

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: ERMF

TA No. and Name TA 6200-REG: <i>Asian Development Outlook 2005</i>			Amount Approved: US\$250,000	
			Revised Amount: Not applicable	
Executing Agency: ADB		Source of Funding: TASF	TA Amount Undisbursed US\$27,507.25	TA Amount Utilized US\$222,492.75
Date			Completion Date	
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Description Asian Development Bank (ADB) is committed to the pursuit of sustainable economic growth, inclusive social development, and good governance for effective policies and institutions in the region. To support these efforts, ADB undertakes a comprehensive assessment of current economic trends, policy issues, and medium-term development prospects in the Asia-Pacific region. This assessment is published annually in the <i>Asian Development Outlook (ADO)</i> released in April and the <i>ADO Update</i> released in September. To enhance and reinforce the knowledge base for this undertaking, a technical assistance (TA) was approved to strengthen the economic analysis underpinning the macroeconomic assessments in the <i>ADO and ADO Update</i> as well as to support product quality.				
Expected Impact, Outcome and Outputs The TA aimed to improve the content and quality of <i>ADO and ADO Update</i> by developing quantitative tools/econometric models in support of ADB's short- and medium-term country economic analysis and by ensuring high quality economic editing of the country economic reports. The TA aimed to support three major activities, namely, (1) develop economic forecasting and policy analysis models in collaboration with RD country economists; (2) organize two technical experts <i>ADO</i> conferences to discuss progress in the modeling exercises and exchange experiences across different countries; and (3) hire the services of well-qualified economists in reviewing the economic analysis in the country chapters for <i>ADO 2005 and ADO 2005 Update</i> .				
Delivery of Inputs and Conduct of Activities The logical framework and consultants terms of reference provided adequate indicators and operational guidelines for the implementation of the TA. The consultants' performance was highly satisfactory considering the extent of work required and the tight deadline imposed. Although a majority of the draft chapters for the publications were submitted on time some were received after the deadline adversely affecting editing and quality assurance. Quality was highly divergent across country chapters and quite a number of chapters required substantial revisions and extensive editing. The macroeconometric models of Indonesia, Philippines and PRC were revised and updated and the forecasts generated were provided to the country writers to use as baseline. The first version of the Bangladesh model was completed in early 2006 but was not ready to be used to generate forecasts for use in the <i>ADO</i> . The computer program for executing automatic leading indicators (ALI) was further enhanced and a dynamic factor modeling technique of time-series data interpolation was introduced. The alternative technique of ALI forecasting is most appropriate in countries where data availability is a problem, such as in Central Asia. Two training workshops and one modeling conference were convened. A Macroeconomic and Forecasting Training Workshop (on 8-9 December 2004) and a Workshop on the Interpolation of Annual Data Using Eviews (26-27 July 2005) were conducted for country writers from the regional departments and the resident missions to enhance their forecasting skills. The <i>Asian Development Outlook</i> Economic Modeling Conference was convened on 21-23 November 2005 to help strengthen ADB's capacity for internal economic analysis, forecasting, and research with the development of macroeconometric models. The conference included a one-day training course for RM economists on how to run model simulations and conditional forecasting. It brought together ADB country economists, leading macroeconometric modeling practitioners from selected DMCs and research institutes. Funding for all the activities was sufficient. The remaining balance was used to finance the graphics consultant and some resource persons for the next issue of <i>ADO</i> .				
Evaluation of Outputs and Achievement of Outcome The TA achieved its objective of providing high quality and timely comprehensive assessment of current economic trends, policy issues, and medium-term development prospects in the Asia-Pacific region. The <i>ADO 2005</i> , launched on 6 April 2005 in Hong Kong, China, provided a comprehensive analysis of aggregate trends and medium-term prospects of the 42 DMCs of ADB in the context of global economic movements. It also featured a chapter on promoting competition for long-term development in Asia. <i>Publication Highlights</i> of the <i>ADO 2005</i> were distributed during the launch. <i>ADO</i> roadshows were also done in Europe and North America and a considerable number of RMs undertook local launches. The <i>ADO 2005 Update</i> , launched on 8 September 2005, reviewed and revised the outlook for the region and featured selected DMCs based on the prevailing country-specific economic developments and				

prospects as well as recent developments in the region and the world. A major theme of the *Update* was the challenge presented by higher oil prices. Both ADO 2005 and ADO 2005 Update were well received as measured by the extensive media coverage as well as the considerable number of website hits and downloads.

Overall Assessment and Rating

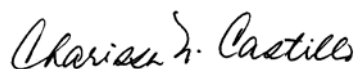
The TA was rated highly successful in terms of impact as measured by the extensive media coverage of the *ADO 2005* and *ADO 2005 Update* launches. The two publications also recorded considerable number of website hits and downloads. The number of downloads for the whole *ADO 2005* from April 2005 to March 2006 was 93,821 while partial downloads reached 140,284. Downloads for the whole *ADO 2005 Update* from September to March 2006 reached 64,577 while partial downloads numbered 40,777. The *ADO* remains ADB's flagship publication being consistently in the 100 most downloaded files through the year. The two training workshops and the *ADO* Economic Modeling Conference were well received and well attended. The RM economists who attended the two training workshops assessed the workshops as relevant and useful.

Major Lessons

(1) Editing services (including typesetting and proofreading) accounted for about 57% of the total TA cost. Poor quality of some of the initial draft chapters added to editing requirements and to the need for rewriting by ERMF. Where more experienced RM staff are assigned to prepare chapters, quality is generally good. (2) The appearance of short-term turbulence that continued to confront the region during the production of the *ADO*, highlights the importance of having a mechanism to simulate the impacts of these shocks on the DMC economies. Macroeconometric modeling activities accounted for about 20% of the total TA cost. However, there are only three working models – Indonesia, Philippines and PRC. Construction of models from scratch is both costly and time consuming. The objective of the training on macroeconomic forecasting was to provide writers with forecasting techniques that they could use but, in practice, the models have made little impact on *ADO* content or quality. Regional Departments have not taken ownership of the country models and appear reticent to use them. Skill gaps maybe difficult to bridge. (3) Cohesion and coherence across the entire document needs to be strengthened. Data quality and consistency across DMCs can be further improved. The data links established between the appendix tables and the data in the chapters has minimized data inconsistencies within the manuscript and has helped reduce production time. (4) The country coverage of the *ADO Update* will continue to be reviewed taking into account the availability of high-frequency data in the DMCs. (5) Strict adherence to deadlines is also an important factor in the timely production of a high quality publication. As the production schedule gets compressed, more errors and lapses are committed.

Recommendations and Follow-Up Actions

(1) To further improve the content and quality of *ADO*, a training workshop for writers of country chapters is recommended. In addition to giving clear and specific guidelines to country chapter writers, a prototype chapter may also be provided. Access to an editing software that will help writers improve the clarity and readability of their write-ups could help improve the quality of the chapters. This will minimize the amount of economic and copy editing requirements. (2) Close coordination with the country writers regarding baseline assumptions will strengthen the cohesion and coherence across the document. Preparation of the theme chapter at a much earlier date will make it available to country writers for reference and for closer review for consistency with the other parts of the publication. (3) Data definitions to be used by the writers may be included in the specific guidelines to ensure consistency of data across DMCs. The training workshop for the country writers can also be used as a venue to discuss and align data definitions across DMCs. (4) To ensure strict adherence to deadlines, it would be helpful if data cutoff is clearly stipulated and strictly followed. Official data releases after the data cutoff will be accommodated in the succeeding issue.



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