

Review of the ADB Poverty Reduction Cooperation Fund (PRF) Regional Window

FINAL DRAFT

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Review of the ADB Poverty Reduction
Cooperation Fund (PRF) Regional
Window

**For Department for International Development
(DFID) and The Asian Development Bank**

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ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
ADF	Asian Development Fund
ADTA	Advisory Technical Assistance
AOTA	Advisory and Operational Technical Assistance
CARM	Cambodia Resident Mission
CSP	Country Strategy and Programme
CSPU	Country Strategy and Programme Update
DDG	Deputy Director General
DFID	Department for International Development
DG	Director General
DMC	Developing Member Country
ECRD	East and Central Asia Regional Department
HR	Human Resources
IMF	International Monetary Fund
IPF	Indicative Planning Figure
M & E	Monitoring and Evaluation
MFA	Multi fibre Agreement
MfDR	Management for Development Results
MKRD	Mekong Regional Department
MOWA	Ministry of Women's Affairs
NGO	Non-Governmental Organisation
NPRS	National Poverty Reduction Strategies
OED	Operations and Evaluations Department
PARD	Pacific Regional Department
PFIS	Poverty focused Investment Strategies
PI	Poverty Intervention
PIPR	Partnership for Innovation in Poverty Reduction
PMATU	Poverty Monitoring and Analysis Technical Unit
PO	Project Officers
PPTA	Project Preparatory Technical Assistance
PR	Poverty Reduction
PRC	People's Republic of China
PRCM	People's Republic of China, Resident Mission
PRF	Poverty Reduction Cooperation Fund
PRM	Pakistan Resident Mission
PRS	Poverty Reduction Strategy
RETA	Regional Technical Assistance
RM	Resident Mission
RSDD	Regional Sustainable Development Department
SARD	South Asia Regional Department
SERD	South and East Asia Regional Department
SME	Small and Medium Enterprise
TA	Technical Assistance
TI	Targeted Interventions
TLS	Tonle Sap
PPA	Participatory Poverty Assessment
TOR	Terms of Reference
VP	Vice President
VRM	Vietnam Resident Mission



0. EXECUTIVE SUMMARY

The Poverty Reduction Co-operation Fund (PRF) was established in July 2002 as a multi-donor fund, with an initial contribution of £39 million (value of \$71 million as of September 2004) from the Department for International Development (DFID). Of that amount, £9 million (about \$17 million) is earmarked for the People's Republic of China (PRC) which is technically managed by ADB's PRC Resident Mission (PRCM) in collaboration with DFID China. The remaining fund is managed by ADB's Headquarters.

This is the draft report of a DFID commissioned review of the PRF, undertaken between January 26th- February 3rd 2005. The review was carried out by Sue Phillips and David Watson of Social Development Direct, with support from Anna Miles. The review incorporated a visit to Manila, and individual and group discussions with ADB staff covering PRF proponents, peer reviewers, regional managers, others with an interest in the PRF, and PRF fund management (RSDD); visits to Cambodia and Pakistan for more in-depth project analysis to assess impact on ADB country operations; and a desk review and analysis of ADB policy, programme and project documents. Briefing and de-briefing meetings were also held with DFID Asia Directorate staff. The assistance throughout of the PRF Co-ordinator, her team in RSDD, and of the staff of Cambodia and Pakistan RMs during country visits is gratefully acknowledged. The present version of the Report has benefited from extensive comments from the Co-ordinator. These, and comments from DFID have been incorporated in this draft.

The purpose of this review is to provide a 'light-touch' assessment of the implementation and preliminary impact of the PRF financed activities, to bring out lessons learned, and provide recommendations for future direction, in the light of new operating arrangements agreed in December 2004 and ADB's changing corporate environment since 2002. The review has essentially two parts. Part A reviews the impact of PRF projects to date in contributing towards the original outputs and objectives of the PRF. Part B assesses the effectiveness of the strategic fund management approaches taken by the PRF. The review covers the non-PRC element of the PRF.

With obvious caveats, given the brevity of the review, **the overall message** is that PRF is well regarded in ADB and is being used across the organisation to fund a wide-range of potentially valuable poverty reduction projects most of which would not otherwise have been funded. A total of 70 TAs have been funded and \$36.4 million committed. Of these, over 50 are now under implementation¹.

A significant proportion of projects aim to influence policy dialogue and strategy formulation (43%)², primarily at country level, but also regionally. Projects are wide-ranging, but characterised by their focus on increasing inclusion of poor and marginal communities in sector or national level strategies. Some TAs have also been used to support ADB Country Strategies and Programmes (CSP). Utilisation of the fund for 'upstream' work and support to national policy dialogue and strategy formulation could be enhanced. **Stronger profiling of PRF** use for such purposes by senior managers might help to increase take-up for national policy level work and help ensure that PRF projects have stronger links with core operations and the ADB resource envelope.

¹ One completed to date and at least a further 13 due to complete in 2005.

² Percentages are based on categorization by the PRF Coordination office as of 31.12.2004. The PRF Coordinator has reservations about the accuracy of this categorization. Percentages are therefore used for indicative purposes only.



No less than 40% of TAs are designed to influence existing or planned loans. Extension of the PRF to incorporate Project Preparation TAs (**PPTAs**) is a **positive move and should strengthen the link between PRF and loans.**

Analysis of case study TAs has raised some **concerns about the resourcing and effectiveness of pilot and capacity building TAs, 40% and 85% of TAs respectively.** These concerns are detailed in the report, together with recommendations for greater scrutiny and/or narrowing down the scope of such TAs to strengthen impact on core ADB operations. Capacity building of individual ADB staff is undoubtedly occurring. The value of this should not be under-estimated **but must be enhanced by institution-wide capacity building.**

Three PRF framework outputs seem to have hardly been addressed to date³: those concerned with supporting ADB to monitor and evaluate the impact of its operations on poverty reduction more effectively; strengthening ADB's comparative advantage as a regional development bank with poverty reduction impacts; and strengthening of new reforms for knowledge management and learning. We suggest ADB and DFID revisit these objectives to consider their current relevance and the appropriateness of their inclusion under PRF. If they are considered relevant, their discussion on how PRF might be more effectively used should be a topic for the next Strategy meeting.

There are also some **worrying indications of management 'marginalisation' of PRF;** perceived 'disconnect' between PRF and the ADB reform agenda and consequent concerns about accountability for its resources, and its ultimate impact on managers behaviour and decision-taking (see also below under Strategic Management).

To achieve its purpose **the PRF portfolio needs to be directly and indirectly influencing the content of CSPs,** which themselves in turn need to be helping Asian countries to reform their policies and strategies to be more poverty focused. In order to strengthen progress towards this purpose, PRF management (ADB and DFID) now needs to **focus on making the links between PRF funded projects and their intended influence on policy and loans much more explicit,** both at the level of individual TAs, at country level and institution wide.

The report contains a series of recommendations designed to help sharpen the link between projects funded and the PRF purpose and objectives. These are detailed in full in Section 4. Key recommendations include:

- **Full support is given to a planned RETA to draw together lessons and experiences** emerging from PRF projects to date with the view to distilling and disseminating this, and examples of valuable and innovative practice, to key decision makers in ADB and partner governments. Dissemination will need to be highly targeted and strategic. Increased emphasis on knowledge management at the TA level is also encouraged. We are concerned that the ongoing Bank-wide re-appraisal of the urgency of proposed TAs may lead to the deferment of this TA. This, we feel would be very regrettable.
- **High level promotion of PRF for 'upstream' work** (and loan enhancement) , that is to regional DGs/ DDGs, regional programming principles and sector heads, and Country Directors. This should be carried out at a senior level, for example by the DG RSDD or even at Vice President level. This should involve packaging and linking possible PRF applications directly to recent reforms such as the Enhanced PRF, new

³ We welcome the Co-ordinator's views on this because this may in large part be due to categorisation.



CSP guidance and managing for development results. We recommend working closely with, relevant reform champions to design and deliver this PR campaign. Examples of upstream strategic use of PRF and NPRS should be used and influential PRF advocates such as DG MKRD asked to assist.

- **Revisiting the PRF framework** in light of the review findings to sharpen the link between TAs and PRF objectives; to explicitly incorporate activities and outputs to strengthen influencing; and to add or drop outputs as jointly felt appropriate, with strengthening Resident Missions a possible example of the former, and regional strengthening a possible example of the latter.
- **A greater PRF emphasis on strengthening Resident Missions** through: expansion of PRF support for high calibre poverty reduction specialists (with 100% funding offered and extension to international consultants where appropriate); a possible flexible and responsive fund (outside TA strictures) to be held by RMs for supporting national poverty reduction strategy processes; greater involvement of RMs in planning utilisation of PRF funds and in Peer Reviews; and stronger and more strategic involvement of DFID at country level.

Part B of the report considers issues related to strategic fund management. The key messages are that the fund is being extremely well managed under the current PRF Co-ordinator and we **do not recommend making any further significant changes to fund management**. Those changes that were most needed have been recently made. We do however make a strong recommendation on strengthening the capacity of the Co-ordinator's office to manage the PRF, in consultation with her.

Objectives are sound but may merit being narrowed down (see above); eligibility criteria again are broadly sound but relaxation of geographical criteria for regional TAs to cover category C countries if integral to the RETA would be helpful. Consideration should be given to whether restricting loan related projects to TI categories reduces opportunities to influence core ADB business. Inadequate resourcing of some TAs is a concern.

We recommend continuation of a demand driven, merit based approach but with the proviso that **greater strategic selectivity** is required if the PRF is to achieve its purpose more effectively. Some measures have been outlined above and below.

We have strong concerns about the lack of incentives, except personal and professional satisfaction for individuals - in fact strong disincentives - for most ADB staff to take on a PRF project or participate in Peer Review meetings. These relate to the bureaucratic weight of ADB TA processing (nothing inherent to PRF projects but perhaps which is disproportionately heavy for smaller TAs); the fact that PRF is seen by management as something of a 'luxury', particularly in the busiest loan processing departments; and PRF related work commonly having to be undertaken outside of working hours. The latter raises the question of management accountability and some managers' ongoing perceptions of the PRF. We suggest that these issues are taken up with senior managers at the next Strategy meeting. Greater marketing of PRF for loans and upstream work by senior management may also help.

The existing data available to the Co-ordination Office will not be adequate for impact analysis. M&E of on-going and completed TAs is an important focus for the years ahead, which could be addressed through an OED RETA.

Finally, even with the measures proposed above, we still have **concerns about the absorptive capacity** of both ADB and DMCs if PRF is to be fully committed by the end of 2005, early 2006 at the latest. The proposed flexible funding for RMs may not only be very



useful for RMs in supplementing PRF activities, but also a mechanism for faster disbursement of a proportion of the remaining uncommitted PRF funding.

1. INTRODUCTION

The purpose of this review is to provide a 'light-touch' assessment of the implementation and preliminary impact of the PRF financed activities, to bring out lessons learned, and to provide recommendations for future direction, in the light of new operating arrangements agreed in December 2004 and ADB's changing corporate environment.⁴

The Poverty Reduction Co-operation Fund (PRF) was established in July 2002 as a multi-donor fund, with an initial contribution of £39 million (value of \$71 million as of September 2004) from the Department for International Development (DFID). Of that amount, £9 million (about \$17 million) is earmarked for the People's Republic of China (PRC) which is technically managed by ADB's PRC Resident Mission (PRCM) in collaboration with DFID China. The remaining fund is managed by ADB's Headquarters.

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The authors wish to acknowledge with gratitude the co-operation extended by Sonomi Tanaka and her team in the Co-ordination office of PRF in RSDD at all stages of the review. Her help was invaluable in accessing documentation, setting up a complex and very full itinerary in Manila, liaising with Cambodia and Pakistan RMs, and participating in some of the meetings (as well as devoting a large proportion of the final Saturday the reviewers were in Manila to a debrief meeting). Our thanks too go to Naved Hamid and Haroon Shah in PRM, and to Ratanan Moni Mao in CARM.

The review ToRs had essentially two parts. Part A of the ToRs is concerned with the impact of PRF projects to date in contributing towards the original outputs and objectives of the PRF. Part B is concerned with the effectiveness of the strategic fund management approaches taken by the PRF. The review covered the non-PRC element of the PRF, commonly referred to as the regional window.

Section 2 of the report covers Part A of the ToRs. Section 3 covers Part B. Conclusions and recommendations are given in Section 4. The Terms of Reference for the Review are at Appendix 1; the PRF Framework which was used for the review is given in Appendix 2; a note summarising ADB's policy context for the PRF is at Appendix 3; a report by David Watson on his visit to Pakistan Resident Mission is at Appendix 4, the equivalent for

⁴ Initially, representatives of DFID and the Dutch Foreign Ministry's development co-operation department (DGIS) had agreed at the last joint Strategy Meeting in October 2004 to mount a joint review of the PRF and NPRS fund in early 2005. This proved infeasible, hence the DFID decision to proceed with a review solely of the PRF, pending further DGIS consideration of the need to review the NPRS on the basis of the outcome of the present review.



Cambodia RM by Sue Phillips is at Appendix 5; a list of those met during the review in Manila is at Appendix 6; written sources to which reference was made are listed in Appendix 7.

Limitations

In addressing the ToRs for Part A of the review we have been constrained by several significant factors:

- Most TAs are at an early stage of implementation and written information on outputs and impacts are inevitably not yet available. We only visited two countries. We were only able to see a very small number of TAs ‘in action’ and discuss with a limited number of stakeholders. In Pakistan, we were unable to meet the Punjab - based stakeholders of the only ongoing PRF project there (apart from the PRF-funded poverty specialist whom we did meet).
- Time was constrained throughout. Country visits lasted three days.
- The only approach to responding to the ToRs for Part A which was in our view valid was to draw some general conclusions based on the categorisation and distribution of TAs in relation to PRF objectives. The Co-ordinator has – in a response to an earlier draft – pointed out that the categorisation analysis published in her last report to the Strategy Committee was undertaken to give an impression of the respective primary contributions of the TAs to PRF objectives, and did not purport to represent carefully moderated assessment of overall contribution of the portfolio.

2. REVIEW OF CURRENT PORTFOLIO AGAINST THE ORIGINAL PRF OBJECTIVES (PART A)

2.1 PRF Portfolio Overview

As of December 2004, a total of 87 projects had been approved for PRF funding. Of these 70 were non PRC projects totalling a commitment of \$36.4 million. As of December 2004 disbursement had reached \$2.92 million and a total of 51 projects were ‘under implementation’ or ‘completed’. Although only one project has so far been completed, 13 are due for completion in 2005. A total of \$20.31 million remains uncommitted. Although DFID has recently announced the deadline for disbursement of funds in the PRF is end-March 2008⁵, the bulk of the uncommitted \$20.31 will need to be committed by the end of 2005/early 2006 to meet this target. This is a challenge for ADB, given allocation trends to date, and the current Bank-wide re-assessment of the priority of proposed TAs.

The decision to broaden the scope of the PRF to include PPTAs in future could increase the volume of up-take, particularly from those departments with larger loan portfolios (SARD in particular). It could also increase the speed of disbursement through the direct link to planned loan operations. Bank-wide promotion of a ‘revamped’ PRF will be necessary though, and attention will need to be given to further measures to ease access and utilisation of PRF resources.

The take-up of the PRF regionally has become increasingly balanced over time. As of December 2004, the Mekong Region (MKRD) remained the largest recipient of TA projects (38% by number), but take-up in other regions has been growing, with 27% from South Asia (SARD), 6% from East and Central Asia (excluding PRC), 4% from the Pacific (PARD), and



24% sub-regional, regional or inter-regional TAs. South and East Asia Regional Department (SERD) is virtually ineligible as Indonesia has its own programme with DFID and the Philippines is excluded.

The reasons for the unequal regional take-up have been well-documented and are not repeated here. Consultations with staff in Manila suggest that the demand from SARD and ECRD is likely to continue to grow, particularly with the opening up of the fund to PPTAs (although this may not be reflected in the first call for applications given the short notice). Demand from PARD is unlikely to grow significantly due to the relatively small size of this programme. ECRD figures are skewed by the exclusion of PRC from this review. Inclusion of PRC gives a more balanced and accurate picture of regional demand. Demand is likely to continue from MKRD where TA resources are highly limited and the 'poverty added value' of PRF has been particularly appreciated by management.

It appears that after a slow start, large populous countries especially in South Asia region (Bangladesh, Nepal and Sri Lanka and to an extent Pakistan) have started to formulate proposals, after representations from the Co-ordinator, backed up recently by regional department management in Manila.

2.2 To what extent are PRF projects meeting fund objectives?

With only one TA completed and a further 13 anywhere near completion, it is somewhat premature to assess progress towards achievement of PRF objectives. Similarly, the 'light touch' nature of the review has meant in-depth analysis of only a limited number of TAs. Nonetheless, it has been possible to pull together some insights into PRF progress against objectives drawing upon a number of sources: a desk based review of the PRF data-base as of December 2004; a review of 20 randomly selected concept papers selected by PRF objective; a more in-depth look at selected TAs in two country case studies: Cambodia and Pakistan; and additional insights gained through individual and group discussions in Manila.

