contents and materials.

71. Program activities under each focus area will be designed with a view to creating quality knowledge products in the forms of compendiums of issues, country practices or international best practices, or handbooks or toolkits for ADBI publication. For example, a compendium of issues or a set of guidelines on public-private partnership (PPP) in infrastructure development could be developed by synthesizing the outcomes of various workshops and consolidating their materials into a well-structured publication for wider dissemination and future reference.

72. Based on the approach described above, the design and implementation of CBT activities will follow the guidelines specified in Box 3.

Box 3: Capacity Building and Training (CBT) Program Guidelines

- (i) Identify needs for capacity building (fields, areas, issues) and targets and beneficiaries (relevant agencies, institutes in developing member countries).
- (ii) Identify best practices and/or policy measures (knowledge) that could enhance the capacity of concerned officials in addressing these needs and issues.
- (iii) Identify relevant Asian Development Bank departments, government agencies, international organizations, think tanks, and nongovernment organizations for collaboration and partnership.
- (iv) Design appropriate capacity building program (contents and modalities [face-to-face, distance learning, training of trainers, etc.]) that could effectively transfer knowledge (best practices, policy measures, and how to effectively implement these) to the target audience.
- (v) Identify experts and speakers who can develop and deliver appropriate contents required by the program as well as officials and participants who will most benefit from the program.
- (vi) Organize and conduct the workshops, seminars, conferences, and courses.
- (vii) Prepare summaries of proceedings to be posted on the ADBI website.
- (viii) Where applicable and appropriate, prepare and publish a compendium, handbook, or toolkit on the issue.
- (ix) Evaluate impacts of CBT programs (actual adoption of best practices and/or successful implementation of policy measures).

Source: ADB Institute

2. CBT Activities 2008–2010

73. Within the four priority themes of ADBI and taking into account (i) the ADBI focus on medium- to long-term development issues; (ii) the six priorities⁴ suggested by the Eminent Persons Group, which are being considered for the LTSF; (iii) ADB's Medium-Term Strategy II; (iv) the two flagship studies;⁵ (v) the outcome of consultation made with various departments at ADB HQ; and (vi) the need for a high-quality, relevant, and high impact CBT program, the 2008–2010 CBT work program will focus on four thematic areas: infrastructure development, financial sector development, regional cooperation, and governance.

74. Consistent with ADBI's four priority themes, these thematic areas allow the CBT program to be more focused and coherent. For example, financial sector development can contribute to reducing poverty by facilitating private sector development, generating employment, and increasing individual and household income.

75. **Flagship Project.** For the area of infrastructure development, CBT activities will focus on promoting better understanding of critical policy issues and best practices in terms of infrastructure investment and management. These may include the need for a region-wide approach to infrastructure investment, expanding the potential for PPPs, enhancing the regulatory environment for PPPs, ensuring effective project management

⁴ The six priorities are (i) infrastructure development, (ii) financial sector development and intermediation, (iii) energy and environment, (iv) regional integration, (v) knowledge management, and (vi) technology development and innovation.

⁵ These are the ADB-led flagship project on *Emerging Asian Regionalism: Ten Years After the Crisis* and the ADBI-led flagship project on *Infrastructure and Regional Cooperation*.

and operation of infrastructure, and improving access and quality of service delivery. The work program could address some specific issues and needs in the area of infrastructure development (and management):

- (i) PPP in infrastructure development,
- (ii) best practices in infrastructure management, and
- (iii) integrated water resources management.

76. **Poverty Reduction and Private Sector Development.** The focuses for financial sector development will be on increasing access to financing and financial services, as well as promoting the development of sound and robust financial and capital markets in DMCs. The work program could address

- (i) microfinance, and
- (ii) capital market development.

77. **Regional Cooperation.** CBT activities can focus on trade liberalization and facilitation and capital market integration. As regionalism intensifies in Asia, many regional initiatives have been adopted to foster closer economic integration. Assisting DMCs to adjust to and productively participate in regional economic integration would allow them to fully benefit from the integration process and thus reduce the development gaps. Specific issues and needs to be addressed include

- (i) trade facilitation (including but not limited to rules of origin, nontariff barriers, tax, e-customs, and competition policies),
- (ii) capital market integration, and
- (iii) liberalization of trade in services.

78. **Governance.** As a factor that could enhance the impacts of the CBT program on the aforementioned three priorities, capacity building will continue to be provided to promote best practices in governance, both in the public (public sector management) and private (corporate governance) sectors. Where possible, linkages will be made to the governance issues in the first three focus areas. Specific issues and needs include

- (i) e-governance, and
- (ii) best practices in public sector management.

79. The issues mentioned can also be reorganized under the current four priority themes as shown in Table 2.

Table 2: Capacity Building and Training Issues Organized by Asian Development Bank Institute Priority Themes

Priority Theme	Issues
Crosscutting: Flagship Project	PPP in infrastructure development Best practices in infrastructure management Integrated water resources management
Poverty Reduction	Microfinance
Regional cooperation	Trade facilitation Capital market integration Liberalization of trade in services
Private Sector Development	Capital market development
Governance	E-governance Best practices in public sector management

Source: ADB Institute

80. A brief description of these issues and how CBT activities can potentially address them is given in Appendix 3. Some possible CBT activities to address the needs and issues mentioned above are outlined in Box 4.

81. In addition, ADBI will conduct an internal review (possibly with the assistance of consultants) of the distance learning courses to evaluate the effectiveness and sustainability of their current setup, explore their potential uses, and identify the appropriate operating modality and its resource implications. One of the potential uses of the distance learning method is to deliver ADBI's knowledge products to a wider audience than that reached by ADBI's face-to-face events. Distance learning can be used as a tool to disseminate ADBI-developed knowledge products such as handbooks or guidelines on selected issues to a larger group of relevant but possibly less senior officials who may be involved in implementing such knowledge. It may also be used to promote greater awareness and/or better understanding on those issues.

82. At its meeting on 29 October 2007, the Advisory Council recommended that ADBI continue its program on the Developing Asia Journalism Awards. Annually offered during 2004–2006, the awards acknowledged Asian and Pacific journalists who covered development trends and the impact these had on the countries and people of the region. The awards were based on journalists' published works (including those in translation). Winners were selected by a distinguished jury of practicing journalists.

Box 4: Possible Capacity Building and Training Activities, 2008–2010

Flagship Project: Infrastructure Development

- (i) Workshop on project cycle management
- (ii) Workshop on infrastructure development and management
- (iii) Network of Asian River Basin Organization Training Course on Integrated Water Resources Management

Poverty Reduction

- (i) Financial sector development: distance learning course on microfinance

Regional Cooperation

- (i) Workshop on competition policies
- (ii) Workshop on trade facilitation
- (iii) Workshop on trade liberalization
- (iv) Workshop on capital market integration
- (v) Forum on cross-border tax issues
- (vi) Network of Asian River Basin Organization General Meeting

Private Sector Development

- (i) Financial sector development: workshop on capital market development

Governance

- (i) Workshop on corporate governance
- (ii) Workshop on public sector management
- (iii) Workshop on e-governance
- (iv) Tax policy and administration
- (v) Developing member countries journalists' program

Source: ADB Institute

C. Collaboration Initiatives

1. Internal Collaboration between Research and CBT

83. During 2008–2010, the Research and CBT departments aim to further closely coordinate their activities and strengthen synergies. The two departments can collaborate in at least two areas.

