



STRATEGIC PLANNING AND SUPPORT ACTIVITIES

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The Asian Development Bank (ADB) responds to the challenges of reducing poverty by ensuring that its planning process integrates its strategic agenda and operating principles with its organizational capacity for the efficient delivery of services. ADB regularly updates the strategic agenda in which it plans country-specific operations and reviews, and adjusts its policies in the context of its own experience and the emerging needs of its developing member countries (DMCs). Operational work plans are developed based on these strategies and policies. ADB recognizes that the needs and priorities of its DMCs will evolve, and it must respond to these changes, as well as to changes in regional and global conditions.

ADB’s Long-Term Strategic Framework (LTSF) 2001–2015 provides that response. Approved in 2001, the LTSF sets the mission, development objectives, and corporate agenda and responds to the challenges of reducing poverty. Specific objectives and targets are set out in the 5-year Medium-Term Strategy 2001–2005, also approved in 2001. To translate the strategy into action, individual country strategy and program (CSP) reports and a 3-year rolling operational program are developed with each DMC. The CSP is updated yearly in consultation with the DMC concerned. These country-based plans form the basis for ADB’s overall 3-year work program and budget framework, which in turn provide the framework for the annual administrative budget.

Following the major strategic reorientation in 2001 to meet the challenges confronting its DMCs more efficiently, ADB undertook a comprehensive review of its organizational structure and operational business processes, both effective in January 2002. *For more on ADB’s reorganization, see http://www.adb.org/documents/others/reorganization_2002/.*

Economics and Development Resource Center

The role of the Economics and Development Resource Center (EDRC; upgraded to Economics and Research Department effective 1 January 2002) is to help ADB achieve its corporate objectives through knowledge generation and dissemination activities. Externally, it aims to strengthen DMCs’ policy analysis and institutional

capacity and enhance ADB's profile as a premier development institution. Internally, it enhances the knowledge base of ADB operations. EDRC's key functions include policy research and country macroeconomic studies, economic and financial analysis, maintenance of data support, and capacity-building activities. In 2001, EDRC continued to focus its core functions on policy and operations issues relating to ADB's Poverty Reduction Strategy and data requirements for operationalizing the Strategy.

EDRC carried out several studies in 2001 on a range of issues—policy, labor market, institutional and social development, information and communication technology (ICT), and approaches to poverty reduction. These studies were disseminated through the Asia and Pacific Forum on Poverty; the Third Asia Development Forum conducted with the World Bank and United Nations Economic and Social Commission for Asia and the Pacific; the ADB-Organisation for Economic Co-operation and Development (OECD) Forum on Asian Perspective: Technology and Poverty Reduction in Asia; and the Conference on Poverty, Growth, and the Role of Institutions in Developing Member Countries.

ADB's statistical database system was expanded to include additional poverty, environment, and social indicators to reflect progress being made in achieving the targets of the Millennium Development Goals. *For more on the International Development Goals and the Millennium Development Goals, see box on page 32.* Also, macroeconomic prudential indicators were added to the database, thus enabling better monitoring of financial sector developments.

EDRC studies also clarified the methodology and measurement issues arising from operationalizing the Poverty Reduction Strategy. Several implementation guidelines were published for staff, including integrating the poverty impact and risk analysis in project economic analyses; a poverty impact assessment of policy-based lending; and pro-poor growth measurement guidelines for strengthening the financial management and governance of ADB operations. Mapping and measuring poverty and a diagnostic study of accounting and auditing practices in selected DMCs were also undertaken. EDRC worked with members of a technical working group organized by multilateral development banks (MDBs) to harmonize financial management and reporting practices among themselves, with a view to minimizing transaction costs to MDB borrowers.

Major capacity-building activities included in-house staff training and external training for DMC officials on project economic analysis and financial management and governance. Working with the ADB Institute and the

Colombo Plan, ADB also provided capacity building in workshops and seminars on taxation, international finance, ICT strategies, and technology innovation and transfers. Several technical assistance projects were aimed at improving DMC census capability, data quality, and national statistical systems.

EDRC strengthened ADB's knowledge base with the publication of the *Asian Development Outlook 2001* and its *Update* and *Growth and Change in Asia and the Pacific: Key Indicators 2001*. *For recent titles of ADB publications, see page 264.* For the first time in 31 years, the latter included an analytical chapter on long-term demographic and other socioeconomic trends in DMCs. A new publication, *Policy Briefs*—based on papers or notes prepared by ADB staff and resource persons—was launched to provide concise nontechnical accounts of policy issues of topical interest.