The overall stated purpose of the PRF⁶ is to assist ADB in reducing poverty in DMCs by augmenting its portfolio and policy work to contribute more effectively to the reduction of poverty in ADF eligible countries in Asia through:

- (i) Assisting in policy dialogue and strategy formulation on poverty reduction
- (ii) Developing new programmes and projects with increased focus on poverty reduction
- (iii) Monitoring and assessing the poverty reduction impact at the project, meso and micro level
- (iv) Launching pilot poverty reduction activities to influence future loan design
- (v) Involving broader stakeholder consultations at all stages of design & implementation
- (vi) Strengthening ADB's comparative advantage as the regional dev bank for Asia and Pacific to promote poverty reduction
- (vii) Other activities as mutually agreed between DFID and ADB

These are the PRF objectives as set out in the PRF Board Paper. A series of outputs are set out in the accompanying PRF Framework. These outputs are consistent with the papers' objectives but also include an additional output: 'ADB strengthens implementation of new reforms for knowledge management learning and country focus to achieve better

⁶ Aide Memoire between the Government of the United Kingdom and the Asian Development Bank for the Proposed Poverty Reduction Co-operation Fund (PRF) (March 2002) and the ADB PRF Board Paper June 2002 . The PRF Board Paper and Channel Financing Agreement attached to the Board Paper are ADB's 'text book' .



poverty reduction'. The operational objectives of the fund and the basis on which TA projects are categorised by objective are slightly different and represent a mix of PRF outputs and activities.

The following sections look at each of the PRF objectives as set out in the PRF Framework and then concludes by attempting to answer the question about whether PRF projects have been strategically selective.

2.2.1. Poverty strategy formulation and policy dialogue

The aim of TAs under this category should be to help ADB to *'make a more effective contribution to policy dialogue on strategy formulation for poverty reduction with relevant governments, in partnership with other donors and civil society stakeholders'*.

A total of 30 (43%)⁷ of TAs have poverty strategy formulation and policy dialogue as an objective, the majority of which are country specific. They are wide-ranging but characterised by their focus on inclusion of poor and marginalised communities or social groups in sector or national level strategies. The majority of TAs funded appear to be sector related. Examples of sector policy areas covered include agriculture, industry and trade, social protection, health and infrastructure. TAs designed to influence national policy dialogue⁸ and National Poverty Reduction Strategies include support to poverty reduction specialists in resident missions, participatory poverty assessment and strengthening capacities for building Poverty Monitoring and Evaluation.

The ways in which the PRF is supporting poverty strategy formulation and policy dialogue is varied. The types of activities funded include poverty assessments or research into poverty, vulnerability and exclusion; piloting innovative activities (emerging from studies) with the intention of demonstrating new approaches to tackling poverty and social inclusion; and funding of poverty specialists in resident missions (4 in total including PRC). The latter have significant potential for engaging ADB more strategically in national poverty reduction strategies (see section on strengthening RMs below). Poverty assessments and research are other main ways in which PRF is feeding into national poverty reduction strategies (ADB and government). Regional and sub-regional projects (a total of 10) are primarily focused on studies and knowledge generation to inform the development of regional strategies.

⁷ Based on data provided by the PRF Co-ordinator as of 31st December 2004

⁸ It should be noted that one of the reasons cited for limited application of PRF for 'upstream' work to date derives from the joint management of the fund with NPRS. When applications come in those relating to national poverty reduction strategies may be allocated to NPRS since NPRS has a much narrower focus.


Case study TAs involving poverty research designed to influence policy:

- The 'Determinants and Drivers of Poverty Reduction and ADB's contribution in Rural Pakistan' has been designed to feed into ADB's corresponding CSP. This is a study which will analyse reasons for the apparent paradox of several years of satisfactory growth in the agricultural sector in Pakistan having had no impact on rural poverty. It therefore is oriented to answering fundamental questions on the significance of agriculture vs non-farm incomes in the rural economy (and which of the latter ADB should support); distributional and regional aspects of past agricultural growth; optimal approaches to reducing fluctuations in incomes. Its outcomes will be instrumental in shaping the next CSP (due to commence 2006) in particular its agricultural and rural development component (representing 30% of ADB's historic loan portfolio in Pakistan). Its outputs can also be taken on board in the next revision of the NPRS.
- The Tonle Sap Participatory Poverty Assessment (TLSPPA) aims to provide an in-depth understanding of poverty and vulnerability of Tonle Sap, the geographical focus of ADB operations in Cambodia. The TA is designed not only to influence ADB's own strategy for the Tonle Sap region, but also to feed into the government's national poverty reduction strategy. Through demonstrating more participatory and extensive approaches to poverty assessments, this TA also aims to shape the 'second generation' of ADB's PPAs.
- The investigative phase of the 'Garment workers affected by the changing international trade environment' TA, has been well received by government, the garment industry and other donors as providing valuable insights into the garment industry and an authoritative document for developing policy and practical responses to the fall out of the ending of the Multi-Fibre Agreement. Subsequent pilot activities are intended to demonstrate some possible social protection policy responses.

On the basis of admittedly limited insights from case study TAs, it appears that PRF is supporting some valuable and strategic pieces of work, with the potential to influence both government's and ADB's sector and national policies. The Cambodian case studies throw up some difficulties which have been faced during TA implementation which may have broader relevance. These difficulties may undermine the potential policy influence of these particular projects.

- *Low level of government engagement.* Early and significant government engagement in the TLS PPA may have resulted in a different, but government-driven product, with greater potential to feed directly into the NPRS, and greater institutionalisation of participatory and qualitative research methods⁹;
- *Difficulties in partnership working.* The TLS PPA provides an example of a genuine attempt to collaborate with other donors to maximise influence with government. In practice collaboration has been limited, with both World Bank and ADB making minor modifications to their studies (with DFID funding both and not knowing that until well into the TA design). This experience highlights the real and very practical difficulties of collaboration. Open and regular dialogue, and shared reflection of institutional constraints might help strengthen partnership working.
- *Poor PRF links with DFID in country.* Stronger linkages at country level might help policy influence though harmonisation of efforts. In both countries, DFID country office engagement on PRF has been minimal, in spite of close in-country collaboration between ADB and DFID.
- *Delays.* Timing of PRF projects is critical if they are to influence policy making processes. The long delays to this TA now mean that the research findings will be coming on stream at a late stage of NPRS revision.

⁹ We recognize the difficulty of so doing in this specific context because of the demise of the lead government department but more in-depth dialogue at an early stage may have highlighted the difficulties faced by this department. There were also differences of reported views on the level of engagement. The above conclusion is based on the view of all stakeholders met in country.



Time did not permit exploration of the broader relevance of the above difficulties, but we suggest that further consideration be given to these concerns given their potential significance. On a positive note all the above could potentially be alleviated by stronger in country responsibility for pieces of work designed to influence government policy processes. For example, the PR specialist in CARM will be involved in monitoring the TLS PPA.

A key issue for PRF is how to increase the use of the fund for much needed and un-resourced 'upstream' policy work in light of the Enhanced PRS. A number of people met seemed to hold the view that PRF was not intended for upstream policy work, suggesting the need for some clarification of PRF and information dissemination if more applications for upstream work are to be encouraged. There certainly seems to be a lot of potential in this area (NPRS and CSPs) but not necessarily demand despite the Enhanced PRS. Demand will need to be generated. Department by department briefings are recommended, backed up by examples and evidence of how PRF has been used to help the ADB move more upstream. We suggest the MKRD experience be crystallised and used as a best practice case study of strategic and integrated use of PRF.

2.2.2. Development of new programmes and projects with an increased focus on poverty reduction

A total of 27 (38%) of TAs are categorised under this objective. The practical differences are at times indistinct between this objective and the former, implying that the majority of TAs under this category are also linked to influencing policy dialogue. The assumption (in concept papers reviewed under this objective) seems to be that innovative activities funded could provide a basis for future ADB loans as well as policy influence. The projects funded appear to have a strong focus on excluded and vulnerable groups, such as women, ethnic minorities and children.

Examination of case study TAs suggests that funds are being utilised in a number of useful ways: to complement existing or planned loans by bringing a sharper focus on poverty and poor people; by funding 'upstream' poverty analysis, with the view to influencing loan design; and by building government capacity for more pro-poor development. The box below provides illustrations of the sorts of initiatives being supported by PRF:

Case study TAs designed to improve the poverty focus of projects and programmes

- The non formal primary education and functional literacy for rural women in selected Barani areas of Punjab. This TA was designed as a complementary TA to a proposed loan. The TA involves a pilot project to test approaches to literacy training and non-formal education of women: key prospective beneficiaries of the loan and if successful should ensure approaches to NFE and literacy in the loan programme are appropriate.
- In Pakistan the TA to enhance capacity for resource management and poverty reduction in the Punjab was designed to complement a programme cluster of loans.
- A pilot pro-poor policing demonstration project at District level in the Punjab, seems well connected to ADB's access to justice loan and a major proposed TA programme for the Punjab to be funded by DFID.
- The Tonle Sap PPA is designed to provide knowledge and understanding of poverty and vulnerability to feed into forthcoming loans in the Tonle Sap region, most immediately the sustainable livelihoods loan currently under design;
- The sustainable employment promotion of poor women project in Cambodia is not directly linked to a loan but part of a government strategy to build capacity in the Ministry of Womens Affairs (MOWA) to take on a loan. This TA has helped to secure a next stage ADTA in the draft CSP. This TA is an example of a demand from government for support that would never have been funded through regular TA channels.



The opening up of PPTAs for PRF funding should increase the utilisation of the fund's support for loan development and as such core ADB business, particularly with the emphasis on PRF funding being used to enhance the poverty focus of planned PPTAs. This should enable the resourcing of what are unavoidably seen as 'luxury' elements (eg poverty analysis, participatory processes, sufficient poverty, social development and gender expertise) of PPTAs due to the tight squeeze on TA resources.¹⁰ By linking PRF to planned loans in this way, there is increased potential for direct loan influence. The importance of demonstrating value added to ADB staff and managers through the space provided by PRF cannot be over-stated.

A question arising from the case study analysis is how synergy between PRF funded TAs and the loans which they are designed to influence can be strengthened? For example the TLSPPA has been so delayed that it is questionable whether results will be available to feed into the sustainable livelihoods loan (although knowledge generated should feed into other TLS loan designs: the Lowlands stabilisation project and Chong Kneas were cited by the Project Officer as examples). Questions were also raised about duplication and overlap between the PPA and PPTA poverty studies although the former has been designed to provide considerably more depth of understanding about poverty and vulnerability in the Tonle Sap region¹¹. It will be important for MKRD and CARM to ensure that the PPA findings are fully analysed and implications for ADB's existing and planned operations in TLS debated and agreed if this TA is to fulfil its enormous potential. Similarly, better planning and co-ordination of these types of TAs might be improved by greater mainstreaming of PRF funded TAs into core departmental business.

2.2.3. Pilot activities to influence loan design

Another way in which PRF is intended to influence loan design is through piloting innovative demonstration activities. A total of 28 (40%) of TAs have this as an objective. Pilot activities are undoubtedly targeted at the poor and excluded. They appear to be focused both in non-traditional areas of ADB operations: for example employment of women in the garment industry, integration of the poor in trade, and access to justice; and in traditional domains where TAs are bringing a greater poverty focus to sectors such as water provision, governance, agriculture, rural livelihoods, urban development and infrastructure.

Whilst, some of the case study pilots are undoubtedly innovative, we have some concerns about the impact of these pilot activities, which may have broad relevance, particularly for those TAs in non-traditional ADB areas and begs the question - where are pilots leading? The garment workers affected by the changing international trade environment provides an example.

Garment Workers Affected by the Changing International Trade Environment

This TA emerged from a recognition on ADB's part that the ending of the international Multi Fibre Agreement could have a major and negative impact on poor women in countries where the garment industry has become an important source of employment for poor women: Bangladesh and Cambodia. Discussions with government and other donors in Cambodia found keen interest in developing a better understanding of the likely impact of the ending of the MFA on the industry and its workforce with the view to developing a policy response (particularly social protection). This TA not only met all PRF criteria, it also fitted an emerging focus on trade within MKRD¹². A well received study led to some pilots, including helping to develop alternative employment for redundant women, a

¹⁰ In Pakistan ADB staff commented that while loan processing was running at approximately \$1billion annually, there was only \$5million TA funding to support it; this compared with the situation formerly when loan volume was \$0.5billion annually, with \$10million TA funds to support it.

¹¹ Source: TLSPPA Project Officer

¹² A noticeable number of TAs are trade related.



possible pilot on social insurance, and a pilot looking a labour law. All these pilots are just getting underway but are due to complete in March 2005. No resources are available for further support. And no resources are available for other recommendations which have emerged from this TA. No follow up support is mentioned in the CSP, but an SME loan is seen by the country director as a possible vehicle for continuation. We understand that JFPR is being considered as a possible source of funding for scaling up the pilot.

Another case study example of piloting is the Punjab Resource Management Programme in Pakistan which faced a number of difficulties, partly related to poor design, and partly poor consultant selection and performance. Again we are unable to comment on the broader relevance of these difficulties.

Punjab Resource Management Programme

One element of the TA was to pilot (in 10 Districts) District PRSP production. After a series of setbacks including delays in identifying, contracting and mobilising consultants; limited resources in the TA compared to the magnitude of the task involved (i.e. design was ill-researched and proved over-ambitious), and poor consultant performance (partly due to the consultant's substitution of lesser-experienced personnel than those proposed initially), it was agreed to scale back the outputs to become Poverty-Focussed Investment Strategies. The Provincial government is reportedly still dissatisfied with consultants' performance. It is unlikely that the pilot PFIS will be useable as they stand, and therefore the TA is unlikely to succeed in effective piloting of local pro-poor public investment planning.

If these findings do have a broader relevance a number of lessons can be drawn:

- Where PRF funds are used for piloting ensure TAs are adequately researched and resourced and that the time available is sufficient for lesson learning;¹³
- Ensure that there is a strategy from the outset for scaling up pilots if they are successful. Where pilots are not directly linked to a loan, how will scaling up be resourced?
- Government buy in from the outset seems vital. Strong government advocacy for continuation is critical to securing scarce resources (Eg the Lao TA on integrating the poor in regional standard setting for private sector development led to strong government support and emergence of ADB demand for further TA in this area);
- Building up a constituency of support within ADB is also critical. Whilst the PRF has provided valuable space for staff to demonstrate new approaches (at considerable effort) and new possible areas of operation for ADB, similar levels of effort might go into advocacy and building a constituency of support. It seems a worthwhile exercise to understand successful (and unsuccessful) influencing strategies used;¹⁴
- Full support is given for PRF being used for follow up funding of some projects that have demonstrated good results and have strong government support, but are still at an embryonic stage and where alternative funding is unlikely to be immediately forthcoming.

2.2.4. ADB monitors and assesses the impact on poverty reduction of its ongoing loans more effectively

Although this is an output in the PRF framework and guidance does list this as one of the potential applications of PRF, it is not one of the objective categories by which PRF projects are categorised. It is therefore difficult to make any sort of assessment progress towards this objective, although none of the TAs in Cambodia and Pakistan directly fall under this

¹³ There may well be implications for the calibre and past experience of consultants undertaking and codifying experience of pilot projects. International consultants may have more comparative experience than nationals in this regard. This – if true – has implications for the budget of such TAs.

¹⁴ Eg the PO who has been leading the TA on establishing legal identity for social inclusion seems to have successfully created strong management support. How was this achieved?



objective.¹⁵ Poverty studies such as the TLS PPA have the potential to be used as a baseline for monitoring impact of ADB operations, but this is not made explicit in the TA.

In light of our provisional findings, we would suggest that ADB and DFID review the reasons why few, if any, TAs are aiming to help ADB with the monitoring and evaluation of its operations, and whether this remains an important objective of the PRF. If not, and/or this function is being addressed more directly through other trust funds (for example, the Co-operation Fund in Support of Managing for Development Results) it may be appropriate to drop this from the PRF framework and guidance.

2.2.5. Stakeholder consultation and participation

A total of 29 projects (41%) fall under the objective of establishing 'broader and more detailed consultation with stakeholders, particularly project beneficiaries and other primary stakeholders, at all stages of design, implementation and evaluation' is clearly an important PRF objective.

Project examples include mobilization of grass-roots stakeholders for pro-poor service delivery in Pakistan; building capacity for participatory approaches in ADB operations; the pilot project to institutionalize civil society participation to create local pro-poor budgets; and the NGO partnerships for poverty reduction. These are clearly examples of projects which are designed to increase stakeholder voice and government and ADB accountability.¹⁶ It has also been pointed out by the Project Co-ordinator that other TAs are likely to have this as a mainstreamed rather than specific objective. The percentage of projects addressing this objective could therefore be much higher.

2.2.6. Strengthen ADB's role in regional poverty issues

The purpose of this PRF framework objective is to 'strengthen ADB's comparative advantage as a regional development bank with impact for poverty reduction in Asia.' The intention was that the PRF would support an increased number of cross-border activities leading to loans or other ADB support.

Although there are 17 sub-regional, regional or inter-regional PRF projects, there are just five TAs that have this as a specific objective. All but one of these TAs aim to develop poverty strategies and policy dialogue within the sector that they address. All incorporate capacity strengthening within the ADB and regionally. Time did not permit investigation of regional TAs but the fact that few TAs seem to have regional strengthening as an objective would merit some further analysis of what PRF might be doing to contribute more effectively to this objective (or whether it should be dropped?). This should include reviewing those regional TAs that have not been categorized under this objective to consider their contribution to the regional strengthening objective. Another issue to consider is whether DFID's insistence on regional TAs having a country focus might be under-mining achievement of this objective.