84. **Learning Methods and Materials, and Research Gaps.** The Research Department will endeavor to identify and distill from its research outputs good practices that can feed into the production of the CBT Department's training methods and related materials. The CBT Department will pass on to the Research Department development issues noted by CBT workshop participants that can be addressed through research.

85. For 2008–2010, at least four research outputs can be considered as inputs in developing CBT programs. These are:

- (i) The tsunami country studies, which could identify capacity building needs on natural disaster management of participating countries.

- (ii) *Managing Capital Flows: Search for a Model*, which is expected to come up with an appropriate policy framework to manage huge capital inflows consistent with the goals of macroeconomic stability.
- (iii) The flagship project, *Infrastructure and Regional Cooperation*, which is expected to identify best practices in cross-border infrastructure design, management, and financing.
- (iv) *Emerging Asian Regionalism*, which is expected to identify best practices in managing macroeconomic interdependence, building integrated financial markets, and harnessing productivity and competitiveness, among others.

86. **Design and Conduct of CBT Projects.** Where expertise exists, Research Fellows can act as consultants or advisors to help in the design of CBT projects in such areas as competition policy, trade facilitation, as well as those mentioned above. Research Fellows will also participate in CBT activities as resource speakers in the areas in which they have experience. This will enable the researchers to further convey the findings, outcomes, and/or policy recommendations of their related studies as well as to gain firsthand feedback from workshop participants on development issues that could be incorporated into ADBI's research program.

2. Collaboration between ADBI and ADB HQ

87. ADBI aims to strengthen further collaboration with ADB HQ through its research and capacity building and training programs. In research, the collaborative framework used by the ADBI-led flagship project that involves ADB management and staff can be used in major research projects in the future. To enhance policy impact of its research outputs, ADBI will closely coordinate with ADB's other three knowledge departments and country offices in disseminating the key policy messages of the research. This has already been built into the research dissemination and outreach programs of ADBI's projects such as *Infrastructure and Regional Cooperation* and *Managing Capital Flows: Search for a Model*.

88. ADBI activities can build on research and capacity building projects conducted or to be conducted by various ADB HQ departments (and vice versa). Findings of ADB HQ research and capacity building projects can be used as inputs into ADBI research and CBT projects. In some cases, ADBI could widen the outreach of ADB HQ projects that may initially focus on a specific grouping. For example, the Southeast Asia Department has been invited to share its findings and outputs of its regional project on enhancing cooperation among equity markets⁶ at the joint *ADB-ADBIOECD Roundtable on Capital Market Reform* planned for February 2008. Collaboration is also being explored on regional technical assistance on *Capacity Building for Capital Market Development in East Asia* (REG 40213-01) that the Office of Regional Economic Integration is implementing (by expanding participation to include relevant authorities from other parts of Asia and the Pacific and/or enhancing resource persons and materials).

89. In general, experts from ADB HQ have always been invited to participate in ADBI events as resource speakers. A number of joint ADB HQ-ADBIO projects have also been conducted, including an annual tax conference held at ADBIO in Tokyo. In some projects,

⁶ ADB. 2005. *Supporting Enhanced Cooperation among Southeast Asian Equity Markets*. Manila.

partnership has been extended to include other international agencies and organizations where relevant expertise exists and synergies can be built.

3. Collaboration between ADBI and Other Organizations

90. ADBI places a high value on its collaboration with external organizations and development partners. This collaboration broadens ADBI's knowledge of development issues in the region while allowing it to remain focused on areas where it has comparative advantage, raises the quality of its research and CBT, and enhances the impact of ADBI activities. Partner institutes that have been collaborating with the ADBI include Asia-Pacific Economic Cooperation, ASEAN, Central Asia Regional Economic Cooperation (CAREC), Inter-American Development Bank (IADB), International Competition Network, International Monetary Fund (IMF), International Telecommunication Union, International Water Management Institute, Japan Bank for International Cooperation (JBIC), Japan Fair Trade Commission (JFTC), Japan Food Research Institute, Japan International Cooperation Agency, Japan Water Agency, Latin America/Caribbean and Asia Pacific Economics and Business Association (LAEBA), Mekong River Commission, Microsoft, NARBO, Organisation for Economic Co-operation and Development (OECD), SAP, Sun Microsystems, South Asian Association for Regional Cooperation (SAARC), Tokyo Development Learning Center, United Nations Capital Development Fund, United Nations Conference on Trade and Development (UNCTAD), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), World Customs Organization, World Trade Organization (WTO), World Resource Institute, World Health Organization, and World Bank, including its Institute and its Public-Private Infrastructure Advisory Facility.

91. In 2007, ADBI conducted joint conferences with the Policy Research Institute of Japan's Ministry of Finance and the Research Institute of Economy, Trade and Industry. This collaboration will continue in 2008. For example, ADBI and Policy Research Institute plan to hold a conference on public finance and social security systems in societies with declining population in mid-2008. ADBI will continue to involve Asian think tanks in its future research projects, such as the proposed project on SME financing. A *Roundtable on Capital Market Reform* is being planned in the first quarter of 2008 and will be jointly organized with OECD. In addition to continuing such collaborations, ADBI will expand its collaboration with other organizations by holding more joint regional events with other think tanks, development partners, and training institutes.

D. Outreach and Knowledge Management

92. ADBI will continue to closely collaborate with the other three ADB knowledge departments on knowledge creation efforts. ADBI will enhance its outreach activities as it better defines its target audiences and promotes its flagship studies and major publications through activities such as book launches and road shows. ADBI will continue to produce *e-newsline*, its daily online newsletter on development issues. *ADBI News* will continue to be published quarterly.

93. The Research Department expects to have seven major publications in 2008, five in 2009, and three in 2010. These are:

- (i) For 2008: (a) *After the Tsunami: Rebuilding in Indonesia, Sri Lanka, and Thailand*; (b) *Infrastructure and Trade in Asia*; (c) *Infrastructure's Role in Reducing Trade Costs*; (d) *Contract Farming and Market Facilitation for*

the Rural Poor; (e) *Aging in Asia*; (f) *A Decade of Developments: Conference Proceedings*; and (g) *Managing Capital Flows: Search for a Model*.

- (ii) For 2009: (a) *Organic Agriculture and the Millennium Development Goals*, (b) *Infrastructure and Regional Cooperation*, (c) *Biofuel and Poverty Reduction*, (d) *Food Safety and Food Traceability System*, and (e) *Proliferation of Free Trade Agreements in Asia and Latin America: Comparative Analysis*.
- (iii) For 2010: (a) *SME Financing*, (b) *Facilitating Human Capital Formation in Rural Areas*, and (c) *Private Sector Governance and Trade Facilitation*.

94. Newly improved quality control mechanisms (Appendix 1) will be applied to these prospective publications. Efforts will be exerted to diversify the copublishers of ADBI's books to obtain better terms that would support ADBI's objective of widely disseminating its research outputs to its target audience.

