

**PRF PORTFOLIO AND FUND MANAGEMENT
SUMMARY SHEET
(As of 31 December 2003)**

1. Portfolio Information

- Overall commitment: 58 TAs totaling \$24,350,000, or 36% of initial contribution of £39 million (about \$67.25 million¹ from July 2002 to March 2006)
 - Regional window: 37 TAs at \$14.22 million, or 27% of £30 million committed
 - PRF-PRC window: 21 TAs at \$10.13 million, or 65% of £9 million committed

- Portfolio composition:
 - Completed: 2 TAs \$ 65,000
 - Under implementation: 29 TAs \$11,295,000
 - Regional window: 21 TAs \$ 8,385,000
 - PRF-PRC: 7 TAs \$ 2,910,000
 - Under processing: 28 TAs \$12,990,000
 - Regional window: 14 TAs \$ 5,770,000
 - PRF-PRC: 14 TAs \$ 7,220,000

- Disbursement and funds flow:
 - Cumulative disbursement: \$ 369,169 from 9 TAs (as of 30 Nov 2003²)
 - Disbursement Jun-Nov 03: \$ 299,509 (\$69,660 on 30 June 2003)
 - Projected increase in Jun-Dec 03: \$2,311,150 (estimated on 30 June 2003)

 - Estimated disbursement in 2004:
 - Jan-Jun 2004 \$2,582,000
 - Regional \$1,747,000
 - PRC \$ 835,000
 - Jul-Dec 2004 \$6,204,000
 - Regional \$4,389,000
 - PRC \$1,815,000
 - Cumulative remittance to ADB: \$6,387,500 (as of 31 December 2003)
 - Remittance required in 2004: No need before March/April (DFID FY)
But require additional \$3.0 million mid-2004
(A more accurate estimate to be made in July)

2. Progress in July-December 2003

- New projects endorsed for funding in July 2003 (regional) and August 2003 (PRC):

○ Total	32 TAs	\$12,780,000 (52% of portfolio)
○ Regional window	13 TAs	\$4,450,000
○ PRF-PRC	19 TAs	\$8,330,000

¹ Value as of 30 November 2003.

² Data as of 30 November 2003 will be used as a proxy for that as of 31 December 2003 until the latter is available from the Controller's Department in late January 2004.

- Additional TAs approved by ADB:

Total	19 TAs	\$6,710,000 (28% of portfolio)
○ Regional window	12 TAs	\$3,800,000 (5 TAs from Jul-03 batch)
○ PRF-PRC	7 TAs	\$2,910,000 (6 TAs from Aug-03 batch)

This means that for 25% of the sum of the July-03 batch (regional window) and 25% of the August-03 batch (PRC) has been approved between July-Dec 2003.

- TAs completed:

Total	2 TAs	\$65,000
○ Regional window	2 TAs	\$65,000
○ PRF-PRC	0 TA	\$0

The 2 completed TAs were small scale (\$15,000 and \$50,000). Both TAs successfully contributed to developing larger-scale initiatives (extension of a CARM poverty specialist; development of a larger poverty reduction program in the Pacific).

- New projects proposed for consideration in January 2004 (Regional window only)
 - 17 TAs \$9,560,000

If all the 17 TAs are approved, this would push the total commitment level from 36% to 50% against the initial funding contribution from DFID.

3. Content Analysis (Portfolio and Pipeline)

- Portfolio (58 TAs totaling \$24,350,000)

By Type. Out of the 58 total projects, 36 projects (62%) had a specific objective to provide policy/strategy support, 18 projects (31%) for development of new programs and projects, 20 projects (34%) for pilot activities to influence design, 19 projects (33%) for stakeholder consultation and participation, 5 projects (9%) for strengthening ADB's role in regional poverty issues, 6 projects (10%) for support to poverty reduction activities/strengthen Resident Missions, and 8 projects (14%) for outreach and communication. Almost all (52 projects or 90%) aimed to provide capacity building for poverty reduction, either to the central or local governments, NGOs, or poor communities.

By Sector.

- (a) By number of projects: The portfolio is spread across many sectors. Of the 58 projects, the largest number of projects came from agriculture and natural resources management (17%) and social sector (17%). This was followed by 10% in social protection, 7% in transport and communication, 6% in industry/trade, 5% in finance and 4% in energy. A large number (34%) came from 'other' sectors, such as law and public administration, ICT, and multisectors (covering 3 or more sectors).
- (b) By amount: Among the total of \$24,350,000, 21% was from the agriculture/NRM sector, 16% from the social sector, 11% from transport and communication, 8% from social protection, 6% from industry/trade 5% in energy and 3% in finance.