2.2.7. Outreach and communication

The final PRF framework objective is to help ADB 'strengthen implementation of new reforms for knowledge management learning and country focus to achieve better poverty reduction'. Framework indicators suggest that PRF would support activities to this end which aimed to strengthen RSDD, improve learning within ADB and enhance knowledge management to external partners.

¹⁵ Although the Pakistan Determinants and Drivers of Poverty study will assess the reasons for disappointing contribution of agricultural growth to poverty reduction, and thereby the extent to which ADB past operations in this sector may have failed to address the poverty issue directly.

¹⁶ None of these TAs were case study TAs so we are unable to comment on their efficacy. None of the mentioned TAs in Pakistan have actually started yet.



11 TAs (16%) seem to have outreach and communication as a stated objective. Again, this objective tends to be a component of projects that have other primary objectives. Although this category highlights those TAs that have a clear dissemination element, it otherwise seems to be quite a mixed bag. The small number of TAs in this category might also reflect the fact that only TAs with a strong focus in this area are highlighted. The PRF Coordinator reports that all TAs are encouraged to have this as a component. Despite this we believe that relatively low prioritization is given to communication of findings by POs at the TA level.

There do not appear to be any TAs to date designed directly to help ADB or RSDD to strengthen the knowledge management function, although 11 TAs have been generated by RSDD¹⁷. Analysis would be required to determine how these TAs contributed to the strengthening of RSDD.

At the programme level, capturing and disseminating learning from PRF funded projects has yet to take place, largely due to the general stage of implementation. A RETA is planned for PRF funding in 2005 by the Co-ordinators Office which will facilitate this. This RETA is intended to provide a vehicle for lesson learning, writing up of best practice case studies, publication, dissemination and discussion of insights emerging from PRF (and other poverty focused innovative projects funded under other trust funds)¹⁸.

There is undoubtedly a 'missing link' in the PRF framework and an implicit, rather than explicit assumption that PRF projects will lead to change in ADB policy and operations. We strongly recommend that the PRF framework be re-visited to make this link explicit and activities be planned to capture and disseminate lessons and experiences and good practice in particular. The planned RETA should be able to make a significant contribution to influencing at the institutional level.

Whilst capturing and dissemination of experience is important, this must take place within the context of a well thought through influencing strategy. Past experience has shown that glossy publications and a web-site are not enough. Careful thought needs to be given to what message needs to be disseminated, who needs to hear and how best to read them. The VP Knowledge Management could play a valuable role in developing such an influencing strategy and help ensure that the PRF is fully utilised to support ADB's knowledge management reform agenda. This is an area where DFID might usefully lend full support.

At the level of individual TAs, the importance of lesson learning at application and TA design phase might also be made more explicit, forcing applicants to think about and build in deliberate knowledge dissemination. In theory all TAs should fall within the outreach and communication objective, if influence is to be achieved.

2.3 Commentary on other key activities

The following section provides a commentary on other key PRF funded activities: capacity building, strengthening Resident Missions and building partnerships with other development partners. Although the PRF framework lists these as activities, rather than objectives, operationally these are used as objective categories.

2.3.1. Capacity building for poverty reduction

A very high percentage of projects have capacity building as an objective (86%). Capacity building is a broad theme that ranges from capacity building of ADB resident missions through provision of poverty specialists, to government and community capacity building and

¹⁷ Time did not permit analysis of any of these TAs

¹⁸ Project Co-ordinator to act as proponent



capacity building of poverty research institutes. In the case study TAs capacity building was generally one of a number of objectives.

Given the importance that the Enhanced PRS places on capacity building, and based on the case study TAs, we suggest that attention be given to considering whether TAs are adequately planned and resourced to meet this objective. In our TA sample, and discussions with Project Officers, we found some evidence of probable under-resourcing of this function. Lack of connection to earlier or other current institution-building efforts also arose as an issue. In a number of cases, capacity building also appears to be a 'must -do' function peripheral to core activities. These problems and the fact that so many TAs fall under this objective raises concerns about whether capacity building is sometimes an 'add on' rather than core and mainstreamed objective? This inevitably leads to questions about where capacity building projects are going, especially when part of a piloting project.

Two capacity building TAs from Cambodia illustrate some of the strengths but also our concerns about capacity building TAs: the TA for sustainable employment promotion for poor women in Cambodia and the Tonle Sap PPA.

Case studies of capacity building TAs

The sustainable employment promotion for poor women in Cambodia TA is largely about capacity building in The Ministry of Women's Affairs. It has strong government ownership (within the ministry), is built on earlier capacity building initiatives, has a clear direction and long term plan. Long term and continuous inputs from a Cambodian based international consultant and a strong domestic consultant team (the former requested by the MOWA) have also been key. However, this TA is now coming to an end with considerable more work still to be done with the ministry. Although follow on TA support is in the CSP, funds have yet to be secured. This is a TA which would have benefited from being better resourced from the outset.

Another example of a TA which had good capacity building intentions is the **Tonle Sap PPA**. Capacity building of government in participatory survey methodologies and institutionalization of these approaches in government were two admirable objectives of this TA. Through no fault of this TA the original government partner (PMATU) is now a largely defunct government department and strong efforts have been made to bring The National Institute of Statistics on board. In practice government capacity building is likely to be limited to a number of individuals. This TA is struggling to achieve multiple and sometimes contradictory objectives. With capacity building a secondary objective from the outset, tensions between achievement of objectives has inevitably resulted. This served to compound existing problems of capacity building being under-resourced.

A major strength of this TA is the capacity building support it is providing to a Cambodian research institute. This seems a particularly valuable contribution given the lack of such capacity in Cambodia. If well implemented, the TA should also build capacity for participatory research methods at community level.

The above findings are not surprising. The ADB's TA review of 2002 mentioned the ill-considered treatment of capacity building in many TAs it sampled. A new ADB strategy and guideline is in preparation, by the Capacity Development Working Group set up in April 2004, to complement the Poverty Reduction Strategy's designation of capacity development as a thematic priority in ADB. This weakness is therefore clearly not a phenomenon peculiar to PRF TAs and hopefully the new guideline will address these concerns. In the meantime, we do suggest that capacity building aspects of TAs are given particular scrutiny at selection and design stage. To support the Enhanced PRF's aim of mainstreaming capacity building, ADB and DFID may wish to consider 'upgrading' capacity building to a formal PRF objective.

An additional and important capacity building aspect of PRF projects is the learning experience offered to ADB staff in an environment where opportunities for structured



learning are limited. Examples were found of individual Project Officers commenting on the learning experience¹⁹ through their in-depth involvement with TAs, and others commenting on the Peer Review process as an opportunity to learn and one of the few spaces for professional interaction and exchange in ADB. The learning experience of individuals should not be under-estimated and be seen in the light of the increasing number of PRF champions in ADB, many of whom are from 'technical' (rather than poverty, social development or gender) specialisms. Individuals move around the organisation and 'we talk'. At a later stage, and as part of the impact assessment of the PRF, it would be interesting to 'map' the application of individual learning. Of course the major challenge for PRF over the next year is how to capitalize on the learning from TAs beyond the positive impacts on individual POs. This is discussed below. On a more cautionary note, we do have some concerns about the high turnover of PRF project officers (32% of PRF project officers have changed to date).

2.3.2. Strengthen Resident Mission for Poverty Reduction

Interestingly, although strengthening resident missions (RM) was one of the challenges under-pinning the design of the PRF, this is not a PRF framework objective, although basing national experts in resident missions is identified as an envisaged activity. Strengthening resident missions has however, been used as one of the categories of objectives of TAs.

This objective has just a few TAs within it (4) and is fairly small in scope. Three of the four TAs involve poverty experts being placed in resident missions, to help with poverty analysis, monitoring and policy dialogue. The fourth is a project to increase ADB-NGO partnerships, providing small grants through the Resident Missions to NGOs for projects with a particular poverty focus, such as impact assessments.

The PRF-financed national poverty reduction specialists in RMs are a good and strategic idea, and a positive contribution to the role and profile of the two RMs we visited. The role of the PR specialists in the two missions varied, illustrating that there is no standard or model (unlike gender specialists).

In CARM²⁰, the poverty specialist position involves providing poverty expertise to policy, sector and project levels, as well as inputting into policy dialogue with government, civil society, private sector and development partners. In PRM, the poverty specialist is supporting the government's NPRS. Both roles are therefore strategic. All PR specialists are only part funded by PRF (70%). Topping up has come from NPRS and core TA resources. There is no firm ADB Regional Departmental commitment to continuing these positions on completion of DFID funding. Nine RMs had originally applied for PRF funding but all but four dropped out when shared funding was required by DFID.

We strongly advocate further PRF support of poverty specialists, and suggest that DFID reconsider relaxing the shared funding criteria. In some instances poverty specialists need to demonstrate the value that they can add to ADB operations before ADB departments will commit to funding and/or institutionalizing poverty specialists at RM level. Our main concern is whether all poverty specialists will be able to fulfil their strategic potential due to under-grading of positions and in certain cases subsequent recruitment of insufficiently senior individuals. We also suggest that ADB and DFID consider whether these positions might in some cases be more appropriately filled by internationals. Critical aspects of this position include engagement with ADB senior colleagues and management, with senior levels in government, and with other donors. Strong social development credentials are also

¹⁹ For example the PO on the Garment Workers TA stressed how much she had learnt from working alongside social development and gender experts on this TA and that this is an experience that she will take to other operations in future.

²⁰ We believe that the same model exists in Vietnam.



important. The TOR and work plan for the poverty specialist in Cambodia provides a potential generic model.

There are in addition, some managerial issues that would benefit from being addressed. Their long-term consultant status has in some cases created a series of contractual difficulties for poverty specialists²¹ and placed a strain on administrative and other RM resources. This could be addressed by inclusion of funding for operational essentials (eg computer and some administrative support) in the TA. The poverty reduction specialists' 'free-floating' status has created confusion over line management and in CARM and VRM no technical line management or back-stopping was available²². The PRM (PRF) Poverty Specialist did not figure on the Organisation Chart of the office.

We therefore suggest that technical line management support be provided by poverty/ social development specialists from regional departments (if not available in RMs). Additionally, DFID funded in country poverty and social development specialists in other agencies such as the World Bank and DFID itself (such as in Cambodia) provide an opportunity for local technical back-stopping and support (as well as a basis for more collaborative working). Such back-stopping support should be formalised.

Discussion with RM staff²³ highlighted some other ways in which the PRF might support RM strengthening:

- More encouragement and support for initiating TAs locally. RMs strongly believe that an important and growing part of their role is to build up local knowledge and networks, putting them in a good position to identify appropriate opportunities for the ADB;
- RMs need and could use, extra, fast and flexible PRF resources (outside TA strictures) for: promotion and support to 'upstream' dialogue; funding short term specialist support or research requested by government for NPRS development; responding rapidly to governments request for upstream assistance; consolidation and analysis of learning/ innovation and dissemination at least nationally; and supporting ADB's CSP process.

ADB and DFID should consider whether regional departments could be offered a flexible fund for RMs to use for supporting such strategic initiatives nationally. Such a fund would of course need some clear criteria for use, but RMs should not have to request permission to use these funds from the PRF Co-ordination office. They would, however, be held fully accountable for, and be obliged to report on, their use.

2.3.3. Partnerships with Other Development Partners

This objective is highlighted in the review ToRs as one of the key areas of impact that the review team should address. It is not however, a PRF framework output or one of the categories used by the PRF Co-ordinator for PRF monitoring. Nor is it stressed in guidance as a possible activity or eligibility criteria.

In light of the above, it is impossible for the team to make any comments on how the portfolio addresses this objective. We did, however, review case study TAs from this perspective.

In terms of individual case study TAs funded through PRF, we found evidence of TAs working collaboratively with other agencies. However, there seems nothing inherent in the way PRF TAs are designed or implemented and project design might give this greater

²¹ Also experienced by gender specialists

²² The PRF Co-ordinator has wrongly been seen as providing this role

²³ Including video-conferences with VRM and NRM



emphasis than it does at present. TAs that were making strong efforts at donor coordination were managed by consultants who realised the importance of collaboration and who were on the ground long enough to engage in a continuous way. Again this needs to be given due consideration in TA resourcing.

There is undoubtedly much potential to use the funds for building partnerships with other development agencies. For example, through allocation of some funds directly to RMs to support partnership building and for RMs to be able to respond flexibly to ideas emerging from partners; greater use of the PRF to support national poverty reduction strategies to give ADB a stake in the process (again a locally controlled and flexible mechanism might be the best way to do this); and greater involvement of DFID country staff (where they are working closely with ADB) in discussions about fund utilisation. Opportunities for synergy are currently being missed.

2.4 Overall strategic selectivity of the fund

One of the ToR questions asks to what extent is the PRF portfolio strategically selective?

A number of factors militate against the PRF being strategically selective: the fact that it is a demand driven and merit based fund, the inevitably peripheral nature of the fund given its status – in common with other funds – as outside core ADB resources and resource planning, and the fact that the PRF Framework and accompanying documentation did not address the issue of strategic selectivity. A series of objectives were set out, with no indication of how either ADB or DFID viewed their relative importance. The lack of planned strategic selectivity is not necessarily a problem. The wide-ranging nature of the fund and the fact that it is demand driven and merit based is a great strength and has given space for innovation in many places across ADB. The critical question seems to be what happens next? How will the innovative experience be captured, shared, and successful practice institutionalised? The Project Co-ordinators' planned RETA is an opportunity for moving towards more strategic impact.

The above analysis provides an impression of the overall distribution of PRF support by objective; some indications of the sorts of impacts which might be expected; and potential problems which might undermine success. The fact that significant resources are firstly going into activities designed to influence sector and national dialogue and policy, and secondly loans, suggests potential for influence in these two key areas. We do suggest however that strategic selectivity of PRF might be enhanced through greater emphasis on TAs in these two areas, accompanied by more strategic and integrated planning of PRF utilization at departmental order to better complement ADB business. The opening up of PRF to PPTAs will help in this.

We do suggest some narrowing of existing objectives.

- Firstly, we recommend that piloting be merged with the developing new programmes and projects objective, with an overall greater emphasis given in the wording of this objective to make it very explicit that the objective is to increase the poverty impact of ADB loans. One way in which this loan influence objective could be made more strategic is again through the distillation and dissemination of experience, overall and by sector. This analysis might highlight critical gaps in the use of PRF by sector. This can be covered through the Project Co-Ordinator's planned RETA.
- Secondly, we suggest revisiting those objectives where uptake of PRF funding has been small: strengthening ADB's comparative role as a regional bank, and monitoring and assessing poverty reduction impacts. Are these objectives still relevant? Is this the best use of PRF funding? Why has take up been low? Are other



funds better suited for these purposes? How might PRF funding be better utilised to support these objectives? Where are the gaps?

We also suggest upgrading other key activities to objectives, given their apparent importance: capacity building, strengthening RMs, and strengthening partnerships. A number of recommendations have been made above to help strengthen these objectives. We recommend upgrading and greater prioritization of these current activities as they all are key components of the ADB's reform agenda. Each of these areas merits detailed consideration of how PRF support within these objective areas could be strategically selective. An example, of possible strategic use is the capacity building of ADB staff to help orientation towards upstream policy work. This is an area where DFID could be providing considerable support given its own transformation from a project focused to upstream and policy oriented organisation over the last five years. Senior level dialogue on how PRF might be used more effectively to support implementation of the ADB's Poverty Reduction Strategy would be a valuable topic of discussion for the forthcoming Strategy meeting.

3. REVIEW OF STRATEGIC APPROACHES TAKEN BY PRF

(PART B)

The structure of this part of the report is based on the Terms of Reference (dated 20th December 2004), and contains sub-sections on the additional issues brought up in the SDD Inception Notes forwarded to DFID on January 21st.

The critical questions for this part of the review were: have the following aspects of the fund's management been appropriate? Have they had any impacts on the performance of PRF? And in light of the recent reform agenda and other changes in the corporate environment in ADB, are these dimensions still valid? No suggestions were made for any major changes by people met.

3.1. Fund Objectives

We observed general agreement with the objectives of the PRF amongst the ADB staff we met in Pakistan and Cambodia. They appear generally appropriate to us, but in light of the comments made in the previous section, ADB and DFID may wish to revisit the following objectives: strengthening the ADB's role as a regional bank and monitoring poverty impact of ADB operations (should these be strengthened or dropped?), and piloting (should this be merged with the second objective?). Other 'activities' might merit upgrading to objectives given their apparent importance in the Enhanced PRS: strengthening Resident Missions, capacity building and strengthening partnerships. Capacity building might benefit from being upgraded from an activity to an objective. It appeared that impact on forthcoming loan operations' design had been in general muted by the prohibition on funding PPTAs, but several influential interviewees involved in loan operations whom we met thought that this change would strengthen impact of the PRF on future loan operations.

Knowledge of the PRF and its objectives amongst stakeholders was however very patchy, given that (as a matter of deliberate policy) both RMs we visited had not publicised the existence of the PRF amongst stakeholders. This may give rise to an ownership paradox (see Appendix 4 on the Pakistan RM Case).

As is apparent from the extensive treatment of objectives in the earlier section of the report, there appears to be a 'missing link' in the PRF Project Framework. TA activities - beyond



PRF projects which are of themselves of modest scope and size - are not *explicitly* related to ways of improving ADB contribution to poverty-related policy dialogue, or increased loan contribution to poverty mitigation, or monitoring of their poverty impact. We note that the standard 'template' for individual TA project frameworks has – since the time of the review - been amended to strengthen projects' linkage to CSP, thematic and sector goals. . As we comment below, much more will have to be done to increase the 'multiplier' effect of individual activities (e.g. through organisational learning activities including the proposed RETA concerned with this).

