



**STRATEGY 2030
OPERATIONAL PLAN FOR PRIORITY 1**

**ADDRESSING REMAINING POVERTY
AND REDUCING INEQUALITIES,
2019–2024**

SEPTEMBER 2019

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Notes:

In this publication, “\$” refers to United States dollars.

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Operational Priority 1

Addressing Remaining Poverty and Reducing Inequalities



- Strengthen Country Partnership Strategy (CPS), Inclusive and Sustainable Growth Assessment
- Seek new sources of partnership and financing
- One ADB: multisectoral interventions to improve access, affordability, participation, accountability, sustainability

Strategic Operational Priorities

1 Human capital and social protection enhanced for all

2 Quality jobs generated

3 Opportunities for the most vulnerable increased

Operational Approaches



Universal health coverage



Learning for all



Social protection for all

Strengthen the role of private sector



Inclusive business



AI and big data analytics



Youth initiatives

Evidence-based knowledge on jobs



Reach vulnerable people



Digital solutions



Infra with skills development

Cross-sectoral knowledge platforms on emerging areas

Sub-pillars

- Learning opportunities improved
- Access to health services improved
- Social protection systems strengthened
- Business environment improved
- Provision of business development services and the financial sector strengthened
- Labor standards and policies strengthened
- Provision of infrastructure services and finance to the poor and vulnerable improved
- Increased inclusiveness of regulatory, legal and institutional enabling environment

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ABBREVIATIONS

ADB	–	Asian Development Bank
CSO	–	civil society organization
DMC	–	developing member country
ICT	–	information and communication technology
NCD	–	noncommunicable disease
OPI	–	operational priority 1
PPP	–	public–private partnership
RCI	–	regional cooperation and integration
SDG	–	Sustainable Development Goal
SME	–	small and medium-sized enterprise
SPI	–	social protection indicator
STEM	–	science, technology, engineering, and mathematics
TA	–	technical assistance
TVET	–	technical and vocational education and training
UHC	–	universal health coverage
UNESCAP	–	United Nations Economic and Social Commission for Asia and the Pacific
WHO	–	World Health Organization

STRATEGIC OPERATIONAL PRIORITIES

A. Overview

1. Strategy 2030's first operational priority on addressing remaining poverty and reducing inequality supports the Asian Development Bank (ADB) vision of a prosperous, inclusive, resilient, and sustainable Asia and the Pacific. It comprises three interconnected focus areas: (i) enhance human capital and social protection for all, (ii) generate quality jobs, and (iii) reduce inequality in opportunities.¹ Enhancing human capital is largely the focus of education, health, and social protection, but all sectors and themes can contribute to this objective. Generating quality jobs and reducing inequality in opportunities require significant contributions and engagement from all sector and thematic areas and the private sector.

2. Operational priority 1 (OP1) supports the Sustainable Development Goal (SDG) agenda to tackle poverty and inequality and leave no one behind. A key premise of the SDGs is to support the poorest and most vulnerable people who are unable to fully participate in and benefit from economic and social development.² The SDGs seek to address multidimensional poverty and conditions that restrict people's ability to escape poverty and improve their well-being.

3. Asia and the Pacific has made great strides in poverty reduction but despite this success, in 2015 the region was still home to 264 million people living on less than \$1.90 a day (extreme poverty) and around 1.1 billion living on less than \$3.20 a day.³ Rapid economic growth has not translated into an even distribution of income and opportunities. Inequality in income, wealth, and opportunity has grown in most developing member countries (DMCs). Income inequality, as measured by the Gini coefficient, has risen by more than 5 percentage points in the region in the past 2 decades.⁴ Inequality in opportunities perpetuates poverty and exclusion and deepens the income inequality cycle. Poor people do not have equal access to decent jobs, productive resources, and education and health care to escape poverty and enhance their well-being. Many are excluded from affordable services, such as water, sanitation, and electricity, as well as social and cultural participation, security, voice, and representation. Their life chances, capabilities, and entitlements are restricted by low income, inadequate policies and institutions, and discriminatory informal norms and practices.

¹ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

² United Nations Development Programme (UNDP). 2018. *What Does It Mean to Leave No One Behind? A UNDP Discussion Paper and Framework for Implementation*. New York.

³ ADB (Economic Research and Regional Cooperation Department). 2018. Updated Poverty Estimates. Memorandum. 5 November.

⁴ United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). 2018. *Inequality in Asia and the Pacific in the Era of the 2030 Agenda for Sustainable Development*. Bangkok.

4. Poverty has multiple dimensions, and many people in the region face not only income poverty but also nonmaterial deprivations, such as poor health, lack of education, food insecurity, and inadequate living conditions. The majority of the poor and vulnerable in Asia and the Pacific work in the informal sector. Such workers experience high levels of income insecurity and are more vulnerable to economic, health, and environmental shocks than those in the formal sector. The most vulnerable groups in the region include those in the low-income bracket, women, indigenous peoples, ethnic minorities, persons with disabilities, hard-to-reach and remote populations, migrants, and internally displaced and/or conflict-affected people. Faced with adverse shocks, such as job loss, illness, natural hazards, or conflict, they are more likely to fall into poverty or become even poorer in the future. The often overlapping nature and intersectionality of these dimensions can exacerbate vulnerability.

5. It is therefore necessary to effectively target development efforts to those most in need and to tackle key drivers for change that will help ensure the availability of opportunities for all. A focus on OP1 will strengthen ADB's role as a development partner to help DMCs achieve many of the SDGs and reduce multidimensional poverty and inequality in income and opportunity.

6. OP1 will employ a three-pronged strategy to achieve these objectives (see figure, next page). First, ADB will invest in human capital and social protection not only to enhance people's capabilities but also to raise their productive and earning potential to reduce entrenched intergenerational transmission of poverty and inequality. Second, ADB will facilitate access to jobs that can generate adequate and stable earnings and benefits, and enhance living standards. Third, ADB will reduce inequality in opportunity and remove the barriers in accessing quality infrastructure and services especially for the poor and vulnerable.

7. This third measure should be part of all development policies and programs. Development interventions need to be designed to address specific constraints that may prevent their target populations from accessing the benefits they generate. At the same time, a distinct focus on this OP1 goal supports targeted interventions that tackle drivers of multidimensional poverty and vulnerability and facilitate inclusion.

8. Delivering on OP1 will demand bank-wide engagement, and require cooperation with the other operational priorities, help from the sector and thematic groups, and an enabling environment in regional departments. Consistent with Strategy 2030, ADB will proactively work with stakeholders across the institution in planning and implementing upstream and downstream OP1 activities across the three focus areas described in paragraphs 9–28.

9. **Enhance human capital and social protection for all.** Sustainable reduction in poverty and inequality necessitates investments in education, health, and social protection. This policy prerogative is at the heart of the SDGs, specifically SDGs 4 and 5, but is also critical to achieving SDGs 1–11.⁵

⁵ Goal 1. End poverty in all its forms everywhere; Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture; Goal 3. Ensure healthy lives and promote well-being for all at all ages; Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; Goal 5. Achieve gender equality and empower all women and girls; Goal 6. Ensure availability and sustainable management of water and sanitation for all; Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all; Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; Goal 10. Reduce inequality within and among countries; Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.

Figure: Framework of Operational Priority 1 of Strategy 2030



ADB = Asian Development Bank, SMEs = small and medium-sized enterprises.
Source: ADB.

Investments in human capital are also needed to enable and promote access to quality jobs and equality in opportunities.

10. Human capital refers to the accumulated knowledge, skills, experience, and health that enable people to realize their potential as productive members of society.⁶ Enhancing human capital requires sustained investments in health, education, and social protection throughout an individual's life cycle. Human capital is critical for (i) improving employment rates and earnings and (ii) enhancing social mobility. Investing in people's health and education is not only essential for their well-being but is also critical for improving productivity and economic growth, as well as reducing inequality within societies.

11. Providing social protection for all is critical for upholding basic income standards and protecting people from shocks across their life cycle, as it can strengthen people's resilience to disasters, and rapid technological and labor market changes. Social protection can promote investments in health, nutrition, and education, which helps break intergenerational transmission of poverty, and can assist individuals to build and accumulate productive assets and thus enhance their income earning capacity. Addressing inequality and advancing equitable and inclusive growth requires that issues of employment creation, social protection, and redistribution be placed at the center of reducing remaining poverty.

12. Increasing investments in health, education, and social protection alone is not enough to ensure sustained human capital development. Evidence of what works should guide the investments to ensure effective interventions are supported. To be effective, such health, education, and social protection investments need to adapt to current and anticipated changes in society and work in tandem to ensure that their inputs create an enabling environment throughout an individual's life cycle. Policies and programs must reduce inequalities in opportunity to ensure that the poor and marginalized can access quality education, health care, and social protection, and take advantage of economic opportunities to improve their well-being.

13. Successes in the region demonstrate the benefits of (i) accelerating efforts to improve the quality of human capital, and (ii) adopting flexible health, education, and social protection models that can adapt to economic, demographic, and technological changes. One major lesson from Asia's economic surge is that the success of some economies, such as those of the Republic of Korea and Singapore, can be attributed to sustained, equitable investment in human capital development, as they lack natural resources and cost advantages were only short-lived.

14. **Generate quality jobs.** Facilitating access to decent and productive jobs will continue to be an indispensable pathway for creating a region without poverty and with reduced inequalities. This pathway needs to enable faster and sustained movement of workers from low-wage to high-wage jobs through increased labor productivity. Quality jobs are a major contributor to reducing poverty and inequality because they encapsulate higher productivity, social inclusion, decent pay, good career prospects, and conducive working conditions. Investment in creating optimal conditions in DMCs for facilitating the generation of quality jobs is embodied most directly in SDG 8, but is also critical for achieving SDGs 1 and 5 (footnote 5).

⁶ World Bank. Human Capital Project. <http://www.worldbank.org/en/publication/human-capital>.

15. Labor markets in Asia and the Pacific continue to face structural weaknesses despite good economic growth rates. The overall unemployment rate in the region remained relatively low at 4.1%, compared with the global rate of 5.5% in 2017.⁷ However, the unemployment rate among youth 15–24 years old was more than double at 10.4% and has been rising in some subregions, such as South Asia (footnote 6). Nearly half of the workforce hold jobs defined by the International Labour Organization (ILO) as “vulnerable employment,” and two-thirds are in the informal sector. On average, the informal sector accounted for 71.4% of jobs in developing Asia and 21.7% of jobs in developed Asia;⁸ its share was the highest in South Asia at 87.8%. Workers in the informal sector often have low and/or unstable income and limited access to legal rights and social protection to mitigate risks from unemployment, illness, and old age. Vulnerable groups, such as women and migrants, are disproportionately represented in the region’s informal economy.

