

7 Sector and 8 Thematic Groups at ADB to leverage technical expertise

The views expressed in this presentation are the views of the author/s and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use. The countries listed in this presentation do not imply any view on ADB's part as to sovereignty or independent status or necessarily conform to ADB's terminology.

Sector Groups

Education
Energy
Finance
Health
Transport
Urban Development
Water

Thematic Groups

Agriculture & Rural Development
Climate Change & Disaster Risk Management
Environment
Gender
Governance
Public-Private Partnerships
Regional Cooperation & Integration
Social Development

The Governance Group's mandate is to help ADB's developing member countries improve development results by...

- investing in public sector reforms and supporting improved performance of institutions

20.1%

PSM (as sector),
% of ADB's total
approved
sovereign loans,
2016

- supporting identification and mitigation of governance risks in ADB operations
- focusing on capacity development

85%

GCD (as driver
of change), % of
total ADB
sovereign
operations, 2016

Sectoral focus

Thematic focus

Public Sector

Management (PSM) Reforms

7 sub-sectors

Public Expenditure and Fiscal Management (52%)

Economic affairs management (5%)

Reforms of State-Owned Enterprises (12%)

Decentralization (9%)

Social protection initiatives (13%)

Public administration (9%)

Law & judiciary (0%)

PSM as a sector in ADB's total approved sovereign loans (2016): 20.1%

Figures in parentheses above are share of sub-sector investments as total sectoral investments of \$5.55 billion (2014-2016)

Governance and Capacity Development as a theme in total ADB sovereign operations (2016): 85%

On Governance Risks

Assessing, and mitigating, risks to development effectiveness of ADB's investments; focus on public financial management, procurement, and anticorruption

Basis: Second Governance and Anticorruption Action Plan

On Capacity Development

Ensuring governments have the institutional capacity to implement reforms, and manage investment projects and development programs

Bases: Capacity Development Operational Plan; Approach to Institutional Performance

For 2017-2018, as a sector, Governance Thematic Group is engaged in 3 main areas of work

<u>Governance and PSM Area</u>	<u>Outcome</u>
Domestic resource mobilization	Greater capacity of DMCs to raise revenues from domestic sources
Reforms of SOEs	Better knowledge gathering and sharing on SOE reform work of ADB
Local governance and localizing global agendas	Innovative development ideas incubated at local level and scaled up, as feasible

Operational and Thematic Support Work in Governance

– Targeted areas

Domestic Resource Mobilization (DRM)

(Outcome: Greater capacity of countries to raise revenues from domestic sources)

- DRM Trust Fund
- Leveraging OECD, Global Forum, IMF, etc.
- Capacity development and knowledge sharing on aspects of tax administration reforms and programs
- Pipeline development and program design at ADB

State-Owned Enterprise (SOE) Reforms

(Outcome: Better knowledge gathering and sharing on SOE reform work of ADB)

- Central database of ADB operations in SOE reforms
- Knowledge sharing and skills development for staff
- Focus on: contingent liabilities, corporate governance reforms, etc.

Local Governance and Localizing Global Agendas

(Outcome: Local governance enhancement, and innovative development ideas incubated at local level and scaled up, as feasible)

- Links to SDGs / COP21
- Service delivery improvements at local level
- Fiscal devolution and local governance
- Municipal financing
- Capacity development for local governments

Governance Risks and Institutional Capacity

(Outcome: Better design of country partnerships, programs/projects, and development operations)

- Assess governance risks in strategies, programs/projects
 - Institutional capacity building
 - Knowledge partnerships

Examples of Research Work by ADB Institute – *on Local Governance*

Frameworks for Central–Local Government Relations and Fiscal Sustainability

Morgan, Peter J.; Trinh, Long Q. (Asian Development Bank Institute, 2016-10-31)

Sustainable and inclusive growth in emerging Asian economies requires continued high levels of public sector investment in areas such as infrastructure, education, health, and social services. These responsibilities, especially with regard to infrastructure investment, need to be devolved increasingly to the regional government level. However, growth of sources of revenue and financing for local ...

The Fiscal Risk of Local Government Revenue in the People's Republic of China

Fan, Ziyang; Wan, Guanghua (Asian Development Bank Institute, 2016-04-15)

Since the Tax Sharing Reform in 1994, the local government revenue of the People's Republic of China (PRC) has faced downward risk problems. This paper reviews the fiscal and taxation reforms in the central and local governments of the PRC and focuses on evaluating the effectiveness of fiscal transfers. We find that, to a certain extent, fiscal transfers significantly promote the construction of ...