3.2. Eligibility Criteria

These have been subject to change during implementation of the PRF from those contained in the Board Paper and Aide Memoire in 2002.²⁴ Initially, in view of DFID concerns for 'additionality' (i.e. PRF TAs should not be those which were essentially part of ADB routine operations and therefore likely to be funded through conventional means), proposals for PPTAs were excluded. Similarly, any ADTA which was already *in* a CSP, was excluded because of the same provision. After agreement from DFID these limitations were removed in December 2004.²⁵ PRF funds could support that part of PPTAs devoted to improving poverty focus or design of loans, which were classified as 'Target Interventions' (TIs). Countries in category C were excluded from PRF.

The reactions to the changes amongst those we met, and from the written comments received by the Co-ordinator after a request for comments on the proposed modification of criteria, were favourable. Staff predict that it will result in an increase in the rate of new applications for PRF funding.

Other criteria (really design features) which PRF applicants were expected to observe *initially* included minimisation of expatriate consultant inputs, a maximum size of \$1 million per PRF TA; and conceptual links to a proposed (lending) operation. All (except the \$1 million ceiling) were relaxed in the December circular, with DFID endorsement. Regarding the latter criterion, links to an *ongoing* loan project will be permitted henceforth as a valid characteristic.²⁶

We raised for discussion with POs these restrictions: expatriate / local consultant mix and maximum size (but not duration) of TAs. According to POs, these restrictions occasionally impinged negatively on certain types of operations. For example, in ECRD appropriately skilled national consultants are rare in some fields (for example land reform: a major issue in that region) and tend to be over-committed. Yet expatriate consultants, if POs are to remain

²⁴ Strong PR focus; support the relevant ADB CSP and the policies of the government (the Aide Memoire read "Relate to relevant ADB Country strategy and program"; be designed to support shared poverty objectives in the existing and pipeline of other donors to enhance effectiveness, avoid duplication and accelerate learning. The Aide Memoire said "Be planned with adequate reference to"...; not substitute for activities that would otherwise be financed by ADB (conceptual additionality); make maximum use of local expertise and civil society participation (not in Aide Memoire); support projects solely based on their merit for poverty reduction, with no specific country allocation or country window (except PRC).

²⁵ However, the freeze on new commitments decided upon by DFID after the October 2004 Strategy Meeting, and communicated to ADB divisions on October 18th precluded 'alignment' for what was to be the final year of PRF new commitments. This announcement was made only two weeks after the 'call' circular for new 2005 proposals was distributed. This had encouraged CSP/U alignment where possible, and suggested Peer-Reviewed TAs be discussed and included in the annual country programming confirmation missions – due in the last three months of 2004.

²⁶ The Co-ordinator noted that, despite 'piggy-backed' TAs – those related to proposed lending operations through being pilot or exploratory projects - being qualified for consideration under PRF *ab initio* no applications were ever received under that category.



within the criteria, can only be included for short, intermittent inputs.²⁷ This has led to poor progress and productivity of national consultants (when expatriate Team Leaders are absent) and less inward ‘technology transfer’ of international experience into a region where the issue of land reform is arising for the first time.

The other criterion which has occasionally proved restrictive (in terms of some regional projects) is the exclusion from PRF of projects in Group C countries (better-off in per capita income terms) including the Philippines and those countries having their own DFID-supported PRF (India and Indonesia). We heard pleas from several Project Officers that it would ideally and logically be important to include those countries excluded by this criterion often for reasons of demography or other settlement characteristics. Proponents of a regional project assessing impact of air pollution on the poorest urban dwellers had intended to include metropolitan areas of India, Indonesia and Philippines (starkly exemplifying the nature of the mooted problem), but had to modify their sample because of this restriction.

After discussion with a wide range of POs, we observe that there is also scope for productive PRF engagement with non-PI classified loan operations in core Bank sectors (e.g. private sector development and infrastructure operations).

The prevailing implicit encouragement to pitch TA budgets around the average (of approximately half million dollars) should cease. It appears to have a potentially restrictive impact on TA designers’ assumptions of what the size of a PRF TA should be. For example, if the maximum size (\$1 million) was (re)stated as the only restriction, designers could plan with more flexibility than the present implicit suggestion that \$0.5 million was more ‘normal’.

3.3. Scope of Activities

The Aide Memoire listed nine types of activity, which could be considered under PRF.²⁸ The range has not proved restrictive. No comments were made by our interviewees on the significance of this aspect of the PRF. ‘Selectivity’ as an issue did not emerge during our discussions. Findings on the prevalence and apparent usefulness of many of these types of activities have already been covered in Section 2.²⁹

3.4. Selection Procedures

It was mutually agreed early in PRF implementation, and consistently upheld since, that there should be no country or regional ‘quotas’ for PRF funds. Applications would instead be demanded, based and judged on their merits as contributions towards poverty mitigation according to the restrictions and criteria mentioned. This produced an initially skewed distribution. One region (Mekong Regional Department) in particular seized upon the PRF as a highly strategic fund for supporting its TA operations. (See section 2.1 for details of regional distribution.)

²⁷ This is not a characteristic exclusive to PRF TAs. The same finding arose in the PIPR Fund Review last year in Indonesia.

²⁸ Capacity and institution building; advisory inputs; thematic and sector work; M&E and impact assessment; public conferences, workshops & other events; innovative activities; national experts based in resident missions; outreach and communication; admin costs of fund management.

²⁹ Since the fieldwork element of the Review in January and February, we have been advised by the PRF Co-ordinator that there has been pressure - from the President and Vice-Presidents - for much more selectivity of advisory and regional TAs in future, in view of severe capacity constraints. The high-level Task Force on TA Reform is also examining this issue. This is already beginning to affect demand for PRF resources.



Allocation of PRF according to the merits of proposals (whichever region they came from) may have unwittingly led to the marginalisation of PRF by ADB regional managers. In common with all other Trust Funds, which are deemed to be outside core TA resource envelopes, it has never been introduced into regional budgets as part of the indicative planning figures. This may therefore have been a contributory factor in its exclusion from serious consideration by ADB managers, especially if lending targets were pressing. This issue may give rise to questions of accountability for PRF utilisation, if it is not seen by managers as a routine element of regional and country resources for strategy implementation. We understand that with effect from 2005, moves are underway to integrate financial planning of 'other funds' into 'core funds' across ADB. To this end, SPD has already collected data on indicative availability of trust fund resources in 2005.

That most managers we met had no strategic vision for their use of PRF is not surprising. It appeared most PRF TAs were 'owned' and driven primarily by the POs who 'championed' them, who had to sell the idea first to their own manager (to be granted time to develop and process proposals), and subsequently to respective DMC government(s).

These may be significant observations in view of the parallel reforms taking place in ADB: The Enhanced Poverty Reduction Strategy; Managing for Development Results, enhanced Human Resource Management, and Knowledge Management programme measures, as well as the review of ADB's re-organisation. It may signify something of a 'disconnect' between a funding source ostensibly supportive of the thrust of these reforms, and the willingness and/or ability of managers to utilise it. This finding merits attention in the next Strategy Meeting.

Finally the Peer Review process in PRF selection was generally welcomed professionally by proponents and peer-reviews alike. It was seen as a positive contrast to the less productive and more formalised and paper based process of interdepartmental circulation of drafts as part of 'standard' TA processing. Unfortunately, recruitment to PRF Peer Panels is – due to severe time pressures combined with a lack of managers' support – becoming more difficult. This may have a negative impact on the future effectiveness of PRF fund management.

3.5. The 'Nine-Month Rule' (and other measures to accelerate processing).

This refers to a measure invoked after the third Strategy Meeting in July 2003 in response to apparent delays in processing (by ADB) of some TA projects which had been endorsed by Peer review and Strategy Meeting discussion. It stipulates that PRF funding endorsement lapses nine months after Strategy Meeting (i.e. DFID) approval. Subsequent research by the Co-ordinator uncovered no convincing evidence of greater delays in PRF TA processing compared to the time taken for routine TA processing. Indeed the conclusion was that PRF TAs are processed somewhat faster than routine TAs.

The '9-month' rule was maintained until the December 2004 Co-ordinator's circular stipulated that in view of persistently slow disbursement, not more than six months from Peer Review³⁰ endorsement would be permitted to accommodate ADB processing to Presidential approval, beyond which approved funds would lapse.

³⁰ This became the final decisive decision-point in PRF approval after DFID agreed (post January 2004 strategy meeting) to participate only on a 'no-objection' basis before PRF project approval was granted by DG RSDD, thus removing the requirement for DFID scrutiny and approval of individual applications.



It remains to be seen whether the 'six month rule' introduced in 2005 accelerates processing significantly.³¹ The Co-ordinator already tracks projects in process and warns POs between 1.5 and 2 months before submission deadlines that they have only limited time before fund approval lapses.

3.6. Outreach and Dissemination

We interpret this item of the ToR as referring to dissemination of information about PRF (rather than lessons from PRF TAs implementation: we tackle the latter below under Knowledge Management). The Co-ordinator has taken steps throughout the life of the PRF to publicise its existence, objectives and the criteria to be satisfied for successful applications. It was described in a brochure widely distributed in ADB initially; it has its own website (intranet as well as external). Periodically, the Co-ordinator takes advantage of gatherings of professionals (e.g. Gender or Governance Specialists) and discipline or sector Committees to explain its purpose and how it has been used by various regions to date. Further dissemination of results and information are planned in 2005 by the Co-ordinator, and by several 'allies' in some Departments.³²

Particularly in view of the apparent confusion caused by the 'freeze' on new commitments, swiftly followed by a resumption, and pressure to commit (and disburse) against deadlines, there appears to be a need to clarify arrangements henceforth. These include: that there are to be three 'windows' for submission of proposals in 2005 (up from two annually hitherto) and that part funding of PPTAs in pro-poor aspects or dimensions is permissible. It would be useful to illustrate the sometimes imaginative uses to which PRF has been put in the past. MKRD could be used as an example of how PRF can 'make a difference' if it is taken on board as an integral component of Departmental resource envelopes.

3.7. Attempts to align PRF with CSPs and CSPUs

At Strategy Meetings DFID has been supportive of alignment of PRF proposals with CSPs, in the sense that they should represent initiatives in harmony with the priorities (or 'strategic orientation' in the words of the original description from the Co-ordinator's office dated 23/7/02 subsequent to the first Strategy Meeting) of the respective CSP, and provide inputs to make CSPs more poverty-reducing. The same circular mentioned that 'not all PRF projects need be included in CSP project lists' (meaning presumably inclusion in CSP/U lists of non-lending activities and Concept Papers presented in CSP/Us at the back of the document).

Indeed, in the second Strategy Meeting (December 2002) some suggestions that PRF (and NPRS) funded activities should be integrated into CSP processes' was not taken up. The third meeting in July 2003 also appeared to shy away from (Departmental) suggestions that PRF projects should be part of the regular country programme, on the grounds that it posed risks 'of PRF resources being substituted for core TA funding by the Bank'.³³

This was one of the matters taken up an Issues Paper produced by the Co-ordinator before the next Strategy Meeting. It presented benefits from an arrangement whereby PRF was

³¹ The average time for processing (between Concept submission and ADB approval) in 2003 was 7.7 months according to the Co-ordinator's analysis of time taken for PRF processing (Appendix 5 of the Issues Paper dated January 2004). The corresponding duration for Bank AOTAs was 41.5 months!

³² The Principal Programmes Specialist in SARD acknowledges that he should attempt to pressure some of the more sluggish RMs in his region to comply with the September 2005 deadline for new submissions. However, even Bangladesh RM is already reportedly preparing several projects for consideration.

³³ Para 11 of DFID Representative's memorandum on the third Strategy Meeting.



fully aligned with Bank (country programming) processes, and outlined the risks (i.e. compromising the additionality principal and that remaining time was too short for a change to have much effect). With DFID acknowledging the arguments in favour of alignment,³⁴ RSDD was asked to come up with a compromise position.

Subsequent research by the Co-ordinator identified problems in terms of full alignment with CSP processes, if the encouragement of POs to make imaginative initiatives was to be preserved, and in view of donor keen-ness to accelerate throughput of proposals. The approach of 'alignment to the extent possible' was adopted (pending the current review).³⁵

Given the timing of this review, the question of alignment is now somewhat academic. The (only) opportunity to align the Peer Reviewed 2005 programme of TAs with country programming processes (in Country Programming Confirmation Missions scheduled October-December 2004)³⁶ was lost due to a freeze on new commitments imposed by DFID from October 18th 2004 (which lasted until mid December 2004). Thus it was not possible to incorporate prospective PRF TAs in modified listings of non-lending activities in revised CSP/Us. Whatever alignment exists in pipeline proposals can and should be preserved. No further country programme confirmation missions will take place in any case before the last 'deadline' passes for PRF submissions.

Our impression is that PRF proposals are broadly in accordance with respective CSPs, but there is a major underlying 'ownership' problem in management which has been compounded (but not caused) by the protracted debate and confusion over 'alignment'. We return to this below.

3.8. Levels of Donor Intervention

We interpret this as referring to the degree of involvement of DFID in PRF management, and procedural and project approval processes.

DFID has sent a representative to all five Strategy Meetings. Only one of those representatives has attended more than once. Continuity has been something of a problem in ADB / DFID dialogue as a result. However, in virtually every case, an extensive minute has been produced for briefing colleagues in London and elsewhere in ADB.

In the first four meetings, PRF project submissions were reviewed one by one. This became onerous, and the DFID representative at the January 2004 agreed with ADB that subsequently a 'light' touch' DFID engagement with project approvals would suffice. Under this formula projects passing Peer Review would be sent to DG RSDD for approval, but donors (including the Dutch Aid Department in the case of NPRS Fund) would - two weeks before their submission to the DG - receive the list of peer-endorsed projects to permit them to object if necessary before final DG approval.

We endorse this revised process, particularly in view of the fact that analysis of project proposals was inevitably limited to the person attending the strategy meeting, and that this was not only onerous, but also technically far from ideal (in that the substance of several

³⁴ More country and management ownership; better coherence with country programmes' priorities, procedural harmonisation, and reduced transaction costs.

³⁵ After discussion of points raised by SPD in Strategy Meetings, it was agreed that prospective use of the PRF could not be included in the Indicative Planning Figure (IPF) for country programming of TAs. This may be modified Bank-wide in 2005 however, given current discussion of closer integration of all trust fund resources in core funds.

³⁶ Signalled in the Co-ordinator's circular memo of October 5th 2004 calling for the next batch of proposals.



projects would unsurprisingly be beyond the knowledge or experience of the one individual involved). No substantive sharing of proposals ever took place with corresponding DFID geographical or specialist advisers. This still appears to be the case even at country level in the two countries we visited.

Whilst the current lack of input from DFID Asia Directorate is endorsed, we would strongly support greater involvement of DFID country based staff in PRF utilisation. In the two countries visited, we found little DFID local involvement. However, there was interest on both sides for greater DFID engagement. In Cambodia, a DFID social development representative felt that opportunities had been missed for building synergy between the various strands of DFID support of ADB in country. In one instance (Tonle Sap PPA) this caused some embarrassment as DFID staff were unaware that they were funding two PPAs (one through the World Bank and one through ADB) until fairly late in the TA's development.

3.9. Harmonization and Joint Management with the NPRS Fund

DFID and Dutch DGIS agreed that both funds would be managed under the same arrangement by the ADB. Representatives of both organisations attend Strategy Meetings and share views on progress and future strategy. The arrangement has worked generally well: at least to the satisfaction of both donors. The Project Co-ordinator advises applicants for funds on the most appropriate source in particular circumstances.

The NPRS Fund – or to give it its full title the Co-operation Fund in Support of the Formulation and Implementation of National Poverty Reduction Strategies - has been somewhat overshadowed, and draw-down of funds from it adversely affected, by the more prominent role of the World Bank and IMF in supporting the formulation of National Poverty Reduction Strategies.³⁷ However, the Enhanced Poverty Reduction Strategy of the ADB indicates that funding for 'upstream' analytical work (assessing causal factors in poverty, and producing poverty assessments) will be more in demand in future.

We suggest that there would be merits in amalgamating the funds to form a 'multi-donor' fund. This would be attractive to ADB senior managers. It would pose no additional management burden, indeed would reduce it marginally. The only issue appears to be one of harmonising the (few) differences in access criteria between the funds. For example, all DMCs are eligible for NPRS (PRF only to class A and B except India and Indonesia). Apart from the foci of the funds (NPRS being exclusively oriented to helping DMCs prepare and implement their Poverty Reduction Strategies), this is the only substantial difference between them.

3.10. Other Issues : Raised in Inception Note

(a) Incentives

We commented above on the reported dearth of incentives provided by ADB managers to POs to pursue PRF projects. None of the POs we interviewed (except from MKRD staff) acknowledged they had any incentives from their managers to engage with PRF activity. 'PRF is a weekend job' said one PO. 'My manager said I could get involved, as long as it did not detract from my routine (PPTA and loan processing) tasks' said another. The only incentive most POs had was a sense of personal satisfaction and professional commitment to pursuit of an idea which appeared relevant in their country or regional work. The box below summarises the approach adopted in MKRD towards PRF, which serves as a positive example of how it has been encompassed as an integral part of Departmental operations.

³⁷ Uncommitted funds in NPRS total \$1.2 million as of January 2005.