16. For the poor and disadvantaged to benefit from well-paying jobs, they need to have the right set of skills and competencies that meet the changing requirements of the job market. Thus, improving learning outcomes and investing in quality skills and technical education will continue to be critical. Education and skills development programs have tended to be predominantly skewed toward the younger population entering the labor market. It is now critical to address the need to re-skill and up-skill workers throughout the working life cycle and to promote lifelong learning.

17. Training programs can be successful when they are well aligned with labor demand.⁹ Skills development is especially critical for enabling workers’ adjustment to technological changes to respond to the industry’s changing needs, particularly the increasing need for 21st century skills such as collaboration, creativity, communication, and critical thinking. Education and skills training institutions have an important role to play in building these competencies, and by emphasizing self-directed learning, people can continue to re-skill and up-skill throughout their lives. These skills are also crucial to innovation, which will contribute to economic growth and job creation.

18. Labor markets are becoming increasingly complex due to a range of issues such as employment, underemployment, demographic shifts, and impacts of digital and technological evolution. Public employment services are one of the major conduits for implementing employment and labor market policies. Employment services play an increasingly important role in job matching, enhancing employability, addressing skills mismatches, and linking support directly to employers and workers through operating various active labor market programs.

19. Given that the private sector plays a pivotal role in creating jobs and generating income at all levels, developing an enabling business environment and inclusive businesses is essential. In many DMCs, entrepreneurship mainly focuses on livelihood maintenance. Improving the business environment for microenterprises and small and medium-sized enterprises (SMEs), and developing entrepreneurship skills can enable individuals to expand their businesses, generate more income for themselves, and generate quality jobs for others.

⁷ ILO. 2018. *Asia-Pacific Employment and Social Outlook 2018: Advancing Decent Work for Sustainable Development*. Bangkok.

⁸ ILO. 2018. *Women and Men in the Informal Economy: A Statistical Picture*. 3rd edition. Geneva.

⁹ World Bank. 2012. *World Development Report 2013: Jobs*. Washington, DC. DOI: 10.1596/978-0-8213-9575-2.

20. Developing and strengthening the finance sector, with a focus on inclusive finance, is key to enhancing productive opportunities. Access to formal financial products and services is one of the most critical constraints on private sector businesses in most countries (footnote 9). Affordable financial services such as microloans, savings, and insurance need to be made available to the poor who are otherwise unable to access banking systems because of financial, geographic, institutional, and social barriers. This area cuts across focus areas 2 and 3 of OPI.

21. Facilitating quality jobs requires addressing labor market policies and programs and upholding core labor standards. Labor market policies and programs are classified as active and passive depending on whether they actively contribute to put people back into work or not. Passive labor market programs are typically unemployment benefits schemes while active labor market programs could be on-the-job and off-the-job training, self-employment, and start-up business support such as micro credit schemes. Labor standards comprise regulations and rules that govern working conditions and industrial relations in the workplace. They can guarantee a minimum acceptable level of well-being for workers, including fair procedures for hiring and firing, minimum wage, paid parental leave, occupational health and safety, and protection against discrimination and exploitation.

22. Generating quality jobs will require efforts from both the public and private sectors. It will require collaboration between different sectors (to improve training, for example) and institutions, and strong policy coordination to incentivize the use of innovative approaches and to promote synergies (education sector producing health workers who are in short supply in areas such as long-term care).

23. **Reduce inequality in opportunities.** Equal opportunity implies that all people should be entitled to make the most of their lives and abilities. Inequality in opportunity has economic (e.g., unequal access to decent work, financial services, and land ownership); social (e.g., unequal access to health care, education, and nutrition); and environmental (e.g., unequal access to water, sanitation, clean fuel, electricity, and natural resources) dimensions.¹⁰ Social aspects such as gender, social status, place of residence, education, ethnicity, caste, religion, and sexual orientation often determine people's participation, voice, rights, and access to resources and services.

24. Inequality in access to opportunities is a fundamental driver and result of inequality in income and wealth. It can create a cycle that excludes pockets of populations from the benefits of economic and social development, resulting in inequality in outcomes, including income, health, education, and well-being.

25. Addressing inequality in opportunities can be achieved by providing (i) access to income opportunities through financial inclusion, targeted direct employment for the poor, improved governance and strengthening of legal and institutional capacity, and the use of inclusive technology and digital development; (ii) access to affordable health, education, and social services; (iii) affordable access to basic services, such as water, sanitation, housing, transport, energy, and agriculture; and (iv) participation and accountability mechanisms to ensure voice and empowerment, particularly for poor and marginalized individuals and communities.

¹⁰ UNESCAP. *Why Do We Need Social Protection?* <https://www.unescap.org/multimedia/why-do-we-need-social-protection>.

26. Unequal access to opportunities is evident in Asia and the Pacific, both in terms of outcomes as well as evidence on affordable access to quality essential public services. Asia and the Pacific is home to 36% of the world's extreme poor, 64% of the world's undernourished people, 35% of the global population without access to electricity, 42% of the global population without access to clean water, and 63% of those without access to basic sanitation (footnote 1). Poverty incidence and disparities in education, health, and access to basic services are especially high in rural areas. Gender inequality that favors men over women is persistent and is manifested in disparities in productivity, wages, and income poverty.

27. Ensuring access to opportunities will remain a significant challenge especially as new forms of vulnerability to economic shocks and stresses emerge from diverse sources such as climate change, disasters, pandemics, and new technology. For example, rapid urbanization is leading to about 120,000 migrants per day arriving in the region's cities. Migration is strengthening these centers of economic growth, but it is also creating considerable stress on cities' governance and capacity to provide essential services, leading to expanded informal settlements. It is estimated that 30% of the world's urban population live in slums indicating exacerbating socioeconomic disparities.¹¹

28. All sectors and themes have a role to play in reducing inequality in opportunities and promoting social inclusion in the region. At an operational level, this translates into approaches for investments across sectors to ensure access to opportunities, including basic and digital infrastructure, financial services, and essential public services.¹² Promoting inclusive access to infrastructure and services requires addressing key barriers such as limited affordability, information constraints, and physical access and focusing on the needs of vulnerable populations. Poor and marginalized people are often unable to afford health care, education, and basic services such as clean water, adequate sanitation, and electricity because of formal or informal service charges; utility tariffs; and the high cost of transportation, medicines, school uniforms, and textbooks.¹³ The high cost of financial transactions often deters people from accessing financial services. To ensure inclusive access and maximize social development impacts, investments should be coupled with policies and institutional arrangements that promote access, affordability, accountability, and participation.¹⁴

B. ADB Experience and Initiatives

29. **Independent Evaluation Department's evaluation and findings.** In 2017, the Independent Evaluation Department assessed ADB's experience under Strategy 2020.¹⁵ It noted that operationalizing the inclusive growth agenda had been challenging and stressed the importance of

¹¹ World Bank. World Bank Open Data. *Population living in slums (% of urban population)* <https://data.worldbank.org/indicator/EN.POP.SLUM.UR.ZS?view=chart> (accessed 5 September 2019).

¹² ADB. 2010. *Incorporation of Social Dimensions into ADB Operations. Operations Manual. OM C3/BP.* Manila; and ADB. 2001. *Social Protection Strategy.* Manila.

¹³ G. Wan and R. Francisco. 2009. *Why is Access to Basic Services Not Inclusive? A Synthesis with a Special Focus on Developing Asia. ADB Sustainable Development Working Paper Series. No. 6.* Manila.

¹⁴ B. Babajanian. 2014. *Citizen Empowerment in Service Delivery. ADB Economics Working Paper Series. No. 396.* Manila. In particular, people can engage in local planning decisions and convey priorities with regard to the relevance, type, mix, and quantity of services to ensure greater responsiveness to their needs.

¹⁵ Independent Evaluation Department. 2017. *Knowledge, Finance, and the Quality of Growth: An Evaluative Perspective on Strategy 2030.* Manila: ADB.

addressing the quality of growth in the region through intensified support for social and geographic inclusion, sustainability, and integration. It emphasized the opportunity to reduce remaining poverty and inequality in the region by focusing support on human capital and social protection, quality jobs, and improved access to essential services. The study stated that reducing inequality in access to opportunities is a challenge for ADB and stressed that prioritizing issues, developing coordination mechanisms, and collaborating among sectors and departments should be strategies for ADB and DMCs going forward. Key findings related to OP1 include the following:

- (i) Developing better guidance on integrating the inclusive growth agenda into country and sector strategies and operations is essential to improve operational outputs in terms of focus and impacts.
- (ii) Supporting economic growth alone does not promote social inclusion and reduce inequalities.
- (iii) Improving access to quality jobs and essential services are critical for inclusive economic growth.
- (iv) Coordinating infrastructure support with complementary services can strengthen the growth-income distribution links.
- (v) Increasing ADB attention is warranted for social protection and safety nets in many DMCs which remain weak.
- (vi) Increasing nonsovereign operational contributions to inclusive growth can come through a stronger emphasis on inclusive business and frontier markets.
- (vii) Achieving a higher quality of growth relies upon good governance and accountable and effective institutions, as governance matters for development outcomes such as poverty reduction, human development, and gender equality.

30. The strategies and operational approaches outlined in this operational plan build on and integrate these findings.

1. Supporting the Human Capital Development and Social Protection Agenda

31. Investment in human capital and social protection has been increasing steadily, but total investments in education, health, and social protection projects remain modest. The Asian Development Fund set-aside for health projects and the use of regional funds, such as the Regional Malaria and Other Communicable Disease Threats Trust Fund, have catalyzed increased investment. There have been some innovations in operations and increased partnerships to deliver these projects; and opportunities to invest in human capital development and social protection, including via multisector projects, are increasing. Taking advantage of these opportunities will be essential if ADB is to make a meaningful contribution to the SDG agenda of leaving no one behind.

32. The share of the education sector is expected to be about 6% of total ADB lending portfolio during 2019–2021. More than 46% of this is focused on technical and vocational education and training (TVET), about 32% is for secondary and tertiary education, and about 20% is for pre-primary and primary education and education sector development. Demand for multisector projects is likely to grow as collaboration between education and other sectors gains importance, such as training for infrastructure in areas such as urban development, energy, and expansion of special economic zones. The following innovations are also worth noting: (i) pilot training for construction and urban development in partnership between ADB and German development cooperation through the Federal Ministry for Economic Cooperation and Development and/or Deutsche Gesellschaft für Internationale Zusammenarbeit in

Mongolia and later in Pakistan, (ii) integration of information and communication technology (ICT) in regional education approaches and skills by ADB's Pacific Department, (iii) partnership with major institutions in Singapore to support school education and TVET, (iv) analytical study to assess the readiness of education and training institutions to move toward industry 4.0,¹⁶ and (v) partnership with institutions from the Republic of Korea for student assessment and labor market analysis in selected DMCs.