95. To enhance the policy impact of ADBI research outputs, which is being emphasized by the Advisory Council and is reflected well in ADBI's strategic directions, the following actions will be undertaken:

- (i) ADBI will continue its policy of putting online its published books and research papers.
- (ii) For copublished books, ADBI will distribute copies on a selective basis, with the ADBI Publications Committee, in consultation with ADB HQ, drawing up a list of potential recipients of each publication to ensure that the copies will reach the target audience. The target audience may vary depending on the subject and policy messages of the book.
- (iii) Given that policymakers have very limited time to read thick reports, a Research Policy Brief must be prepared for every major publication of ADBI. For a book, the excerpt of the book, *The Dynamics of Regional Development: the Philippines in East Asia*, may serve as a model. A research policy brief (4–6 pages) will be prepared for each of the research outputs published under the ADBI Research Paper series and in professional journals.
- (iv) ADBI will make use of its network of think tanks and former visiting researchers to disseminate its publications. These think tanks and some of ADBI's former visiting researchers may have considerable influence on national policymaking institutions. ADBI will exert efforts to arrange and organize joint conferences with national think tanks to present the key findings and policy recommendations of its studies.
- (v) As mentioned by the Advisory Council, ADBI needs to have access to, and interact with, senior policymakers in the region. ADBI, with the assistance of ADB HQ and national think tanks, will organize meetings with senior officials to inform them of the key findings and policy messages of its studies. This may coincide with the conference that will be jointly organized by ADBI and national think tanks for a wider audience.
- (vi) CBT workshops will be fully utilized to disseminate research outputs.

96. Website development will focus on improving the quality of materials, expanding the e-notification subscriber base, optimizing the site's search engine, and promoting the use of the online applications for events and business opportunities

toolkits. Plans are in place to evaluate the impact of ADBI's website outreach and dissemination programs.

VI. THE BUDGET

97. The budget proposed for 2008 amounts to \$14.776 million (Appendix 5) and is slightly higher than the 2007 budget (\$14.242 million). Budget allocation for internal administrative expenses (IAE) has been increased from \$9.992 million to \$10.276 million mainly due to rising office rent. Allocation to the program expenses budget has also been increased from \$4.250 million to \$4.500 million due to full implementation of the flagship study on *Infrastructure and Regional Cooperation*.

A. Program Budget

98. The program expenses budget of \$4.500 million consists of \$2.600 million for research and \$1.900 million for capacity building and training (CBT). The proposed 2008 budget for research has increased by 11%, while the program budget for CBT remains the same as in the 2007 budget. The proposed budget allocations for research and CBT are required to enable ADBI to carry out the flagship study and to implement the objectives of the work program based on its four priority theme areas: poverty reduction, regional cooperation, private sector development, and governance.

99. The total program-related IAE, such as staff costs and business travel for research and CBT, amounts to \$5.653 million (\$2.227 million for research; \$1.485 million for CBT; and \$1.941 million for administration, management, and coordination), or 39% of the overall budget. If these are included, the total program-related expenses amount to \$10.153 million, or 69% of the total budget (Appendix 6).

B. Internal Administrative Expenses Budget

100. The IAE budget proposed for 2008 is \$10.276 million. This amount includes a general contingency provision of \$299,000, the cost of seconded ADB employees' salaries, and benefits and other services provided by ADB to ADBI.

1. Staff Costs

101. As of 31 December 2007, 15 positions at the professional levels will be filled. In accordance with usual budget practice, provisions for salary increases have been made for 2008.

2. Business Travel

102. The proposed business travel budget is higher than in 2007 mainly due to the increased activities and number of staff. ADBI seeks to reduce business travel expenses by making use of video and telephone conference facilities, wherever feasible.

3. Administrative Expenses

103. The lease of ADBI premises and the cost of office equipment expenses are other major administrative expenditures. Due to renewal of the lease contract the proposed amount is slightly higher than in 2007.

Box 5: Budget Savings

In order to efficiently allocate resources, Asian Development Bank Institute (ADBI) is making every effort in exploring budget savings. The more budget savings are realized, the more resources can be allocated to areas of high priority.

Around \$150,000 has been the yearly savings. Savings are being realized in the following areas:

- (i) **Consultant selection.** In July 2007, a distance learning consultant was selected through the new competitive bidding process (savings of \$30,000).
- (ii) **Partnerships.** In June 2007, a workshop on Ten Years After the Crisis was jointly organized by ADBI and Research Institute of Economy, Trade and Industry. The joint organization enabled impact to be more than doubled at half of the cost (\$15,000).
- (iii) **Video conference.** Fully utilizing the ADBI video conference facility has made for considerable savings on travel costs. Video conferences have been held on LTSP review, publication policy, interviews, and other matters (\$40,000).
- (iv) **Hotel accommodation.** Hotel accommodations for workshop participants are provided using ADBI's budget. By selecting cheaper but suitable hotels, ADBI realized substantial savings. At the same time, cost consciousness is expected to be strengthened among staff members (\$50,000).
- (v) **Printing and freight cost.** Concentrating printing publications in the Bank's printing section, ADBI is making savings on freight costs together with delivery time to the depositary libraries (\$10,000).
- (vi) **Streamlining of journal subscriptions.** In January 2007, a needs survey was carried out in order to find any unnecessary subscriptions to journals and magazines. As a result, 10 journal subscriptions were cancelled (\$6,000).

Source: ADB Institute

VII. RECOMMENDATION

104. In accordance with the Statute of ADBI, I hereby recommend that the Board approve the Asian Development Bank Institute's 2008 work program and its budget amounting to \$14,776,000.

Haruhiko Kuroda
President

21 November 2007

ASIAN DEVELOPMENT BANK INSTITUTE (ADBI) QUALITY CONTROL MECHANISMS, 2008–2010

Item	Quality Control Mechanism ^a	Output
A. Research		
Books	In case of large projects, generally workshops, seminars, or conferences are conducted to discuss work in progress with external reviewers assessing the work. Other books are subject to review by leading experts in the specific field. All books are subject to review and authorization by the ADBI Publications Committee.	Published in hard copy and posted on the ADBI website. Major works are generally published by an international commercial publisher. Website access is tracked monthly, which allows ADBI to assess client interest. Where appropriate, results are presented at in-country dissemination seminars in liaison with Asian Development Bank (ADB) resident missions.
Publication policy and research strategies	Comprehensive internal review of ADBI's Publications Guidelines and research strategies.	Adoption of new Publications Guidelines and revised research strategies.
ADBI research papers	Research papers are subject to external review.	Research papers are published in hard copy and posted on the ADBI website.
Research policy briefs	Research policy briefs are based on ADBI books, research papers, or journal articles which have been reviewed internally and externally.	Published in hard copy and soft copy for all ADBI books and research papers.
ADBI discussion papers	ADBI discussion papers are reviewed internally and, where appropriate, presented in a conference or workshop for purposes of reviewing the report. External review is conducted if and when appropriate.	Discussion papers, which are regarded as preliminary, are published only electronically. Website access is tracked monthly. Where appropriate, results are 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 leading experts.	Published in regional and international journals to reach a research audience.

Item	Quality Control Mechanism ^a	Output
B. Capacity Building and Training (CBT)		
Courses and workshops	Electronic and/or written evaluation made by the training course participants and resource speakers immediately after each course.	Suggestions to improve the quality, relevance, and impact of the course.
	Periodic training needs assessment and impact assessment of CBT programs by external consultant or independent researcher.	Reports on specific CBT needs in the priority areas of ADBI and impacts of CBT program, including suggestions to enhance impacts.
	Peer review or review by external consultant on the design, structure, and contents of CBT workshops and training courses.	Improved CBT workshop and course design, contents, and delivery.
Proceedings	Peer review on summary of outcome and proceedings from the CBT workshops.	Improved quality of summary reports and proceedings.
Workshop reports, guidelines, handbooks, toolkits	Peer review and review by external consultant of compendium, guideline, handbook, or toolkit developed based on CBT activities.	High-quality CBT publications.
	Review of training materials, handbooks, and reports by the Publications Committee.	High-quality training materials and publications.

