

**ASIAN DEVELOPMENT FUND (ADF)
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**MILLENNIUM DEVELOPMENT GOALS:
INITIATIVES AND CHALLENGES**

**Asian Development Bank
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ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
ASEAN	–	Association of Southeast Asian Nations
CSP	–	country strategy and program
CSPU	–	country strategy and program update
DC	–	Development Committee (Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries)
DMC	–	developing member country
ECRD	–	East and Central Asia Regional Department
ERD	–	Economics and Research Regional Department
HDR	–	UNDP's Human Development Report
IMF	–	International Monetary Fund
LTSF	–	Long-Term Strategic Framework
KPS	–	knowledge products and services
MDB	–	multilateral development bank
MDG	–	Millennium Development Goals
MKRD	–	Mekong Regional Department
MTS	–	Medium Term Strategy
NGO	–	nongovernment organization
ODA	–	official development assistance
OED	–	Operations Evaluation Department
PARD	–	Pacific Regional Department
PEF	–	Poverty and Environment Fund
PRS	–	Poverty Reduction Strategy
PRSP	–	poverty reduction strategy paper(s)
RETA	–	regional technical assistance
RSDD	–	Regional and Sustainable Development Department
SARD	–	South Asia Regional Department
SERD	–	Southeast Asia Regional Department
TA	–	Technical assistance
UN	–	United Nations
UNDP	–	United Nations Development Programme
UNESCAP	–	United Nations Economic and Social Commission for Asia and the Pacific

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EXECUTIVE SUMMARY

The Asian Development Bank, along with the other members of the global development community, including developing countries, has endorsed the Millennium Development Goals (MDGs) as appropriate global benchmarks for tracking the key elements of poverty reduction. Since 2002, ADB has taken steps to help our developing member countries to achieve the MDGs and related outcomes.

Recent studies such as UNDP's *Human Development Report 2003* and UNESCAP's report on *Promoting the Millennium Development Goals in Asia and the Pacific (2003)* highlight the need to accelerate the progress towards the achievement of the MDGs. In addition, these studies emphasize the need for a renewed commitment by development agencies to contribute to the emerging global partnership to help achieve the MDGs.

ADB is working with other development partners, using its comparative strengths, to undertake collaborative work to help advance the MDG agenda. At the same time, ADB has taken a number of steps in relation to economic and sector work, country strategies and programs, specific projects, and regional initiatives to assist the DMCs to achieve the MDGs and related outcomes. This has been combined with continuing efforts to support capacity-building and data collection at the country level.

Nevertheless, ADB still faces challenges at both country and regional levels to help acceleration of progress towards the MDGs. This is particularly so in the case of countries identified as being "top priority" and "high priority" countries. Perhaps, the most important area is to focus on a results chain at the country level that seeks to find better the linkages between ADB's projects and the targets and indicators reflecting the MDGs and related outcomes.

I. INTRODUCTION

1. This paper highlights ADB's efforts to integrate the MDGs into its operations and provides a summary of ADB's policies and initiatives to facilitate achievement of MDGs. The final section outlines the challenges that ADB faces in supporting an accelerated MDG agenda.
2. With the adoption of the Poverty Reduction Strategy, poverty reduction became ADB's overarching goal. In 2002, ADB formally endorsed the MDGs as the benchmark regime for assessing progress in the key areas of poverty reduction. Therefore, monitoring and managing ADB's development effectiveness in terms of its overarching goal requires refining and adjusting the indicators currently being used for this purpose. Poverty is now defined broadly, including both income and non-income poverty, corresponding to the MDGs. One major challenge is to identify the likely impact of ADB's operations on that set of MDG targets that are most directly linked to ADB operations, having regard to the efforts of DMCs and other donors.
3. The MDGs are not "new" for ADB – there is much continuity in our work from the past. But, the MDGs represent shared, measurable and monitorable goals, so that ADB must be rigorous and systematic in addressing the MDGs in planning, formulating, implementing and refining our country strategies and programs. ADB's approach must be based on prior diagnostics for the DMC and provide the linkage between the PRSPs (or equivalent strategies), the MDGs and ADB's programs. In appropriate cases, ADB will provide a direct linkage between our proposed projects and MDG targets/indicators for the country. We recognize, however, that there are often inherent problems of linking ADB inputs to MDG outcomes, especially when there are multiple players, all with important roles.
4. There is much to be done in assisting DMCs to strengthen research and diagnostic capacity to help them establish links between the PRSP goals, the MDGs and the proposed package of assistance from ADB under a CSP. This will entail working with DMCs and other donors to be clear about the linkages between inputs, activities, outputs, intermediate outcomes and ultimate outcomes (or impact), using appropriate indicators for the MDGs and related outcomes.
5. ADB has also committed itself to the process by which the achievement MDG targets can be measured, monitored, and managed. Acknowledging this linkage between achieving desired development results, such as the MDGs and related outcomes, and the processes required to manage for those results, the President established a single working group in May 2003 to review the status of both MDGs and results management in ADB and the DMCs. As ADB is therefore more results-oriented, the positioning of MDGs as internationally agreed targets that define, in measurable ways, progress toward the ultimate objective of poverty reduction, will help to better focus ADB's management processes and country operations.