33. ADB's Education Operations Plan: An Assessment Paper¹⁷ reviewed the implementation of the education sector plan 2020 and noted several achievements: (i) the education sector has pioneered results-based lending, (ii) ADB's organizational structure to support education is stronger with three divisions dedicated to social sectors, and (iii) the portfolio is becoming bigger and more aligned with emerging needs in the DMCs. The review also noted several challenges. While lending volume increased from 2% of ADB's portfolio during 2007–2009 to about 4% during 2013–2017,¹⁸ the growth is below the 6%–10% corporate target that was envisaged as part of ADB's Strategy 2020. Limited progress has also been made in the use of ICT, public-private partnerships (PPPs), and regional cooperation and integration (RCI) initiatives, except in the Pacific. Finally, staffing levels lag and need to be re-thought in the light of expanded lending calling for an enhanced skills mix of staff. The review made six recommendations:

- (i) further expand support to education operations for improving further access to high quality education and training with higher job prospects, and promote education for competitiveness and innovation;
- (ii) establish more diverse partnerships;
- (iii) innovate and harness the use of ICT, PPPs, and RCI initiatives to scale up quality and impact;
- (iv) pool and deploy staff more strategically to improve quality, expand the scale, and address the rising expectations of low- and middle-income countries;
- (v) explore new lending approaches to target new opportunities, such as municipalities; and
- (vi) lay the foundation for innovation with ambitious knowledge work.

34. Health is on track to increase its share of the lending portfolio to 3% in 2019–2021, which is within the 3%–5% target set in the Midterm Review of Strategy 2020.¹⁹ The number of DMCs that have mobilized ADB finance and technical support in designing and implementing health projects has increased, with lending projects approved in Bangladesh, Bhutan, Cambodia, the Lao People's Democratic Republic, Mongolia, Myanmar, Papua New Guinea, the People's Republic of China, Samoa, Sri Lanka, Tajikistan, Tonga, Tuvalu, Uzbekistan, Vanuatu, and Viet Nam in 2017 and 2018; and projects planned or have ongoing policy dialogues for Armenia, Azerbaijan, Fiji, India, Indonesia, Kazakhstan, Pakistan, the Philippines, Solomon Islands, and Thailand. Committed projects include increasing access to health services; strengthening regional health security; improving the quantity and quality of hospitals, other health infrastructure, and health equipment; expanding the supply and quality of health human resources; developing elderly care services; and mainstreaming digital health in health systems.

¹⁶ This study seeks to assess the responsiveness of education and training systems to the transformational changes in labor markets arising from the application of new technologies such as robotics, artificial intelligence, block chain, etc.

¹⁷ ADB. 2018. *Education Operations Plan: An Assessment Paper*. Manila.

¹⁸ While lending volume is steadily increasing, the 2018 share of more than 7% for education was more of an exception as a few program and project approvals rolled over from the previous year.

¹⁹ ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

35. ADB has supported several innovations, including region-wide collaboration focusing on health security in the Greater Mekong Subregion, PPPs to expand primary care and elderly care services in Bangladesh and the People's Republic of China, regional procurement of vaccines in the Pacific, improved drug procurement processes in Mongolia and Papua New Guinea, rapid rollout of national health insurance in the Lao People's Democratic Republic, use of digital health tools in disease surveillance and health data capture and analysis in Bhutan and Sri Lanka, health infrastructure with renewable energy in Papua New Guinea, and innovative health equipment maintenance system in Tajikistan.

36. Social protection is key to addressing extreme poverty, rising inequality, and risk and vulnerability. Social protection projects in ADB have supported the expansion and development of social assistance, social insurance, and active labor market programs. Flexibility within social protection operations can be supported through stand-alone projects, such as the Social Protection Development Project in Pakistan (social assistance), or projects with social protection components, such as the Equipping Youth for Employment Project in Myanmar.²⁰

37. ADB operations that supported social protection during 2016–2018 comprised 4.9% of ADB's total number of projects for the same period, which is below the 6.0% target. For DMCs, expanded social protection programs are important commitments in achieving SDG target 1.3 (social protection floor) and are crucial enabling instruments of progress for other SDGs such as SDG 8.5 on decent work.²¹

38. ADB has supported innovations in social protection projects, including developing a graduation program that combined conditional cash transfers with livelihood and coaching support in the Philippines,²² designing the first fully focused disability project in Mongolia, initiating regional technical assistance (TA) projects on financing social protection and on strengthening capacity in the region for developing long-term care systems and services, producing publications on topics such as social assistance and ICT, and (iv) developing social protection indicator (SPI) reports for 38 countries.

39. ADB will continue to develop social protection projects; identify opportunities to integrate social protection into projects, particularly in education, finance, health, and public management; support capacity building and policy dialogues, and knowledge sharing; cultivate partnerships and facilitate cross-country learning; and monitor and report on social protection programs and trends in the region. ADB will also advance innovations in technology to improve delivery systems and strengthen efforts toward building resilience, including climate and disaster resilience, among vulnerable populations.²³ The rise of the gig economy where workers are agile and no longer affiliated over long periods to specific employers means that social protection measures and tools in the region need to be transformed radically in the future.

²⁰ ADB. Pakistan: Social Protection Development Project. <https://www.adb.org/projects/45233-001/main>; and ADB. Myanmar: Equipping Youth for Employment Project. <https://www.adb.org/projects/48431-003/main>.

²¹ United Nations. Sustainable Development Goals. <http://www.un.org/sustainabledevelopment/sustainable-development-goals>.

²² The graduation approach involves sequenced interventions and combines targeted social assistance with technical and life skills training, financial inclusion, and coaching and mentoring.

²³ ADB. 2018. *Strengthening Resilience through Social Protection Programs: Guidance Note*. Manila. Resilience is defined as the ability of a poor household, exposed to hazards, to resist, absorb, adapt to, and recover from the effects of these hazards in a timely and efficient manner without jeopardizing its sustained socioeconomic advancement and development.

2. Developing an Enabling Environment for Generating Quality Jobs

40. The directional document titled *Asian Development Bank Support for Inclusive Business (2016–2020)* serves as the guide for ADB actions related to inclusive business,²⁴ which supports access to services and opportunities, including quality jobs. Through 2020, most inclusive business projects are expected to be in agriculture and rural development, education, health, urban services, value-chain finance, and impact investment. Along with customer, distributor, and supplier finance, impact investment will focus on financial inclusion and provision of capital to entrepreneurs, microenterprises, and SMEs. A major objective of inclusive business projects will include job creation and provision of essential services.

41. Working with governments, development agencies, microfinance institutions, banks, the private sector, civil society organizations (CSOs), investors, and service providers, ADB has assisted in developing, pilot-testing, and delivering diverse finance solutions, payment technologies, digital finance services, technology platforms, value-chain finance solutions, and research on inclusive financing.²⁵ For the provision of finance services, digital identity mechanisms offer greater efficiency, security, and trust across sectors by tracking transactions through the movement of people, funds, goods, data, and other resources. Achieving full inclusion requires sustained engagement of the government with the private sector.

42. Governments should consider appropriate PPPs for leveraging private sector financing, participation, innovation and technology, so as to enhance public service delivery. Additionally, there are growing pools of capital designated for financing social development outcomes. The market of private investment products offers varying levels of accountability and certification for “impact investment” products. Corporate debt capital markets are seeing more social and development impact bond issuances which can provide issuers and investors with an instrument to raise financing for socially beneficial public services, and many city governments have expressed interest in such issuances.

43. In addition, forecast-based financing that links climate and weather forecasts to social protection can help deliver timely humanitarian action or cash transfers in advance of shocks and stresses. In Pakistan, for instance, forecast-based financing can be used in flood-prone Punjab and Sindh or in drought-prone Balochistan. Putting in place an enabling policy and regulatory environment conducive to inclusive finance, characterized by openness to innovation and incentivized market-based solutions, can play a transformative role in expanding the scale and reach of financial products and services.

3. Reducing Inequality in Opportunities

44. The Midterm Review of Strategy 2020 highlighted that despite fast economic growth rates, rising income and non-income inequality and poverty in the region continues to be a significant

²⁴ ADB. 2016. *Asian Development Bank Support for Inclusive Business (2016–2020)*. Manila. ADB defines inclusive business as the segment of business entities that generates high development impact by improving access to goods and services for the base of the pyramid (i.e., low-income population), and/or providing income and/or job opportunities to the low-income population as producers, suppliers, distributors, employers, and/or employees.

²⁵ Inclusive finance refers to enhanced access to financing and other forms of capital that support the creation, growth, and commercial viability of businesses that are at the base of the income pyramid.

concern. A key finding was that projects focusing on promoting growth needed to also have prioritized the objective of benefitting lower-income groups in their design in order to make optimal contributions to inclusive growth. The choice of projects across all sectors should thus be determined by their likely impact on job creation, poverty reduction, and improved access to and affordability of services.²⁶ Strategy 2030 has therefore emphasized the need for a larger social sector portfolio as well as a more explicit focus on fragility, vulnerable areas, and vulnerable populations (e.g., rural areas, women, persons with disabilities) across the portfolio to reduce inequalities in opportunities.

C. Key Trends, Challenges, and Opportunities in Developing Member Countries

45. **Remaining poverty and inequality.** After decades of sustained growth, Asia and the Pacific has transformed into one of the most dynamic regions in the world, but it is also one which has clear and persistent disparities. About 95% of the region's population live in middle-income countries, but data for 2015 show 264 million people still live below the \$1.90 per day poverty line, and around 1.1 billion live on less than \$3.20 per day (footnote 3). They are particularly vulnerable to shocks and at risk of falling back into poverty. Income inequality has risen in a number of DMCs, and significant disparities in non-income aspects exist in access to decent jobs, quality education and training, good health services and insurance against costly illnesses, and effective social protection. Access to and affordability of basic services such as electricity, water, and sanitation remain challenges for many in the region. Major trends such as urbanization, climate change, demographic transition, digital technology, the changing nature of work, and migration (both international and internal) risk creating new vulnerabilities and vulnerable groups. Significant gender disparities persist which limit the potential for growth in the region, and attainment of equal opportunities for half of its population. ADB faces many significant and remaining challenges across all sectors, including addressing the diverse needs of populations; identifying and targeting vulnerable groups; ensuring last-mile delivery of services to rural and isolated communities with limited communication and infrastructure; increasing access and affordability of basic services; encouraging participation in planning and governance; and addressing vulnerability, gender disparities, and other sources of inequality. In addition, a range of new and emerging issues, such as those listed below, are further adding to the challenges on addressing poverty and inequality in the region.

46. **Demographic transition.** Asia and the Pacific is both the youngest and the fastest-aging region of the world. With 2.2 billion people under age 30 (nearly 50% of the total population) living primarily in South Asia, Southeast Asia, and the Pacific islands, investments in the youth's future and in the development of human capital and quality jobs are critical. The region's youths face significant labor market constraints and are three times as likely to be unemployed as adults. Half of employed youth in South Asia, for example, are living below the poverty threshold.