Item	Quality Control Mechanism ^a	Output
C. Outreach Activities		
e-newsline	Editorial monitoring of content by professional staff and external journalists; level of subscriber numbers; feedback from newsletter readers.	More than 240 e-newsline issues produced each year, now directly reaching more than 2,800 subscribers daily.
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 in event proceedings.
Support for conferences and workshops in ADBI facilities	Reputation, including international reputation, of development partners that wish to work with ADBI.	12 conferences and workshops cosponsored with partners in ADBI facilities in Tokyo.
Website	Internal or external reviews of the design and effectiveness of ADBI's website.	Monthly tracking and quantitative and qualitative assessments of ADBI's website.
ADBI News	Checked by ADBI professional staff and editor.	3,000 copies published quarterly, distributed to ADB Headquarters, Japan Representative Office, think tanks, workshop participants, and others.

^a The Advisory Council contributes to quality control by providing advice and recommendations on ADBI's strategic directions and work program. It meets twice yearly. As of September 2007, the Advisory Council consists of the following members: Masahiko Aoki; Victor H. Frank, Jr.; Eric Girardin; Ajit K. Jain; Li Yong; Andrew MacIntyre; and Ifzal Ali.

Source: ADB Institute

ADBI MAJOR OUTPUTS AND ACTIVITIES, 2007

Table A2.1: Asian Development Bank Institute (ADBI) Publications in 2007

Type, number	Title of Publication	Month
A. Research		
(As of 7 November)		
Books		
	Arsenio Balisacan, and Hal Hill, eds. <i>The Dynamics of Regional Development: The Philippines in East Asia.</i> Cheltenham, UK: ADBI-Edward Elgar.	May
Research Paper Series		
(Six papers are being reviewed)		
Excerpt of a Book		
	Arsenio Balisacan, and Hal Hill. <i>An Overview: The Philippines and Regional Development.</i> Tokyo: ADBI.	February
Discussion Paper Series		
No. 58	Jayant Menon Dollarization and the Multiple Currency Phenomenon in Lao PDR: Costs, Benefits and Policy Options	January
No. 59	Biswa Bhattacharyay, Swapna Bhattacharya Free Trade Agreement between People's Republic of China and India: Likely Impact and Its Implications to Asian Economic Community	January
No. 60	Bruno Rocha At Different Speeds: Recovering from the Asian Crisis	February
No. 61	Erniel B. Barrios Access to Rural Development: Household Perceptions on Rural Development	March
No. 62	Zaure Chulanova Poverty Reduction in Developing Countries via Infrastructure Development and Economic Growth: Mutual Impact in Kazakhstan	March
No. 63	Jayant Menon Dealing with Dollarization: What Options for the Transitional Economies of Southeast Asia?	March
No. 64	Anoop Singh Policy Environment and Regulatory Reforms for Private and Foreign Investment in Developing Countries: A Case of the Indian Power Sector	April
No. 65	Erniel B. Barrios Spatial Effect in the Efficient Access of Rural Development	May
No. 66	Wang Xiaolu Who's in First? A Regional Development Index for the PRC's Provinces	May
No. 67	Geethanjali Nataraj Regional Trade Agreements in the Doha Round: Good for India?	June
No. 68	Masahiro Kawai Toward a Regional Exchange Rate Regime in East Asia	June
No. 69	Toshiki Kanamori, Zhijun Zhao Infrastructure and Regional Development in the People's Republic of China	June

No. 70	Budy Resosudarmo, Suahasil Nazara Aceh-Nias Reconstruction and Rehabilitation: Progress and Challenges at the End of 2006	June
No. 71	Erniel B. Barrios Convergence of Agriculture of Some Asian Countries	July
No. 72	Bhanupong Nidhiprabha Adjustment and Recovery in Thailand Two Years after the Tsunami	July
No. 73	Erniel B. Barrios Dynamics of Development in Rural Communities	August
No. 74	Ronald I. McKinnon Japan's Deflationary Hangover: Wage Stagnation and the Syndrome of the Ever-Weaker Yen	August
No. 75	Nisha Arunatilake, Paul Steele, Sisira Jayasuriya, Dushni Weerakoon Economic Challenges of Post-Tsunami Reconstruction in Sri Lanka	August
No. 76	Haruhiko Kuroda, Masahiro Kawai, Rita Nangia Infrastructure and Regional Cooperation	September
No. 77	Masahiro Kawai, Ganeshan Wignaraja ASEAN+3 or ASEAN+6: Which Way Forward?	September
No. 78	Biswa Bhattacharyay, Prabir De Prospects of India-Bangladesh Economic Cooperation: Implications for South Asian Regional Cooperation	September
No. 79	Masahiro Kawai, Cindy Houser Evolving ASEAN+3 ERPD: Towards Peer Reviews or Due Diligence?	September
No. 80	Geethanjali Nataraj Infrastructure Challenges in South Asia: The Role of Public-Private Partnerships	September
No. 81	Melanie Milo Integrated Financial Supervision: An Institutional Perspective for the Philippines	October
No. 82	Ganeshan Wignaraja Foreign Ownership, Technological Capabilities, and Clothing Exports in Sri Lanka	November

Research Policy Briefs

No. 24	Douglas Brooks Industrial and Competition Policy: Conflict or Complementarity?	May
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Book Chapters, Articles in Refereed Journals

- Jayant Menon, 2007, "Would You Like to Pay in Dollars, Baht or Kip? Economic Consequences of Multiple Currencies in Lao PDR," *Journal of GMS Development Studies* 3(2), pp. 35–47.
- Jayant Menon, "Building Blocks or Stumbling Blocks? The GMS and FTA in Asia," *ASEAN Economic Bulletin* 24(2), August 2007, pp. 254–66.
- Jayant Menon, 2007, "Bilateral Trade Agreements," *Asian-Pacific Economic Literature* 21(2), November 2007, pp. 29–47.
- Jayant Menon, 2007, "Dealing with Multiple Currencies: What Options for the Transitional Economies of Southeast Asia?" *Journal of the Asia-Pacific Economy* 13(1), forthcoming.
- Douglas Brooks and David Roland-Holst, 2007, "How Financial Multilateralism can Increase Sustainable Output, Employment, and Income in the Pacific Region," *Static and Dynamic Consequences of a KORUS FTA*, edited by Won Koo and Renan Zhuang, Seoul: Korea Economic Institute, pp. 51–72.

Distinguished Speaker Seminar Series

Ronald I. McKinnon, William D. Eberle Professor of International Economics Stanford University Topic: "Why China Should Keep its Exchange Rate to the Dollar: A Historical Perspective from Japan"	March
Yu Yongding, Director-General, Institute of World Economics and Politics in China; Academician, Chinese Academy of Social Sciences Topic: "PRC's Macroeconomic Management: Issues and Solutions"	May
W. Max Corden, Professorial Fellow, Department of Economics, University of Melbourne and Emeritus Professor of International Economics, Johns Hopkins University Topic: "Exchange Rate Regimes in Asia"	June
Koichi Hamada, Tuntex Professor of Economics, Yale University Topic: "Capital Flows and Exchange Rates"	July
Angus Maddison, Emeritus Professor, Faculty of Economics, Groningen University Topic: "Six Transformations in China: 960–2030 A.D."	October
Peter Drysdale, Emeritus Professor of Economics and Visiting Fellow in Policy and Governance in The Crawford School of Economics and Government, Australian National University Topic: "Japan and China: The Effects of Politics on Trade and Trade on Politics"	October
Hugh Patrick, Director, Center on Japanese Economy and Business and Professor Emeritus of International Business, Columbia University Topic: Japan's Current Economic Performance and Japan's Role in East Asia	October
Todd Sandler, Vibhooti Shukla Professor of Economics and Political Economy at the University of Texas Topic: "Regional Public Goods, Aid and Development"	November
Richard Baldwin, Professor of International Economics, Graduate Institute of International Studies, Geneva and Policy Director, Centre for Economic Policy Research Topic: "Ideas for a WTO Action Plan on Regionalism: Implications for Asia"	November