An annual event to discuss the medium-term global and regional outlook—the Workshop on Asian Economic Outlook—brought together scholars, policymakers, private sector representatives, and officials from multilateral institutions. Participants also examined the implications of the 11 September terrorist attacks for ADB's DMCs and the world economy, and the proliferation of regional trade arrangements within and outside the Asian and Pacific region. Other activities included organizing the Distinguished Speakers' Program, a workshop in India to disseminate the findings of ongoing studies on Asia's international competitiveness, and a workshop in Thailand on intergovernmental fiscal transfers for equitable in-country growth.

EDRC and the ADB Institute coordinated their efforts through regular consultations and by membership of ADB's chief economist in the Institute's Advisory Council. In 2001, they jointly conducted four capacity-building activities: the Eleventh Tax Conference, the Asia Development Forum, the Eleventh Seminar on International Finance, and the Workshop on ICT Strategies for Developing Asia. Staff also participated as resource persons in a regional workshop on social safety nets, workshops on developing corporate bond markets in Asia, and other training programs organized by the ADB Institute.

ADB Institute

The ADB Institute (the Institute)—located in Tokyo, Japan—provides another avenue for ADB to better understand the dynamics of development in Asia and the Pacific, and helps formulate long-term strategies for sustainable social and economic development in the region.

Research activities at the Institute are focused on examining the respective roles of markets, governments, and institutions that best fit countries—with their diverse historical and cultural settings—at different stages of development. Research assesses the potential strengths and weaknesses of different development paradigms as a basis for postcrisis strategies for long-term development and for capacity building and training.

Poverty studies have become an important part of the Institute's research program, and the last two anniversary conferences focused squarely on measures to reduce poverty. In 2001, research included surveying the experiences of the "miracle" economies in reducing poverty; assessing the impact of the financial crisis on poverty in Indonesia; and studying poverty in the western region of the People's Republic of China (PRC).

Under development paradigms, the Institute conducted a survey of the current views on poverty in the development literature and assessed the impact of different types of growth on poverty reduction. The Institute also analyzed the links between ICT and poverty in Asia; examined the relationship between public governance and poverty; and studied policy failures in the name of poverty reduction.

Other areas of research included corporate governance and international competitiveness. Under corporate governance, the Republic of Korea was studied as were state-owned enterprises in the PRC. On product markets and competitiveness, work was completed on operations of multinational firms, including a study of the basic characteristics of skills and organizational structure of software firms in India; lessons from the research and development activities of multinationals in Singapore; foreign direct investment of Japanese firms in East Asia, including development of technology platforms; and a comparative analysis of international production networks between multinationals from Japan and the United States. In addition, a study on trade competitiveness prior to the 1997 Asian financial crisis was completed.

The Institute conducted research on designing a new intermediate financial market structure in postcrisis Asia and on the relationship between the information quality of financial systems and economic development. In addition, economic modeling of the financial crisis in Indonesia was used to examine the macroeconomic consequences of exchange rate depreciation, high interest rate policy, and political turmoil. The criteria used by global credit rating agencies in assessing developing country borrowers were critically analyzed. Work also started on banking

reforms in the PRC and on more effective alternative means of resolving the problems of nonperforming bank loans in the region.

In 2001, the Institute strengthened institutional links it had developed in previous years. For example, the Asian Policy Forum, established in December 1999 to bring together leading researchers from various institutions in Asia, focused in 2001 on the problem of developing new and balanced financial market structures in postcrisis Asia, with an emphasis on the corporate bond market. Policy recommendations were discussed for the first time at ADB's 34th Annual Meeting in May 2001. Dissemination seminars of the final policies were conducted in the PRC and India and during the ADB Institute's Advisory Council meeting in October.

The Institute's 4th anniversary conference in December 2001 focused on quality of growth, governance, and social development in reducing poverty. Papers were commissioned from leading international scholars on development strategies and poverty reduction and on trade liberalization and poverty reduction. In addition, the Institute's staff and visiting scholars produced papers for the conference on trade liberalization and poverty reduction, governance and famine, financial issues and poverty, and policy options for developing the western region of the PRC.