47. At the same time, Asia and the Pacific is the fastest-aging region in the world and home to more than half of the world's population of people over age 60. By 2050, this is expected to rise to nearly two-thirds of the global population over the age of 60, or close to 1.3 billion people. Protection against the risk of poverty in old age is strikingly absent for informal sector workers. An immediate

²⁶ Independent Evaluation Department. 2014. *Inclusion, Resilience, Change: ADB's Strategy 2020 at Mid-Term*. Manila: ADB.

challenge is to develop social protection, health, and long-term care systems and services, (including the human resources required) that are responsive to DMC contexts, affordable, and accessible. Going forward, ADB is well-positioned to address the needs of the region's youth through more education programs and youth initiatives, more knowledge work targeting the older population, and through its growing portfolio in health and social protection projects.

48. **Disability.** Disability is a persistent vulnerability and a remaining development challenge globally and for Asia and the Pacific. About 70% of the global population of people with disabilities (690 million persons) live in Asia and the Pacific.²⁷ These numbers are expected to grow as populations age. People with disabilities represent a vulnerable population with a higher incidence of poverty and lower human development indicators. Investing in inclusive education; ensuring access to services and job opportunities; developing effective health, education, and social protection support; facilitating access to assistive technologies; and addressing the impediments of the built environment and transport systems are all areas where a difference in addressing poverty and inequality can be made.

49. **Migration and labor mobility.** Trends in urbanization and migration are creating new challenges for employment, inclusion, access to services, participation, and social protection. Several DMCs rely on remittances, but a large share of migrants work in labor-importing countries that require low-level skills and expose workers to vulnerable conditions. Other migration challenges for the region that offer ADB operations the chance to contribute to greater impacts include: addressing the dearth of opportunities in rural areas that lead to a rural exodus; developing clear and safe means for migration, remittances, and labor mobility; and recognizing education and skills through RCI networks and programs are priorities for the region and developing better mechanisms to address situations of forced displacement.

50. **Rapid changes in technology.** The Fourth Industrial Revolution, or Industry 4.0, will fundamentally alter the way the world lives, works, and relates.²⁸ Advances in technology will increase production in the global economy, implying the possibility of prosperity on a global scale. However, artificial intelligence and robotics threaten jobs that require routine skills. Consequently, skills development and lifelong learning are becoming more important, and new forms of social protection are needed to address new vulnerabilities resulting from the informality, temporality, and mobility of work. ADB and its DMCs must adapt development strategies in response to the possible disruptions that Industry 4.0 may bring, particularly from a human capital perspective, and, in large part, in labor-intensive jobs and services. Ensuring access to affordable digital technology and using it to improve access to and quality of services will be essential approaches to addressing inequality.

51. **Informality of jobs and vulnerability.** Structural weaknesses in labor markets continue to plague many DMCs despite sustained economic growth. The region has a large informal sector where workers face poor working conditions, unstable incomes, and vulnerability to shocks such as natural hazards or illness because they lack job-related benefits. New forms of employment, such as the gig economy, risk lacking basic social protection because of the lag in the development of appropriate policies and programs. Improving protection from shocks for workers in the informal sector through better social protection schemes is key to reducing poverty and inequality. Support for DMC policies

²⁷ UNESCAP. 2018. *Building Disability-Inclusive Societies in Asia and the Pacific: Assessing Progress of the Incheon Strategy*. Bangkok.

²⁸ ADB. 2018. *Asian Development Outlook 2018: How Technology Affects Jobs*. Manila.

and reforms that improve working conditions for informal sector and gig economy workers, as well as help increase the relative share of formal sector jobs, will be important.

52. Improved access but poor quality of education. The region is a study in contrasts: many DMCs, and pockets within them, have improved access to better-quality education, but others are still grappling with dysfunctional education systems, with poor learning outcomes and widening skill mismatches. The biggest challenge is the duality of a high incidence of poor learning outcomes for many students and the need to prepare for structural transformations of the economy and the workplace. Despite significant improvement in access to schooling, about 100 million school-age children do not attend school, and many more leave school with little or inadequate learning, adversely impacting their ability to access good jobs and exacerbating existing inequalities. While youth unemployment rates are lower in the region than in other parts of the world, young people often work in low-skilled and low-paying informal jobs. ADB must support DMCs and their populations of youth in acquiring high-level skills in high-growth sectors and improving learning outcomes at all levels.

53. Changing nature of skills and jobs. Rapid changes in technology, demographics, and urbanization are reshaping the need for skills development and delivery of education and training. Since the quality of education is a major concern across all levels, the delivery mechanism and the role of teachers are also under pressure to reform. There is a need to shift the focus from overloading students with information and treating them as mere consumers of such information (rote learning) to helping them become self-directed learners and co-creators of new ideas. Science, technology, engineering, and mathematics (STEM) education is emerging as a powerful way of supporting inquiry-based teaching and learning, and developing collaboration, creative, communication, and critical thinking skills. To achieve this, dramatic shifts in pedagogy and in the promotion of multidisciplinary approaches are needed. ADB must help DMCs understand how teachers are currently teaching and how DMCs can support shifts in teacher practices to develop the skills needed for the future. There is demand for more systematic approaches to measuring and tracking student learning to improve teaching and learning, and for new and agile methods to trace the placement of trained graduates in job markets.

54. Inadequate access to affordable health care. Almost all DMCs, irrespective of their level of development, have embraced the goal of achieving universal health coverage (UHC), which the World Health Organization (WHO) defines as ensuring all people can use the health services they need, at a high quality, without being exposed to financial hardship. The region has wide variation in the level of UHC achievement, and health care financing is a major policy challenge for many countries. Although Asia has enjoyed significant economic growth for decades, many governments still spend far less on health care than countries with similar economies in other regions. High levels of out-of-pocket health spending push 78 million Asians into poverty annually, increasing the prevalence of poverty in the region by 14% compared with estimates that do not account for such spending. Many countries are now exploring different ways to mobilize additional resources and technical expertise and are looking for innovative approaches to move toward UHC. Therefore, there is a dire need for ADB to collaborate with regional actors and work with country partners to address the pressing issue of maintaining momentum and achieving UHC throughout Asia and the Pacific.

55. Vulnerability to health security threats. In Asia and the Pacific, the potential for and far-reaching impacts of epidemics and pandemics make strengthening health security a key challenge. From 2015–2019, the majority of disease outbreaks that required notification of the WHO came from

Cambodia, the Republic of Korea, the Lao Democratic People's Republic, and the People's Republic of China.²⁹ Furthermore, some of the world's most expensive pandemics have originated in Asia and the Pacific, including severe acute respiratory syndrome (\$60 billion in Asia) and avian flu (\$30 billion globally).³⁰ In addition to macro considerations, pandemics affect equity, as women, children, and the poorest populations are disproportionately affected by pandemics. Health security can be seen as an integral component of UHC and human capital development in the region, since protection against health risks is a key part of health coverage.

56. **Rapid increase of noncommunicable diseases.** Noncommunicable diseases (NCDs) have surpassed communicable diseases in the region's disease burden. NCDs, such as diabetes and cancer, are expensive to treat and impose heavy costs on households and public health budgets. NCDs disproportionately affect impoverished households, and their chronic nature has a serious toll on economic output, forcing millions to premature death or early retirement. Estimates suggest that NCDs will cost the global economy \$7.28 trillion in lost output and capital from 2010 to 2025.³¹ NCDs' economic cost and threat to poverty reduction and healthy life are staggering and must be thoroughly considered in any plan to develop human capital. Furthermore, special attention needs to be paid to the long-term care and health of the region's rapidly aging population to ensure that everybody has access to needed services.

57. **Lack of broad-based and comprehensive social protection.** Since the mid-1990s, most DMCs have taken steps to expand social protection spending and coverage. The latest data from ADB's SPI indicate increased spending on social protection, from 3.4% of per capita gross domestic product in 2009 to 4.2% in 2015. Although social protection benefits to the poor and women have steadily increased, most low- and middle-income countries have spent less than 0.5% of gross domestic product on cash transfer programs. The coverage of social protection programs in the region improved from 47.1% in 2009 to 57.3% in 2015, yet more than 40% of the population does not benefit from any type of social protection program. DMCs in South and Southeast Asia with a large informal sector and a high youth unemployment rate particularly need substantial investments in social protection to reduce poverty, social risks, and vulnerability. All countries in the region are challenged in addressing the need for social protection at all stages of the life cycle by extending coverage and deepening benefits to help reduce poverty, vulnerability, and inequality. ADB's support for DMCs through social assistance, social insurance, and active labor market policies in an adequately differentiated manner will be essential and is a central priority in many DMCs.

²⁹ WHO. Disease Outbreak News. <https://www.who.int/csr/don/en/>.

³⁰ World Bank. 2017. *From Panic and Neglect to Investing in Health Security: Financing Pandemic Preparedness at a National Level*. Washington, DC.

³¹ WHO and World Economic Forum. 2011. *From Burden to "Best Buys": Reducing the Economic Impact of Non-Communicable Diseases in Low- and Middle-Income Countries*. Geneva.

A. Approaches

58. To achieve operational priority 1 (OP1) objectives, ADB will pursue strategies to
- (i) enhance human capital and social protection for all by strengthening investments in health, education, and social protection through increased universal health coverage (UHC); improving learning for all, enhancing employability, and promoting lifelong learning; and strengthening social protection systems and service delivery in social assistance, social insurance, and labor market programs;
 - (ii) generate quality jobs by strengthening the link between investments in economic sectors such as infrastructure, skills development, and job matching; improving the business environment for entrepreneurs and companies; enhancing business development services; reforming labor market policies; and implementing core labor standards; and
 - (iii) reduce inequality in opportunities by ensuring access to affordable infrastructure and services for the poor and vulnerable; focusing efforts on the quality of services; supporting the development of accountability and inclusiveness in regulatory, legal, and institutional enabling environments at a sector and program level; and promoting participation.
59. Achieving progress under the three OP1 areas requires a sustained focus on addressing remaining poverty and reducing inequality through strategies that maximize opportunities from cross-sector collaboration and available resources, including:
- (i) **Adopting differentiated approaches to developing member countries.** DMCs can be initially clustered into fragile and conflict-affected situations, small island developing states, low-income countries, lower middle-income countries, and upper middle-income countries. However, while prioritizing the level of support in the social sectors, subgroups can be created within each of these clusters based on the Human Capital Index or Human Development Index, as well as context-specific information and analysis from studies on poverty and vulnerability. Other important parameters include poverty incidence, demographic pressure, workforce participation and youth unemployment rates, gender equity, and financial inclusion gaps. ADB should balance its response to each DMC's particular circumstance, while still being selective in its approach to maximize the long-term impact on reducing remaining poverty and inequality.
 - (ii) **Enhancing civil society engagement to promote participation and social inclusion, and to reduce inequalities.** ADB will continue to work with DMCs to identify opportunities for greater civil society participation in project design and implementation. Provisions within policy

loans and other financial instruments will bring governments closer to citizens by incentivizing the meaningful use of citizen-oriented design, feedback, and accountability mechanisms, especially using new digital technologies. Where possible, projects will be linked to DMCs' Open Government Partnership commitments to promote collaborative approaches with other multilateral actors.