The Approach adopted by MKRD Managers towards PRF

Measures in respect of PRF adopted by MKRD managers include:

- explicit incorporation of PRF pursuit in Departmental and individual work programmes;
- direction to managers to encourage staff to pursue PRF funding opportunities;
- demarcation of a 'contact person' for facilitation of communication between the Department and the PRF Co-ordinator (with this role explicitly agreed with the person's manager);
- incorporation of PRF activity in staff annual performance appraisal criteria and targets;
- consultation (by the contact person) with key stakeholders in the region's countries on how PRF might be used in the context of agreed CSPs and their priorities.

This is the only Regional Department so far to have made progress in integrating PRF management into overall resource management and accountability structures.

The '*non-alignment*' of PRF with country programming procedures appears in retrospect to have been a significant disincentive to managers uptake of PRF (there is *conceptual alignment* – i.e. no clash between PRF projects and CSP priorities). Another related issue may well be the fact that no country 'quotas' were agreed. This meant that in practice PRF funds could never be – even informally - part of the resource envelope of country operations: from the perspective of both ADB managers and their counterparts in national governments.

Only one observer raised the issue of *accountability* of PRF resources and the extent to which it is notionally difficult to 'pin down' accountability for use of PRF resources to country operations staff. However, it is an important issue. The Co-ordinator can manage allocation of resources and try (sometimes with difficulty) to track progress with individual TAs, but cannot be held accountable for the use of those resources. That is a management responsibility...but one managers appear not to recognise.

There remains one major disincentive to engagement with PRF: *ADB routine operational procedures for TA processing*. The burdens and rigidities surrounding 'routine' ADB TA processing appeared to be one of the reasons why managers are reluctant to encourage POs to pursue PRF applications.

In summary, we acknowledge that the focus by managers on Departmental priorities is understandable. We understand that PRF may or may not provide an opportunity to pursue such priorities, in the context of over-arching reforms currently underway in the ADB. Where PRF can offer important and relevant opportunities and 'fit' with Departmental priorities, resources and workloads, demand has been encouraging. Thus the box on MKRD approaches to PRF should not be seen as a 'model' to be emulated by all other Departments, but is put forward as a positive example of the types of measures which one Department has adopted to incorporate and encourage access to such funds as the PRF.

(b) Implications of the changing ADB environment for PRF and vice versa.

The management of the PRF as far as we could see has not been substantially affected directly by the changing environment of the ADB. However, pursuit of innovative PRF projects would be consistent with the thrusts of change now being attempted in ADB. In particular:

- *Enhanced Poverty Reduction Strategy*: Pro-poor orientation of all operations is consistent with the revised poverty strategy. The qualitative checking (in the Peer Review process) which PRF projects go through is a contribution to the quality-oriented approach the PRS review stressed as necessary. The range of activities eligible for PRF funding from building capacity for poverty reduction, to supporting innovative and ground-breaking loan programmes, to helping ADB engage more



effectively with national poverty reduction processes, are all wholly consistent with the Enhanced PRS.

- *Management for development results*: the preparation and basic design features of PRF TAs are similar to all other TAs but are more focussed on measurable poverty impact. Improving the ability of DMC governments to monitor progress in relation to MDGs has been a feature of some PRF (and more so NPRS) projects. Partnership enhancement (one of the strategic pillars of MfDR) is one of the aims of PRF projects.
- *Human Resources Strategy* (a sub-component of MfDR) is addressed through the inclusive appraisal approach inherent in PRF. Many informants praised the process as being developmental, in that it presents one of the few professional opportunities to discuss the innovative and poverty-oriented focus of proposed interventions across disciplines and geographic departments. Despite the Bank-wide introduction of the HR Strategy (October 2004) designed to introduce more effective performance management and incentive systems, backed by strengthened leadership and managerial accountability, we found that there was no evidence (apart from MKRD) of incentives yet being given by managers to staff to pursue innovative and pro-poor modalities of engagement such as the PRF. This is a worrying finding.
- *Knowledge Management* Another sub-component of ADB's Reform Agenda, the Knowledge Management Framework promulgated in June 2004 outlines how ADB is planning to make more systematic the process of generating information in the ADB; capturing and exchanging insights, storing it accessibly, and disseminating it actively within ADB or between ADB and DMC clients.

The logic of the PRF rests fundamentally on the effective working of a knowledge management sub-system within PRF management. Impact of the PRF initiative will not come directly or significantly from individual TAs, but instead will be based upon the codification of lessons derived from PRF TA implementation (especially insights derived from innovative approaches), their distillation into accessible sources, and ultimately their dissemination within and beyond ADB. The Co-ordinator acknowledges the urgent need to put in place measures to distil the learning and insights which accrue due to PRF project implementation. As noted in the previous section, a RETA is planned for submission to the PRF process, which will mobilise consultants to work expressly on this issue with PRF Project Officers and their in-country counterparts. This is a very important priority for PRF programme management in 2005. These efforts could be enhanced by DFID making its own experience available in the fields and regions in which PRF is active.

(c) ADF IX Implications

ADF IX - which provides a resource envelope of \$7billion (\$3.7 billion of which will be from internal sources) - represented an agreement by donors to permit 21% of total ADF IX operations to be financed by grants (including an allocation of 3% as priority technical assistance). Special priority is to be attached to supporting priority technical assistance, and to 'robust' implementation of the ADB's Poverty Reduction Strategy.

This represents an increase of resources for concessional TA operations in the coming period (to December 2008). However, it is clear from our discussions with POs and Directors that grant funding for TA operations in DMCs will still be at a premium and PRF will continue to be an attractive source of such finance. It is also clear that it does not 'solve' the problem



of ADB's access to grant sources about which DFID has expressed concerns in the context of sustainability of PRF-type operations in future.

(d) M&E of TAs financed under PRF

The Co-ordination office records progress of TAs in terms of their status at certain dates, and preliminary outcomes and issues. Occasionally intense efforts are required on the part of the Co-ordination Office to elicit required information from Project Officers. Within these limitations, the information presented is helpful. It does not purport to present insights into qualitative achievements or insights. The planned RETA will presumably cast light on these aspects.

During the two country visits, we concluded that the situation 'on the ground' is not necessarily adequately represented in the HQ database. There are few incentives for POs to provide timely and detailed information to HQ. Indeed, from some of our discussions, there appear to be disincentives to detailed 'blow-by-blow' reporting especially concerning detailed changes of ToRs or contracting arrangements, since the formal procedural implications (e.g. the need for additional future interaction with HQ departments) would be prohibitive in terms of workload, particularly in view of the absence of positive impact of such compliance on day-to-day operational country realities.

We recommend that all possible live projects are visited by reviewers or monitors in the field. Assessing real progress is impossible without being able to see key players on the spot. Since the fieldwork of the current review, the PRF Co-ordinator has visited several countries to monitor PRF TA progress at first hand.

(e) Disbursement

The consensus amongst our discussants in ADB is that the latest measures to promote commitments and speed of processing (and therefore ultimately disbursements) will result in a significantly accelerated rate of new commitments and ADB project approval in calendar 2005. In particular, managers predict that the broadening of the scope of PRF to encompass aspects of PPTAs; more frequent assessment and approval 'windows' and relaxation of provisions related to national consultants, will facilitate more rapid processing of better-dimensioned TAs during the year.

(f) Commentary on PRF Management and Co-ordination

Finally, we wish to comment on the quality of management of the PRF and the extent to which the Co-ordinator performs assigned tasks. From a wide range of Managers and Project Officers in Manila and in the two country missions we visited, there was near-universal praise for the manner in which the Co-ordinator has performed her duties.

She has proved *accessible* for enquiries; *helpful and creative* in terms of provision of guidance and advice on options and approaches to project design to attune projects to PRF requirements; *knowledgeable about, and persuasive towards*, relevant *networks of professionals* who are qualified and prepared to serve as Peer-Reviewers of proposed TAs; *efficient* in terms of administration of TAs; *organised* in terms of recording progress and financial status, and *rigorously analytical* of issues arising in PRF implementation for periodic Strategy Meeting participants. She appears to have derived as much benefit as possible for the ADB and its client governments from the PRF, and to have served well colleagues wishing to avail themselves of access to PRF resources.



But the Co-ordinator is totally overstretched, through no fault of her own, and urgent RSDD attention needs to be given as to how her office can be strengthened in consultation with her.

4. CONCLUSIONS AND RECOMMENDATIONS

We summarise our principal conclusions and recommendations in this section. In order to enhance intelligibility, we put them forward in tabular form.

Overall, the PRF is very well-managed by the Co-ordinator, and we do not suggest any major changes at this stage. Significant changes in scope and time windows for concept note submissions and deadlines for new commitments and disbursement have recently been made and we consider these to be positive developments.

Higher senior managers' profiling of PRF use might help to increase take-up for national policy level work and help ensure that PRF projects have stronger links with core operations and the ADB resource envelope. There are worrying indications of managers' 'marginalisation' of PRF; on perceived 'disconnect' between PRF and the ADB reform agenda, and consequent concerns about accountability for its resources, and its ultimate impact on managers' decision-taking.

Despite achievements to date, PRF has some way to go to meet its purpose of 'ADB portfolio and policy work contributing more effectively to the reduction of poverty in ADB eligible countries'. To achieve this end the PRF portfolio needs to be directly and indirectly influencing the content of CSPs, which in turn need to be helping Asian countries to reform their policies and strategies to be more poverty focused. In order to strengthen progress towards this purpose, PRF management (ADB and DFID) now needs to focus on making the links between PRF funded projects and their intended influence on policy and loans much more explicit, both at the level of individual TAs, at country level and institution wide.

High priority foci for management effort and DFID scrutiny in 2005 should be both preparation for monitoring and evaluation of ongoing PRF projects and much more attention than hitherto to forging the link between ADB's institutional learning from PRF project experience and insights, and the (ultimate) influencing of ADB managers in pro-poor directions in terms of country programme shape and composition, TA strategies, and loan design. Full support is given to a planned RETA to draw together lessons and experiences emerging from PRF projects to date with the view to distilling and disseminating this, and examples of valuable and innovative practice, to key decision makers in ADB and partner governments. Dissemination will need to be highly targeted and strategic. Increased emphasis on knowledge management at the TA level is also encouraged.

There is scope for much more DFID country office and regional experiential input than has been the case hitherto. More discretion, and some PRF resources, should be provided to Resident Missions to facilitate small-scale activities (outside the confines of conventional ADB TA operations) supportive of the objectives of PRF, and of PRF-financed ongoing activities in-country.



SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS OF THE PRF REVIEW

CONCLUSION	RECOMMENDATION
Part A: Review of Portfolios	
1. Overall performance	
<p>1a If the PRF is to be fully committed by the cut-off date (end calendar 2005) \$20.3 million must be committed in 2005. This is a major challenge. Bank-wide promotion of 'revamped' PRF will be necessary, and attention will need to be given to measures to ease access and utilisation of PRF resources.</p>	<p>1a Promotion of PRF should include illustrations of how PRF has been used; encouragement to make budgets generous enough to meet what are inevitably ambitious objectives which can and should encompass 'moving upstream, and innovative approaches; measures to increase the discretion of RMs to support PRF activities flexibly, and to supplement planned or <i>ongoing</i> PPTAs OR Loan activity.</p>
2. Contribution to policy	
<p>2a Over 40% of TAs are categorised as helping ADB to make a more effective <i>contribution to policy dialogue on strategy formulation for poverty reduction</i>. Although based on a limited sample, there are indications that PRF is supporting some valuable and strategic pieces of poverty analysis designed to influence both sector and national strategy, as well as its own country strategies and sector road maps. Case study analysis highlighted some concerns about the 'connectivity' of some PRF activity.</p> <p>2b The number of 'upstream' TAs supported under this category has been limited by directing of NPRS related applications to NPRS, some misunderstanding that PRF is not for upstream work, and the relative non-prioritisation of this type of work by regional departments, with the notable exception of MKRD.</p>	<p>2a Greater scrutiny be given to TAs under this category to ensure that they are sufficiently linked, for example: thorough analysis of how these TAs support government policy processes; how they harmonise with other donor activities; linkage to DFID-ADB strategies; strategic management support; timing and critical timeline events. Monitoring should also focus more effectively on these factors.</p> <p>2a. Greater involvement of RMs in Peer Reviews. ADB may also wish to open up Peer Reviews to relevant in country DFID staff and/or representatives of other key agencies.</p> <p>2a More PRF support to RM based Poverty Reduction Specialists could also help with the above by providing on the ground and in country continuous presence on these strategic TAs.</p> <p>2b High level promotion of PRF for 'upstream' work ie to regional DGs and DDGs, programming principles and sector heads, by DG RSDD or even at VP level. PRF supporters such as the DG MKRD might be willing to support this PRF promotion. Examples of strategic use of PRF should also be used.</p>
3. Influence on loans	
<p>3a At least 40% of TAs are designed to <i>influence existing or planned</i></p>	<p>3a Invite PRF applications for projects supportive of <i>ongoing</i> loan</p>

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CONCLUSION	RECOMMENDATION
<p><i>loans</i>. Case study evidence raised some concerns about the need for stronger linkages between PRF TAs and loan operations. Extension of PRF to PPTAs is a positive move and should strengthen the link between PRF and loans</p> <p>3b 40% of TAs are categorised as <i>pilot activities designed to influence loan design</i>. These pilot activities are undoubtedly targeted at increasing the focus of ADB operations on the poorest and excluded, either within traditional areas of ADB loans, or outside (eg trade, women’s employment, access to justice, social protection). We are concerned though by signs of inadequate integration and evidence of pilots being under-resourced (linked to ADB restrictions) and inadequate attention being given to taking pilots forward.</p>	<p>operations.</p> <p>3b A higher level of scrutiny at design stage to ensure that they are adequately resourced; that the time allocated is sufficient for lesson learning; that there is a strategy for scaling up from the outset, especially where pilots are not directly linked to a current or imminent loan; and that strong government and ADB managers’ buy in exists.</p> <p>3b POs might usefully benefit from guidance on influencing strategies. Successful examples should be analysed and documented as part of this process. Given DFID experience in analyzing its own performance in ‘influencing’ in several Asian country contexts, ADB could usefully call upon this material in considering ‘influencing’ as an aspect of Knowledge Management.</p> <p>3b We support the use of PRF funding for follow up support of pilot projects which have demonstrated good results, have strong government support, but are still at an early stage so alternative funding is unlikely to be forthcoming.</p>
<p>4. Monitoring poverty impact</p>	
<p>4a The objective of <i>supporting ADB to monitor and assess the impact on poverty reduction of its ongoing loans</i> more effectively has generated few TAs (although it is difficult to be conclusive given the categorisation system which does not pick up projects falling in this category).</p>	<p>4a In light of our provisional findings it is suggested that ADB and DFID review the reasons why few TAs aim to assist ADB with the monitoring and evaluation of its operations and whether this remains a priority objective of the PRF. If not, and/or this objective is being addressed more directly through other trust funds it may be more appropriate to drop this from the PRF framework.</p>
<p>5. ADB’s Regional Role</p>	
<p>5a Only a few PRF TAs (5) appear to address ‘<i>ADB’s Regional Role</i>’ (several of the ones we heard of appear to be very valuable nonetheless). Again more TAs might fall under this objective if properly categorised. The fact that few TAs seem to have <i>regional strengthening</i> as an objective would merit some further analysis of how PRF might contribute more effectively to this aim and whether DFID’s insistence on</p>	<p>5a In view of the primacy of several other PRF objectives, the ADB Regional Role objective could be downplayed in future, if review of regional TAs supports this assertion.</p>



CONCLUSION	RECOMMENDATION
<p>a country focus undermines the regional strengthening objective.</p>	
<p>6. Learning from the experience of the ongoing PRF projects</p>	
<p>6a This has been limited so far (one TA has been completed and only 11 others (of 75 non-PRC TAs) have produced any narrative description of outcomes or issues in the latest overall progress report summary sheets). A RETA planned (but as yet unspecified) for PRF funding by the Co-ordinator's office is intended to provide a vehicle for lesson-learning, writing up of best practice case studies, publication, dissemination and discussion of insights emerging from PRF and other poverty focused trust fund projects.</p> <p>6b (A feature commented on in the same terms in the 2002 ADB TA Review) The TA designs and ToRs we have seen display uneven treatment of lesson-learning and codification of best practice to facilitate subsequent Bank-wide dissemination, scaling up, or otherwise <i>influencing</i> managers of ADB operations, despite over 40% of the portfolio apparently implying influencing DMC and ADB country operations, and somewhat less than 40% implying influencing of ADB future operations.</p> <p>6c Although our sample size is too limited to draw a robust conclusion on this point, there appear sometimes to be contributory factors related to the budget of TAs at play in the above issues. A major factor in TA cost structure is often the level of use of international consultants.</p> <p>6c The recorded past tendency for ADB TAs to use international consultants 'excessively' has been convincingly reversed at least in the PRM sample PRF TAs. The 2002 TA Review mentioned an average figure of 50% of total TA budget being devoted to international consultants, 17% to nationals. The corresponding figures for PRM PRF TAs were 8% and 39% respectively.</p>	<p>6a Notwithstanding the current Bank-wide re-assessment of the urgency of TAs, the RETA should be produced as soon as possible and shared with the Bank's Knowledge Management VP, SPD and the Results Management Unit (SPRU), and all principal members of the 'pool' of Peer Reviewers with a view not just of obtaining feedback, but obtaining guidance on particularly strategic PRF TAs (about some of which the Review heard). Particularly strategic PRF projects should become the focus of attention in lesson-learning</p> <p>6b The ToRs of the RETA should provide for coaching for ADB POs (at least those most engaged in PRF projects) in skills of influencing (management officials) in order to enhance their abilities of persuasion in re-orienting superiors 'from the bottom up' in the directions suggested by the Bank's existing reform agenda and (revised) poverty strategy.</p> <p>6b Proposers and Peer Reviewers should be asked to give particular attention to the ToRs of PRF projects to ensure that they cater for guided reflection by all parties to the project, of learning points concerning poverty-focus and relevance (and their subsequent codification in a form ADB managers can digest).</p> <p>6c The same should apply to budgets of TAs, and (related point) to their consultant staffing (encompassing personnel with a track record of distilling lessons persuasively from pro-poor development activity). If these skills are better represented in international consultants, then budgets should be expanded to permit this.</p> <p>6c If the above recommendation may be difficult for ADB to cater for in practice because of its QCBS (Quality and Cost-based Selection) procedures introduced in 2002, the possibility of either a waiver for PRF TAs should be considered by ADB managers, or ToRs should explicitly provide for international inputs in connection with the learning function of PRF TAs.</p>