II. ASSISTING DMCS TO ACHIEVE THE MDGS: ADB'S ROLE

6. ADB has endorsed a framework in which the tasks of monitoring and reporting on MDG achievements in developing countries are shared among stakeholders, notably with UNDP playing the active role in monitoring the MDGs at country level. In addition, however, ADB is pursuing a number of initiatives to assist our DMCs, in achieving MDG targets and related outcomes. Box 1 provides a summary of the overall status of the MDGs in the Asia Pacific Region.¹

BOX 1

The Status of MDGs in the Asia Pacific Region

Countries in Asia and the Pacific have made progress toward achieving the MDGs. Much of their success has been due to strong economic growth and sound economic management. Many DMCs have also made investments in health and nutrition that have contributed to reductions in maternal and child mortality rates and the incidence of communicable diseases. In addition, some DMCs have made greater efforts to empower women and to promote environmental sustainability. However, significant contrasts between sub-regions and countries of Asia and the Pacific and between regions of individual countries persist, thus challenging DMCs and donors to focus policies and programs.

UNDP's Human Development Report (HDR) 2003 suggests that international assistance should focus on priority countries that face the greatest hurdles in achieving the MDGs: i.e., the "top priority" and "high priority" developing countries.² In "top priority" countries, entrenched human poverty is combined with failing or reversing progress in human development. In "high priority" countries, the situation is less desperate but progress is still insufficient.³ Appendix 1 lists priority countries in Asia and the Pacific the overall situation for most of ADB's DMCs, when measured against such criteria, seems to be favorable. However, MDGs can help identify high priority areas of work even in countries that do not fall into the "top" or "high" priority categories.

A United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) report notes that very few countries in the region will meet all the goals by 2015.⁴ The MDGs most likely to be achieved in the region are those covering income poverty and child mortality. Slow economic growth, declining official development assistance (ODA) and uneven distribution of income and unfavorable social conditions are cited as some of the key obstacles to achieving the MDGs. Further progress will depend heavily on the region's capacity to foster sustained economic growth and will be influenced by the international environment, the state of the global economy, and the availability of development cooperation funds. Accelerated efforts are required from all stakeholders, including ADB, to endeavor to meet the targets by 2015.

7. ADB has responded to the MDG agenda in two broad areas: as a participant in the emerging global partnership aimed at fostering accelerated achievement of the MDGs; and through various initiatives in its operations aimed at MDGs or related outcomes.

¹ Appendix 1 of the ADF paper, *Use of ADF IX Resources*, contains a detailed assessment of the likelihood of ADF borrowing countries attaining the MDGs by 2015.

² UNDP. 2003. *Human Development Report 2003 – Millennium Development Goals: A Compact Among Nations to End Human Poverty*. Oxford: Oxford University Press. Available: <http://www.undp.org/hdr2003>.

³ The HDR recognizes that, the underlying data for individual goals are often measured imprecisely. Moreover, in some cases much of the data are missing, making accurate classification difficult.

⁴ UNESCAP. 2003. *Promoting the Millennium Development Goals in Asia and the Pacific*. Bangkok. Available: <http://www.unescap.org/LDC&Poverty/MDG.asp>.