Conferences, Seminars, and Workshops

Workshop on the Role of Infrastructure in Reducing Trade Costs, Tokyo, Japan	January
ADB/JFTC/GoVN 4th International Conference on Competition Law and Development, Hanoi, Viet Nam	May
Seminar on Aging Asia: A New Challenge for Asia, Kyoto, Japan	May
Workshop on Aging Asia: A New Challenge for Asia, Tokyo, Japan	May
Symposium on A New Wave of Opportunities for Asia: Sources of Future Growth, Tokyo, Japan Jointly organized by ADB and World Bank	May
Japan Microfinance Symposium, Tokyo, Japan In collaboration with PlaNet Finance Japan, the Japan Institute for International Cooperation, the Japan Bank for International Cooperation Institute for Development Finance, the Koei Research Institute, and the World Bank's Tokyo Office	May

Conference on Ten Years After the Crisis: Evolving East Asian Financial Systems and Challenges Ahead, Tokyo, Japan In collaboration with the Policy Research Institute of the Ministry of Finance, Japan	June
Finalization Conference on the Role of Infrastructure in Reducing Trade Costs, Tokyo, Japan	June
Conference on Ten Years After: Learning from the Financial Crisis, Tokyo, Japan	June
Inception Meeting for Managing Capital Flows: Search for a Model In collaboration with ASEAN+3 think tanks through the Asian Policy Forum	October
Finalization Workshop for Ten Years After the Crisis, Tokyo, Japan In collaboration with the Asian Development Bank	November
10th Anniversary Annual Conference: A Decade of Developments, Tokyo, Japan	December
Technical Workshop on Managing Capital Flows: Search for a Model In collaboration with ASEAN+3 think tanks through the Asian Policy Forum	December

ADB = Asian Development Bank, ADBI = Asian Development Bank Institute, ASEAN = Association of Southeast Asian Nations, ERPD = Economic Review and Policy Dialogue, FTA = Free Trade Agreement, GMS = Greater Mekong Subregion, KORUS FTA = Korea-US Free Trade Agreement, Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China
Source: ADB Institute

Table A2.2: Capacity Building and Training

No.	Title or Subject	Month
Courses and Workshops:		
Poverty Reduction		
1.	Online Course on E-learning Policies	Jan–Apr
2.	4th Network of Asian River Basin Organizations (NARBO) Thematic Workshop	January
3.	Pilot Course on Workforce Development	February
4.	National Course on E-learning and Computer Courseware Development	May
5.	Distance Learning Course on Microfinance	Aug–Nov
6.	Conference on ICT in Basic Education	October
Regional Cooperation		
7.	Tax Conference	October
8.	Workshop on Enhancing Corporate Social Responsibility (CSR)	October
9.	Seminar on Cross-border Infrastructure Management	November
Private Sector Development		
10.	Workshop on Strengthening Private Sector Participation and Investment in Physical Infrastructure	November
Governance		
11.	Customs Director General-Commissioner Meeting on Trade Facilitation	February
12.	Industrial Development Planning by Local Governments	March
13.	High-Level Seminar on E-governance	May
14.	Asian Think Tanks: Strengthening Knowledge Management and Knowledge Sharing	June
15.	Tax Administration Course IV	July
16.	Distance Learning Course on E-governance	Jul–Oct
Workshop Reports		
1.	Distance Learning Course on E-learning Policies	July
2.	Distance Learning Course on Community Information Services	August
3.	Distance Learning Course on Public Information Services	August
4.	Workforce Development for Implementing Infrastructure Projects: Cambodia Workshop Report	September
5.	Workforce Development in Korea	November
6.	Computer Courseware Development	forthcoming
7.	High-Level Seminar on E-governance	forthcoming
8.	Workforce Development in the Philippines	forthcoming
9.	Workforce Development in Sri Lanka	forthcoming
10.	Workforce Development in Nepal	forthcoming
11.	Report on Industrial Development Planning: Cluster-Based Development Approach Policy Seminar	forthcoming
Proceedings and Lecture CD-ROMs		
1.	A Cluster Based Approach for SME Enterprise Development	January
2.	Credit Guarantee Programs for SMEs	January

3. Micro-lending: Principles, Practices, and Limitations	January
4. SME Relationship Banking	January
5. The Role of Credit Scoring in Small Business Lending	January
6. Curriculum Development in TVET	April
7. Competency-Based Training in Technical and Vocational Education and Training (TVET)	April
8. Developing Entrepreneurship in TVET	April
9. Emerging Competencies for Technical Teachers in Knowledge Economy	April
10. Extending the Dialogue on International Taxation	April
11. Flat Tax—A Simpler Alternative?	April
12. Globalization and TVET in Australia	April
13. Individualized Learning in TVET	April
14. Integration of ICT in Technical Teachers' Training	April
15. Medium-Term: Tax Administration Modernization	April
16. Mentoring Technique in Technical Teacher Training	April
17. New Paradigms for Technical Teachers' Training	April
18. Nontechnical Skills for Technical Teachers	April
19. Occupational Standards and Accreditation in TVET	April
20. Online Simulations for Use in TVET	April
21. Overview of Learning Content Management Systems	April
22. How to Become an Effective and Efficient Technical Teacher	April
23. Pilot Course on E-business Strategies proceedings	April
24. Qualifications of Technical and Vocational Teachers	April
25. Quality Assured Technical Teacher Training Program	April
26. Quality Management in TVET	April
27. Researching Workforce Development in Australia	April
28. Tax Reforms in Bangladesh	April
29. Theories of Learning	April
30. Total Quality Journey at TVET Institutions	April
31. TVET for Gross National Happiness	April
32. TVET for Youth Employment	April
33. TVET Reform: Philippines	April
34. TVET Reform: Sri Lanka	April
35. Role of Information Technology in Teacher Training	April
36. VET Policies	April
37. Workforce Development and Vocational Education and Training in Lao PDR	April
38. Workforce Development proceedings	April
39. World Trends and Implementation for Sustainable Human Resource Development	April
40. Analyzing Target Audience	July
41. Asian Development Fund: A Report on Negotiations	July
42. Courseware Evaluation from the Three Learning Perspectives	July
43. Developing Competency-Based Curriculum	July
44. Economic Development Trends and Labor Market Demands	July
45. From ADDIE to Rapid Prototyping	July
46. How to Develop Computer Courseware	July
47. ICT as a Continuous Learning Tool	July
48. Improving Quality of Education	July
49. Innovative Training Methods	July
50. Internet Broadcasting	July
51. Managing E-learning Programs	July
52. Motivating the Adult Learners	July
53. Motivational Courseware Design using the ARCS Model	July
54. New Tools for E-learning	July
55. Overview of Microsoft Learning	July
56. Simulation of Soft Skills	July

57. Simulation of Technical Skills	July
58. Six Principles of Effective Courseware Design	July
59. Skill Training, Skill Testing, and Standardization in Nepal	July
60. Strategies for Engaging Learners	July
61. Task and Job Analysis	July
62. TVET for Sustainable Development	July
63. Usability Testing of Computer Courseware	July
64. Workforce Development Systems and Policies in Nepal	July
65. High-Level Seminar on E-government Proceedings	August

ADDIE = analysis, design, development, implementation, and evaluation; ARCS = attention, relevance, confidence, and satisfaction; ICT = information and communications technology; SME = small or medium enterprise; TVET = technical and vocational education and training; VET = vocational education and training.
Source: ADB Institute

MAIN RESEARCH ACTIVITIES, 2008–2010: PROJECT OUTLINES

Theme: Crosscutting

Flagship Project: Infrastructure and Regional Cooperation

Activity Outline: The objective of this flagship project is to examine the key issues and challenges facing infrastructure in Asia's ongoing efforts to support regional cooperation. The study will focus on both software and hardware issues affecting infrastructure and regional cooperation. Studies have indicated that physical infrastructure linkages comprise only a part of the overall determinants of the smooth movement of goods, services, and people. Also important are trade facilitation, documentation harmonization, and simplification of procedures.

