



SECTOR AND THEMATIC HIGHLIGHTS

ADB's sector and thematic priorities promote quality, knowledge, and innovation for inclusive and sustainable development.

REALIGNING FOR COHERENCE AND COHESIVENESS

The mandate of the Regional and Sustainable Development Department is to ensure corporate coherence in ADB's sector and thematic operations, and advance the knowledge and practices that underpin them. The department's strategic focus on enhancing key infrastructure sector operations, promoting sustainability and social inclusiveness, introducing innovative approaches, and facilitating knowledge management remained unchanged, but the department realigned its structure along sector and thematic lines to champion Strategy 2020. The new structure brought together related sectors and themes; created a climate change program coordination unit; and established an agriculture, rural development, and food security unit.

By means of its new structure and associated web-based relationships and processes, the department engaged the operations departments more proactively in country and regional programming. A greater degree of engagement was likewise achieved in the processing and administration of projects, communities of practice, steering committees, working groups, and task forces. Other new activities and engagement mechanisms included organizing seminars, hosting training and capacity development, and collaborating with regional knowledge hubs.

TACKLING CLIMATE CHANGE

Strategy 2020 aims to help developing member countries mitigate and adapt to climate change. ADB Management therefore established the climate change coordination unit in the Regional and Sustainable Development Department.

ADB made notable progress in its clean energy initiatives, surpassing the \$1 billion annual lending target set in 2005. It began to shift transport and urban investments to low-carbon alternatives, and established financing schemes in three areas: mobilizing concessional funds, catalyzing private sector capital, and maximizing the use of market mechanisms.

ADB helped establish the Climate Investment Funds and provided supplementary financing through its Clean Energy Financing Facility, with contributions from Aus-

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tralia, Japan, Norway, Spain, and Sweden. ADB's Board of Directors approved the transfer of ADB's own net income to the Climate Change Fund. In addition to many low-carbon projects financed by the Private Sector Operations Department, ADB invested \$100 million as seed capital to help set up five private sector equity funds for clean energy projects, an investment that will likely catalyze \$1 billion in additional private sector capital.

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ADB drew up a climate change adaptation program to help the region's economies mainstream adaptation and enhance their resilience to adverse impacts. It incorporates vulnerability risk management into countries' national development strategies and actions, increases the climate resilience of vulnerable sectors, climate-proofs projects, and deals with the social dimensions of climate change. Achievements included the design of five climate change risk-reduction projects financed through the Climate Change Fund, and approval of eight grants to implement adaptation interventions in nine developing member countries.

ADB also helped countries prepare climate change implementation plans to pave the way to incorporate mitigation and adaptation interventions into country partnership strategies.

INFRASTRUCTURE

Sector and thematic work on infrastructure was completed in water, transport, the urban sector, energy, and information and communication technology, with noteworthy deliverables in the first three areas. Loans approved under the Water Financing Program (2006–2010) totaled \$1.7 billion in 2008, an amount more than double the 2007

level of \$0.7 billion. In support of the Water Financing Program, the Water Financing Partnership Facility became fully operational, with contributions being committed from Australia, Austria, Netherlands, Norway, and Spain. A dozen water knowledge hubs relating to urban water management were confirmed. These relate to disaster risk reduction and flood management, water and climate change adaptation in Southeast Asia, river basin organization and management, water quality management in river basins, decision support systems for river basin management (hydroinformatics), water governance, integrated water resource management in Central Asia, integrated water resource management in the Pacific, erosion and sedimentation in river basins, healthy rivers and aquatic ecosystems, water resource management in mountainous regions, and irrigation service reform. In the energy sector, the energy-for-all initiative was launched to develop new approaches and methodologies for promoting greater access to reliable and affordable modern energy services for the region's poor.

The highlight of ADB's sector and thematic work on transport was the September Transport Forum on the theme of Asia on the Move: Energy Efficient and Inclusive Transport (www.adb.org/documents/events/2008/adb-transport-forum-2008), which was presented in collaboration with the Global Transport Knowledge Partnership and the South East Asia Community Access Programme. Attended by more than 250 participants from over 30 countries, the forum generated and disseminated knowledge solutions relating to urban mobility, rural transport, transport and climate change, governance in transport, social development and inclusive transport, road safety, and public-private partnerships.