A. A Global Partnership for MDGs

8. The United Nations' Human Development Report (2003) describes the Millennium Development Compact (the Compact) and calls on all stakeholders to make greater efforts to ensure achievement of the MDGs as part of a system of shared responsibilities. The World Bank's efforts are defined in a recent paper that proposes a conceptual framework for monitoring and measuring the progress toward achievement of the MDGs, and proposes roles and responsibilities for all stakeholders including the regional MDBs.⁵ ADB supports this framework, and will work with the World Bank to finalize the details of the framework including our role in contributing to accelerated progress and to contribute to accomplishment of national poverty reduction goals.⁶

9. Under the Compact, regional multilateral development banks (MDBs) are said to be "in a unique position to finance regional public goods and encourage regional integration and cooperation."⁷ Regional MDBs are also expected to develop their roles in assisting with the MDGs, based on comparative advantages and an appropriate division of labor.

10. Since the MDGs represent a global consensus, ADB must work in collaboration with all other stakeholders, including DMCs, other MDBs, donors and civil society to help bring about the MDGs and related outcomes. ADB plans its operations primarily in support of a DMC's own efforts at achieving the MDGs and related outcomes, and on the basis of agreed national poverty reduction strategies. This process also requires effective partnerships with other donors at the country level.

B. Integrating MDGs in ADB Operations: Current Initiatives

11. The MDG targets are not new to ADB and there is a nexus between the MDGs and ADB's operations. Both the Long-Term Strategic Framework (LTSF) for 2001 to 2015 and the Medium-Term Strategy (MTS) for 2001 to 2005 are aligned with the MDGs.⁸ However, there is a need to accelerate progress, and the following section outlines current efforts at better integration of MDGs into ADB operations.

(i) Strategies and Policies

12. The HDR 2003 recommends that for countries trapped in poverty, advances in six main policy clusters are crucial to the achievement of the MDGs, namely: (i) early and ambitious investment in human development, (e.g., basic education and health); (ii)

⁵ World Bank and IMF. 2003. *Global Monitoring of Policies and Actions for Achieving the MDGs and Related Outcomes – Implementation Report*, 12 September. Washington DC. [DC 2003-0013].

⁶ Currently, ADB is collaborating with UNESCO and the World Bank on education and health through the Fast Track Initiative for about 20 most needy countries. Only Viet Nam has been included from Asia; but Bangladesh, India, and Pakistan will join soon.

⁷ HDR 2003, p. 22.

⁸ In the *ADF VIII Donors' Report on the Seventh Replenishment of the Asian Development Fund* (ADB. 2000. *ADF VIII Donors' Report: Fighting Poverty in Asia*. Manila), funding groups recommended that ADB use the international development targets, including any Asia-specific international development targets that could be prepared through ADB assistance, as the long-term strategic benchmarks against which ADB plans operations and views performance in DMCs. Donors called on ADB to stay firmly committed toward achieving the international development targets as part of all its operations. The international development targets are the predecessors of the MDGs.

increased productivity at small farms, (iii) investment in basic infrastructure; (iv) industrial development policies that focus on small and medium enterprises and entrepreneurship; (v) establishment of democratic governance and human rights, including social equity; and (vi) promotion of environmental sustainability and urban management. The six policy clusters broadly correspond to the three pillars of ADB's Poverty Reduction Strategy (PRS) and the cross cutting themes or priorities.⁹ Therefore, although there must be renewed efforts, ADB's pursuit of its PRS objectives and targets and their monitoring and evaluation will facilitate its contribution to the MDG agenda.

13. In some DMCs, the capacity for developing coherent national strategies for poverty reduction, including achievement of MDGs, is lacking; at times, the MDG Targets may not necessarily represent the entire development agenda for a DMC. ADB approaches this issue in a practical manner, and ADB has actively supported the preparation of strategic action programs and realistic targets for poverty reduction in its DMCs. In over 20 DMCs, ADB has provided technical assistance to support development of national poverty reduction strategies.

(ii) Country Strategies and Programs

14. The connection between the MDGs and ADB's operations is made primarily as part of medium-term country operational planning and the country strategy and program (CSP) documents. Since 2002 CSPs contain an analysis of the country's status and plans for achieving MDGs, the availability and accuracy of data, and the programs of the DMC and other donors to achieve MDGs.¹⁰ ADB is currently in the process of finding efficient and effective ways of addressing the MDG agenda in the CSP(U)s. This is essential and will need further discussion and guidance to avoid the risk of seeing the attainment of MDGs as part of ADB's program as simply an incidental consequence of ADB's interventions, rather than guiding principles. Although ADB calls for all CSPs to address the status of the MDGs in each case, the treatment of the MDGs in CSP documents and the linkage between ADB's projects and programs and attainment of the MDGs have not been systematic. As outlined below, ADB has taken various approaches to integrate MDGs as part of the CSP process.