The research output of the Institute was published and posted on-line. *For recent titles of ADB Institute publications, see page 266.*

In 2001, the Institute completed 29 capacity-building and training activities with wide thematic coverage, including rural and urban poverty reduction, social protection, and pension funds; public and private sector governance, public administration, and public expenditure management; public-private partnerships in the social sector; ICT strategies for developing countries and the potential for partnerships in ICT and education; and international finance and securities market regulation. These competency-based training programs benefited over 1,600 participants from 45 ADB members and achieved about 6,300 participant-days of training.

Resident and regional missions and representative offices

ADB's field offices—resident missions, special and extended missions, country office, regional mission, and representative offices—support ADB's objective of reducing poverty by strengthening its representation in its regional and nonregional members.

Implementing the Resident Mission Policy

In 2001, ADB continued to effectively implement its Resident Mission Policy. Continuing the expansion called for in the policy, ADB inaugurated a mission in the Lao People's Democratic Republic (Lao PDR) and opened an extended mission in Gujarat, India; a mission in Mongolia; and a country office in the Philippines. The functions of the missions were realigned and expanded, with each taking a more active role in ADB's standard functions. Progress was made in expanding contacts with country stakeholders, coordinating with other funding agencies, and disseminating information about ADB operations. The missions continued work in portfolio management, with some assuming more responsibilities in 2001 in country programming, project processing, and economic and sector work.

Significant increases in the amount of country programming work being handled by the resident missions were evident in Bangladesh, PRC, and Indonesia with each preparing the 2001 country strategy and program (CSP) updates. The PRC and Indonesia resident missions began work on full CSPs. The India Resident Mission supported expeditious processing of the Gujarat Earthquake Rehabilitation and Reconstruction Project and also processed the West Bengal Corridor Development Project as one of the pilot efforts in project processing; the Cambodia, Indonesia, and Viet Nam resident missions took a prominent role in major ADB initiatives in governance. The Sri Lanka Resident Mission processed an emergency loan to rebuild communities directly affected by the ongoing civil conflict. The Viet Nam Resident Mission prepared a private sector assessment for Viet Nam. The Cambodia, Lao PDR, and Viet Nam resident missions helped process an \$8 million grant, to be financed through the Japan Fund for Poverty Reduction, to help decrease the impact of the HIV/AIDS epidemic in the region.

The resident missions assisted in public relations and information dissemination in 2001 as well. Resident mission staff in Mongolia, Nepal, Pakistan, and Uzbekistan hosted visits by ADB President Tadao Chino; the Bangladesh, PRC, India, Kazakhstan, Nepal, Sri Lanka, and Uzbekistan resident missions produced regular newsletters; and several maintained web sites.

At the end of 2001, ADB had 14 resident missions, one each in Bangladesh, Cambodia, PRC, India, Indonesia, Kazakhstan, Kyrgyz Republic, Lao PDR, Mongolia, Nepal, Pakistan, Sri Lanka, Uzbekistan, and Viet Nam; extended missions (nonpermanent representation) in Gujarat, India and Papua New Guinea; and a Special Office in East Timor. ADB also began work on establishing a Special Liaison Office in Kabul, Afghanistan.

Country office

ADB officially opened the Philippines Country Office (PhCO) at ADB headquarters in March 2001. The new office, with staff dedicated solely to operations in the Philippines, strengthened client orientation by establishing a streamlined and coordinated communication channel. Through PhCO, ADB is addressing urban poverty in Metro Manila; helping the Government develop the private sector to create jobs and boost economic growth; providing technical assistance in policy areas including governance, trade, and environment; and assisting in capacity building at the national and local government levels. The 2001 country portfolio review mission, held in April, focused on improving disbursement performance and addressing policy reform issues. In October 2001, ADB and the Government signed a partnership agreement on poverty reduction.

Regional mission

The South Pacific Regional Mission in Port Vila, Vanuatu, works with eight ADB DMCs: Cook Islands, Fiji Islands, Kiribati, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. The mission interacts with governments, civil societies, and the private sector; engages in policy dialogue; and coordinates aid. In 2001, the mission undertook country programming for the Cook Islands and Vanuatu, processed several loan and technical assistance projects, and administered 11 loan and 22 technical assistance projects, all performing satisfactorily.

Representative offices

The representative offices in Europe, Japan, and North America furthered ADB's interests in 2001 by increasing ADB's visibility in its donor members; mobilizing resources by promoting cofinancing with official and commercial sources; and improving awareness of the private sector through seminars and exhibits, leading to increased investment in the region.