B. Expected Results

60. To eradicate poverty and reduce inequalities in Asia and the Pacific will require a significant shift in how DMCs approach development. Currently, development is viewed through sectoral lenses but OPI envisions a strong collaboration and coordination across sectors to (i) improve human capital and social protection, (ii) expand access to decent jobs and productive employment, and (iii) increase opportunities for the most vulnerable.

61. To achieve the expected results will also require (i) collaboration and coordination within ADB to maximize on staff resources; (ii) capacity building of DMCs officials and staff as facilitators and integrators; (iii) strategic partnerships with other development partners, academic institutions, and technical partners (e.g. WHO, ILO, and others); (iv) the use of digital technology to improve efficiency and expand coverage of services; (v) close collaboration with the private sector; and (vi) highly targeted interventions focusing on the most vulnerable.

C. Major Outcomes and Activities

1. Pillar 1: Human Capital and Social Protection Enhanced for All

62. **Foster social sector collaboration to achieve universal health coverage.** ADB will support DMCs in achieving UHC by:

- (i) expanding coverage while ensuring that the poor and vulnerable are not left behind;
- (ii) expanding the benefits package and developing incentives for its effective delivery by health care providers;
- (iii) providing TA to raise revenues and increase expenditure to finance health care in fiscally sustainable ways;
- (iv) improving the availability and quality of health care providers;
- (v) strengthening accountability to ensure the fulfillment of promises made among citizens, governments, and health institutions;
- (vi) strengthening health security by supporting national, subregional, and regional pandemic preparedness activities;
- (vii) focusing on emerging challenges such as noncommunicable diseases (NCDs) and healthy aging; and
- (viii) working with partners to generate knowledge, enhance policy dialogue, and accelerate regional and national implementation.

63. Progress toward UHC requires a multisector approach that involves education (training of health workers focusing on skills mix), social development (chronic illness, elderly care), water,

sanitation, and hygiene (in health care facilities and schools), transport (road safety), and livable cities (reducing air pollution), and inclusion of all gender issues in implementation. Achieving UHC will require DMCs to have more health professionals, robust systems for determining who should be subsidized, and complementary social protection programs for non-health care costs.

64. **Enhance learning for all and employability.** ADB will support DMCs by:

- (i) increasing equitable access to high-quality basic, secondary, and tertiary education; and technical and vocational education and training (TVET) opportunities, while reducing dropout rates, increasing completion rates, and improving job market outcomes;
- (ii) improving pedagogical approaches by promoting inquiry-based and project-based learning, and integrating measures such as science, technology, engineering, and mathematics (STEM) education and entrepreneurship at all levels of education to drive improved learning outcomes, with a focus on foundational and 21st century skills;
- (iii) improving systems for formative and summative learning assessment, and ensuring results are used to guide system reforms;
- (iv) improving the foundational skills of TVET students and focusing on work-based learning with partnerships between training providers and industry; strengthening labor market policies and programs in areas such as public employment services;
- (v) promoting ICT use to scale up quality professional development programs for teachers, principals, and other staff in the education system;
- (vi) supporting practically oriented education systems by promoting university–industry linkages, applied research, entrepreneurship, and innovations particularly in industrial corridors, special economic zones, cities, and high-growth sectors;
- (vii) promoting effective ICT solutions to provide quality education and training to anyone, anywhere, and anytime;
- (viii) promoting lifelong learning through blended learning and partnerships between training providers and employers to enhance re-skilling and up-skilling; and
- (ix) promoting a whole-of-government approaches to increase collaboration by blending education policy with industrial, economic, innovation, and investment policies.

65. ADB will partner with selected institutions to design and make use of ICT solutions, artificial intelligence, and big data analytics in ADB projects to support DMCs in their provision of quality education and training for improved learning for all and for reduced skill mismatches. Close collaboration is needed among gender, finance, and education sector and thematic groups to promote entrepreneurship and STEM training, especially for women in nontraditional occupations.

66. **Strengthen support for social protection systems and services.** ADB will support DMCs by (i) adopting a differentiated approach in addressing varying needs in DMCs and vulnerable populations such as focusing on youth unemployment in South and Southeast Asia and system restructuring and consolidation in Central and West Asia; (ii) addressing the need for social protection at different stages of the life cycle; (iii) developing social protection projects such as cash transfers in the Philippines and Pakistan; (iv) identifying opportunities to integrate social protection components in selected sectors such as health, education, and public sector management; (v) promoting capacity development, policy dialogues, and knowledge sharing in emerging social protection topics such as management of new forms of employment, disaster risk management, and graduation programs for poor and vulnerable populations; and (vi) promoting effective management information systems for delivery of social protection.

67. ADB will provide differentiated support to DMCs through social assistance, social insurance, and active labor market policies and programs. ADB will continue to build knowledge and strengthen data collection in the region through the social protection indicator (SPI), which it first developed in 2005 and has been monitoring since. To address emerging issues, ADB will employ such approaches as developing graduation strategies (see next paragraph); addressing disability inclusion; developing elderly care; and strengthening cross-sector collaboration, including the disaster and climate resilience of poor households and communities.

68. **Build on social protection through initiatives such as the graduation approach.** Large numbers of poor families have benefited from the expansion of social protection systems in the region, especially from targeted social assistance. However, because cash transfers can address only a part of the poverty story, governments are becoming increasingly interested in the graduation approach to strengthen resilience and tackle the multifaceted constraints faced by the poorest and most vulnerable households. Based on promising global evidence, ADB is testing the holistic and carefully sequenced set of graduation interventions in the Philippines, which build on social assistance (cash or in-kind transfers to support consumption) with (i) an asset transfer, (ii) technical skills training, (iii) business development services, (iv) financial inclusion through the promotion of savings, (v) connections to health and other services, and (vi) life skills coaching and mentoring by a trained facilitator. ADB is also exploring support for DMCs to adapt the approach, sometimes called cash plus programming or economic inclusion, to the context of involuntary resettlement and the supporting actions related to infrastructure development.

69. **Focus on quality, affordability, and access in education, health, and social protection projects.** ADB recognizes that one size does not fit all. The differentiation across DMCs and work being undertaken by other development partners will drive what investments ADB undertakes in each DMC. Investing in projects that emphasize improving learning and skill outcomes, minimizing out-of-pocket health expenditures, providing UHC of decent quality, and ensuring social protection will be priorities under OP1. While ensuring access and affordability of services to the poor is key for lower middle-income countries, these issues cannot come at the expense of quality. Investments that simultaneously enhance the quality of education, health, and social protection services—as well as ancillary services such as water and sanitation and transport—will enable these countries and communities to lift themselves out of poverty and be more resilient to future challenges.

70. **Promote collaboration among social sectors to tackle emerging issues and develop new projects.** Addressing the needs of aging populations and preparing youths to lead productive lives and age successfully requires multisector response. Developing innovative programs to address (i) the increasing burden of NCDs; (ii) the need for long-term care and social protection, early childhood development and education, and human resources requirements; and (iii) the need to develop new job areas, such as in rehabilitation and dementia care, and innovative community-based programs for outreach and support are areas where ADB health, education, and social protection teams must collaborate to develop comprehensive approaches that use the capability of ICT and assistive technologies to improve impacts and efficiency.

71. **Strengthen capacity and governance.** The capacity of education, health, and social protection institutions must be improved. This includes (i) improving the sustainability of financing; quantity and quality of critical staff such as teachers, principals, health workers, and social workers; and quality, availability, and transparency of performance data by using appropriate technologies and

linking financing to the quality of services; (ii) increasing management capacity and management information systems; and (iii) enhancing partnerships with relevant institutions, including civil society organizations (CSOs), to generate knowledge, share good practices, and improve policy dialogue.

72. **Maximize the contributions of other sectors and operational priorities to develop human capital and social protection.** Each Strategy 2030 operational priority outlines the importance of multisector approaches, sequenced sector interventions, and combined investments. Improving food security and nutrition requires collaboration between agriculture and health, education and social protection, through health training, educational outreach for applied research, extension services and training, and developing approaches which target those most at risk. ADB can contribute to public health conditions, especially for the poor and disadvantaged, by supporting increased access to safe water and sanitation; and to the social inclusiveness, competitiveness, and development of cities by combining urban investments with TVET and a focus on informal settlements.

73. **Strengthen the role of the private sector in developing human capital.** ADB will support private sector investments in health and education that create social impact and are financially viable. This will be particularly important to increase health care coverage, the quality of health, and financial protection; facilitate lifelong learning; and address skill mismatches. For example, networks of primary care clinics and primary schools are being created in rural areas in DMCs by for-profit health care and education companies, and ADB can provide nonsovereign financing to scale these up. Recognizing that some of these investments will have a high social impact but are likely to be relatively small and have higher risk profiles, concessional resources will be important for spurring innovation.

74. **Develop innovative public-private partnerships in the social sectors.** Increasing resource requirements for the social sectors to enable DMCs to achieve the Sustainable Development Goal (SDG) targets are driving DMCs to strategically plan their borrowings and expenditures. Working with private partners provides many benefits that can help deliver toward SDG targets, but DMCs need innovative funding mechanisms to help make an enabling environment that can attract private sector financing and investments. Regional departments and the Office of Public-Private Partnerships can collaborate in providing integrated solutions and support for structuring and financing government liabilities in PPP agreements, such as performance-based payments in PPP agreements, or upfront gap funding for project schemes to be viable, or innovative capital market instruments such as social impact funds. Conducting evaluations to identify private sector investments with the most impact while keeping services affordable will help ADB selectively scale up the role of the private sector in its interventions.

75. The role of PPPs in the social sectors is becoming increasingly important, particularly in DMCs where the public sector has failed to achieve the SDGs. ADB regional departments can work closely with the Private Sector Operations Department to help develop DMC capacity to increase the role of the private sector and PPPs while maintaining the quality and affordability of services. They can also work together to introduce more private sector and PPP projects in the social sector pipeline. Partnering with the private sector and building the capacity of DMCs to manage these partnerships will be critical for improving access, affordability, and quality. ADB will prioritize support for enhancing and augmenting DMC capacity across the cycle of PPPs including management of legal and audit obligations for PPP agreements, performance monitoring, and evaluation.

2. Pillar 2: Quality Jobs Generated

76. **Promote learning and employability.** ADB will support initiatives to enhance learning for all and employability to enable people to gain access to decent work. It will provide assistance in developing the right skills and competencies that meet the changing requirements of the job market. This priority is incorporated into pillar 1 on human capital and social protection.