15. The Kazakhstan CSP, for instance, shows that progress has been made to develop a framework that attempts to build the strategy and program around the MDGs. It is intended that ADB's strategy and program in Kazakhstan are aimed at enabling the country to achieve the MDGs. For the other Central Asian republics, the CSPs map MDGs 1 to 7, and attempt to link ADB's strategies and programs to the attainment of MDGs in the concerned DMC.

16. For DMCs in the Mekong region, incorporation of the MDGs is also still at the piloting stage, in terms of both country-specific definition and process. The Viet Nam CSP will incorporate "localized" MDGs that are, in fact, more ambitious than the original global MDGs in terms of target dates. The Cambodia CSP, which is currently being prepared in collaboration with the World Bank and DFID, indicates that the MDGs may also be localized for Cambodia. There is a similar approach to the MDG in the CSPU for

⁹ There are some differences, for instance, the environment sector is described as being separate from economic and financial policies, with the other clusters being social sector policies and public sector governance.

¹⁰ A Planning Directions Paper issued in February 2003 provided instructions to staff on the incorporation of MDGs as part of the planning process.

Lao PDR. ADB is also currently considering an approach of “selectivity” and pragmatism: the focus of a particular CSP would be on supporting those MDGs where the DMC is less well off than the average in the region.

17. For the Pacific DMCs, ADB is seeking to incorporate the MDGs into its operations by first conducting a gap analysis, an assessment of data gaps and gaps between MDG development priorities and needs and ADB's existing country strategy and program. PARD also conducted a region wide assessment of the progress and relevance of MDG and targets for each Pacific DMC. This assessment was published in March 2003¹¹ and presented at a regional MDG forum in March 2003 where it received stakeholder support. This assessment may be used to consider further efforts in pursuing regional or sub-regional monitoring of progress towards and actions and policies relating to the MDGs.

India: Country Strategy and Program

India's 10th Plan (2002-2007) sets out the strategy for achieving the MDGs. It focuses on supporting growth and social development. Since India is lagging in some social indicators, allocation of resources for social services is increased by about 80%, and steps are proposed to improve the delivery of these services. ADB's CSP for India has been developed on the basis of the 10th Plan. The CSP is based on the premise that the Government, other donors and ADB will work together to meet MDGs, with the division of labor to be based on the comparative advantage of different development partners, their assistance instruments, core competencies, and past development experience in India and the region.

ADB's strategy supports pro-poor growth as the main pillar for reducing income poverty and achieving MDGs. This is to be achieved by supporting the Government's high-growth agenda through assistance for fiscal consolidation, private sector development and infrastructure development. The strategy also supports the Government's emphasis on pro-poor growth by extending assistance to agriculture and rural development. Support for pro-poor growth will be further strengthened by extending ADB's state-level operations to poor states. Poverty reduction will mainly depend on social development, including urban infrastructure projects and state-level interventions, to strengthen delivery of pro-poor social services. Social development will also be addressed through health and environmental protection projects in the energy sector and socially inclusive interventions in transport sector projects. ADB's assistance will be further significantly leveraged through governance components

18. ADB is considering the pilot-testing of a “country program framework” for CSPs. Such a framework would have format similar to the logical framework for an individual project but specify result areas, targets, indicators, assumptions, and risks at the goal, purpose, and output levels for the CSP.¹² The approach towards achieving the MDGs, customized for the individual DMC, would be reflected in the country program framework for those sectors/thematic areas where ADB expects to make a contribution. The MDGs would also be the basis for specifying ADB's expected outputs in the DMC over the CSP period. Such an approach to the CSPs may serve to systematically accelerate the

¹¹ ADB. 2003. *Millennium Development Goals in the Pacific, Relevance and Progress*, March. Manila.

¹² The example of the CSP for Kazakhstan contemplates such an approach. Systematic promotion and training arranged by OED will help to mainstream this practice.

incorporation of the MDGs into the planning, monitoring and evaluation of ADB operations.

