



Technical Assistance Subproject Report

Project Number: 52216-003
Knowledge and Support Technical Assistance (C-KSTA)
November 2019

Asian Development Outlook 2019–2021 Subproject 2: Asian Development Outlook 2020

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ADO	–	Asian Development Outlook
DME	–	developing member economy
ERCD	–	Economic Research and Regional Cooperation Department
ERM	–	Macroeconomics Research Division
KPA	–	knowledge partnership agreement
TA	–	technical assistance

NOTE

- (i) In this report, "\$" refers to US dollars.

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KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 52216-003
Project Name	Asian Development Outlook 2019-2021 -Asian Development Outlook 2020 (Subproject 2)	Department/Division ERCD/ERMR
Nature of Activity Modality	Research and Development Subproject	Executing Agency Asian Development Bank
Country	REG (All DMCs)	
2. Sector	Subsector(s)	ADB Financing (\$ million)
✓ Multisector	ADB's corporate management, policy and strategy development	1.00
	Total	1.00
3. Operational Priorities		Climate Change Information
✓ Accelerating progress in gender equality		Climate Change impact on the Project Low
✓ Fostering regional cooperation and integration		
Sustainable Development Goals		Gender Equity and Mainstreaming
SDG 8.1, 8.2		Some gender elements (SGE) ✓
SDG 17.4		
		Poverty Targeting
		General Intervention on Poverty ✓
4. Risk Categorization	Risk Categorization does not apply	
5. Safeguard Categorization	Safeguard Policy Statement does not apply	
6. Financing		
Modality and Sources		Amount (\$ million)
ADB		1.00
Knowledge and Support technical assistance: Technical Assistance Special Fund		1.00
Cofinancing		0.00
None		0.00
Counterpart		0.00
None		0.00
Total		1.00
Currency of ADB Financing: US Dollar		

I. THE TECHNICAL ASSISTANCE SUBPROJECT

A. Overall Progress of the Technical Assistance Cluster

1. The KSTA cluster Asian Development Outlook (ADO) 2019–2021 was approved by the President on 31 October 2018 to support the preparation of the flagship publication—the ADO—for 3 years. The KSTA cluster has three subprojects and is financed by ADB, on a grant basis, from the ADB’s TA funding program (TASF). It was identified as one of ERCD’s corporate priority TAs. The first subproject was approved on 5 November 2018 and is scheduled for completion on 31 December 2020. Most of the activities under subproject 1 have been completed including the successful launch and dissemination of *ADO 2019*, *ADO 2019 Update*, and the July 2019 issue of the *ADO Supplement*. The outreach activities to disseminate the key messages of the *ADO 2019*, *ADO Supplement*, *July 2019*, and *ADO 2019 Update* were well-covered in top tier international media and carried on international newswires, and have influenced policy discussions in member countries (e.g., the *ADO 2019 Update* theme chapter on urbanization stimulating debates on how to address congestion in Asia’s cities). The subproject has also financed initial activities for the next ADO cycle. To date, about 93% of the subproject’s funds have been committed and 63% disbursed.

B. Subproject Outcome

2. The TA will have the following outcome: reference to the ADO by the media, economic researchers, and DME officials maintained or increased.¹ The subproject outcome will support the outcome of the overall TA cluster.

C. Subproject Outputs, Methods, and Activities

3. **Output 1: *ADO 2020*, *ADO 2020 Update*, and *ADO supplements* produced and disseminated.** The TA subproject will support the production of the *ADO 2020*, one of ADB’s flagship publications. It will support the following activities: (i) preparing background analytical papers following the 2-year rolling research plan, (ii) further developing and refining analytical methods, (iii) drafting of ADO content, (iv) editing economic content and manuscripts, (v) preparing and laying out of materials for publication, and (vi) disseminating key results and policy messages. The publications will be widely disseminated in collaboration with ADB’s Department of Communications and participating resident missions. The international launch will be followed by presentations cohosted by ADB development partners within and outside Asia and the Pacific. Outreach will include analytical discussions of the issues in partnership with development partners, academic institutions, and think tanks. The ADOs will be disseminated as electronic files on the ADB website, but because there is still demand for printed copies from Management and outside researchers, the Economic Research and Regional Cooperation Department (ERCD) will print limited copies (about 500) in compliance with the Administrative Order on Energy, Environment, Health, and Safety Management System.² Printing of the ADO switched to print-on-demand in 2017. The TA subproject will support Output 1 of the overall TA cluster.

4. In 2020, thematic chapters of the ADO will deal with the issues and challenges identified in Strategy 2030.³ As discussed with the President, the ADO 2020 thematic chapter will address “What drives innovation in Asia?” As innovation drives productivity and is widely considered to be the main engine for economic growth and development, it is critical to understand the factors

¹ The design and monitoring framework is in Appendix 1.