The project will produce at least 25 research papers which will be published in two volumes. The first volume will provide policy recommendations for four major areas of regional infrastructure:

- (i) trade and logistics,
- (ii) institutions and policy,
- (iii) financing, and
- (iv) transnational issues.

Each area will be covered in a chapter that will be cowritten by staff from Asian Development Bank Institute (ADBI) and Asian Development Bank Headquarters (ADB HQ) in conjunction with a high profile economist. The second volume will contain the background papers.

Expected outputs: Research papers, policy briefs and books

Location: Asia-Pacific countries

Partner: ADB HQ

Time Period: March 2007–May 2009

Theme: Poverty Reduction

Project: Organic Agriculture and the Millennium Development Goals (MDGs)

Activity Outline: Governments and donors increasingly recognize organic agriculture as an effective strategy for poverty reduction and for achieving the MDGs, particularly for the two thirds of the world's poor who have been bypassed by the "green revolution." Markets for organic products are rapidly emerging in domestic and international contexts, presenting a promising avenue for making global export markets work for the poor.

While evidence in the literature suggests that organic agriculture can contribute effectively to the MDGs' multi-objective goals, rigorous research has been limited. ADBI's research aims to generate empirical results that can be used as a basis for policy formulation to support organic agriculture. An ADBI research team is undertaking cross-country studies on the impact of organic agriculture on MDGs' achievement through a common research methodology and core questionnaire.

Expected Outputs: Research papers, policy briefs, and material for in-country policy seminars.

Location: Bhutan, People's Republic of China, Sri Lanka, Thailand

Partners: To be decided (TBD)

Time period: June 2006–October 2008

Theme: Poverty Reduction**Project: Biofuel and Poverty Reduction: Energy or Food Self-sufficiency?**

Activity Outline: The objective of this activity is to assess options between food and energy self-sufficiency of rural communities in Asia, using lessons from Cambodia and Lao People's Democratic Republic (Lao PDR).

Lack of clean, affordable energy is part of the poverty trap. The governments of Cambodia and Lao PDR are currently reviewing options for developing land under subsistence farming. Alternatives under consideration include expansion of organic agriculture and adoption of biofuel programs. The two programs have potentially very different implications for the economy, not only in terms of financial benefits to farmers but also for their wider impacts on health, poverty reduction, and environment. The first study compares impacts of the two options and recommends policy options for different contexts of development for Cambodia and Lao PDR. The second study extends the scope to include wider development contexts in other Asian countries.

Expected Outputs: Research papers, policy briefs, and material for high-level in-country policy seminars.

Location: India, People's Republic of China, and Greater Mekong Subregion countries

Partner: Southeast Asia Regional Department, ADB

Time Period: December 2006–October 2008

Theme: Poverty Reduction**Project: Facilitating Human Capital Formation in Rural Areas**

Activity Outline: For rural workers, developing the skills to enter the modern, formal sector workforce becomes increasingly important as countries in the Asia and Pacific region continue to grow rapidly. New modes of social service delivery are changing the options facing rural households, and there are roles for both public and private sectors in providing those services. This activity explores options utilizing information and communications technology (ICT) to meet the demand for social services in rural areas and to recover costs. Results of this study will be useful for ADB's operations that promote productivity enhancing reforms, employment intensive rural development, and social development as mentioned in Medium-Term Strategy II.

Expected Outputs: Research papers, policy briefs, and a book.

Location: Two countries each for the Pacific countries, Central Asia, South Asia, and Southeast Asia

Partners: TBD

Time Period: January 2009–September 2010

Theme: Regional Cooperation**Project: Managing Capital Flows: Search for a Model**

Activity Outline: The objective of this activity is to develop a policy framework for managing capital flows that can be used as a basis for formulating (i) national policy responses of developing member countries (DMCs) to surges in capital inflows consistent with the goals of macroeconomic stability, (ii) Asian regional cooperation initiatives in support of national efforts to manage capital flows, and (iii) proposals for reforming the international financial architecture that can support DMCs' efforts to manage capital flows.

This activity will produce a review of literature, seven country studies, four perspective papers, two special studies, an integrative report of Asian experiences with managing capital flows and policy challenges, and a paper outlining a policy framework for managing capital flows. This will be published in two volumes.

Expected outputs: Research papers, policy briefs, and books.

Location: Association of Southeast Asian Nations (ASEAN) + 3 countries and India

Partners: ASEAN+3 and Indian think tanks through the Asian Policy Forum

Time Period: September 2007–October 2008

Theme: Regional Cooperation**Project: Comparative Studies of Asia-Pacific and Latin America (Latin America/Caribbean and Asia Pacific Economics and Business Association of Inter-American Development Bank and ADB)**

Activity Outline: This activity aims to provide interregional comparative studies on regional cooperation and trade costs in both Latin America and Asia; to examine the trend and the development process of trade cost reduction in the two regions; to conduct policy analysis of regional cooperation in terms of projects aiming to improve cross-border trade logistics and trade facilitation measures (TFMs) for developing countries in these two regions; and to continue ongoing cooperation with Inter-American Development Bank (IADB) and improve networks of governments, private sectors, and international organizations for these two regions.

Expected Outputs: Research papers, policy briefs, and a book.

Location: Selected DMCs

Partner: IADB

Time Period: January 2008–June 2009

Theme: Private Sector Development and Governance**Project: Food Safety and Food Traceability System: Role of IT and ICT in Lowering Transaction Costs in Regional Trade**

Activity Outline: This activity aims to examine the roles of information technology (IT) and ICT in facilitating food safety assurance and market access for smallholders in developing countries.

The attention paid by governments and consumers to food safety issues has increased overwhelmingly in recent years due to a number of scandals. As a consequence, food traceability systems are increasingly required not only by developed countries but also among developing countries. Branding of food products (i.e., geographical indicators of products' origins) is also on the increase. A decade of experiences in Japan shows that IT and ICT technologies can significantly reduce the costs of a food traceability system for consumers while providing market information for producers. Preliminary reviews show that such systems could potentially benefit small players in developing countries. The study reviews case studies of experience by Japanese firms to extract lessons for developing countries.

Expected Outputs: Research papers, policy briefs, and material for high-level in-country policy seminars.

Location: Selected DMCs

Partner: Japan Food Research Institute

Time Period: January 2008–October 2008

Theme: Private Sector Development and Governance**Project: Small and Medium Enterprise (SME) Financing**

Activity Outline: The development and promotion of microfinance has improved access of microenterprises to financial services. Three highly related issues, however, need to be addressed. First, most of those who have gained access to microfinance services seem to have not graduated from the microfinance market. Whether the policy environment for the microfinance market has created perverse incentives or microentrepreneurs face formidable barriers for migrating from the microfinance market to the regular financial market is unclear.