(iii) Project Initiatives

19. At the project level, ADB's South Asia Regional Department (SARD) is pilot-testing ways and means of tagging loan projects and TAs in its 2003-2006 program that reflect a more direct relationship to the MDGs, as part of the wider testing of a revised project classification system by an inter-departmental task force in ADB. Such tentative classification indicates about 74% of SARD loans and about 42% TAs in the 2003 program directly contribute to achievement of the MDGs. Among loan projects contributing directly to MDGs, most are designed to contribute towards achievement of Goal #1, namely eradication of extreme poverty and hunger. ADB's Mekong Regional Department (MKRD) tracks individual projects and technical assistance in a management information system according to whether they directly support the attainment of MDGs or whether they contribute more generally to the means to achieve the MDGs. Some projects address several MDGs and thus are tracked as addressing multiple MDG Targets.

(iv) Regional Initiatives

20. ADB can promote a broader agenda at the regional and subregional level that may help to accelerate progress by individual DMCs towards the MDGs. The Compact emphasizes the important role for regional MDBs in financing regional public goods and in encouraging regional integration.

21. Addressing the MDGs at the regional or subregional level holds promise of progress. For example, the Greater Mekong subregional cooperation initiative has gained considerable experience, has been well supported by DMCs and donors, and is now considered a mainstream ADB activity. The initiative will support particularly Goal 1 (eradication of extreme poverty), Goal 6 (combat HIV/AIDS) and Goal 7 (environmental sustainability). Also, ADB's program for the Central Asian republics includes a region-wide initiative for four of the first seven MDGs. These include an advisory service on rural finance in Central Asia for MDG 1; technical assistance for subregional cooperation in managing education reform for MDG 2; and a regional project for improving nutrition for poor mothers and children in support of MDGs 4 and 5. In the Pacific, a regional technical assistance project (RETA) for Strengthening Poverty Analysis and Strategies in the Pacific, will address data gaps, improve data analysis and monitoring for MDGs and will seek the contribution of other regional organizations and donors. Such regional cooperation actions may highlight ADB's comparative strengths as these are mainstreamed.

BOX 2
Promoting Gender Equality

A multi-donor Gender and Development Cooperation Fund was established in 2003 to support regional and country-level initiatives to accelerate progress by DMCs toward gender equality and the empowerment of women, through ADB operations. Direct support to MDG 3 has been scaled up from country level to the regional level. Four regional technical assistance initiatives are highlighted: (i) the Gender and Governance Issues in Local Government project targets capacity building of female elected officials in local governments in several South Asian DMCs; (ii) A project to Combat Trafficking of Women and Children in South Asia has identified ways that ADB could address trafficking risks and empower vulnerable women and children through loan projects; (iii) Strengthening the Role of Labor Statistics in Selected DMCs, carried out jointly with the ILO, has made recommendations for strengthening labor laws in relation to gender discrimination; and (iv) a Gender and Development Initiatives project has supported a number of innovative pilot projects involving NGOs to provide legal assistance to poor women, address domestic violence, and encourage more gender-sensitive resolution of disputes by traditional community tribunals. This last RETA also assisted the Center for Asia Pacific Women in Politics to convene female parliamentarians from the region and provide training on gender and governance.

(v) Capacity Building: Supporting Data Collection

22. Capacity building at the DMC level is an important contributor in assisting DMCs to achieve MDG and related targets. ADB has produced an initial benchmarking of the MDGs in DMCs, based on UN-ESCAP data because of the variable quality of the data. This benchmarking is currently being reviewed.

23. ADB has had a long history of capacity building at the country level, and this has continued with emphasis on improving data quality and collection, which is directly relevant to attainment of the MDGs. Most recently, ADB co-sponsored with the PARIS21 initiative a high-level forum on statistical capacity building for the Association of Southeast Asian Nations (ASEAN) countries. The growing demands for statistics to measure development and its implications for national statistics offices were the major topics in this forum.

24. A regional TA: Enhancing Social and Gender Statistics assisted the national statistical offices of ten selected DMCs in South Asia and Mekong sub-regions to generate and analyze social statistics at the sub-national levels and with gender breakdowns. The results of the methodological studies and other papers prepared under the RETA are now posted at the ADB website. ERD and regional departments are also currently implementing statistical capacity building assistance to improve social statistics in a number of DMCs, which will contribute to the monitoring and evaluation of MDG progress in the DMCs. The MDG indicators will be reported in eight regional tables in this year's issue of ADB's annual statistical publication, Key Indicators of Developing Asian and Pacific Countries.

III. CHALLENGES

25. While ADB's initiatives have been positive, ADB's response to the challenges of the MDG agenda has not been systematic. On the basis of experience gained with these initiatives, ADB must accelerate action to help achieve the MDGs and related outcomes. The areas where ADB can contribute further are outlined below.