CONCLUSION	RECOMMENDATION
<p>6c We could not reach any firm conclusions as to the impact of this reversal. But noted in both RM samples of PRF projects, incidences where international inputs were stretched very thin, and where somewhat more generous allocation of international resources would have been merited if only on grounds of likely productive injection of international experience, and possibly increased learning from the TA experience as a result.</p>	
<p>7. Capacity Building</p>	
<p>7a Over 85% of PRF TAs ostensibly contribute to 'Capacity Building' (CB). Once again with the caveat that our sample is limited. We have seen evidence of probable under-resourcing of this function, lack of connection to earlier or other current institution-building efforts, and it appearing to be a 'must-do' function peripheral to core activities. The ADB's TA Review of 2002 mentioned the ill-considered treatment of CB in many TAs it sampled, but that a new ADB strategy and guideline was in preparation. We are informed that a high-level Task Force Working Group has reported recently at Vice President level and that a policy is imminent.</p> <p>7b In addition, PRF has undoubtedly provided valuable learning opportunities for individuals within ADB, which would otherwise not been available, through direct involvement in TAs and through the Peer Review process, the latter being valued as one of the few spaces for professional interaction and exchange within ADB. The value to ADB of this capacity building at the level of the individual should not be underestimated. Collectively this may ultimately have quite an impact on institutional capacity and influence. On a more cautionary note it is of concern that 32% of PRF project officers have changed to date.</p>	<p>7a It will be important that as soon as the CB strategy is promulgated that PRF TA designs are checked to ensure they take the new guidance on board, AND that budgets and levels of effort reflect the intent of the new CB approach and related measures.</p> <p>7a TAs with capacity building objectives should be scrutinised at the development and design stage with the view to either enhancing or deleting capacity building objectives.</p> <p>7b At a later stage and as part of an impact assessment of PRF, it would be valuable to 'map' the application of individual learning from PRF.</p>
<p>8. Strengthening Resident Missions</p>	
<p>8a RMs could use extra PRF resources (outside 'TA' strictures) for: 'upstream' dialogue promotion; short term specialist injections; brief research injections; 'rapid response' to government requests; consolidation/codification of learning/innovation and dissemination at least nationally (based on an already-established PRF project); and for supporting the CSP process.</p>	<p>8a Distribute to Regional Departments, for onward transmission to RMs, flexible funding such as that mentioned. The distribution formula (between RDs and within RDs to RMs) would need to be agreed. One possibility is for it to be according to past take-up of PRF in the form of TAs. RMs would need to be reminded of the need for resources to be disbursed by 3/08, and would be accountable for PRF resources used. However, RMs would not have to request permission to use these</p>

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CONCLUSION	RECOMMENDATION
<p>8b The PRF-financed national Poverty Specialists in (four) RMs are a good idea, and a positive contribution to the role and profile of the two RMs we visited. However:</p> <ul style="list-style-type: none"> (i) Formal commitment of Regional Departments to their continuation (a condition of PRF grant) was unclear, and needs confirmation by RDs); (ii) we get the impression that they are most useful when they are established professionals and senior in their own right, and when reinforced by international poverty specialists. The latter may be decisive in determining 'PRF-activity' levels of RMs (Nepal and Pakistan being active RMs. Both have or have had DFID funded international poverty specialists) (iii) the fact that PR specialists are long term consultants and outside ADB structures, has led to administrative problems for all and lack of technical back-stopping and line managers. 	<p>funds from PRF Co-ordination office, but would only be obliged to report on their use in accordance with established formats.</p> <p>8a Formalise strengthening of Resident Missions as a PRF objective and include in the PRF framework. Apart from anything else this may lead to an increase in applications designed for this purpose.</p> <p>8b ADB's RDs which have PRF Poverty Specialists in post, should be asked to commit and plan to extend the posts with ADB resources once the present PRF commitments are completed (and thereafter redefine the Job Description on the basis of experience and if necessary re-open the post to recruitment).</p> <p>8b Consideration should be given by DFID and ADB to extending the provision of international Poverty Specialists (currently based only in RMs), to placement in Regional Departments at HQ, where they could have a positive effect on implementation of the ADB's revised Poverty Strategy, if the experience we observed at RM level is representative.</p> <p>8b We strongly advocate further PRF support of poverty specialists elsewhere and suggest that DFID consider dropping the 30% contribution criteria to help build the case for poverty reduction specialists at RM level, where regional departments remain only partially convinced.</p> <p>8b Senior SD/PR specialists at RM or RD level should be formally allocated technical line managers responsibilities for poverty monitoring specialists. Greater use could be made of in-country DFID funded expertise to support this back-stopping role (with wider benefits for partnerships). Some operational difficulties faced by PR specialists could be overcome by including equipment and other 'basics' in the TA budget.</p>



CONCLUSION	RECOMMENDATION
9.Strengthening partnerships with other development partners	
<p>9a This is not a stated PRF objective but is highlighted in the ToR. Case studies found evidence of genuine attempts to strengthen partnerships with other donors at country level, but still some way to go (for all parties). PRF TAs are working to this end to varying degrees, but this is down to individuals, rather than anything inherent in PRF TAs.</p>	<p>9a PRF TAs could more explicitly support the harmonisation agenda by making this an explicit PRF objective; by giving greater focus to this at the concept and TA design stage; ensuring that TAs are adequately resourced to allow continuous on the ground consultancy inputs; and at minimum ensure greater DFID in-country involvement in TA identification and design.</p>
10.Strategic selectivity	
<p>10a The PRF has worked well as a <i>demand based</i> scheme with <i>merit based selection</i>. This approach should not be changed, but has undoubtedly led to a somewhat ad hoc distribution of projects across PRF objectives.</p>	<p>10a A number of recommendations above would collectively help to bring greater strategic selectivity to the PRF:</p> <ul style="list-style-type: none"> • A PRF promotion at senior managers level to promote greater use of PRF for 'upstream' activities. This is where there is a serious resource gap within ADB; • An increased emphasis on linking PRF proposals directly to existing or imminent loans; • Greater emphasis on strengthening RMs and in-house PR/social development expertise; • Revisiting PRF objectives with senior managers within ADB and DFID (ideally at the next strategy meeting) to agree where PRF might be used most effectively to support ADB's reform agenda.
Part B: Strategic Fund Management	
11. Objectives	
<p>11a PRF objectives remain fundamentally sound and relevant but some merit revisiting given the small number of TAs related to those objectives (ADB's regional role and monitoring poverty impact). Other key activities: capacity building, strengthening resident missions and strengthening partnerships might merit upgrading to objectives.</p>	<p>11a DFID and ADB to revisit PRF objectives at the next strategy meeting.</p>
<p>11b There is a 'missing link' in the Project Framework (i.e. TA activities are not explicitly related to ways of improving ADB contribution to poverty-related policy dialogue, or increased loan contribution to</p>	<p>11b The Project Framework should be revised in co-ordination with the ADB. In particular, its activity-list should be added to (reflecting the activities the planned RETA will address) and an additional</p>

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CONCLUSION	RECOMMENDATION
<p>poverty mitigation, or monitoring of their poverty impact) - beyond PRF projects which are of themselves of modest scope and size</p> <p>11c Other revisions to the PRF framework would be useful to bring a sharper focus to TA objectives and to help DFID and ADB decide on priorities for the remaining unallocated funds.</p>	<p>(intermediate) output should be indicated, involving distillation by ADB managers, and reflection of implications in CSP strategies and loan designs of, lessons derived from PRF activities.</p> <p>11c All outputs should be revisited and sharpened.</p>
12. Eligibility Criteria	
<p>12a We observed that there was scope for productive PRF engagement with non-poverty targeted classified loan operations in core Bank sectors (e.g. private sector development and infrastructure operations). 14b. Design of some sound RETAs funded by PRF has been inhibited by the current bar on PRF activity in Category C countries.</p>	<p>12a. If the previous recommendation is accepted, opportunities within non-TI core loan categories should be considered and proactive approaches made to relevant POs or managers. 14b. RETAs whose design fulfils PRF criteria in respects other than the category C criterion should be judged on their merits, and approved.</p>
13. Scope	
<p>13a It is timely to acknowledge that some key types of TAs are more expensive than others and may merit larger than average budgets (this applies to capacity building and pilot projects, with potentially considerable 'lesson-learning' value).</p>	<p>13a Cease making reference to average size of PRF TAs in promotional literature. Revise guidelines and briefings to clarify that budgets should be realistic in view of their scope, and the nature and likely supply of skills available in-country.</p>
14. Selection Procedures	
<p>14a Demand-based application process is sound. We note concerns about the extent to which especially in the busiest loan-processing Departments, PRF is seen by managers as something of a 'luxury', something extra and beyond routine resources and high priority tasks. Some managers allow their POs to work on PRF only at weekends or other times when it does not affect loan-related duties.</p> <p>14b This raises the question of (managerial) accountability for PRF resources and projects. It also raises questions about the apparent perception of some managers on the relevance of PRF for meeting the</p>	<p>14a Continue; avoid quotas (except for supplementary RM funds).</p> <p>14a (For Co-ordinator's Office) Encapsulate in promotional literature the approach towards PRF adopted by the Mekong Regional Department (see Box in main text); interview for ADB Today the Head of Department. Draw out that Department's illustrations of how PRF has assisted in achievement of performance targets connected with ADB reform and poverty strategy.</p> <p>14b(For the next Strategy Meeting). Discuss the apparent paradox whereby PRF – which ostensibly supports achievement of Bank policy and reform objectives – still appears peripheral in some managers'</p>

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CONCLUSION	RECOMMENDATION
<p>priorities of the current ADB reform agenda and poverty strategy.</p> <p>14c The Peer Review process in PRF selection was universally welcomed and (professionally) developmental. It was seen in contrast to the somewhat rigid, formalised and time-consuming (written) 'standard' interdepartmental circulation of the draft TA paper, which some informants alleged was vulnerable to 'grandstanding' by POs currying favour with managers. Recruitment to PRF Peer Panels was – due to managers' indifference or hostility to the 'borrowing of POs – becoming more difficult.</p> <p>14d It appears that occasional managers' indifference to PRF is not caused by PRF being seen as inherently onerous to obtain. The burdens and rigidities surrounding 'routine' ADB TA processing appeared to be the reason why managers are reluctant to encourage POs to pursue PRF applications.</p>	<p>eyes.</p> <p>14c (For the next Bank Review of TA processes) reconsider the process of review (inter-departmental circulation) of drafts to make it more interactive and thus more similar to PRF's process.</p> <p>14d While 'generic' factors which impede ADB TAs are beyond the scope of PRF influence, the manner of utilisation of the PRF particularly at RM level can and should be made easier and more within the resource envelope of RM Directors in ways we suggest elsewhere.</p>
15. Nine month rule	
15 a Seemed to be effective	15a Recommend continued pursuit of the new 6 month limit on standard ADB processing to Bank approval after PRF approval.
16. Outreach and Dissemination	
16a The Co-ordinator has tackled this task (PRF briefings and outreach) well.	16a The urgency of repeated briefings on PRF is underlined by the reported confusion on the part of POs faced with (first) a freeze on commitments, then an abrupt re-opening of applications, with stringent deadlines at the end of 2004.
17. CSP Alignment	
17a The history of Strategy Meeting discussion of the issue is one of confusion. DFID reservations about alignment of PRF projects with CSP formulation or confirmation processes (on grounds of loss of additionality) has been one factor undermining managers' 'ownership' of PRF.	17a The revised cut off for PRF applications leaves no opportunity for greater alignment in 2006.
18. Levels of Donor Intervention	
18a Current formula for DFID 'no objection' engagement is optimal.	18a. More DFID engagement and input at country level is desirable to reinforce country strategy harmonization, and the process of knowledge management Bank-wide.



CONCLUSION	RECOMMENDATION
18b DFID country-office engagement appears very limited.	
19. NPRS Harmonisation	
19a Inevitably, our treatment of NPRS is superficial, however, there appear to be merits in its absorption into the PRF to form a multi-donor fund.	19a. DGIS should reflect on the outcome of the present review, and if considered necessary, pursue its own limited review of NPRS in view of the probable importance of 'upstream' poverty analysis activity in the light of the ADB's reform agenda, and the apparent merits of a merger with PRF 19b No immediate merger is recommended but rather merger if and when DGIS decides to extend the fund for a further phase.
20. PRF Monitoring and Evaluation	
20a There are (limited) indications that the information available to the Co-ordination office on project progress is incomplete and not entirely accurate. There are disincentives to RMs to reporting punctiliously. Such conscientiousness can give rise to more queries and requests from HQ for detailed compliance with (consultant) management processes than is worthwhile to busy RM staff attempting to make TAs work.	20a Acknowledge that the existing data available to the Co-ordination office will not be adequate for impact analysis or even full insights into the management implications of pro-poor TA operations. 20a M&E of ongoing and to-be completed TAs is an important focus for the years ahead. 20a OED should prepare a Concept Note for a RETA supporting M&E of PRF activities for PRF Peer Review by the end of 2005, focussing on the issue reflecting the poverty-focused nature of PRF, peculiar management difficulties arising because of this characteristic, and the intended impact of the fund's utilisation on ADB policy and managers' practices in the context of ongoing reforms.

Review of the ADB Poverty Reduction
Cooperation Fund (PRF) Regional
Window

For Department for International Development
(DFID) and The Asian Development Bank

FINAL DRAFT

APPENDICES

18 April 2005

Sue Phillips and David Watson

With support from Anna Miles





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Appendix 1: Terms of Reference

The Cooperation Fund in Support of the Formulation and Implementation of National Poverty Reduction Strategies (NPRS) and The Poverty Reduction Cooperation Fund (PRF)

TERMS OF REFERENCE FOR AN INDEPENDENT REVIEW OF THE PRF

A. Background

1. The PRF was established in July 2002 as a multi-donor fund, with an initial contribution of £39 million (about \$71 million as of 30 September 2004) from the Department for International Development of the United Kingdom of Great Britain and Northern Ireland (DFID) until March 2006. Of that amount, £9 million (about \$17 million) is earmarked for People's Republic of China (PRC) which is technically managed by ADB's PRC Resident Mission (PRCM) in collaboration with DFID-China, while the remaining fund is managed by ADB's Headquarters through its Regional and Sustainable Development Department (RSDD).

2. As of 30 November 2004, altogether 84 TAs (17 TAs for PRC) amounting to \$44 million (\$9.2 million for PRC), or 62% of initial contribution, have been committed. Of these, 55 TAs (11 TAs for PRC) totaling \$26.1 million (\$6.3 million for PRC) are under implementation. The goal of the PRF is to assist ADB in reducing poverty in its DMCs. It supports a range of ADB's initiatives that will strengthen ADB's poverty focus in policy dialogue and lending operations in DMCs.

3. Since the establishment of the PRF in July 2002, selection, processing, administration and monitoring of activities under the NPRS and PRF have been jointly carried out through RSDD, using the same procedures. The two donors and ADB have carried out five six-monthly strategy meetings to date for further harmonization and strategic discussion. To date, progress and achievements of NPRS/PRF have been periodically analyzed and reported by ADB to respective donors, and that many strategic aspects related to fund management have been analyzed from various aspects, including closer alignment of NPRS/PRF with Country Strategy and Programs (CSPs) and their annual updates (CSPUs), pace of disbursements, and monitoring and evaluation methodologies. Nonetheless, with the first contribution by the Netherlands to the NPRS coming to an end and the PRF duration having passed the mid-point in May 2004, there is a need to carry out independent reviews of the programs.

4. The need for review is also justified for the need for a re-assessment of trust funds as a tool for poverty reduction partnerships. Since the establishment of the NPRS in November 2001, a number of strategic changes have taken place within and outside of the ADB, including the institutional support to Millennium



Development Goals (MDGs, 2002), the Review of ADB's Poverty Reduction Strategy (PRS, 2003-2004) and its subsequent revisions/enhancement (2004), ADB's Reform Agenda (2004), and the Managing for Development Results initiative (2004). It is opportune for the Netherlands, DFID, and ADB to revisit the NPRS/PRF in line with changing corporate and global environment.