The European Representative Office (ERO), based in Germany, organized a conference on Infrastructure and Poverty Reduction in Asia with the Kreditanstalt für Wiederaufbau and arranged an ADB Day in cooperation with the Regional Council of the Rhones-Alpes region in Lyon. ERO also helped organize the Seventh ADB-OECD Conference on Asian Perspectives on Technology and Poverty Reduction in Asia and the Pacific.

The Japanese Representative Office (JRO) coordinated with organizers of the Third Asia-Europe Finance Ministers' Meeting in Kobe in January, where ADB President Tadao Chino delivered a keynote address

entitled "Post-Crisis Economic Recovery in Asia." To further strengthen its relationship with nongovernment organizations (NGOs) in Japan, JRO, in cooperation with the World Bank and the Japanese Ministry of Finance, arranged a review meeting on ADB's Japan Fund for Poverty Reduction and World Bank's Japan Social Development Fund.

The North American Representative Office, covering Canada and the US, played a key role in coordinating with the US Government arrangements for the 34th Annual Meeting of the Board of Governors in Honolulu, Hawaii, and worked with the United Nations Development Programme, World Bank, and other institutions in coordinating recovery and reconstruction efforts of post-conflict Afghanistan.

Information management

Several departments and offices help generate and maintain ADB's knowledge base.

The Office of External Relations (OER) facilitates knowledge management and dissemination of ADB's operations to internal and external audiences. Efforts to raise ADB's international profile continued in 2001 through OER's work in media relations, publications, web site (<http://www.adb.org>), briefings, speech writing, speaking engagements, photographic services, video production and distribution, exhibits, and internal information flows.

ADB approved 62 new publications in 2001 and continued to disseminate ADB documents as part of its disclosure policy to 157 depository libraries and over 200 NGOs. *For recent titles of ADB publications, see page 264.* ADB projects and activities were featured in the newsmagazine *ADB Review*. Complementing print and on-line information, ADB's work was also documented through video and photographic services. Internal communications were strengthened by the quarterly *Bank Forum*, the *Weekly Press Review*, and the *Daily News Digest*, and regular updates to the resident missions and representative offices.

Within the Office of Administrative Services, the Library, with its collection of 200,000 volumes, continued as ADB's knowledge resource center for print and electronic information. Educational institutions and individual researchers from around the world regularly used the Library's collections and services via the Internet, telephone, facsimile inquiries, or in-person visits. On-line services and access continued to be enhanced in 2001. An upgraded on-line catalog of library resources was made available to ADB staff at headquarters, resident/regional missions, and representative offices. The Learning Resources Center (LRC) was

administratively and physically transferred to the Library to provide unified access to materials and to assist ADB staff in upgrading their skills. The LRC will facilitate the transition to e-learning and distance-learning activities within ADB and its projects.

ADB's Records Center continued to maintain a records protection program to ensure that ADB's operations will continue during emergencies, while the Archives preserved and made available records of permanent value to ADB's history.

The Office of Information Systems and Technology completed a midterm review of its Information Systems and Technology Strategy for 1998–2002 and began work on a follow-on strategy to cover 2003 and beyond. Implementation of the current strategy continued with the installation of network and server upgrades to improve network security, including network intrusion detection capabilities. An integrated server management system was acquired as part of a larger enterprise network management system. Computer hardware and software were procured and installed to provide enhanced risk management capabilities for ADB's investment and borrowing operations.

The INTEGRA project was launched in 1999 to replace ADB's major computer systems with an integrated, web-enabled environment. The standard functionality of the new human resources and financial applications systems was pilot-tested in 2001. The off-the-shelf packages for these two modules were further customized to gain the full benefits of streamlined, automated, and integrated business processes. However, the standard commercial software could not be customized to meet ADB's operational requirements. This matter will be further addressed once the human resources payroll and financial applications are implemented.

A multiyear replacement contract for microcomputers and associated peripheral equipment was initiated to meet operational needs and keep pace with technology changes. Extended-term facilities were set up to reduce the costs and streamline the processes involved in acquiring and managing personal computer software. A basic web infrastructure enabled internal collaboration and communication via the Intranet.

In support of the Resident Mission Policy, complete information technology installations were provided to two new resident missions. Telephone systems, servers, and local area network equipment were upgraded, and voice and data link capacity was increased in three resident missions. Data links using virtual private network technology were implemented in seven resident missions and videoconferencing equipment was installed in two others.