² ADB. 2016. Energy, Environment, Health, and Safety Management System. *Administrative Orders*. AO 4.13. Manila.

³ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

that drive innovation at the firm-level and at the aggregate/country level, the nature of innovation activities, the process by which firms in developing Asia foster innovation, as well as government policies to support innovation. Innovation is defined as a new or improved product or process (or combination thereof) that differs significantly from the unit's previous products or processes and that has been made available to potential users (product) or brought into use by the unit (process).⁴ This research will take stock of technological innovation in Asia and the Pacific and explore how innovation contributes to the region's growth and development. The study will document trends in innovation activity in Asia, identify major barriers and constraints to innovation in the region, and explore the effectiveness of policies to foster innovation, directly and indirectly.

5. The ADO 2020 Update will explore the importance of the wellness industry in Asia's future growth. According to the World Health Organization, wellness is a state of complete physical, mental and social well-being, and not merely the absence of disease or infirmity. The Global Wellness Institute defines wellness as the active pursuit of activities, choices and lifestyles that lead to a state of holistic health. To understand the wellness industry in Asia and the Pacific, the Update will further define the industry and examine its role in human well-being; examine the current wellness industry in the region—its outputs, employment, growth trends, key industries, and other indicators; and analyze the industry's drivers and economic and development impact through empirical analysis and country case studies. The study will examine the wellness industry's contribution to inclusive development which refers to improving the productivity and quality of life of the population, including the elderly, through improved physical and mental health. The link between wellness industry and environmental sustainability, which refers to both the greenness of wellness industries, as well as the contribution of a physically and mentally healthy population to a cleaner environment (e.g. less obese population reduces the demand for food production which uses up environmental resources and a fitter population walks more and drives cars less) will be studied. Based on the analysis, the study will recommend policies to maximize the wellness industry's contribution to inclusive and environmentally sustainable development in the region.

6. **Output 2: Background papers published.** To provide a solid empirical and analytical foundation for the content of ADO, the TA subproject will commission background research papers that will supplement ERCD research on the selected theme topics such as climate change and disaster risk, rapid urbanization, innovation and technology, environmental sustainability, and the future of the service industry by analyzing issues and policy implications for developing Asia. Conferences focusing on the thematic chapters will be organized to strengthen ADO content, and distinguished economists will be invited to discuss initial drafts of the background papers to improve the analytical rigor and policy relevance of the thematic chapters. These papers may be consolidated in edited research volumes to provide researchers with more extensive analyses related to the thematic topics. The research volumes may be co-published with a reputable publishing house, which could entail a buy-back arrangement. Background papers will also be published as working papers on the ADB website, or elsewhere as appropriate. The TA subproject will support Output 2 of the overall TA cluster.

⁴ OECD and Eurostat. 2018. *Oslo Manual 2018: Guidelines for Collecting, Reporting and Using Data on Innovation, 4th Edition*, The Measurement of Scientific, Technological and Innovation Activities, OECD Publishing, Paris and Eurostat, Luxembourg.

D. Subproject Cost and Financing

7. The TA subproject is estimated to cost \$1,000,000 which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF 6). The key expenditure items are listed in Appendix 2.

E. Subproject Implementation Arrangements

8. ADB will administer the TA. The Macroeconomics Research Division of ERCD will be directly responsible for the TA subproject administration and supervision, management of consultants, procurement, and accomplishment of outputs. Adopting the "One ADB" approach in knowledge solutions, ERMR will continue to collaborate with regional departments, including resident missions; other knowledge departments; and relevant sector and thematic groups on subproject activities. To ensure continuous support to the 2-year rolling research plan which will enhance the quality of ADB's flagship publications, the subproject may finance engagement of experts and activities for the succeeding ADOs. Table 1 provides the implementation arrangements.

Table 1: Subproject Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	November 2019–December 2021		
Executing and implementing agency	Asian Development Bank (Macroeconomics Research Division)		
Consultants	To be selected and engaged by ADB		
	Individual consultant selection ^a	International 49 person-months	\$805,000
	Individual consultant selection	National 29 person-months	\$50,000
Procurement ^b	To be procured by ADB		
	Request for quotation	1 contract	\$3,000
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	After TA completion, any procured equipment will be disposed of in accordance with Project Administration Instructions 5.09.		

ADB = Asian Development Bank.

^a Depending on the TOR requirements, framework agreements/contracts will be an option. Output-based, lump-sum, or time-based contracts will be used as appropriate.

^b ADB Procurement Policy (2017, as amended from time to time).

Source: Asian Development Bank estimates.