Lastly, ADB's views on the urban sector were shared widely through large-scale participation at the Fourth World Urban Forum in Nanjing, People's Republic of

China, in November, and were simultaneously enriched by strategic technical assistance for managing Asian cities and sustainable urban development in Asia. The scope of the first technical assistance activity was expanded to include identifying and preparing projects in a dozen cities for possible financing by ADB and other partners under the Cities Development Initiative for Asia, key partners among which are Germany, Spain, and Sweden. Throughout the year, in-house seminars were used to disseminate key findings.

INCLUSIVE SOCIAL DEVELOPMENT

Incorporating Gender into ADB's Operations

ADB started implementing its gender and development plan of action (2008–2010) in January. It supports accelerating the integration of gender into country partnership strategies and projects, improving policy dialogue and capacity support to developing member countries, and increasing organizational effectiveness. In July, the President accepted the Millennium Development Goal 3 Gender Equality Torch and announced ADB's greater commitment to gender equality in the region. Country gender assessments were completed for Pakistan, Philippines, and Sri Lanka. ADB continued its established practice of monitoring the share of projects that have a significant gender component, aiming for 40% of ADB-wide public sector projects and 50% of Asian Development Fund projects by 2012.

Fostering Participation

ADB continued to update knowledge on consultation and participation through training and dialogue on thematic and sector assessments. Implementation of consultation and participation strategies improved the design and implementation of projects and technical assistance initiatives and strengthened stakeholder ownership and project sustainability. ADB published *From the Ground Up: Case Studies in Community Empowerment* (www.adb.org/documents/books/ground-up-community-empowerment/ground-up-community-empowerment.pdf).

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Social Protection

Investment in social protection remained an important feature of promoting inclusive growth. ADB supported social protection interventions through loans and technical assistance. It eased policy dialogues and research and disseminated information and knowledge on social protection and safety nets. In August, ADB approved regional technical assistance to improve social protection initiatives in developing member countries, which will help them develop and adopt social protection policies and programs.

Community-Driven Development

Acting on recommendations made in *A Review of Community-Driven Development and Its Application to the Asian Development Bank* (www.adb.org/documents/participation/review-cdd-application-adb.pdf), technical assistance for supporting community-driven development was approved. This approval led to inception and implementation support for community-driven development activities in six projects. Knowledge products included four community-driven development country profiles and seven case studies. Other activities included information exchange among informal community-driven development network members, creation of a community-driven development database and website, presentation of two seminars, a study tour by a Mongolian team to the Kyrgyz Republic, and a field visit to community-driven development project sites in the Philippines. A forum on community-driven development and Strategy 2020 was held in December.

ENVIRONMENT AND SAFEGUARDS

ADB continued to include the environment in country partnership strategies, programs, and projects; strengthen

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developing member countries' environmental legal and institutional frameworks; support interventions to tackle global and regional environmental issues; collaborate with development partners; promote knowledge management; and integrate environmental and social safeguards in projects.

These efforts resulted in environmental lending to 26 projects with a total value of about \$2,607 million—a nearly 200% increase from 2007 in terms of loan value, and the highest since 1995. The projects include those that are expected to reduce CO₂ emissions through wind and hydropower energy projects in India, People's Republic of China (PRC), and Viet Nam. Other projects approved in the PRC will reduce water pollution, conserve biodiversity, and combat land degradation. Projects approved in India and the PRC are also expected to reduce air and water pollution and improve water supply, sanitation, and solid waste management systems. Projects approved in Georgia, Pakistan, and Sri Lanka will promote environmentally sustainable approaches to agriculture.

More than 50 technical assistance projects, approved for almost \$100 million, are expected to deal with the environment, including climate change-related issues. Other approved projects will design a sulfur dioxide trading system, prepare guidelines for payment for environmental services in river basins, provide seed funding for renewable energy and energy projects, and promote coastal and marine resource conservation in the Coral Triangle—the center of the world's coral reef biological diversity—which spans six developing member countries.

ADB continued to work with the Global Environment Facility (GEF) to prepare projects for GEF's endorsement, and mobilize financing for the Coral Triangle Initiative. It supported the Clean Air Initiative for Asian Cities' annual workshop on air quality and climate change, and hosted the meeting of the Poverty and



Through reforms in primary and secondary education in Bangladesh, poor and female students secured better access and the quality of education improved

Environment Partnership and the Multilateral Financial Institutions Working Group on Environment.