77. **Improve the evidence base for labor market demand.** To be effective, training programs need to be aligned with labor demand. ADB will explore methodologies from the use of artificial intelligence and big data analytics in in-depth qualitative research to obtain real-time labor market information on trends in occupations and skills needed that will help job seekers match with their skills profile. In Bangladesh, ADB is exploring the use of artificial intelligence to analyze job portals and other related databases to identify emerging skills and jobs in high demand.

78. **Strengthen employment potential of investments in infrastructure.** Investments in economic sectors such as roads, railways, metro rail, ports, energy, water, and urban development have the potential to create jobs while the infrastructure is being put in place and subsequently through the economic activities that are spurred by such infrastructure provision. ADB will aim to strengthen the job creation potential of investing in key infrastructure sectors.

79. **Leverage infrastructure investments with skills development.** There is potential to leverage training in large ADB infrastructure projects to promote workforce development, quality jobs, and infrastructure. A joint pilot program between ADB and German development cooperation through the Federal Ministry for Economic Cooperation and Development and Deutsche Gesellschaft für Internationale Zusammenarbeit has been launched in Mongolia to support workforce development in the ADB-funded Ulaanbaatar Urban Services and Ger Areas Development Investment Program.³² This approach aims to improve the quality and speed of construction and subsequent operation and maintenance by enhancing productivity through work-based workforce development programs tied to infrastructure development. A similar pilot is planned in Pakistan.

80. **Improve business environments.** Improvements in the overall business environment are essential for creating an enabling environment. This includes support for policy, legal, institutional, and regulatory conditions that underpin business activities to reduce business activity costs and risks. Special facilitation services can help investors navigate the bureaucracy and comply with the legal and regulatory framework. ADB can also support investment promotion and facilitation, including access to business finance and markets for SMEs. It can help firms participate and upgrade within value chains by enabling access to inputs, such as communication technology services, financial services, energy, and transportation.

81. **Promote inclusive business to support inclusion, access, and job creation.** ADB will continue to strengthen its support for financially viable businesses; generate high development impact; provide services to the poor; and integrate the base-of-the-pyramid (low-income) population into the mainstream economy as consumers, suppliers, distributors, or employees. With the mandate of

³² ADB. Mongolia: Ulaanbaatar Urban Services and Ger Areas Development Investment Program. <https://www.adb.org/projects/45007-003/main>.

expanding private sector operations, ADB will scale up financing to agribusiness and support for social sectors where inclusive business opportunities can be prominent.

82. **Leverage youth initiatives to focus on quality jobs.** Dedicated investment in youths needs to be part of ADB's commitment to expanding access to quality jobs in the region, given the disproportionate risks young people face in the labor market, and their significant potential to drive productivity and social cohesion and to reverse intergenerational poverty. To address DMC demand, ADB is designing a Youth Economic Empowerment Initiative to advance scalable and innovative in-country solutions, generate and share knowledge, and amplify youth voices to realize their job aspirations. The initiative has significant potential to help drive internal alignment around quality jobs to catalyze the implementation of integrated demand- and supply-side interventions, and external collaboration and partnership opportunities, building on ADB's record in youth empowerment.

83. **Improve the knowledge base, strategies, and monitoring on developing quality jobs.** Given the wide range of opportunities to focus on quality jobs, ADB must develop more systematic approaches to assessments and evidence-based knowledge on quality job creation strategies. This can be done by sharing methods, good practices, and findings from initiatives across ADB and other organizations, and developing monitoring approaches for jobs generated by ADB-funded projects.

84. **Optimize the roles all sectors play in quality job creation.** To effectively support policies and investments that help generate more and better-quality jobs, ADB must take a holistic approach across sectors on the demand and supply sides. ADB sovereign operations will support DMC policies to create a positive business environment where the ease of doing business improves, investing in private sector initiatives that encourage SME development, investing in quality skills development, and ensuring that women and disadvantaged groups have access to quality skills training are some of the initiatives that will catalyze labor market development. In support for the supply, ADB's private sector operations will invest in projects designed to generate quality jobs.

85. **Strengthen links between education and urban projects to develop cluster approaches, and link investments in labor markets, innovation, education, and skills.** In many DMCs, education spending has devolved to municipal or local governments, offering potential for these places to stimulate investment, innovation, and employment. Municipalities can promote a whole-of-government approach to help TVET institutions and universities work with industry to reduce skill mismatches. The single-project approach may no longer be sufficient; a cluster approach that addresses different aspects of the human resources challenge in cities, industrial corridors, and special economic zones may be more effective. Thus, smart city projects offer ADB an opportunity to link investments in education, skills development, and innovation directly to local economic and urban development initiatives.

86. **Focus on opportunities to develop green jobs.** One of the important areas that can support inclusive and green growth in the region is by developing opportunities for green jobs. The region is one of the fastest-emerging areas for renewable energy, and a threefold increase in green jobs is projected by 2030.³³ There are opportunities to develop quality jobs through the growing demand for

³³ R. Maclean, S. Jagannathan, and B. Panth. 2017. Education and Skills for Inclusive Growth, Green Jobs and the Greening of Economies in Asia: Case Study Summaries of India, Indonesia, Sri Lanka and Viet Nam. *Technical and Vocational Education and Training: Issues, Concerns and Prospects*. No. 27. Singapore: Springer Singapore.

renewable energy, electric vehicles and rapid transit systems, energy-efficient buildings, organic food, and recycling. These opportunities require skilled human resources during design, construction, and implementation. ADB South Asia Department's work on developing training, re-skilling, and new job areas to support renewable energy investments is an indication of the work that ADB will do, with a focus on maximizing gender and social inclusion opportunities.

87. **Strengthen capacity in applying and monitoring core labor standards.** Adherence to core labor standards is key and essential for developing quality jobs. ADB will continue to strengthen staff and DMC capacity in applying and monitoring core labor standards in the portfolio by conducting regular training programs and outreach, and by strengthening monitoring systems.

3. Pillar 3: Opportunities for the Most Vulnerable Increased

88. **Focus on geographic spaces that are populated by widespread or large pockets of poor, vulnerable, and disadvantaged people.** Improved diagnostics on economic, social, and spatial vulnerability are needed to support the development of targeted approaches, such as conditional cash transfers, and improved access, affordability, and availability of quality infrastructure and services. To reach poor, vulnerable, and disadvantaged people, ADB must support upstream analytical work to produce inclusive conceptual development plans, as exemplified by the Vizag–Chennai Industrial Corridor³⁴ project experience. Such analytical work could produce a pipeline of well-informed projects that lead, in the long term, to the development and expansion of a wide range of economic enterprises, including high-productivity enterprises. These, in turn, could stimulate demand for ancillary activities that can create a wide range of jobs, including high-paying opportunities. This approach can be pursued in collaboration with operational priority 4 on Making Cities More Livable and other development partners.

89. **Improve due diligence at entry for ADB projects to ensure inclusion and access to opportunities.** Identifying the most disadvantaged and vulnerable groups is important at the country and project level across all sectors. It is also important to identify the specific barriers that preclude or constrain access for specific population groups and the project design features that can address them. Such diagnostics enable all sectors to better target projects and develop measures to support inclusion, access, affordability, and participation, and address vulnerability. ADB has a strong set of policies, guidance, tools, and required documentation on poverty and social analyses. A planned corporate TA activity for 2019 intends to strengthen these to better assess impacts and design measures, improve the capacity of DMCs and staff to conduct such analyses, and develop knowledge on emerging challenges in the region.

90. **Support disability inclusion.** ADB made nine commitments to support disability inclusion in July 2018 at the Global Disability Summit which was hosted by the Department for International Development of the United Kingdom and the Government of Kenya. The first commitment, to develop

³⁴ ADB. 2016. Visakhapatnam–Chennai Industrial Corridor Development Program: Facility Administration Manual. <https://www.adb.org/projects/documents/ind-vcicdp-fam>. In this urban sector project, the design of infrastructure investments included analytical work to incorporate policy reforms such as industrial policies and skills development policies, and an explicit provision was made for the preparation of a skills development policy. The project provided support to the Andhra Pradesh State Skills Development Corporation (a public–private partnership designed to promote skill development and entrepreneurship), to undertake training programs in sector skills relevant to the industrial corridor and in collaboration with the companies investing. This approach sought to both strengthen economic activity and job creation.

a road map to guide efforts in promoting disability inclusion across ADB sectors, is underway. An action plan focusing on identified entry points in the portfolio or in knowledge development (such as inclusive design, inclusive education, assistive technology, disability, and aging populations) will also be prepared. ADB approved its first fully focused and multisector disability project in Mongolia in 2018, which aims to ensure access to services and employment for people with disabilities to increase their autonomy and contribution to the economy and society.³⁵ ADB will focus on building internal capacity and awareness among staff and developing partnerships with key institutions and leaders in the field to maximize opportunities for disability inclusion in the portfolio, particularly in the areas of livable cities, rural development, education, health, and social protection.

91. Develop sector and project approaches to focus on last-mile connectivity, affordability, and vulnerability. To achieve OP1 objectives, projects need to be designed to target the most disadvantaged populations. Approaches include projects which are designed to improve access to infrastructure, such as all-weather roads, electricity including off-grid solutions, and clean water and adequate sanitation particularly for groups such as rural women that often lack access to these. Projects also need to improve the availability and affordability of quality public services for the most disadvantaged groups. These include primary and secondary health care, health insurance programs, school education, skills training opportunities, and targeted social protection initiatives. The increasing use of national identification systems should be drawn upon to help target the poor in need of public services. Projects need to be designed to ensure adequate outreach and information awareness about the availability of services to promote inclusion of the poor and vulnerable.

92. Develop multisector interventions to improve access, inclusion, and sustainable development impacts. A multisector approach can be especially effective for tackling exclusion. Improving inclusive access and quality of services often requires working beyond a particular sector to tackle existing multiple barriers in comprehensively and coherently. Evaluations of existing experience will help mainstream such an approach. In India and Bangladesh, urban health projects have seen investments in primary care, supporting broader urban sector efforts to make cities more livable. In the Lao People's Democratic Republic and Papua New Guinea, health sector development programs complement health sector interventions with public finance and governance reforms to enable improved access to needed health care services.

93. Improve regional cooperation and cross-border collaboration on education, health, and social protection. ADB will facilitate labor mobility by supporting cooperation initiatives for the mutual recognition of education and skills qualifications, health security, and the development of safe labor mobility regulations. Supporting regional cooperation and integration (RCI) is a unique institutional strength of ADB as a regional development bank.