9. **Consulting services.** Individual consultants and resource persons will be recruited through individual consultant selection to provide international and national consulting. The TA subproject will require international consultancy from economists and sector specialists who will prepare background papers and analyses supporting the theme chapters or topics related to the outlook. International economic advisory and editing consultants will be required for the economic and technical editing of ADO manuscripts before final publication. National economics consultants and research assistants will be required to assist with data management and to conduct research on a particular topic. National consultants will be needed to perform the desktop publishing and graphic design of the publication. Resource persons will be engaged for a maximum of 15 working

days to conduct training on macroeconomics and economic forecasting and also serve as discussants during workshops. Contracts for consulting services will consist of output-based, lump-sum, time-based or framework contracts, as appropriate, and the consultants and resource persons will be recruited as individuals to ensure individuals with the requisite experience and qualifications are recruited. The ADO covers a wide range of topics, and highly qualified consultants with expertise relevant to ADO requirements will most likely be associated with various research institutions, think tanks, and universities. Further, the TA will require rapid mobilization of the editorial consultants. The consultants will be engaged in accordance with the ADB Procurement Policy (2017, as amended from time to time) and the associated staff instructions.

10. **ADB's procurement.** The TA subproject will finance procurement of information technology equipment and software as needed. Procurement will follow the ADB Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from time to time) and the associated staff instructions.

2. Background papers published	ADO and its Update, and ADO supplements achieved per year 2a. By 2021, 100% of background papers published as working papers, journal articles or in edited research volumes	2a. Number of publications produced	as delay in peer review, derail the publication schedule.
<p>Key Activities with Milestones</p> <p>1. Output 1 1.1 Conduct workshops (November 2019, February 2020, May 2020, and July 2020) 1.2 Draft background papers (November 2019–January 2020 and January–June 2020) 1.3 Draft, review, and edit ADO contents (November 2019–March 2020 and May–September 2020) 1.4 Finalize and disseminate publications (April 2020, July 2020, September 2020, and December 2020)</p> <p>2. Output 2 2.1 Edit background papers (April–October 2020 and November 2020–May 2021) 2.2 Publish as working papers and possibly as edited research volumes, and/or submit to reputable peer-reviewed academic journals (December 2020 and June 2021).</p> <p>TA Management Activities Consultant recruitment (November–December 2019, May 2020). Procurement of information technology equipment (as needed, schedule to be determined).</p>			
<p>Inputs ADB: \$1,000,000</p>			
<p>Assumptions for Partner Financing Not applicable</p>			

ADB = Asian Development Bank, ADF = Asian Development Fund, ADO = *Asian Development Outlook*, DME = developing member economy, DOC = Department of Communications, TA = technical assistance.

^a Defined by TA.

Source: Asian Development Bank.

SUBPROJECT COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
A. Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	645.0
ii. National consultants	50.0
b. Out-of-pocket expenditures	
i. International and local travel	160.0
2. Printed external publications ^b	10.0
3. Goods (rental or purchase) ^c	3.0
4. Training, seminars, workshops, forum and conferences ^d	35.0
5. Miscellaneous administration and support costs ^e	22.0
6. Contingencies	75.0
Total	1,000.0

Note: The technical assistance (TA) is estimated to cost \$1,000,000, of which contributions from the Asian Development Bank are presented in the table above.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF 6).

^b In compliance with administrative order on environment, health, and safety management system, ERCD will print limited copies of the ADO. Includes buy-back arrangements.

^c Includes information technology and software. The procurement of goods will be done in accordance with ADB's Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time).

^d Includes (i) travel expenses and per diem of ADB staff as resource persons in dissemination activities or speakers in international conferences and/or forums to present technical assistance results; (ii) travel expenses and per diem of ADB staff to provide support services in implementing and administering workshops; (iii) honoraria, per diem, and other travel-related expenses of resource persons; (iv) venue rental and related facilities; (v) relevant costs including representation expenses; (vi) costs of meals and snacks served during training sessions, workshops, or conferences for all participants, including ADB staff participants; and (vii) other related costs. Expenses will be incurred in accordance with ADB (Budget, Personnel, and Management Systems Department; and Strategy and Policy Department). 2013. *Use of Bank Resources: Regional Technical Assistance and Technical Assistance vs. Internal Administrative Expenses Budget. Memorandum*. 26 June (internal).

^e Includes data support and purchase of survey or study data, subscription to data and information services such as Bloomberg, CEIC, FocusEconomics, etc., and other expenditures that may arise in the course of the TA implementation that the other cost categories in the financing plan do not cover, e.g. mailing and shipping of documents, bank charges, and translation costs.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=52216-003-TARreport>

1. Terms of Reference for Consultants