

Asian Development Bank Institute
Research Directions 2004-2006

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RESEARCH DIRECTIONS

2004-2006

I. RECENT RESEARCH

New Directions

In January 2003, as part of the preparations for a new Three-Year Rolling Work Plan, the ADB Institute embarked upon a reassessment of its research strategy. During the previous few years, research priorities in ADBI had been guided by the 'Asian Paradigm' framework. By early 2003 the work program arising from the Asian Paradigm framework had largely been completed. It was felt that it was timely, considering comments from ADBI's client groups, to discuss moving towards a closer focus on selected priorities.

Recent Publications

The new approach progressively adopted during 2003 led to a change of emphasis in the research studies and types of publications produced by the ADBI (Table 1). Previously, a good deal of emphasis had been placed on the Research Paper series. More recently, the range of publications has been broadened to include electronic publication through the production of a new Discussion Paper series. Conventional hard copy material is retained through a limited number of Research Papers, Policy Briefs and Monographs. A system of external reviewing has been introduced for Research Papers to ensure quality control.

1: Summary of ADBI Research Publications 2002-2004

Research publications only: excludes other ADBI publications & pre-2002

PUBLICATION	2002	2003	2004*
Books/Monographs	–	1	3
Discussion papers	–	3	9
Research paper series	20	1	7
Research policy briefs	3	3	5

* Year to date (October 2004) including some items in press.

Electronic Dissemination

The shift of emphasis towards electronic publication parallels ADBI's initiative to strengthen its website which is the primary tool for information dissemination. It is recognized however that conventional hard copy publications retain a role. The aim, however, is to publish a smaller number of these than in the past with greater assurance of their research quality. The daily e-newsletter delivered directly into subscribers' e-mail inboxes includes summaries of recent research products (subscribe online at <http://www.adbi.org/e-newsline/subscribe.html>).

A detailed listing of research publications (2002-4) is given in the Appendix. A considerable amount of additional information is available on the ADBI's research web pages at <http://www.adbi.org/research/>

Why the New Approach?

In adopting a revised approach the ADBI was responding to comments from various client groups. When considering revised priorities the Institute took a practical approach. It was decided that the research program needed to be responsive to the needs of key ADBI stakeholders (that is, responsive to demand) but also with an eye to what the Institute could do well (that is, what products could be supplied bearing in mind the expertise of ADBI staff). In identifying key areas, it was also borne in mind that a major mandate of the Institute is to conduct work of strategic interest to the ADB, the Asia-Pacific region as a whole, and its DMC governments.

Long-term Strategic Focus

What the appropriate strategic area is for an organisation such as the ADBI to focus on is likely to be the subject of ongoing discussion. The ADBI has numerous stakeholders with diverse views. In identifying areas of priority focus then, the ADBI was strongly influenced by current thinking in the ADB, given the Bank's place as one of the Institute's primary stakeholders. In this context, the ADB's major *Long-term Strategic Framework* paper (LTSF) released in February 2001 is a key document. It was used by the Institute as an important reference point for organizing the ADBI's research initiatives. The LTSF identifies three 'pillars' of the Bank's strategy for long-run development in Asia and for achieving its overarching goal of poverty reduction: (I) broadly-based economic growth, (II) inclusive social development, and (III) good governance. In addition, three supporting 'cross-cutting' themes are also singled out as important, (i) private sector development, (ii) regional cooperation and integration and (iii) environmental sustainability.

Available Resources and Coordination

Bearing these pillars and themes in mind, the Institute considered how its own research could best support the Bank's overarching objective of poverty reduction and complement the Bank's work in priority areas. There were, in addition, two other factors that needed to be allowed for. One was the modest resources available within the ADBI to support the research effort. At the end of 2004, there were only four full-time professional research staff within the Institute. The scope of work that this small group, even though supplemented in various ways through recruitment of visiting fellows, contract researchers, associates and support staff, could undertake was limited. The other factor to be allowed for was the need to avoid overlap with research work carried out in the ADB in Manila. Broad understandings had been reached with the Economics and Research Department (ERD), the Regional Economic Monitoring Unit (REMU), and several other areas, that duplication of work should be avoided. Thus, in selecting priority areas for the ADBI to work in, a range of factors needed to be weighed up.

Four Key Theme Areas

Against this background, the Institute decided to organize all its activity, both research and capacity building, under four broad areas or themes:

- Poverty reduction
- Regional cooperation
- Private sector development
- Governance

The theme of **poverty reduction** refers both to an understanding of how the growth process can impact on

poverty (for example, an analysis of the relationship between infrastructure investment and poverty reduction), as well as an assessment of various direct (or non-growth mediated) mechanisms for addressing poverty (such as various targeting policies and microfinance). In these areas, the Institute is aiming to develop niches for itself in part by conducting research in countries where empirical analysis of poverty questions is not well advanced (for example, on the role of markets in poverty reduction in Lao, PDR and Cambodia and on the poverty impact of a microfinance bank in Pakistan).