5. While the conduct of a joint independent review was agreed upon by the two donors during the Fourth (27-29 January 2004) and Fifth NPRS/PRF Strategy Meetings (13-14 October 2004), further discussions between ADB and the donors have identified that the review of the two funds should have different scopes, due to the different maturity of the implementation and recent changes agreed (in December 2004) to the PRF implementation arrangements. Therefore, two sets of terms of reference have been prepared, with this one specifically covering the PRF. The review of the PRF will exclude the PRC element of the PRF, any review of which will be managed by PRCM and DFID-China.

B. Purpose

6. The overall purpose of the Review is to provide a light-touch early assessment of the implementation and preliminary impact of the PRF-financed activities, bring out lessons learned, and provide recommendations on future direction, in the light of the new operating arrangements agreed in December 2004. The Review will have two parts. **Part A** will review the impact to date in contributing towards the original outputs and objectives of the PRF as defined in the Memorandum of Understanding and the Board Paper, especially the PRF Framework. **Part B** will assess the effectiveness of the strategic fund management approaches taken by the PRF. Responsiveness of the PRF to ADB's changing corporate environment since the establishment of the Fund in July 2002 will be also assessed. Based on these assessments, the Review will provide recommendations for future direction of the Fund and the appropriateness of forging closer links with the NPRS.

C. Scope of Work

7. The review will cover the following tasks in relation to the PRF, but excluding the PRC-PRF:

Part A: Review of Current Portfolio against the Original Objectives of PRF

- (i) Review the PRF portfolio and its overall progress and outputs as per the PRF Framework, and assess its strategic selectivity.
- (ii) Make a preliminary assessment of impact of a selection of projects (concentrating on the experience in Cambodia and Pakistan – *to be agreed*), including impact on the following areas:
 - a. Policy dialogue and strategy formulation



- b. Increased poverty focus
 - c. Influence on loan design
 - d. Broader stakeholder consultations at all stages
 - e. Partnership with other development partners
- (iii) Assess the bottlenecks and incentives/disincentives to implementation (including absorptive capacity both of ADB and DMCs), bring out lessons learned, and make recommendations for improvement.

Part B: Evaluation of Strategic Fund Management

- (iv) Review the strategic approaches taken by the PRF, and assess their impact and appropriateness. In particular,
- a. Fund objectives
 - b. Eligibility criteria
 - c. Scope of activities
 - d. Selection procedures (i.e. demand-based, merit-based selection)
 - e. Centralized fund allocation instead of regional/country allocation
 - f. 9-months cut-off rule and other practical measures to accelerate processing and implementation
 - g. Outreach and dissemination
 - h. Attempt to align with CSPs and CSP Updates
 - i. Level of donor intervention
 - j. Harmonization and joint management with the NPRS, and
 - k. Any other aspects as identified important during the Review.
- (v) Based on all the assessments above, make recommendations for any improvements or alternative approaches, including possible integration of the NPRS and the PRF.
8. To carry out the Review, the consultants may wish to employ appropriate methodologies such as:
- Review of a selection of concept papers, approved TA papers and relevant outputs of the projects supported by PRF, as well as counterpart loan project documents, CSP/CSPUs, national poverty reduction strategies, and other relevant ADB and government documents;
 - Review of relevant Annual Reports, Semi-Annual Progress Updates, Minutes of Semi-Annual NPRS/PRF Strategy Meetings, and other special reports (e.g. Issues Paper, Explanatory Note on Disbursement Projections and Revised Fund Duration, etc.);
 - Focus group discussions, individual interviews, and questionnaire distribution to relevant ADB staff (both project officers, program officers, and staff from supporting units as necessary) and senior staff in Manila Headquarters;
 - In two country offices (Cambodia and Pakistan - *to be agreed*), undertake a more in-depth case analysis and country-level consultation, joining up with NPRS review where possible.



D. Timeframe

9. The Review will be carried out in January - early March 2005, during which 5 person-weeks of consultant inputs will be provided, including a visit to ADB Headquarters in Manila and two country visits.

E. Outputs and Reporting

10. The Consultants will report to the ADB Desk Officer in DFID's Asia Directorate. They will coordinate closely with the NPRS/PRF Coordinator at the ADB Headquarters and the UK's representatives in the Board of Directors' Office at ADB in meeting schedules and necessary documents.

11. Within 7 days from the commencement of work, a brief inception report with detailed work plan and review methodology will be submitted to DFID and the ADB NPRS/PRF Coordinator for a quick feedback. The draft report will be submitted to DFID and ADB NPRS/PRF Coordinator by 15 February 2005. The draft will be also independently reviewed by ADB's Operations Evaluation Department for comments. Based on comments, the final report will be submitted to DFID Asia Directorate by 04 March 2005. The paper will be discussed, together with that on the NPRS, at the 6th Strategy Meeting in April 2005.



Narrative Summary	Verifiable Indicators	Means of Verification	Important Assumptions
<p>ADB explores new loan design and programming through pilot poverty reduction investments</p> <p>ADB’s activities involved broader and more detailed consultation with stakeholders, particularly project beneficiaries and other primary stakeholders, at all stages of design, implementation and evaluation</p>	<p>A minimum of 10 revised loan designs due to PRF; strategic pilot investment projects linked to ADB portfolio</p> <p>Increased participatory analysis in project documentation and non-loan activities</p>	<p>ADB to monitor and report to annual meeting</p> <p>(i) List of persons met during ADB missions (ii) Records of activities with civil society</p>	<p>Direct impact for ADB’s portfolio can be demonstrated</p> <p>Government support civil society participation</p>
<p>ADB strengthens its comparative advantage as a regional development bank with impact for poverty reduction in Asia</p>	<p>Increased number of cross-border activities leading to the ADB loans or other ADB support; minimum of 3 studies with potential recommendations for ADB loans on cross-boarder poverty</p>	<p>ADB loan records</p>	<p>(i) National policies allow geographical targeting of poverty intervention along border areas (ii) RSDD fulfills its function</p>
<p>ADB strengthens implementation of new reforms for knowledge management learning and country focus to achieve better poverty reduction</p>	<p>(i) Strategic involvement of RSDD (ii) Improved learning within ADB (iii) Enhanced knowledge management to external partners</p>	<p>(i) Monitoring of cross-cutting activities implemented by regional team from different ADB divisions (ii) Records of seminars with broad stakeholder involvement (iii) Records of activities involving other donors and multi-stakeholders</p>	<p>(i) Regional and Sustainable Development Department in ADB can effectively fulfill its mandate as described in the Reorganization paper (ii) Poverty reduction better mainstreamed in ADB</p>



Activities		Inputs	
<p>Technical assistance for capacity and institution building to support poverty reduction strategy formulation, including studies on the enabling environment for poverty reduction, participatory poverty assessments and other poverty-focused surveys</p>	<p>(i) technical assistance projects (ii) poverty focused studies (iii) workshops and public conferences (iv) poverty reduction training (v) national experts based in Resident Missions</p>		<p>Buy in to reports within government and inside ADB</p>
<p>Technical assistance projects that help making ADB loans more poverty focused</p>	<p>(i) technical assistance projects (ii) monitoring and evaluation studies (iii) poverty impact assessments (iv) stakeholder participation of the poor</p>	<p>Regional funds up to £30 million</p> <p>PRC window up to £9 million</p>	
<p>Strategic pilot poverty reduction investment projects for replication under ADB loans</p>	<p>Pilot investment projects for direct poverty reduction</p>	<p>Total up to £39 million</p>	
<p>Outreach and Communication</p>	<p>Publications, videos, website, documentation in partner countries and UK</p>		
<p>Administrative costs</p>			



Appendix 3: Policy Framework

Poverty Reduction Cooperation Fund (PRF) Review

ADB's Policy context

The establishment of the PRF followed the launch of the ADB's Poverty Reduction Strategy (PRS), this strategy has had considerable impact on the ADB with subsequent policy papers such as the Long-term Strategic Framework being formulated with the PRS as the overarching guide. The PRF was established in 2002, since then there has been refinement of the ADB's PRS and institutional systems. This raises questions as to whether the PRF has kept pace with the changes, what impact the changes have had on the PRF and how the PRF now fits within ADB's broader strategic framework?

Drivers for NPRS/PRS within ADB at the time of inception

- Reduction of resources for TA grants
- ADB strengthening the role of resident missions and cooperation between donors
- The need to test-pilot new approaches to poverty reduction
- Need for the ADB to strengthen its regional role to cope with regional volatility, which affects the poor adversely.

1. ADB Strategic Commitments

1.1 Poverty Reduction Strategy

The Poverty Reduction Strategy is based on analysis of regional experience through which the ADB have identified three, mutually reinforcing pillars by which poverty can be reduced: pro-poor sustainable economic growth, social development and good governance. The PRS is a guiding strategy within the ADB, with the 3 pillars providing a clear focus throughout policy documents.

The original strategy included the following:

- An outline of the processes for implementation, starting with country based analysis of poverty and then sharing of analysis across government, civil society and private sector in order to gain a common understanding of the poverty reduction targets and strategies for meeting them.
- The strategy emphasizes that all ADB loans and technical assistance grants must contribute to poverty reduction and provided a fund quota for poverty interventions (PIs).
- The PRS identified 4 cross-cutting priority areas of its operations: gender equality, environment sustainability, private sector development, and regional



cooperation (see review of PRS below, 2.1, where capacity development has been added.)

- The PRS also identified a series of institutional changes needed to facilitate greater emphasis on poverty reduction, including establishment of a poverty reduction unit, review of staff recruitment and allocation, and development of statistical databases.

1.2 The Long-term Strategic Framework (LTSF)

The LTSF followed the Poverty Reduction Strategy and is strongly led by it. It is built around the following:

- i. Poverty Reduction as an overarching goal of the ADB
- ii. Achievement of the IDGs (this focus has now shifted to the MDGs, see section 2.2 below)
- iii. The key development challenges in the region as articulated in the PRS's 3 pillars: sustainable economic growth, inclusive social development, and governance for effective policies and institutions

The long-term strategic framework is supported by **Medium Term Strategies (MTSs)**. Each of these covers a 5-year period, the first of these covers 2001-2006 and has a focus on institutional and private sector strengthening to facilitate economic growth, and greater regional cooperation to broaden development options for pro-poor growth. This MTS is coming to an end and a new draft for the 2nd phase should be in process.

Of importance to the PRF, the LTSF highlights the need for a higher proportion of non-loan funding. The aim of these grant funds are to:

1. help ADB ensure a consistent and comprehensive integration of poverty reduction issues
2. develop more detailed poverty analysis on individual loans
3. encourage more participatory processes at all stages of the project cycle
4. promote sub-regional capacity building work
5. undertake pilot projects for future ADB operations

Recent Policy Changes

2.1 The review of the Poverty Reduction Strategy

Given the strategic direction that the PRS provides to ADB operations, the review outcomes are likely to have a bearing on the PRF, in particular the increased focus on: a country-led approach, monitoring and evaluation mechanisms, and a need to broaden operational modalities.

Although the extent to which the PRF has been influenced by the PRS review is unclear, the following recommendations and subsequent changes to the PRS may have a significant impact.

- The cross-cutting areas be renamed as 'thematic' priorities (to avoid the interpretation that these need to be pursued in all operations) and that capacity development be added. The thematic areas currently include: gender



equality, environmental sustainability, private sector development, regional cooperation, and capacity development

- The project classification system for poverty interventions (PIs) should be broadened. The classification system initially defined poverty interventions as those that targeted the poor at household and individual levels, however the review recognized that poverty interventions should include a broader scope with the possibility for geographic or sectoral targeting.
- The PRS initially specified an ADB-wide lending target for PIs of 40% and recommended an operational focus on agriculture and rural development, social and human development sectors, and infrastructure and finance. The review recommended that this target and sector prioritization be removed and the emphasis placed on development results rather than inputs. The review felt that this is more consistent with a country focus and individual country assessments of the constraints to poverty reduction.
- With an increased focus on National Poverty Reduction Strategies and a corresponding move away from Poverty partnership agreements (PPAs). The targets in the NPRSs should be reflected in the CSPs and progress reported through CSP updates
- The analytical rigor in the CSPs should be strengthened with linkages clearly made between poverty assessments and proposed operations
- ADB should established a monitoring and evaluation framework that covers the programme/project, country, sector and institutional levels. Individual projects should be monitored to ensure that the linkages with CSP are clearly established.
- The review assumes that the ADB will broaden its financial modalities and instruments and remove structural, procedural and human resource constraints.

In summary, the review of the Poverty Reduction Strategy commits the ADB to:

1. Strengthening overall PRS implementation
2. Improving methods for measuring poverty impacts
3. introducing more flexible project and programme modalities
4. emphasize results as opposed to targets in ADB operations
5. Strengthen alignment of ADF with National Poverty Reduction Strategies
6. Collaborating more effectively with its development partners

2.2 MDGs

Since the creation of the PRF the ADB has made a commitment to supporting the MDGs. There is recognition that whilst Asia may meet MDG targets on income related poverty, it is off-track on many of the non-income targets. If Asia misses its regional targets, global targets will not be met. This recognition seems to be driving some key institutional changes: a) The reform agenda and b) the managing for development results initiative.

3. Institutional Environment

There are 2 critical changes that have taken place within the ADB: The launch of the ADB's Reform Agenda in 2004, which is accompanied by the Managing for



Development Results initiative. This highlights questions as to how these institutional changes are impacting on the PRF.

3.1 The Reform Agenda

The aim of the ADB's Reform Agenda is for 'demonstrable improvements in the development impact of ADB operations in reducing poverty in developing member countries (DMCs)'. This includes 5 main outputs by 2006¹:

- i. Managing for Development Results initiative is mainstreamed
- ii. Improved framework and systems for managing knowledge and information systems is in place
- iii. ADB's operational policies, strategies, and approaches aligned with ADB's key strategic agendas (LTSF, MTS and PRS)
- iv. ADB's business processes and organizational structure aligned with updated operational policies/ strategies and modalities
- v. Improved HR management systems and processes, and improved staff engagement in place

3.2 Managing for Development Results Initiative

The initiative aims to mainstream a results-based monitoring, evaluation and reporting system across all of the ADB's operations. This will be accompanied by results-based country strategies that are aligned with nationally owned poverty reduction strategies. There is a realization of the need for innovation and lesson learning accompanied by a scaling up of those operations that work.

3.3 ADF IX

In line with the LTSF, ADF IX includes agreement amongst development partners of the need for a grant component. This will account for up to 21% of total ADF funds. Grant operations will be in line with the National Poverty Reduction Strategies.

4. Resulting questions

- What is the impact on the PRF of the ADF IX's new allocation of grant funds?
- What does the Reform Agenda and MfDR mean for PRF and is the PRF keeping up to speed with these changes?
- How can the PRF support the need for innovation and possible scaling-up of good practice?
- What is the impact of the PRS review on the PRF and to what extent has the PRF adapted to reflect the current strategic environment within the ADB?
- How does the PRF complement and feed into the PRS?
- The PRS review indicates that there has been a sector emphasis of loan funds on infrastructure between 1997 and 2003 whilst support for the social development pillar remained stagnant, is there a similar sector emphasis in grant funds?

¹ See ADB's Reform Agenda: results framework



Appendix 4: Pakistan Case Study

THE POVERTY REDUCTION FUND AND THE PAKISTAN RESIDENT MISSION

Introduction

This Annex summarises the utilisation to date of the PRF by the Pakistan Resident Mission. It commences with a brief description of the Mission, its evolution into one of the largest in the ADB and main priorities of the current CSP; provides a description of its utilisation of the PRF, the sub-projects, a summary account of issues arising, and finally draws several conclusions on the basis of the reading and discussions held with RM staff and stakeholders. This Report is based on review of documentation and discussions with PRM and other stakeholders in Islamabad between January 31st and February 3rd. The assistance of Naved Hamid and Haroon Shah in assembling the programme of discussions, and the co-operation of the other persons met² is gratefully acknowledged.

1. Pakistan Resident Mission (PRM)

PRM was established in 1989 with a professional staff of three (all from Headquarters). Three years later this had doubled, and its complement currently stands at 60 (including support staff). It is organised into two principal sections: Country Policy Operations (including a Governance Unit, a new Unit for Province – based Operations, and a newly-defined Poverty Group), and a Results Management and Development Effectiveness Section headed by a Principal Project Implementation Specialist. If budget is agreed by Headquarters, it plans to strengthen further this latter section with the addition of four Unit heads for infrastructure, Finance, Social Sector and Natural Resources.

DFID Pakistan has supported the recruitment of four staff based in PRM. Its co-financing of the second Support for Decentralisation TA project (2003 ff) funded a Poverty and Macroeconomic specialist, a Governance Specialist (both long-term consultants for up to two years) and a research officer. A poverty macroeconomist / statistician has been provided under the PRF.

Lending Programme: CSP Priorities

Between 1990 and 2001, lending totalled \$5.27 billion: over half (by value and numbers of projects) was in agriculture and rural development and energy. Pakistan and ADB signed a Poverty Partnership Agreement (PPA) on 16th September 2002; the GoP's PRSP was published in December 2003. Provincial PRSPs have subsequently been prepared.

² Please refer to Appendix 1.



The current CSP (2002-06) anticipates a lending programme of \$2.4 billion (2003-05) in seven sectors supportive of poverty reduction: agriculture and rural development, energy, transport, finance, health and education, water supply and sanitation, and governance (including devolution, legal, police, and judicial reforms). The CSP notes an intended shift towards support to Provincial and local governments in view of the (then) newly-promulgated Devolution Plan of the Pakistan Government. Policy loans had already become a major component of the lending programme in the 2000 – 2002 period, a trend which is expected to continue, with support to Provincial resource management and rationalisation, in view of the revised roles of Provinces under devolution.