By Thematic Area. Out of the 58 projects, 33 projects or 57% had specific focus on economic growth, 17 projects or 29% each on gender and development and others, 15 projects or 26% on good governance, 12 projects or 21% on economic growth, and 11 projects or 19% each on environmental protection and private sector development.

By Region.

- (a) By number of projects: Of the 58 projects, 21 projects or 38% are in the PRC. Among the total 37 projects for the regional window, 19 project (51%) are in the Mekong Region, 7 projects (19%) in the South Asia Region, and 3 projects (8%) in the Pacific. 8 projects or 22% of the total number of non-PRC portfolio are inter-regional in scope. No portfolio currently exists with the non-PRC East and Central Asia and the Southeast Asia.
- (b) By amount: Of the total amount of \$24,350,000, 42% is from PRC. Among the remaining 58% for the regional window, 52% of the amount is for the Mekong Region, followed by 17% for the South Asia, and 7% for the Pacific. 24% of the total amount comes from the inter-regional projects.

- Pipeline (17 new projects proposed totaling \$9,560,000)

By Type. Out of the 17 proposed projects, 14 or 82% seeks to provide capacity building for poverty reduction, 41% shall provide stakeholder consultation and participation, 35% is aimed at providing pilot activities to influence design, 18% shall provide both poverty strategy formulation and policy dialogue and development of new programs and projects, 12% shall provide outreach and communication, and 6% shall strengthen Resident Missions for poverty reduction.

By Sector.

- (a) By number of projects: Of the 17 projects, 29% is on agriculture and natural resources, 18% is on the social sector, 12% on energy, 9% on transport and communications, 6% on finance, and 3% on social protection. The remaining 24% is on the 'others' sector that include law, public administration, ICT, and multisectors (3 sectors or more).
- (b) By amount: Of the total \$9,560,000, 26% comes from agriculture and natural resources, 17% from energy, 15% from social sector, 5% from transportation and communication, and 3% fromo finance. 34% of the total project amount comes from the 'others' sector.

By Thematic Area. Of the 17 projects, 71% focus on gender and development, 65% focus on human development, 59% on good governance, 53% on economic growth, 29% on environmental protection, 18% on private sector development, and 6% on others.

By Region.

- (a) By number of projects: Six out of 17 projects or 35% are inter-regional in scope, 3 projects are in the East and Central Asia Region, 3 in the Mekong Region, 4 in South Asia, and 1 in Southeast Asia.
- (b) By amount: The biggest share in terms of project amount per region is inter-regional with 39%, followed by South Asia with 26%. East and Central Asia has a 16% share, while the Mekong Region has 14%. Southeast Asia had a proposal for the first time, sharing 5% of the total proposed amount for PRF.

4. Other Key Achievements in July-December 2003

- Carried out the Third NPRS/PRF Strategy Meeting on 28-30 July 2003 and produced a 'Summary Note of the Third NPRS/PRF Strategy Meeting' (sent to DFID on 16 Sep 03);
- Carried out peer review meetings of 17 new projects (plus 1 project dropped) for discussion at the Fourth NPRS/PRF Strategy Meeting;

- Provided technical advice and monitored progress of implementation of TAs under implementation and processing funded by NPRS;
- Followed up on the agreed actions (as per the Action Plan at the Third Meeting), including:
 - Preparation of the Draft Issues Paper (sent on 16 December 2003)
 - Enforcing 9-months cut-off date
 - Piloting a new concept paper template
 - Continued coordination with other thematic funds
 - Carried out a more detailed disbursement projections
- Produced required reports:
 - PRF Progress Report (July 2002 – June 2003), submitted on 28 July 2003;
 - 2 quarterly financial reports (as of 30 September and 30 November 2003);
- Revamped and updated the PRF/NPRS project database;
- Initiated good practice case writing for the website revamping in 2004 (<http://adb.org/prf/>) and facilitated more active press releases;
- Liaised closely with NPRS and other poverty and thematic trust funds;
- Regularly coordinated with DFID as necessary; and
- Recruited two temporary support staff (one analyst and one administrative assistance) and established an NPRS/PRF Team under RSDD/RSPR.

