

**MANAGEMENT RESPONSE TO THE SPECIAL EVALUATION STUDY ON
THE ASIAN DEVELOPMENT BANK'S TECHNICAL ASSISTANCE TRUST FUNDS:
POVERTY REDUCTION COOPERATION FUND AND COOPERATION FUND IN
SUPPORT OF THE FORMULATION AND IMPLEMENTATION OF NATIONAL POVERTY
REDUCTION STRATEGIES**

On 29 August 2008, the Director General, Operations Evaluation Department, received the following response from the Managing Director General on behalf of Management:

I. General Comments

1. We welcome OED's Special Evaluation Study (SES) on ADB's Technical Assistance (TA) Trust Funds: Poverty Reduction Cooperation Fund (PRF) and Cooperation Fund in Support of the Formulation and Implementation of National Poverty Reduction Strategies (NPRS). We find the study comprehensive and its assessments fair. We especially appreciate the in-depth field assessments of case studies and the TA completion report analysis.

2. **Positive Contribution and Outcomes.** We support the overall finding of the SES that NPRS and PRF have made a significant contribution to policy and strategy development for poverty reduction. We are pleased to learn that the TAs supported by these funds showed positive to highly-positive outcomes in policy and strategy formulation, improvement of monitoring and evaluation capacity, mainstreaming gender into poverty reduction strategies and environmental management. We confirm that the data and pilot results generated through some of these TAs have been widely-used or replicated.

3. **TA Management and Disbursements.** The SES also correctly points out some of the recurrent issues in TA management, namely the administrative overburden on resident missions staff, the delayed funds flow in some cases, and time overruns. As the SES recognizes, the ongoing TA reforms and the further dissemination of the new Handbook on Disbursements are expected to contribute to improved management. We also support the recommendation on streamlining disbursement systems. The ongoing enhancement of TA Information System should contribute to this.

II. Specific Recommendations

Recommendation: Before the end of 2008, ADB Management and the Regional and Sustainable Development Department (RSDD) to undertake analysis of the need for a replacement fund, guided by ADB's Strategy 2020 and using SES's findings.

4. The NPRS and PRF were established in 2001/2002 in the context of ADB's adoption of poverty reduction as its overarching goal. The NPRS was designed as a facility to assist DMC governments in preparing and implementing their national poverty reduction strategies. The PRF was intended to support technical assistance and pilot activities that would demonstrate how ADB operations could have greater relevance to poverty reduction. The SES concludes that both funds largely met their objectives.

5. We, therefore, do not agree with the recommendation for undertaking an analysis of the need for a replacement fund. We believe, however, there is a

continuing need, as part of the Strategy 2020 implementation, to follow up the successes achieved including mainstreaming innovations introduced under the funds. This work has begun, but under a broader context than envisaged in 2001/2002. Examples include the poverty dimensions of ADB's emerging climate change initiatives and the increasingly widespread incorporation of participatory approaches in ADB operations. Financing for these and other poverty reduction efforts is coming from a number of sources.

Recommendation: By 2009, Private Sector Department, RSDD, and the various regional departments to work out a strategy to enhance partnership with the private sector on ADB's poverty reduction initiatives.

6. We do not support the development of a strategy. However, we believe it would be useful to develop an action plan on public-private partnership for *direct* poverty reduction initiatives. Some such initiatives could include corporate social responsibility, microfinance provision by commercial banks, promoting social enterprises, and innovative financing mechanisms for the private firms to partner with nongovernment organizations. Some of such activities were already supported by NPRS and PRF in Cambodia and Lao People's Democratic Republic.