The second issue is that there is a large segment of the population engaged in small and medium businesses that needs financial services that are different from microfinance services. They need medium- and long-term loans to buy new or second-hand equipment or machines, financial leasing services, and venture capital, among others. Third, there are now efforts to develop national and regional capital markets through regional cooperation initiatives. The issue of how small and medium enterprises in Asia can participate in the national and regional capital markets needs to be examined.

The objective of this activity is to examine the three closely interrelated issues mentioned above and find out whether the existing policy and regulatory environment is not conducive for the provision of financial services that cater to SMEs as well as to microenterprises wanting to graduate to small enterprises. It is hoped that the results of this study will be able to identify rigidities in the existing financial systems in DMCs that prevent them from efficiently intermediating savings into the sectors in greatest needs and can help strengthen ADB's role in delivering effective financial sector assistance to DMCs.

Expected Outputs: Research papers, policy briefs, and a book.

Location: Selected case country studies to be determined

Partners: Asian think tanks

Time Period: October 2008–March 2010

Theme: Private Sector Development and Governance

Project: Private Sector Governance and Trade Facilitation

Activity Outline: Trade has been an important engine of Asia's growth. Most countries have developed or tried various trade promotion schemes and policies. This activity will examine what the private sector can do to improve its export performance, both on its own and in conjunction with the public sector.

Expected Outputs: Research papers, policy briefs, and a book.

Location: Selected DMCs

Partners: TBD

Time Period: January 2009–December 2010

Theme: Selected ADBI's Priority Themes

Project: ADBI Annual Conference

Activity Outline: The purpose of the conference is to share results of ADBI's selected major research activities with policymakers and the general public.

Expected outputs: Conference proceedings

Location: Tokyo

Partners: —

Time period: Annually (December)

MAIN CAPACITY BUILDING AND TRAINING (CBT) ACTIVITIES, 2008–2010: PROJECT OUTLINES

Theme: Crosscutting

Flagship Project: Infrastructure and Regional Cooperation

Project (1): Integrated Water Resource Management

Activity Outline: One of the targets set by the World Summit on Sustainable Development was for all countries to adopt an integrated water resource management (IWRM) approach. To help form a network among the river basin organizations in Asia, the Japan Water Agency, the Asian Development Bank (ADB), and the Asian Development Bank Institute (ADBI), at the 3rd World Water Forum in March 2003 in Kyoto, Japan, launched the Network of Asian River Basin Organizations (NARBO). Meetings have been organized and workshops conducted to train staff and share country experiences on IWRM.

Expected Outputs: Training workshops on IWRM.

Target Group: Policymakers and practitioners of NARBO and government apex bodies for water resources management.

Partners: ADB Headquarters (ADB HQ), Capacity Building for Integrated Water Resources Management (CapNet), International Water Management Institute, Japan Water Agency, Mekong River Commission, NARBO Secretariat.

Location: NARBO Member Country

Time Period: January 2008–October 2008; Subsequent activities to be scheduled based on DMCs' needs.

Theme: Crosscutting

Flagship Project: Infrastructure and Regional Cooperation

Project (2): Public-Private Partnership (PPP) in Infrastructure Development

Activity Outline: PPP is a viable alternative for the provision of basic infrastructure services (such as transport, energy, and water), particularly where government resources are limited. Various efforts have been made by ADB, the World Bank, and United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) in this area, particularly in identifying good practices and strengthening institutional capacities to manage the implementation of PPP infrastructure projects. Capacity building and training (CBT) workshops will build on these knowledge products to promote infrastructure investment in the developing member countries (DMCs), focusing on facilitating private sector participation in physical infrastructure investment, strategic planning and resource management, best practices in managing regional public goods, and strategies for regional integration and cooperation in infrastructure. Other related capacity building needs or issues to be identified by the flagship project on infrastructure will also be addressed.

Expected Outputs: Workshops, summary of proceedings, compendium of issues, handbook or toolkit.

Target Group: Government officials from ministries of planning, public works, economy, finance, and other related agencies.

Partners: ADB HQ, UNESCAP, Organisation for Economic Co-operation and Development (OECD), World Bank.

Location: Tokyo or Host Country

Time Period: December 2007–June 2008; Subsequent activities to be scheduled based on DMCs' needs.

Theme: Crosscutting**Flagship Project: Infrastructure and Regional Cooperation****Project (3): Best Practices in Infrastructure Management**

Activity Outline: Making efficient use of existing infrastructure is as important as investing in new infrastructure. To promote efficient administration and management of the public infrastructure in DMCs, workshops will be organized to introduce best practices and share country experiences in operating and managing public infrastructure as well as to explore such related issues as legal, institutional, and technical frameworks; maintenance standards; commercialization; and privatization.

Expected Outputs: Workshops, summary of proceedings, compendium of issues, handbook or toolkit.

Target Group: Government officials from agencies that are involved in regulating and/or operating public infrastructure.

Partners: ADB HQ, OECD, United Nations Economic Commission for Europe, World Bank's Public-Private Infrastructure Advisory Facility.

Location: Tokyo or Host Country

Time Period: July 2008–March 2009; Subsequent activities to be scheduled based on DMCs' needs.

Theme: Poverty Reduction**Project: Microfinance**

Activity Outline: Development of microfinance helps promote access to financing and financial services by the poor. It enhances the capacity of rural communities to generate income. Expansion of microfinance services, however, is constrained by the lack of capacity in operating sustainable institutions. CBT activities in this area, therefore, aim to enhance capacity of microfinance operators and institutes in the Asia and Pacific region through a training of trainers distance learning course. The training can also benefit regulators by enhancing their understanding of microfinance operations, their risk profile, and implications for regulation or supervision.

Expected Outputs: Distance learning course on microfinance.

Target Group: Government officials from ministries of finance, central banks or monetary authorities, related financial services agencies, and officials from microfinance institutions.

Partners: Tokyo Development Learning Center of the World Bank, World Bank Institute.

Location: Tokyo

Time Period: May–December 2008; Subsequent activities to be scheduled based on DMCs' needs.

Theme: Private Sector Development**Project: Capital Market Development**

Activity Outline: Capital markets play an important role in mobilizing savings to finance production and infrastructure investment needed for economic development. Average annual infrastructure needs during 2006–2010 for Asia and the Pacific were estimated at about \$230 billion by the World Bank. Based on this requirement, a financing gap of \$180 billion per year is expected. To address this huge financing need, there have been growing calls for greater private sector participation in infrastructure investment as well as for more financing through bonds and equities. Workshops can be organized to introduce international best practices and standards in market supervision and enforcement, risk management, market infrastructure for trading, clearing and settlement, disclosure, governance, and accounting, among others. Participants would share suggestions and country experiences in adopting or implementing these standards and best practices.

Expected Outputs: Workshops, summary of proceedings, compendium of issues, handbook or toolkit.

Target Group: Officials from capital market authorities, exchange commissions, and other related agencies.

Partners: ADB's Southeast Asia Department and Office of Regional Economic Integration, OECD, Financial Services Institute of Australasia (Finsia), the South East Asian Central Bank Research and Training Center (SEACEN).

Location: Tokyo or Host Country

Time Period: September 2008–April 2009; Subsequent activities to be scheduled based on DMCs' needs.