94. Develop information and communication technology-based delivery systems for financial and digital inclusion. Developing ICT-based solutions can help promote financial and digital inclusion. ADB is supporting technology company Kiu and its partner banks in Viet Nam to provide SME financing based on artificial intelligence-enabled credit scoring. Cantilan Bank, one of the biggest rural banks in the Philippines, is pilot-testing cloud-based core banking technology in the southern Philippines in partnership with Oradian, a financial inclusion company, to demonstrate how

³⁵ ADB. Mongolia: Ensuring Inclusiveness and Service Delivery for Persons with Disabilities Project. <https://www.adb.org/projects/48076-002/main>.

digital services can unlock financial opportunities for the unbanked and underserved segments of the population. The project follows a “sandbox approach” that allows firms to experiment within certain bounds. Financial and digital inclusion is critical not only for better access to capital and economic opportunities but also for better targeted and efficient service delivery, such as cash transfers. In Pakistan, digitizing conditional cash transfer payments under the Benazir Income Support Programme has ensured that low-income women receive electronic payments in their bank accounts while providing the flexibility and convenience to cash their payments through banking agents, ATMs, and point-of-sale machines using a secure PIN.

95. **Maximize the opportunities of technology and digital development.** DMCs are increasingly recognizing the value of digital health, digital learning, financial technology, and digital identification. ADB will continue to facilitate better identification, targeting, coverage, quality of service delivery, and monitoring to scale up and improve services and impact. The Inclusive Finance Development Program in the Philippines (i) promotes a resilient and inclusive finance sector through a national digital identification system that will help the poorest and most vulnerable, who typically do not have identification, to open bank accounts; and (ii) strengthens the capacity of financial institutions with cloud-based banking solutions to improve the efficiency and outreach of rural banks. ICT-based projects, such as the planned digital health and e-government project in Tonga, are being developed to improve efficiency, transparency, and accountability in the health sector. In Bangladesh and Nepal, ADB skills development projects digitally track trainees from admission to job placement. ADB is also supporting ICT solutions to improve teaching and learning in secondary education in Bangladesh and India.

96 **Develop capacity and governance to enable major shifts in the quality and affordability of public services.** Prioritizing access to essential public services across various sectors has often compromised the quality of these services, especially in remote areas. The challenge is to ensure universal coverage of basic services that are affordable to all while also improving their quality to at least meet minimum acceptable standards. ADB experience reveals that systematic institutional and sector capacity building and governance are essential to improve quality across public services in all sectors. This includes building the capacity of service providers and government staff responsible for service delivery.



IMPLEMENTATION

A. Interdepartmental Cooperation

97. Implementing the operational plan for operational priority 1 (OP1) requires interdepartmental coordination. Key approaches include the following:

98. **Optimize support to clients through “One ADB.”** The One ADB approach encourages collaboration between ADB’s sovereign and nonsovereign operations, synergy in knowledge activities between operations and nonoperations departments, and integrated solutions through collaboration across sector and thematic groups. This includes collaboration between OP1 and OP3 (tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability) and OP4 (making cities more livable) teams to strengthen social and institutional resilience and address water, climate change, and transport where there are clear benefits and established evidence for improved outcomes. For smart cities, industrial corridors, and special economic zones to become innovation hubs to attract talent and investments, they also need to promote university–TVET–industry links and entrepreneurship. The Vizag–Chennai Industrial Corridor Development Program in India is taking such an integrated approach by linking infrastructure with employment growth. It has several embedded initiatives to develop quality infrastructure, reliable power, and water; improve industrial policy; promote skills development; and promote institutional capacity, including for industrial corridor management.

99. **Strengthen inclusive and sustainable growth assessments.** In collaboration with the Strategy, Policy, and Partnerships Department, the Sustainable Development and Climate Change Department will seek to incorporate cross-sector assessments of human capital and social inclusion in country partnership strategies to identify and prioritize potential synergies and opportunities for (i) sequencing investments across health, education, social protection, and other sectors and themes; and (ii) ensuring the poverty reduction and inclusion focus.

100. **Enhance generation and use of evidence to improve development outcomes.** ADB will continue to build its reputation as a knowledge bank by upscaling its investment in high-quality, operationally relevant research and evidence and strengthening its ability to use evidence to guide its operations. Increased collaboration between departments will be needed to ensure operational departments have the support to use evidence, including research and analysis produced within ADB as well as global knowledge sources, to improve development outcomes.

101. **Conduct sector analyses and impact evaluations to fill knowledge and financing gaps.** Conducting strategic impact evaluations in selected sectors is key to generating knowledge about

what works, why, and in what circumstances. A systematic initiative could be put in place to reach out to regional departments to select innovative projects to conduct impact evaluations. Lessons from these impact evaluations help identify design and implementation-related lessons and guide projects across DMCs.

102. **Strengthen support and monitoring of quality job creation.** ADB will need to develop more systematic approaches and evidence-based knowledge on jobs and quality job creation strategies by sharing methods, good practices, and findings from initiatives across ADB and other organizations, and develop monitoring approaches for jobs generated by ADB-funded projects.

103. **Develop One ADB collaboration platforms on crosscutting topics to help ADB become a leader in emerging development areas for the region.** One ADB collaboration platforms and mechanisms on emerging areas must be developed to support innovation and improve service delivery. This will enable knowledge to be more easily shared and new synergies, innovations, and institutional points of view to be developed. It will help ADB become a leader in the region on these topics and develop better knowledge and impact.

- (i) **Future of work.** Many departments and sector and thematic groups across ADB are working on this topic, which addresses changes in labor markets, skills development, partnerships, social protection, and the impact of technology. There is a need to share information, analytical approaches, and findings across the institution.
- (ii) **Demographic transition.** A wide body of work is being conducted in ADB in areas such as harnessing the capacities of youth, financing social security, addressing noncommunicable diseases (NCDs) and developing long-term care, creating enabling environments for lifelong learning, integrating technologies, and implementing inclusive design in infrastructure projects. ADB has been developing a platform to share knowledge and approaches across sectors to help develop new approaches and a pipeline of innovative research and projects.
- (iii) **Technology to improve service delivery and ensure inclusiveness.** Departments within ADB and many DMCs have used technology to improve service delivery and reach wider populations, including innovations in digital health, digital learning, digital identification, and financial inclusion. Sharing approaches and lessons will strengthen interventions and open new lending areas. Using artificial intelligence and big data analytics to mine labor market data from different databases to develop real-time labor market intelligence systems that show trends in occupations and skills and help match with skill profiles of job seekers will be crucial, as such a platform can interface with online learning platforms in partnership with employers to customize skills development to support lifelong learning. Singapore's SkillsFuture is a good example.³⁶

³⁶ SkillsFuture is an initiative of the Government of Singapore to provide opportunities for skills development and upgrading throughout the life for Singaporean citizens - schooling years, early career, mid-career, or silver years. In a partnership approach, the Future Economy Council, education and training providers, employers, and unions support this initiative for a high-quality system of education and training that responds to constantly evolving needs.

B. Strategic Partnerships and Coordination

104 **Strengthen partnerships.** ADB will seek to develop diverse partnerships and modalities to apply operationally relevant knowledge, experience, and practices in project design and implementation, and support improved finance. It will strengthen and develop partnerships with bilateral and United Nations organizations, finance partners, multilateral organizations, foundations, think tanks, academic institutions, and civil society organizations (CSOs) and continue to participate in collaboration activities and working groups with other multilateral development banks (MDB) such as the MDB working group on forced displacement and economic migration.

105. **Strengthen the role of the private sector in developing new partnerships.** ADB established the Private Sector Social Sectors Team in 2018 to promote nonsovereign finance assistance to companies in the health and education sectors. The Office of Public-Private Partnerships has been developing new opportunities for PPPs in social sectors. ADB can explore options to secure concessional development partner financing for parallel cofinancing along with ADB nonsovereign assistance to mitigate some risks. Close collaboration among the Private Sector Operations Department, regional departments, the Sustainable Development and Climate Change Department, and the Economic Research and Regional Cooperation Department is required to develop knowledge, share expertise, and create new projects.

C. Emerging Areas

106. To strengthen ADB approaches across OP1 areas, a wide range of new skills will need to be brought in, borrowed, or outsourced to support knowledge work, policy dialogue, project design, implementation, and review. These will include:

- (i) **Health.** New skills are needed to expand quality health infrastructure, elderly care, NCDs, regional health security, health finance and economic analyses, and digital health.
- (ii) **Education.** New skills are needed for university-TVET-industry linkages, digital learning to support quality and lifelong learning, early childhood development and education to support equitable learning, assessment and learning management, and the future of work.
- (iii) **Social protection.** New skills are needed for social assistance, labor market and employment analyses, new forms of employment, financing social protection, pension reform, insurance, aging, and care.
- (iv) **Social development.** New skills are needed to support poverty and social analysis and in areas such as disability inclusion.
- (v) **Private sector.** New skills are needed to engage in social sectors, PPPs, inclusive business, entrepreneurial mentoring, and business development.
- (vi) **Fragile and conflict-affected situations.** New skills are needed to address refugee populations, forced displacement and economic migration, resilience, and fragility.

D. Knowledge Priorities

107. The concerned sector and thematic committees will identify and support selected knowledge products, events, and strategic partnerships as part of their annual work program. Selection will be based on emerging priorities and cover areas such as innovative finance and modalities, improvements in quality and equity of social services, cross-sector collaboration, and innovations and best practices from ADB and other agencies. These will include flagship publications and international forums, technical and project briefs and blogs to highlight innovative and transformative concepts and projects, working paper series to share best practices that have wider implications, and focused seminars and workshops to promote learning and professional development.

IV

STRATEGY 2030 OPERATIONAL PRIORITY RESULTS

108. The following are the Strategy 2030 operational priority results under the Operational Plan. These will be monitored under ADB’s corporate results framework³⁷ and will be reported annually in the Development Effectiveness Review.