ADB implemented its environmental and social safeguard policies to avoid, minimize, and mitigate adverse impacts of projects. It organized training for staff and developing member countries on safeguard requirements and procedures. It worked with nongovernment organizations and other development partners to improve safeguard outcomes and allocated resources to improve indigenous peoples' legal frameworks in selected DMCs. It made significant progress with the

safeguard policy update. The Policy and Strategy Overview provides details.

EDUCATION AND SKILLS

Strategy 2020 confirms that inclusive growth requires investments in and access to education and vocational training. ADB completed *Education and Skills: Strategies for Accelerated Development in Asia and the Pacific* (www.adb.org/Documents/Studies/Education-Skills-Strategies-Development), a major study that analyzes the lessons, gaps, and policy challenges facing education, including equity, relevance, efficiency, and affordability. The study concludes that inclusive growth depends on the continuous development of an adequate human resources base, and provides a strategic framework for ADB's work. ADB continued to provide program and project lending to a range of countries, including preparing support for an important and innovative postharvest technology and skills-bridging

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program for the rural poor in Cambodia, early childhood education for nomadic and migrant children in Mongolia, polytechnic support in Indonesia, and capacity development for madrasah education in Bangladesh. ADB also published *Skilling the Pacific: Technical and Vocational Education and Training in the Pacific* (www.adb.org/Documents/Books/Skilling-Pacific/Skilling-Pacific.pdf), a comprehensive and influential knowledge product.

IMPROVING HEALTH ACCESS AND OUTCOMES

Tangible progress was made in implementing Strategy 2020. The President approved the Operational Plan for Improving Health Access and Outcomes (www.adb.org/Documents/Policies/Strategy2020/Operational-Plan-For-Health.pdf), which sets out where, why, and how ADB will do things differently. ADB approved strategically focused program loans, including \$400 million to Pakistan to achieve the Millennium Development Goals related to maternal and child health, and one to the Philippines to reform health financing. ADB significantly strengthened partnerships that provide regional public goods. Related actions included formal collaboration with the United Nations Children's Fund (UNICEF), the United Nations Joint Programme on HIV/AIDS (UNAIDS), and the World Bank on a data hub for HIV/AIDS; costing tools for HIV/AIDS; joint case studies on preventing and mitigating HIV/AIDS in infrastructure; and collaboration with the Food and Agriculture Organization and the World Health Organization on building capacity to prepare for pandemics and control communicable diseases. ADB also analyzed the economics and financing of maternal, newborn, and child health, identifying "best buys" for increased, more cost-effective, and more equitable financing of essential health care for women and their children

DISASTER AND EMERGENCY ASSISTANCE

In April, management approved an action plan supporting the policy governing disaster and emergency assistance. Components of the action plan include identifying disaster risks as part of country programming, building country

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disaster and hazard management capacity, taking disaster management and climate change issues into account when developing country programs or designing projects, and assisting regional disaster risk management coordination and institutionalization. At the Oslo Policy Forum, ADB staff members learned ways of mainstreaming disaster risk management and climate change adaptation into development programs.

Following the earthquake in Sichuan Province, at the request of the Government of the People's Republic of China, ADB prepared policy notes that assisted the recovery program; technical assistance was also provided. Disasters resulted in ADB participation in damage and needs assessments in several developing member countries, including the Kyrgyz Republic, Lao People's Democratic Republic, Myanmar, and Nepal. Both the conflict in Georgia and food security issues in Bangladesh and Cambodia were relieved by emergency assistance loans. A conference on catastrophe risk insurance for Asia and the Pacific was cosponsored with the Ministry of Finance of Japan in Tokyo.

GOVERNANCE AND ANTICORRUPTION INITIATIVES

ADB achieved significant progress in promoting good governance and fighting corruption through its second governance and anticorruption action plan. The plan is being implemented by incorporating risk assessments into country partnership strategies and project documents. In line with its commitment to the Paris Declaration on Aid Effectiveness, ADB's international, national, and local efforts included maximizing the impact from use of its resources, reinforcing the achievement of goals, and avoiding duplication. Regional and subregional initiatives were limited but promising.