A. MDG Indicators at Country Level

26. Although the MDGs represent a global consensus, especially amongst donors, precise targets and indicators have to be adapted to the country context. ADB's DMCs have been very firm on this point. This means (i) adapting indicators based on each country's progress on the MDGs and related outcomes, its institutional capacity for improvement, and relevant policies and programs and their analysis; and (ii) reflecting the national priorities established by governments and their citizens.

27. While it is important that MDGs do not become so flexible as to be rendered meaningless for proper benchmarking and comparative analysis of performance, other, and sometimes more ambitious targets may be warranted in certain countries, while in other cases, some targets may be less relevant. ADB can expand its role to assist DMCs in this area, particularly through specific policy dialogue on the MDG agenda, and by creating regional opportunities for DMCs to share lessons of good practice.

B. Country Monitoring and Assessment

28. The World Bank's proposed conceptual framework for monitoring progress toward MDGs¹³ emphasizes the importance of institutional comparative advantage and systematic investments in the concepts and data for measuring the relevant policies of developing and developed countries. ADB will need to consider how its policies, actions, and instruments can offer distinctive advantages, especially in comparison with the information generated through the IMF and World Bank poverty reduction strategies and programs. Based on current approaches, ADB is unlikely to lead the monitoring work in most DMCs, since that work should be left to institutions best equipped for such tasks (e.g., UNDP). ADB, in cooperation with its partners, can contribute to the advocacy effort for MDGs in the Asia and Pacific Region, including documenting the best practices to achieve MDG targets. This effort also includes capacity building for civil society organizations to help stimulate demand locally for action on the MDG agenda.

C. Assessing Linkages: ADB Projects and MDGs

29. The Development Committee Report calls for assistance to be focused on enhancing the impact of economic growth and empowering the poor as a means of accelerating MDG progress.¹⁴ ADB has much to offer in these two areas. For example,

¹³ World Bank and IMF. 2003. *Global Monitoring of Policies and Actions for Achieving the MDGs and Related Outcomes – Implementation Report*, 12 September. Washington DC. [DC 2003-0013].

¹⁴ World Bank and IMF. 2003. *Achieving the MDGs and Related Outcomes: A Framework for Monitoring Policies and Actions*, 26 March. Washington DC. (DC 2003-0003). See also World Bank and IMF. 2003. *Achieving the MDGs and Related Outcomes: A Framework for Monitoring Policies and Actions -- Background Paper*. 28 March. Washington DC. (DC2003-0003/Add. 1). These documents have also been complemented by a proposed Implementation Action Plan, which is set out in a separate report

ADB has sought to examine the links between poverty reduction, on the one hand, and, say, projects focused on economic growth or infrastructure, on the other; and to understand how economic growth helps to reduce poverty.¹⁵ This approach to pro-poor growth, and the study of the linkages with poverty reduction, can promote a better understanding of the actions required to see progress in the MDG indicators and, therefore, may help accelerate the MDG agenda.

30. The linkages between ADB assistance in promoting, say, infrastructure development, good governance, the rule of law, regional trade, or private sector development and the MDGs, and the associated problems of accountability still need to be better defined. Many ADB interventions have an indirect or lagged impact on MDG indicators since ADB may address the policy environment or establish an enabling environment for poverty reduction.

31. At present, while CSPs contain an MDG status report, they often provide insufficient detail, in a systematic manner, to judge precisely ADB's involvement in the local MDG agenda in each case. Sometimes, this may be due to a lack of reliable data in the DMC; but this should be stated in the CSP. This highlights the need for a more analytical discussion of MDG problems and prospects, and the link between ADB's program and the attainment of the MDGs. CSPs will need to assess the MDG situation in each DMC, outline the issues to be addressed if achievements are to be accelerated and canvass steps being taken locally, including capacity building and contributions by other donors, to improve monitoring and evaluation of MDG achievements.

D. Improved Regional Cooperation

32. As mentioned above, regional multilateral development banks have an important role in facilitating regional cooperation and in supporting regional public goods to expand economic opportunities and potential for economic growth. ADB's regional activities can expand development options beyond national poverty reduction strategies. For example, ADB may also:

- (i) facilitate economic development of the participating economies by sharing lessons on MDGs and helping efficient achievement of MDG targets, particularly in relation to cross-border infrastructure, trade, and investment facilitation;
- (ii) provide, protect, and conserve key regional public goods, with particular focus on environment, health, knowledge, and information sharing;
- (iii) contribute to regional stability through post-conflict reconstruction; and

(World Bank and IMF. 2003. *Global Monitoring of Policies and Actions for Achieving the MDGs and Related Outcomes – Implementation Report*, 12 September. Washington DC. [DC 2003-0013]).