Pillar	Description	Indicator with Achievement Rate Target	Sub-pillars
1	Human capital and social protection enhanced for all	People benefiting from improved health services, education services, or social protection (number)	<ul style="list-style-type: none"> Learning opportunities for all improved Access to health services for all improved Social protection systems strengthened
2	Quality jobs generated	Jobs generated (number)	<ul style="list-style-type: none"> Business environment for entrepreneurs, companies, small and medium-sized enterprises, and inclusive business improved Finance sector, including inclusive finance, and the provision of business development services strengthened Labor standards and policies strengthened to enhance the work environment
3	Opportunities for the most vulnerable increased	Poor and vulnerable people with improved standards of living (number)	<ul style="list-style-type: none"> Provision of infrastructure and services to the poor and vulnerable improved Provision of finance to the poor and vulnerable improved Inclusiveness of regulatory, legal, and institutional enabling environment increased

³⁷ ADB. 2019. *ADB Corporate Results Framework, 2019-2024*. Manila

APPENDIX 1

CONTRIBUTION OF SECTOR AND THEMATIC AREAS TO THE OPERATIONAL PLAN

Sector and Thematic Group	Contribution to Operational Plan: Addressing Remaining Poverty and Reducing Inequalities
Climate Change and Disaster Risk Management	Guided by the Climate Change Operational Framework, 2017–2030, provide strategic and operational support, and enhance knowledge to integrate climate and disaster resilience in investments across sectors that have an explicit objective of pro-poor development to strengthen resilience through social protection programs, and to integrate resilience in sector programs that adopt community-driven development approaches.
Energy	Provide and increase access of the rural and urban poor to modern and clean energy for lighting, cooking, and heating. Facilitate socioeconomic opportunities, sources of livelihood, and social mobility.
Environment	Invest in safe water and sanitation, sustainable slums upgrading, and rural livelihood improvement through better natural resource management, livable and healthy cities, and climate and disaster vulnerability reduction. Invest in inclusive green growth, green business development, and green jobs creation and training.
Finance	Facilitate effective economic, financial, and social inclusion by providing national identification to all; enabling access to affordable, safe, and well-regulated innovative financial products and services; improving access to universal health care and social protection for all; developing digital finance; improving financial and digital literacy; and promoting social investment approaches.
Gender	Reduce gender gaps and build resilience of women, particularly among poor households and socially excluded groups. Support decent and productive jobs for women through explicit attention to gender equality in enabling policy and legal frameworks; greater financial inclusion for women in microenterprises and SMEs, combined with financial literacy, business skills, mentoring, and networking support; enhanced opportunities for SMEs owned and led by women in public procurement; workplace gender equality; and work–life balance by reducing and rebalancing unpaid care, domestic work, and time poverty. Continue to reduce gender gaps, particularly in education completion; support girls in science, technology, engineering, and mathematics in secondary and tertiary education; use education to reduce gender stereotypes and to promote sexual education and school hygiene; improve school-to-work transitions and enhance job-ready skills for young women through TVET, digital literacy, soft skills, and skills in nontraditional and higher-paying trades and sectors; and encourage gender-equal access to lifelong learning and re-skilling programs.

Sector and Thematic Group	Contribution to Operational Plan: Addressing Remaining Poverty and Reducing Inequalities
	<p>Address women's priority needs in affordable and quality health care services and health financing; expand support for women's sexual and reproductive health and rights; and reduce early pregnancy and marriage, and sex-selective abortions.</p> <p>Address women's needs in elderly care services and pension reforms; target poor women for conditional cash transfers; target women in low-income and vulnerable households for disaster, conflict, food insecurity, and economic recovery social assistance and public resource allocation; build finance safety nets for women; and use gender-inclusive digital identification for social finance inclusion and access to basic services.</p>
Governance	<p>Promote efficiency and combat corruption through institutional and policy reforms that help create the fiscal space to channel more funds to increase the provision of basic services and improve public service delivery.</p> <p>Invest in capacity building to enable governments to improve domestic resource mobilization to finance programs that directly reduce poverty and inequality.</p>
Public-Private Partnership	<p>Provide support and coordination to regional departments for their public-private partnership projects that promote more inclusive growth processes and the reduction of inequality, which must demonstrate commercial viability.</p> <p>Support social infrastructure, agriculture, SMEs, and base-of-the-pyramid (low-income) populations.</p>
Regional Cooperation and Integration	<p>Facilitate economic corridor operations to deliver wider economic benefits across sectors and communities, including landlocked and waterlocked areas; inclusive business operations targeting SME integration into cross-border trade and investment; inclusive trade and investment operations targeting the rural-urban divide through agriculture value chains; and inclusive trade and investment operations targeting interior-coastal divides through lagging border area programs.</p>
Rural Development and Food Security	<p>Scale up farm productivity improvement, engage smallholder farmers in agribusiness value chains, and promote nonfarm business and service development for increased income and job generation in rural areas through multisector investments.</p> <p>Promote water and energy security in rural areas.</p> <p>Build community-based climate resilience and develop rural institutions for vulnerable populations in rural areas.</p> <p>Promote diversified, nutritious food supply combined with access to water and sanitation, primary health services, and rural livelihood improvements to reduce malnutrition in rural areas.</p>
Transport	<p>Increase inclusion and reduce inequalities in urban and rural accessibility and mobility.</p>
Urban	<p>Ensure equity of access for all, especially for the poor and disadvantaged, to affordable and reliable urban services by focusing on cost-efficient and high-quality infrastructure, considering life cycle costs.</p> <p>Build the competitiveness of cities; create quality jobs in manufacturing and services, especially for the poor and disadvantaged, by supporting the creation of enabling environments, conducive policies, and critical infrastructure, and develop economic opportunities by supporting TVET and enhancing the competitive advantages of a specific city.</p> <p>Ensure inclusiveness of urban projects by targeting the poor and vulnerable with clear targets toward full coverage of such communities.</p>

Sector and Thematic Group	Contribution to Operational Plan: Addressing Remaining Poverty and Reducing Inequalities
	<p>Contribute to improved public health conditions, especially for the poor and disadvantaged, with increased access to treated and continuous piped water; improve wastewater service coverage by combining centralized and noncentralized systems, where appropriate; and ensure the quality of water and wastewater treatment using advanced technologies to face increased emerging contaminants and to protect human health.</p> <p>Encourage social entrepreneurship and provision of an enabling environment to start small businesses, especially targeting women, youths, and vulnerable groups.</p>
Water	<p>Ensure that poorer urban and rural communities benefit from improved domestic and agriculture water and sanitation services.</p> <p>Generate job opportunities for poor communities in water projects.</p> <p>Integrate water, sanitation, and hygiene training and education in ADB operations.</p> <p>Address water quality issues to contribute to better health for all.</p>

ADB = Asian Development Bank, SMEs = small and medium-sized enterprises, TVET = technical and vocational education and training.

^a ADB. 2017. Climate Change Operational Framework, 2017–2030: Enhanced Actions for Low Greenhouse Gas Emissions and Climate-Resilient Development. Manila.

Source: ADB.

APPENDIX 2

INTERDEPARTMENTAL COOPERATION MATRIX

Department/Group	Key Roles for Operational Priority Implementation	Other Partners
ESG, HSG, SDTG Secretariat (SDCC) Committee Network	<p>ESG, HSG, SDTG Secretariats</p> <ul style="list-style-type: none"> (i) Steer implementation of the operational plan (ii) Provide technical guidance on implementing the various elements of the operational plan (iii) Provide technical inputs to country partnership strategies, country programming documents, and project documents by operations departments to strengthen their support for poverty reduction and social inclusion components (iv) Provide high-level technical and policy guidance to operational teams and clients during scoping and project design (v) Facilitate knowledge synthesis, development of knowledge products, and knowledge dissemination (vi) Facilitate generation of state-of-the art knowledge of OP1 issues (vii) Design a learning program for the STG to address OP1 areas (viii) Develop strategic partnerships to support OP1 (ix) Mobilize resources for OP1 (x) Prepare communication materials related to OP1 (xi) Track progress and lead corporate reporting on annual progress of the operational plan (xii) Promote collaboration among the STGs, regional departments, PSOD, and ERCD on OP1 focus areas <p>Committees Provide strategic guidance on the implementation of the plan and provide inputs on annual progress reporting</p> <p>Network Support the implementation of OP1</p>	<p>Knowledge Advisory Services Center, SDCC Facilitate OP1 knowledge generation and dissemination</p> <p>Support STG training on knowledge and skills related to OP1 strategic priorities</p> <p>Support development of new knowledge partners for OP1</p> <p>Support the development of other knowledge platforms for OP1</p> <p>Partner Funds Division, SDCC Support development of a trust fund for OP1</p> <p>Help sustain and strengthen collaboration with funding partner</p> <p>Other STGs, SDCC Collaborate on cross-sector knowledge generation and dissemination</p>

Department/Group	Key Roles for Operational Priority Implementation	Other Partners
Operations Departments (CWRD, EARD, PARD, PSOD and OPPP, SARD, SERD)	<ul style="list-style-type: none"> • Develop pipeline of projects that support OP1 strategic priorities • Support DMC implementation of projects, specifically strengthening their poverty reduction and social inclusion components • Identify opportunities for inter-sector collaboration and cooperation • Provide inputs on departmental achievements related to OP1 • Support knowledge synthesis and dissemination at country level • Develop and sustain strategic partners at the country level • Mobilize resources for OP1 	<p>Regional and country development partners, including civil society organizations</p> <p>Support the development and collaborate on the implementation of development projects that advance poverty reduction and social inclusion</p>
ERCD	Engage with project operational teams to define the research agendas relevant to OP1, continue to provide support related to the periodic update of the SPI database	
Independent Evaluation Department	Facilitate relevant thematic, country, and project evaluations and ensure that knowledge is disseminated internally and externally and used to guide the design of future projects	
Department of Communication	Support the development and implementation of a communications plan for OP1	
Office of General Counsel	Provide legal advice on OP1 engagements	
Office of Information Systems and Technology	Support the development of ICT platforms and systems relevant to OP1, continue collaboration on the SPI database	
Strategy, Policy, and Partnerships Department	<p>Support the development of a results framework for OP1</p> <p>Support tracking of OP1 performance</p> <p>Facilitate the preparation of OP1-related strategic documents</p> <p>Facilitate resources for OP1-related TA projects and investments through the Asian Development Fund, corporate TA resource allocation, and other strategic resource mobilization modalities</p>	
Budget, Personnel, and Management Systems Department	Ensure adequate staff complement for OP1, facilitate recruitment and training of staff for OP1	
Treasury Department	Facilitate resource mobilization for OP1 through support for the conceptualization and development of appropriate bonds and other financial modalities	
Procurement, Portfolio, and Financial Management Department	Facilitate recruitment of consultants for OP1	

CWRD = Central and West Asia Department, DMC = developing member country, EARD = East Asia Department, ERCD = Economic Research and Regional Cooperation Department, ESG = Education Sector Group, HSG = Health Sector Group, ICT = information and communication technology, OPPP = Office of Public-Private Partnership, OP1 = operational priority 1, PARD = Pacific Department, PSOD = Private Sector Operations Department, SARD = South Asia Department, SDCC = Sustainable Development and Climate Change Department, SDTG = Social Development Thematic Group, SERD = Southeast Asia Department, SPI = social protection indicator, STG = sector and thematic group, TA = technical assistance.

Source: Asian Development Bank.

Strategy 2030 Operational Plan for Priority 1

Addressing Remaining Poverty and Reducing Inequalities, 2019–2024

Addressing remaining poverty and reducing inequalities is one of seven operational priorities of the Asian Development Bank (ADB) under its Strategy 2030. This operational plan specifies the strategic approaches and implementation measures required to operationalize the priority. It is part of a series that includes an overview and operational plans for all seven priorities. The series was prepared by members of ADB sector and thematic groups following extensive consultations with internal and external stakeholders.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.



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