Governance is a wide concept that is often loosely defined. In its research activity, ADBI has given special attention to corporate governance questions, principally in East Asia. This is because poor corporate governance, as ADBI's earlier research has confirmed, was widely believed to be one of the main causes of the Asian Financial Crisis of 1997-98.

In its research on the role of the **private sector**, ADBI has chosen to focus principally on country-specific issues of the constraints to private sector development because of the difficulty of generalizing across numerous country experiences. For example there are on-going studies of the emergence of private sector banks in PRC, of the difficulties of revitalizing the heavy industry industrial base in northeast PRC, of obstacles to private sector infrastructure activity in Thailand and the Philippines, and modelling of the general obstacles to private sector development in PRC.

Regional cooperation is a longstanding subject of interest for the ADB. ADBI is not the only part of the ADB group looking at these issues but the Institute has sought ways to complement and support other initiatives. The Institute receives frequent requests from various parts of the ADB to sponsor or

support regional activities. During 2003-2004, the Institute's main activities in the regional cooperation area were focused more on training and network activities rather than research.

A listing of the main current research activities, which will carry through into 2005, is shown in Table 2 (overleaf).

How are Specific Research Topics Chosen?

The four broad theme areas provide a framework within which the Institute can respond to the many requests it receives from ADB, DMCs and elsewhere for work on particular topics. Requests for support outside these areas (for example, in relation to the environment, gender, and various macroeconomic topics) will unfortunately normally need to be declined. However within the four areas, the Institute aims to be flexible.

2: Summary of Major Current Research Activities 2003-2004

Area and Topic	Approach	Origin/Rationale	Expected outputs
POVERTY REDUCTION			
Effectiveness of poverty targeting in Asia	5 country studies: India, Indonesia, Philippines, PRC, Thailand	Interest of ADBI researchers; relevance of topic to ADB	Discussion papers, Policy Brief published; commercially published book (in press). Seminar presentations Tokyo, Islamabad.
Impact of village level institutions on poverty targeting	Case study from village surveys in one state of India	Interest of ADBI researcher; relevance of topic to ADB	Research paper expected March 2005.
Poverty impact study of Khushhali bank, Pakistan	Primary data collection through village level survey	Interest of ADBI researchers; choice of microfinance agency was suggested by ADB	Initial literature survey published as Research paper. Expected survey results mid-2005.
Infrastructure investment and poverty impact in Lao, PDR	Analysis of household expenditure survey	Study under 'Markets for the Poor' project initiated by ADB Vietnam Resident Mission; topic chosen in discussion with ADB Lao Resident Mission.	Research paper expected late 2004; presentation planned December, Tokyo.
Contract farming and poverty in Cambodia and Lao, PDR	Farm survey	Study under 'Markets for the Poor' project initiated by ADB Vietnam Resident Mission; topic chosen in discussion with both Resident Missions.	Initial workshop, Bangkok, August 2004. Research paper expected mid-2005
GOVERNANCE			
Reform of enterprise governance and implications for performance	Enterprise surveys; four country cases, Malaysia, Korea, Indonesia, Thailand	Interest of ADBI researchers; relevance of topic to ADB	Seminar in Tokyo; final output published as monograph (in press).
Reform of bank governance and implications for performance	Bank surveys; four country cases, Malaysia, Korea, Indonesia, Thailand	Interest of ADBI researcher; relevance of topic to ADB	Final output expected end 2004.
PRIVATE SECTOR DEVELOPMENT			
Roundtripping FDI to PRC	Analysis of published data	Interest of ADBI researcher; interest of other DMCs; discussed with ADB Resident Mission	Research paper published; to be presented in Beijing in December 2004.
Banking reform in PRC	Survey of new 'city commercial banks'	Topic suggested by Development Research Center, State Council, Government of PRC; discussed with ADB Resident Mission	Research paper by end of 2004; presentation in Tokyo, December.
Revitalizing NE PRC	Interviews with officials, collection of trade and investment data, analysis of enterprise data	Topic suggested by Development Research Center, State Council, Government of PRC; discussed with ADB Resident Mission	Workshops in Beijing and Changchun, March 2004. Research papers by end of 2004. Final output in mid 2005.
Obstacles to private sector infrastructure investment	Country cases, Philippines and Thailand	Interest of ADBI researcher; relevance of topic to ADB.	Initial workshop July 2004; papers commissioned, presentation in Tokyo, December 2004.
CROSS-CUTTING STUDIES (cover several themes)			
Afghanistan post-conflict economic reconstruction	Country report on range of issues	Study suggested by ADB as an alternative to the ADB's own Country Report.	Published April 2004. Post-election update issued 15 Oct 04
Regional development in the Philippines	Range of topics include poverty, governance and private sector development	Interest of ADBI researchers; discussed with ADB Resident Mission	Initial workshop, Manila, February 2004; final output expected February 2005; to be published commercially as a book