¹⁵ ADB. 2000. *Technical Assistance for Assessing the Impact of Transport and Energy Infrastructure on Poverty Reduction*. Manila. (RETA 5947).

- (iv) contribute to regional public goods, focusing on areas such as financial stability, cooperation on prevention of HIV/AIDS, and strengthening of DMCs' capacities to benefit from a multilateral trading system.¹⁶

33. ADB will work with World Bank to achieve greater clarity in the conceptual framework proposed by WB, which suggests that Regional MDBs must be involved in the MDG agenda, to the extent that there is a "division of labor, based on comparative advantage" in the global partnership. This is also mentioned in UNDP's Human Development Report 2003. ADB's comparative strengths are also based on long-term development relationships with DMCs, an understanding of regional and sub-regional issues, and provision of financing for projects and KPS within ADB's mandate and a focus in sectors in a DMC, which are not covered by other donors.

E. Accelerating Assistance for "Top" and "High" Priority Countries

34. As mentioned, the Compact recommends that development assistance should become far more focused on "top" and "high" priority countries (see [Appendix](#)). Therefore, ADB will need to consider (a) whether and, if so, how it should focus its operations; and (b) the catalytic role ADB may be able to play to help countries most at risk.

F. Additional Steps

35. ADB seeks to better mainstream MDGs in policies and actions to build consensus with our DMCs, and to ensure consistency in the way in which our country strategies and programs address the MDGs. ADB's commitment to assisting DMCs to achieve the MDG and related outcomes can be supported by a number of initiatives including:

- (i) continue efforts to approach the MDG agenda in a focused manner by identifying, jointly with each DMC, the MDGs most relevant to the country, the priority actions to be taken, and other donors the monitoring requirements;
- (ii) focus on core competencies; ADB has already established a strong agenda for regional cooperation and provision of global and regional public goods.
- (iii) continue to collaborate and cooperate as part of the global partnership to accelerate progress toward the MDGs, including the use of cooperation agreements, training exchanges, visits, and staff exchanges;
- (iv) upgrade operational planning directions to create stronger linkages between ADB's program and the MDGs and to strengthen the linkages in the CSP(U)s. Such an upgrade could also include a specific requirement of explicit statements in RRP and TA reports of the link with MDGs;
- (v) adopt institutional arrangements in ADB to raise awareness and ensure that the momentum of MDG-related actions is maintained (e.g., publications,

¹⁶ For instance, MKRD has a subregional cooperation program for HIV/AIDS prevention techniques.

maintenance of ADB's dedicated MDG web site, and periodic conventions of heads of departments to consider ADB's MDG-related actions);

- (vi) assist in mobilization of adequate and sustainable resources (including local resources) to deal with the MDG agenda.

Appendix**PRIORITY COUNTRIES IN ASIA AND THE PACIFIC**

Human Development Indicator	Top Priority DMCs	High Priority DMCs
Income Poverty	Mongolia Kyrgyz Republic Tajikistan Solomon Islands Uzbekistan Vanuatu	Kazakhstan Pakistan Papua New Guinea Turkmenistan
Hunger	Bangladesh Mongolia Papua New Guinea Afghanistan	Cambodia India Nepal
Primary Education		
Gender Equality		India Lao PDR
Child Mortality	Cambodia Afghanistan Tajikistan	Kazakhstan Myanmar Pakistan Papua New Guinea Azerbaijan Turkmenistan Uzbekistan
Access to Water	Papua New Guinea	PRC Philippines
Access to Sanitation		Bangladesh India Indonesia Nepal Papua New Guinea PRC

Notes:

The HDR identifies top priority and high priority countries for each MDG. In some countries the data for individual MDGs is either unreliable or unavailable and this does not permit proper classifications; in other cases, the data is unreliable for other reasons. Therefore, this table is only indicative of priority countries.

Source: UNDP. 2003. Human Development Report 2003. *Millennium Development Goals: A Compact among nations to end human poverty*. Oxford. Oxford University Press. Available: <http://www.undp.org/hdr2003>