5. Overall Assessment and Key Implementation Issues (July-December 2003)

- **Increased popularity:** New proposals submitted for July 03/January 04 batches amounted to \$18.9 million compared with \$12.8 million for July 02/December 02 (regional window only). Generous support from the PRF is well received by ADB and DMCs, especially for its flexible nature, complementary role with other ADB activities, and support for innovation;
- **Positive impacts on the way ADB works:**
 - Used as a learning, innovation, and knowledge generation fund
 - Good peer reviews focusing on quality and conceptual/pipeline link with CSP/Us
 - Used as an opportunity to work with/develop capacity of other development partners (e.g. regional/domestic research institutes, UN, WB, bilaterals, NGOs, private sector)
 - Opportunities to work with new executing agencies
- **Eligibility:** Eligibility criteria for the PRF/NPRS are better understood by ADB staff than before (especially on complementarity with other ADB operations in the respective country/region, links with NPRS/PRSP of the country, and scaling-up mechanisms). More stringent application of eligibility criteria during the peer review meetings was carried out for the January 2004 batch proposals with the guidelines to the peer reviewers prepared and handed out;
- **Faster pace in ADB approvals:** During the last 6 months, 21 TAs (\$5,960,000) were approved by ADB, which was faster than any other previous 6-months periods (e.g. 12 TAs at \$4.65 million approved between July 2002 – June 2003). The new 9-month cut-off as a benchmark for

TA approval proved effective in accelerating processing. The fast pace of PRF-PRC processing was another contributing factor;

- **Progress in TA implementation:** A majority of the July and December 2002 batches that had been approved before June 2003 sped up implementation despite their generally slow startup, while some continued to struggle (e.g. REG-6073: Developing Tools for Assessing the Effectiveness of ADB Operation in Reducing Poverty; REG-5945: Improving Nutrition of Poor Women and Children in Asia; PAK-4015; Enhancing Capacity for Resource Management and Poverty Reduction in Punjab).
- **Disbursement:** Disbursements in January-June 2004 are expected to grow much faster than the previous 6-monthly period (\$299,509), although their speed depends on the pace of the TA startup among the most recently approved TAs. The total disbursement in Jan-June 2004 is currently estimated at about \$2.6 million, followed by \$6.2 million in July-December 2004, requiring an additional \$3.0 million remittance in mid-2004 (the required amount to be reviewed in July 2004).
- **Regional balance:** There is a more regional balance among the new proposals, with the increase in South Asia proposals. At the same time, the share of the inter-regional proposals increased (39% of the total proposed amount) despite the fact that country-focused proposals are preferred;
- **Links with overall country-based dialogue** (i.e. CSPs) and country-based impact monitoring remained a major issue. Some suggest for the early country initiative before concept development by ADB staff to ensure country ownership (for discussion under Issues Paper). More in-depth perceptions of DMCs of such funds may be obtained through selected country missions by the Coordinator in 2004;
- **Processing NPRS/PRF projects as ADB TAs or beyond:** As some of the innovative projects go beyond the conventional assumptions of ADB's TA schemes, especially those that require a physical pilot or a direct partnership with the private sector entities in a different manner from recruiting them as consultants, there is a need to explore possibilities of applying more innovative implementation arrangements in terms of funds flow, consulting services, and procurement, within the designated ADB guidelines, in consultation with COSO and CTL. Further, processing a stand-alone TA after obtaining funding endorsement from the donors is a major contributing factor for the far slower than expected disbursements. **Possibilities for alternative approaches** to TA processing may be explored.
- **Appropriate level of funds management:** To carry out all the agreed follow-up actions, help project officers develop quality proposals, and collect and analyze the data required for monitoring and reporting, full-time attention by the NPRS/PRF coordinator was needed with the help of two support staff. There may be a need to explore alternatives to the current 'hands-on' funds management and the actions required for such alternatives. It is also proposed that the consolidation of currently separate **reporting requirements** for NPRS and PRF be considered.
- **Further integration of NPRS/PRF:** Further integration of the two funds was proposed at the end of the Third Strategy Meeting, in terms of funds consolidation, reporting, and preparation of a memorandum of understanding. The discussion on this topic during the Fourth Strategy Meeting would be timely, as the first commitment of the NPRS ends in August 2004.

List of Appendixes

- Appendix 1: List of PRF Projects Endorsed by DFID (Summary)
- Appendix 2: List of NPRS/PRF Proposals for Discussion at the Fourth Strategy Meeting
- Appendix 3: PRF – Status of Grant (As of 30 November 2003)
- Appendix 4: PRF Disbursement Estimates (As of 31 December 2003)
- Appendix 5: Status of PRF Projects Endorsed by DFID (As of 31 December 2003)
- Appendix 6: Classification of PRF Projects