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

Activity Outline: With the trend towards greater economic integration in Asia and, in particular, the proliferation of bilateral free trade agreements among countries in Asia and the Pacific, tariffs have been reduced significantly. However, this has not been followed by similar increases in intraregional trade. To promote greater intraregional trade in goods, workshops will be organized to discuss trade facilitation issues such as simplifying and harmonizing rules of origin, removing nontariff barriers, streamlining and harmonizing customs procedures (including e-customs), and such other related issues as taxes and competition policies.

Expected Outputs: Workshops, summary of proceedings, compendium of issues, handbook or toolkit.

Target Group: Officials from ministries of trade, finance, and other related agencies.

Partners: ADB HQ, Association of Southeast Asian Nations, Central Asia Regional Economic Cooperation, South Asian Association for Regional Cooperation, Asia-Pacific Economic Cooperation, OECD, United Nations Conference on Trade and Development, World Trade Organization (WTO), World Customs Organization, Japan Fair Trade Commission, International Competition Network, Japan International Cooperation Agency.

Location: Tokyo or Host Country

Time Period: December 2007–June 2008, Subsequent activities to be scheduled based on DMCs' needs.

Theme: Governance**Project: Public Sector Management**

Activity Outline: In support of development and management of public infrastructure, CBT activities on public sector management aim to introduce best practices in public sector management to enhance the quality of and widen access to public services. Where possible, there will be a focus on infrastructure management. These activities could include public policy formulation, institutional framework, planning, procurement, governance, fiscal and public financial management, performance measurement, and management.

Expected Outputs: Workshops, summary of proceedings, compendium of issues, handbook or toolkit.

Target Group: Officials from relevant ministries from both central and local (including municipal) governments.

Partners: ADB HQ, World Bank, UNESCAP, OECD, International Public Management Network.

Location: Tokyo or Host Country

Time Period: March–October 2008; Subsequent activities to be scheduled based on DMCs' needs.

Theme: Regional Cooperation**Project: Liberalization of Trade in Services**

Activity Outline: As one of the key determinants of national income and trade worldwide, services account for more than 60% of the national income in industrialized countries, on average, and 50% in developing countries. They also constitute 20% of total world exports. Statistics show that developing countries are highly specialized in services exports and have comparative advantage in many service sectors. Recognizing the growing importance of services, CBT workshops will aim to facilitate better understanding of the services trade and its impacts on economic growth, development, and integration. Within the context of regional economic integration, they could also facilitate sharing of country experiences in liberalizing trade in services and explore ways to promote mutual recognition of skills or development of technical and vocational training in DMCs.

Expected Outputs: Workshops, summary of proceedings, compendium of issues, handbook or toolkit.

Target Group: Officials from ministries of trade, finance, transport, telecom, tourism, education, health, and other agencies involved in services sectors of DMCs.

Partners: ADB HQ, WTO, United Nations Conference on Trade and Development, World Health Organization, International Telecommunication Union, ASEAN, Central Asia Regional Economic Cooperation, SEACEN, OECD.

Location: Tokyo or Host Country

Time Period: January 2009–December 2009; Subsequent activities to be scheduled based on DMCs' needs.

Theme: Regional Cooperation**Project: Capital Market Integration**

Activity Outline: It has been recognized that financial integration brings about greater competition and efficiency of financial institutions, product innovation, lower cost of capital, longer financing maturities, greater diversification of risks, greater liquidity in traded securities, increased transparency, more sophisticated risk management, and improved trading and settlement practices. Regional efforts have been made to promote greater linkages and closer integration, including through initiatives such as the Asian Bond Markets Initiative, Asian Bond Fund, and ASEAN initiative to develop an interlinked ASEAN securities market by 2010. CBT activities in this area aim to promote further development and integration of capital markets in the region by facilitating sharing of country experiences, in-depth discussion of key integration issues, and networking among capital market and other authorities concerned.

Expected Outputs: Workshops, summary of proceedings, compendium of issues, handbook or toolkit.

Target Group: Officials from capital market authorities, exchange commissions, central banks and monetary authorities, ministries of finance, and other related agencies.

Partners: ADB's Southeast Asia Department and Office of Regional Economic Integration, OECD, Finsia, SEACEN.

Location: Tokyo or Host Country

Time Period: December 2007–May 2008; Subsequent activities to be scheduled based on DMCs' needs.

Theme: Governance**Project: E-governance and E-government**

Activity Outline: Many governments in the Asia and Pacific region are in the process of introducing e-governance or e-government to improve efficiency and transparency in the public sector. E-government can also enhance the quality of life by providing inclusive public services for all. While the benefits of e-government are growing, there remains a need for a better understanding and assessment of its role and impact. Because of the tremendous resources required to implement e-government, sharing of knowledge and experience will help DMCs to reduce costs and avoid mistakes. CBT activities will promote sharing of country experiences in planning and implementing e-government programs, refining e-government agendas, and establishing priorities and specific actions for progressing to e-government (including enhancing universal access to public services by the poor).

Expected Outputs: Workshops, summary of proceedings, compendium of issues, handbook or toolkit.

Target Group: Officials in charge of administration in relevant ministries and agencies from central and local governments.

Potential Partners: ADB HQ, OECD, Microsoft, SAP, Sun Microsystems, UNESCAP.

Location: Tokyo or Host Country

Time Period: August 2008–June 2009; Subsequent activities to be scheduled based on DMCs' needs.

2008 BUDGET
(\$'000)

Item	2006	2007		2008	% Increase (Decrease)	
	Actual (A)	Budget (B)	Estimate (C)	Budget (D)	(D/B)	(D/C)
A. Program Expenses						
Research	1,194	2,350	1,530	2,600	11	70
Capacity Building and Training	1,496	1,900	1,532	1,900	0	24
Subtotal (A)	2,690	4,250	3,062	4,500	6	46
B. Internal Administrative Expenses						
Advisory Council	74	86	63	86	0	37
Staff Costs	3,885	4,979	4,317	5,042	1	17
Staff Consultant	16	59	36	122	107	238
Business Travel	155	256	200	396	55	98
Representation	1	5	5	7	40	40
Administrative Expenses	3,983	4,316	3,832	4,324	0	13
Office Occupancy	3,012	3,072	2,679	3,182	4	19
Depreciation	277	143	143	205	43	43
Office Equipment	436	610	450	552	(10)	23
Contractual Service	131	248	203	147	(41)	(28)
Library	37	120	68	120	0	76
Communication	51	72	39	65	(10)	67
Office Supply	19	30	35	30	0	(15)
Fire Insurance	3	3	4	3	0	(25)
Bank Charge	17	18	8	20	11	150
General Contingency	0	291	0	299	3	—
Subtotal (B)	8,114	9,992	8,453	10,276	3	22
Total	10,804	14,242	11,515	14,776	4	28

() = negative

Source: ADB Institute

2008 BUDGET BY PROGRAM

(\$'000)

Item	Research	CBT	AMC	Total	%
A. Program Expenses	2,600	1,900	0	4,500	30
B. Program-Related IAE					
Staff Cost/ Staff Consultants	2,066	1,377	1,721	5,164	
Business Travel, Representation and Advisory Council	161	108	220	489	
Subtotal (B)	2,227	1,485	1,941	5,653	39
Subtotal (A + B)	4,827	3,385	1,941	10,153	69
C. Administrative Expenses				4,324	29
D. General Contingency				299	2
Total Budget				14,776	100

CBT = capacity building and training; AI
 AMC: Administration, Management & Coordination
 IAE: Internal Administrative Expenses

Source: ADB Institute