Role of Stakeholders and Partners in Selection

The nature of requests for support and expressions of interest in undertaking research vary widely. Some come from the ADB and DMC governments. Others come from independent researchers, both senior and junior. In some cases, well-developed proposals are received. These may or may not lie within the broad areas of research that the ADBI has chosen to focus on. In other cases, proposals are quite vague. In practice, whether a particular request is taken up will vary with circumstances depending on factors such as (a) the intrinsic importance of the proposed research, (b) the expertise and availability of current staff, (c) the possibility of bringing in suitable external researchers to “twin” with regional research workers, and (d) the scope of work being done by other organizations.

Rotating Concentrations

In practice whilst these four areas provide a guide to all ADBI activity, the distinctions between them are frequently not clear-cut. Some work will span several of these areas. For example, an ongoing study on regional development in the Philippines covers three of the four areas—poverty reduction, governance, and private sector development—as did the pioneering country study on Afghanistan published earlier this year in March and quickly updated in October.

Furthermore at any point in time not equal emphasis can be given to each of the four areas. In 2003-2004 for example, the major focus of the ADBI’s research work program has been on poverty reduction and governance, with lesser attention being given to work on private sector development and none to regional cooperation (although attention was given to regional cooperation in the CBT area of the Institute’s work). For 2005

the Institute is looking to take an initiative on investment aspects of regional cooperation and to strengthen its work on private sector development, principally in relation to obstacles to private infrastructure investment.

Relevance to DMCs' Strategies

As far as possible in its main country-specific activities, the Institute tries to ensure that its research is coordinated with the country work plans of the ADB Resident Missions. The aim is to ensure that these local initiatives are compatible with and of interest to ADB country strategies. For example, close collaboration has been developed with the Resident Missions in Lao, PDR and Cambodia (as part of the Markets for Poor research project), in Pakistan (on the poverty impact study on Khushhali microfinance bank) and in PRC (study on Revitalizing the Northeast).

Role of Visitors

Given the small number of regular research staff at ADBI (3 plus a Director), there must be a significant use of external researchers. All ADBI professional research staff are involved in managing research projects in their area of competence and are also expected to make a significant intellectual contribution to these projects. External researchers may be involved with ADBI in a variety of ways. There are a number of eminent researchers with whom we have developed a long-term relationship and these are engaged as offsite Visiting Fellows who visit us periodically. There may be other researchers who are engaged specifically as resource persons for a narrowly defined piece of work. Finally ADBI operates a competitive Visiting Researcher program under which bids are invited from researchers in the region to come to Tokyo for periods of

varying length to work on a research topic of mutual interest. Further details of the program are at <http://www.adbi.org/visiting.researchers/>

Twinning with Local Researchers

As far as possible ADBI tries to use regional researchers for its activities. In some countries it is not difficult to find highly capable persons but in others it is more difficult. In such cases it is our policy to try to “twin” national researchers with an international colleague to ensure that both current international literature and recent local studies are reflected in the research work.

Dissemination of ADBI Research

The primary objective of ADBI research is to address issues of policy-relevance to its stakeholders. ADBI uses different mechanisms to disseminate this work: its publications; its website, outreach emailings; conferences and workshops in Tokyo and Manila; and seminars and workshops in DMCs. In-country presentations are potentially of considerable importance and are always planned in close consultation with the ADB Resident Missions (for example, a recent workshop in Beijing was held at the PRC Resident Mission).

Collaboration Amongst Stakeholders

ADBI attempts to be responsive to requests from all its stakeholders and as far as possible to liaise with ADB, relevant bodies around the region (such as the Ministry of Finance and JBIC in Tokyo and regional research institutes) and other international agencies. Some of ADBI’s research projects have been in direct response to requests from ADB departments; for example the reconstruction study on Afghanistan and the

Khushhali bank poverty impact study were both requested directly by the ADB South Asia department. The initial idea for the Markets for the Poor study in Lao PDR and Cambodia came from the Vietnam Resident Mission. In addition where requested ADBI tries to respond by sending staff to participate in specific events held in ADB Headquarters in Manila.

Cross-region Cooperation

ADBI also cooperates with other international agencies. In Tokyo it is particularly active in the Latin America/Caribbean and Asia Pacific Economics and Business Association (LAEBA) program of comparative work on Asia and Latin America run in collaboration with the Inter-American Development Bank (IDB). IDB and ADB have signed a partnership agreement on LAEBA and ADBI is the implementing agency on behalf of ADB (see <http://www.adbi.org/partnership.laeba/>). A number of events have been held in Tokyo. In October 2004, a LAEBA conference was held at ADB on the theme of comparative experiences with microfinance delivery. ADB research staff were heavily involved as presenters. It is planned that the conference will lead to an important publication that distills the lessons from practice in the two banks.

In trade and foreign investment work on PRC, ADBI is collaborating with the UNCTAD and has participated in conferences organized jointly by the Ministry of Commerce and UNCTAD. ADBI has also worked with a number of regional research institutes (for example in the large corporate governance enterprise surveys conducted in 2003).

Lessons Learned

- ADBI is aware of the difficulty of disseminating its work effectively in DMCs and influencing the policy process. Past

work has had limited impact. A model that has been experimented with in Pakistan calls for a number of policy seminars on selected topics on which ADBI has worked. These seminars, organized by the Resident Mission, present both the results of ADBI work and current best-practice thinking on the topic. The seminars are then followed by a Pakistan specific joint ADBI-PRM publication. Two such seminars have been held thus far (November 2003 and July 2004) and the Mission was able to invite many senior policy-makers to these meetings. There is a limit to the number of such events that can be organized in the wider region but this approach has proved to be a relatively successful form of dissemination that can be extended elsewhere.

- ADBI is also aware that there needs to be an effective mechanism linking ADB operational concerns with its research agenda. Collaboration with Resident Missions provides one route, but a more systematic formal procedure for linking research initiatives with the operational priorities of the ADB may need to be developed. So far, the ADB's Knowledge Management Committee has not yet proved to be an appropriate vehicle for establishing such a procedure so it may be that other approaches should be considered.

- Conducting applied research in some DMCs drawing on local research capacity is sometimes very difficult. The "twinning" model provides a partial solution, but it in turn can meet serious obstacles where significant data collection is required and where international experts have only limited time available.

- In the past, much of the work of ADBI was in the form of desk-based studies conducted in Tokyo. Since 2003 there has been a greater focus on applied research based on primary

data. At present ADBI is organizing four separate field surveys, in Pakistan (Khushhali bank project), in India (Poverty Targeting in India project), and Lao, PDR and Cambodia (Markets for the Poor). Although this approach remains our goal, it must be recognized that good survey work can be very difficult to implement in countries where strong local capacity to oversee these studies is unavailable or where, if it is available, the local researchers are extremely busy.

II. LOOKING AHEAD: 2005 AND BEYOND

Research Pipeline for 2005-2007

ADBI has conventionally only planned one year at a time. However the work program of November 2003 for the first time set out a three year rolling program 2003-2005. This year's program will cover 2005-2007, with ideas for the later years seen as broadly indicative rather than firm. At this stage, we expect that ADBI's main research activities during the coming period 2005-7 will be grouped as a number of 'clusters' of activities. These clusters correspond to the four main themes of ADBI activity. In addition there will be some work that cuts across different areas and a continued focus on comparative Asia-Pacific-Latin America work under the LAEBA program. Detailed project profiles carried out under these clusters will vary between years, partly in response to demand initiatives from ADBI stakeholders and opportunities for collaboration. In 2005 there will be a significant carry over of activities started in 2004. Individual projects can be identified clearly for 2005 and 2006, but less so for 2007. A summary of the main proposed topics identified at this stage is in Table 3.

Managing Research for Results

ADB I is a very small research institution in terms of its available complement of full-time professional staff. Its financial resources for research are currently not a constraint but outsourcing of research capacity needs to be managed carefully and has proved very time-consuming. Furthermore, expenditure on fieldwork in DMCs also needs to be monitored carefully. This has proved a complex administrative process. The development of alliances with local research institutes in the region has been a priority but as yet progress has been slow. Good collaborators are usually heavily committed, often to other international agencies.

3: Research Clusters 2005-2007

Theme	Topics of Main Research Clusters
Poverty reduction	(1) Poverty targeting interventions (2) Making markets work for the poor (3) Microfinance and poverty reduction
Regional cooperation	(4) Cross border infrastructure projects
Private sector development	(5) Barriers to private sector infrastructure investment (6) Private sector development in PRC (7) International competitiveness
Governance	(8) Corporate governance of banks in Asia
Cross-cutting	(9) Regional development in the Philippines (10) LAEBA

Key Challenges Ahead

ADB I is well aware of the key challenges—the identification of manageable and topical policy questions; effective

dissemination of output and closer links with the policy community; closer and more effective collaboration with ADB; and the development of a distinctive ADB 'voice' within the regional research community. ADBI is pleased to be closely involved with other parts of the ADB either in exploring joint work or in helping to disseminate work done by other units. At present, our limited research staff resources are stretched fully on our existing programs but if new joint initiatives are to be developed we would hope to bring in key Visiting Fellows or external resource persons. Our convenient conference and workshop facilities in central Tokyo are also available for ADB events or other partners as appropriate.

Research Publications 2002-2004

[Please review our Research Publication catalog.](#)