Technical Assistance operations are being focussed particularly on governance including for institutional analysis and support for change management, systems development and related training; enhanced partnerships with civil society, NGOs and the private sector to improve monitoring of results from the public sector; and increased attention to gender issues, the environment and regional co-operation initiatives. PPTAs are expected to account for two-thirds of the TA programme, which was expected to be just under \$15 million in the CSP period.

The most recent update of the CSP (September 2004) notes some progress towards achievement of the MDGs, but more rapid progress is clearly needed. The insertion of the Local Government Ordinance in the Constitution has reinforced the main focus of the ADB's Decentralisation Support Programme. One of its elements is a set of five recently-approved Gender Reform Action Plans (GRAPS) for Federal level and the four Provinces. GRAPS are agreed policy achievements in the four Policy Loans in Punjab, Sindh and Balochistan.

General Overview

Overall, the PRM and its lending programme have grown rapidly; availability of TA funding on a grant basis has not kept pace. Grant sources such as co-financing from bilaterals,³ and the PRF, have therefore proved crucial to the lending operations of the PRM.³

2. The PRM and the Poverty Reduction Co-operation Fund

The PRM is engaged in the projects summarised in the tabulation below. An assessment is also provided of the actual or likely contribution of the project to the objectives of the PRF.⁴

³ Several PRM staff pointed out that the loan processing was now running at approximately \$1 billion per year, with only \$5 million TA funds to support it; in the past the corresponding figures were \$0.5 billion and \$10 million.

⁴ Contribution to policy dialogue or poverty strategy formulation; increased poverty focus of Bank interventions or loan operations; influence on the design of future loans; enhanced stakeholder consultation or participation; improved partnerships.



SUMMARY OF PRF PROJECTS LAUNCHED IN PRM

PROJECT TITLE AND DESCRIPTION	BACKGROUND			STATUS NOW	LIKELY CONTRIBUTION
	Whose initiative and why PRF?	Links to Loan Portfolio	DFID input/dialogue		
<p>PAK 4015 Enhancing Capacity for Resource Management and Poverty Reduction in Punjab. (12/02) PRF = \$230k element in \$850 package.</p> <p><i>Two components to complete TA:</i></p> <p><i>PRF: 1. Support PRSP completion; develop District PRSPs (10) subsequently scaled back to Poverty Focussed Investment Strategies;</i></p> <p><i>ADB & DFID: 2. Translate into medium term budget and expenditure framework (MTBF).</i></p>	<p>ADB initiative and design, complementing \$200 million loan (backed by a \$4m TA soft loan) which is intended to reform provincial finances through fiscal restructuring and financial management.</p>	<p>Intended to provide poverty focus for, inform preparation of and therefore complement, a 'programme cluster' of loans to GoPunjab under the Punjab Resource Management Programme (PRMP) (\$200m).</p>	<p>DFID collaborates closely with ADB on PRMP, and supplemented TA 4015 budget to permit resource planning and management systems (Medium Term Budget Framework MTBF) to be established.</p> <p>PRF suggested by DFID as source for PRSP-targeted component 1, given its intended poverty-focus.</p>	<p>Scope and foci of Component 1 TA were revised after the Fact-Finding mission (FFM) for loan. It demonstrated that the original design of the TA had been overtaken by events and proved over-ambitious.</p> <p>The Provincial PRSP had been completed before TA started. FFM confirmed it was unrealistic to undertake District PRSP compilation in time and with resources provided. Revised ToR limited to production of District Poverty-Focused Investment Strategies (PFIS), using socio-economic profiles and MTBF.</p>	<p>Principal PRMP loan could not be influenced in pro-poor directions as intended, due to over-ambitious ToRs, delays in Component 1 (planning) consultant mobilisation, and poor performance.</p> <p>Punjab P&D Dept requested consultants to produce sector papers, eventually formed into Province PFIS. District PFISs were based on limited fieldwork.</p> <p>Provincial government reportedly dissatisfied with consultants outputs and performance.</p>



PROJECT TITLE AND DESCRIPTION	BACKGROUND			STATUS NOW	LIKELY CONTRIBUTION
	Whose initiative and why PRF?	Links to Loan Portfolio	DFID input/dialogue		
				<p>Major (continuing) problems with Component 1 (planning) consultant firm. Several key members of proposed team unavailable.</p> <p>In practice, Component 2 (implemented by different firm of accounting consultants) is proving popular with GoP as means of addressing loan policy action matrix using grant.</p>	<p>Repeated efforts made by PRM to enhance performance of Component 1 consultants.</p> <p>Overall, this TA is not likely to be a significant contribution to PRF objectives.</p>
<p>PAK 4277 Support for Poverty Reduction in Pakistan (12/03) \$63.6k element with co-financing from NPRS (\$39k) and TASF (\$39k) <i>Two-year contract hire of Poverty Specialist (macroeconomist / statistician) for PRM</i></p>	<p>Need identified by DFID-funded Poverty Specialist (who has a social and policy development background) for a quantitatively-oriented specialist to support PRSP monitoring and progress reporting, and the work of the PRM in pro-poor directions.</p>	<p>Limited engagement with loan portfolio so far. ToRs include (50% of time) support to PRSP Secretariat (esp reporting; poverty targeting (papers presented); database development; data (quality) scrutiny; support to better links at Provincial level (i.e. sources for national poverty data now).</p>	<p>Complements role of DFID-funded Poverty Specialist in newly-defined Poverty Group in PRM.</p> <p>Not much direct interaction to date with DFID except at donor meetings.</p>	<p>Started work 06/04; intention was to work mornings at PRSP Secretariat afternoons in ADB. Due to space limitations is based in ADB. Good working relations with PRSP Secretariat head; did much of work on last annual report.</p>	<p>Poverty specialist is helping PRSP Sect. move towards strengthening PRSP cells in Provincial governments, and is providing analytical contributions to pro-poor targeting of public investment plans. PRSP Secretariat thinly staffed (high turnover in past 6 months); specialists' inputs will only contribute to capacity building if</p>



PROJECT TITLE AND DESCRIPTION	BACKGROUND			STATUS NOW	LIKELY CONTRIBUTION
	Whose initiative and why PRF?	Links to Loan Portfolio	DFID input/dialogue		
					suitable additional staff are actually recruited.
<p>PAK 4319 Determinants and Drivers of Poverty Reduction and ADB's Contribution in Rural Pakistan (03/04) \$400k</p> <p><i>Study analysing why agriculture sector growth appears to have no impact on poverty reduction: involves database assembly; documentation of lessons learned; 4 policy papers..</i></p> <p><i>Budget boosted to \$580k and scope increased December 2004 to permit study of impact of international cotton market on rural poverty.</i></p>	<p>Participative Poverty Assessment identified paradox; PRM identified issue as worthy of study; PRSP Secretariat endorsed study idea. Identification of consultants endorsed by GoP; close collaboration throughout to ensure ownership.</p> <p>Hypothesis of the impact of global cotton markets on rural poverty put forward in a research proposal by International Food Policy Research Institute (IFPRI).</p>	<p>Results will emerge in time for new CSP (2006-2010). Likely to have impact on shape and foci of new CSP.</p> <p>ADB's loan portfolio is extensive in the Agriculture/RD sector (loans totalling \$180m are mentioned in project documentation as being susceptible to the findings of this study).</p>	<p>DFID endorses research into causal factors in rural poverty.</p> <p>Proposed IFPRI research backed by DFID Policy Division.</p>	<p>Sound team of consultants hired (on individual bases). Preparatory study guided focus and hypotheses of main study. Inception Report delivered and workshop held.</p> <p>Research commencing soon.</p>	<p>Fortuitous combination of GoP buy-in and interest; timing (in relation to future GoP and ADB planning); good calibre of consultants all bode well for future impact on policy dialogue and poverty strategy.</p> <p>As above: a significant and strategic addition to the 'Drivers and Determinants' study.</p>



PROJECT TITLE AND DESCRIPTION	BACKGROUND			STATUS NOW	LIKELY CONTRIBUTION
	Whose initiative and why PRF?	Links to Loan Portfolio	DFID input/dialogue		
PAK 4414 NFE and literacy for rural women in Barani areas of Punjab. (10/04) \$400k <i>Pilot Project with Provincial govt, NGOs and target communities.</i>	Project Officer for loan identified need for complementary TA to proposed Loan to start process of mobilisation and preparation of vulnerable groups.	Target group are intended beneficiaries of loan. Curriculum to be finally developed and applied with loan is being tested through piloting in the TA.	No information.	Approval in writing of GoP awaited. Consultants to be fielded by June 2005.	Will ensure approaches to NFE and literacy development for key beneficiaries of loan are valid. Only three months intermittent international input for 15-point ToR.
PAK 4443 Mobilisation of Grassroots Stakeholders for Pro-Poor Services Delivery. (11/04) \$500k <i>Capacity building for (model) grassroots participation in planning and delivery of services.</i>	Originally proposed as a RETA with Bangladesh RM; the latter rejected involvement. It was focused exclusively on Sindh after discussion with PRM and Go Sindh.	It relates to the Sindh Devolved Social Services Programme Loans (two, totalling \$210 million) and a related TA loan (\$14 million) requested by GoS for M&E, policy reform and LG capacity.	Sindh is not a DFID target Province. No information on DFID involvement in this TA.	Approval from Federal Economic Affairs Department awaited (GoS has approved it).	Will test a model of building popular involvement in service delivery through 'Social development forums' at three levels of local government. However, (despite this being commented on in Peer review) the project documentation still does not make explicit the TA's connection to approaches for popular and political engagement proposed under the GoP's Devolution Plan. Sustainability of 'model' arrangements is



PROJECT TITLE AND DESCRIPTION	BACKGROUND			STATUS NOW	LIKELY CONTRIBUTION
	Whose initiative and why PRF?	Links to Loan Portfolio	DFID input/dialogue		
					therefore questionable.
PAK 4537 Implementing Police Safety Reforms in Punjab (4Districts) (12/04) \$950,000 <i>Support to implementation of Police Order 2002, particularly in improving investigation capacities, designing and implementing community policing programmes, building capacity of public oversight bodies, and (thereby) enhancing policy dialogue on police reforms.</i>	Inspector General Police (Training) requested this assistance to supplement an ongoing (loan-financed) programme of Access to Justice reform.	<p>The ADB's Access to Justice programme for Punjab (and other Provinces) was established in 2002 with a \$350 million loan (backed up by a \$1.3 million TA grant supportive of management and monitoring of the overall reform programme).</p> <p>The present TA is designed to support ongoing reforms in pro-poor directions (and a proposed DFID-backed TA project supporting demand mobilisation for AJ) by piloting pro-poor policing efforts at District level in Punjab.</p>	DFID has been instrumental in mobilising an experienced police consultant for design purposes, of this and a major proposed AJ TA project (indicatively \$27 million). DFID has agreed in principle to fund the latter TA project.	Final approvals being obtained. Consultant recruitment to follow.	<p>ADB and DFID have a major AJ programme underway. Justice and security issues have been identified in Pakistan (through the PPA of 2001/2) and internationally as impinging (usually negatively) on poor people.</p> <p>Reform in this sector is notoriously difficult. The PRF TA responds to the apparent will on the part of senior staff in the Punjab to make District policing more efficient and responsive, and provide lessons for future AJ loan and TA-driven policy reform and capacity building.</p>



PROJECT TITLE AND DESCRIPTION	BACKGROUND			STATUS NOW	LIKELY CONTRIBUTION
	Whose initiative and why PRF?	Links to Loan Portfolio	DFID input/dialogue		
TA ? (Proposed) Support for Gender Reform Action Plans (GRAPS) \$800k component of proposed \$4m TA (all but \$100k is CIDA co-financing). <i>Assistance in the implementation of national and four Provincial approved GRAPS</i>	GRAPS were identified in an earlier TA (Gender Reform Programme 2002-3), and are policy commitments in the policy matrices of ongoing Devolution Support Programme (DSP) Punjab Reform Management Programme (PRMP) and Sindh Devolved Social Services Programme loans.	GRAPS are policy commitments in DSP, PRMP, BRMP and Sindh and Punjab DSSP loans. A TA Loan of \$7million under the Devolution Support Programme is planned to further support implementation of all GRAPS (but the total estimated cost is \$40 million). GoP is reluctant to use loan finance for these TAs.	Dialogue has identified potential for TA support to family protection / gender rights, to carry forward DFID earlier commitments.	CIDA confirmation delayed, now approved 12 February. Launch of TA process anticipated April 2005.	PRF served as a lever for additional (donor) resources relevant for policy dialogue, and thus partnership building. The measures within GRAPS will promote the rights, welfare and security of one of the most vulnerable groups in Pakistan.



3. The Significance of PRF in PRM Operations

The quantitative significance of PRF projects in PRM operations is not large. Total PRF commitments amount to around \$3.75million in a TA programme of \$15 million approximately (somewhat more than 20%). However, this may underestimate its significance in promotion of the poverty agenda in PRM and in its operations with government. It has been instrumental in leveraging additional (development partner) contributions in several cases: to an extent PRMP and certainly in the case of GRAPs support.⁵ It is a strategic pro-poor component in several other major programmes: the Access to Justice Programme and the gender dimensions of the Decentralisation Support Programme. It is supporting pro-poor design and participation in the Barani (rain-fed arable) Areas of Punjab loan and also the Sindh Devolved Social Services Programme.

In one case (Drivers and Determinants of Rural Poverty), an important research programme could not have been financially supported from any other source. It is likely that – particularly because of the positive GoP interest and engagement in this study - the study will be able to feed its results into the processes for preparing the next ADB CSP and the NPRS update

The overloaded professional staff of PRM have been supplemented with an experienced macroeconomist / statistician who is well-related to the PRSP Secretariat and well-placed to influence future developments at Federal and (probably more crucially for the future) Provincial level. Over the next year, he will be able to support influence by the Poverty Group on the shape and design of ADB's loan operations.

4. Issues Arising and Conclusions

While the value of PRF is acknowledged...

ADB informants were unanimous in acknowledging the value to their operations of the availability of PRF funding. The nature of the PRM national policy context, pressures for TA grant finance and supply of ADB TA finance all combined to make a problematic environment for TA support to the CSP and lending operations. Policy loans are becoming more common vehicles in Pakistan They are by their nature intensive in capacity building implications and therefore in requirements for TA. The GoP's Devolution Plan has implications for the volume and complexity of management of TA operations, with multiple implementing agencies, of widely varying competence, dispersed geographically.

...and its 'extra' requirements are appreciated and not of themselves problematic...

Few ADB staff mentioned as a problem the extra steps required when applying for PRF backing for a proposed TA. All appreciated the value of having to specify the relevance of their proposals for poverty reduction. The Peer Review process

⁵ This co-financing may be very time-intensive for ADB staff. One example was quoted where ten meetings had been necessary to secure co-financing of \$3 million.



in PRF processing was welcomed as being more informal, productive and developmental of inter-Departmental professional relationships than the formal ADB TA appraisal process (see below).

...but 'routine' TA processing burden is daunting and a disincentive.

The burden of subsequent 'routine' TA processing was commonly mentioned. This was seen as the single most important barrier or disincentive to PRF participation. It explained the limited take-up of PRF in the first years (2002 and 2003). Indeed, there was reportedly reluctance to take action on the latest circular on PRF (January), because staff are already over-burdened. Several staff mentioned the laboriousness of soliciting comments from peers and colleagues in TA processing and the limited value of the exercise.⁶ The addition of the two DFID-supported long term consultants (through the Support for Decentralisation TA) had been instrumental in permitting more take-up of PRF. Both have played a role in designing TAs and supporting the development and implementation of others.

There may be an 'ownership' paradox with PRF projects...

All reviews of TA operations (in the ADB and elsewhere) stress the importance to ultimate success of TAs of the 'ownership' on the part of the client agency or government department implementing the TA. This ownership is engendered for example by responding to the ideas or initiatives of the agency involved, and discussing jointly TA needs (as part of routine country programming exercises). Several PRF TAs did indeed respond to counterpart agency initiatives or policy commitments (police reform and GRAPS).

.....because PRF is not publicised by PRM amongst GoP policy-makers or counterparts, nor mentioned in country programme confirmation missions.

This is for pragmatic reasons. If PRF was 'announced' and ideas or applications solicited, it is likely that many proposals would emerge, of variable technical merit, with un-even connection to the CSP, and would probably need considerable work to put them in a form able to be processed through Peer Review. Therefore PRM management – with the exceptions above - have generally taken the initiative in making propositions (outside country programme review exercises), and then discussed them with government counterparts. It remains to be seen whether this chronology affects ownership – and progress - throughout the life of TAs funded through PRF.⁷

PRF supports PRM in taking forward TA project initiatives and taking charge of the full project cycle.....

⁶ All comments have to be responded to in standard TA processing. One (PRF) applicant commented that only one-quarter of the 25 sets of comments received to the draft TA paper had any professional or technical value or merit.

⁷ It is also paradoxical that the 'freeze' on further PRF commitments imposed by DFID between mid October 2004 and January 2005 – based on DFID concerns about slow disbursement – prevented possible discussion by Resident Missions during programme confirmation dialogue in the last three months of the year.



In their earlier years, Resident Missions were little more than ‘post-offices’ for communication between Project Officers in Manila and government counterparts to loan operations. They became progressively more involved in loan design and associated policy dialogue, and subsequent administration and management. As one component of the ADB reform agenda, RMs are now charged with the task of country programming, and are identifying and designing TA projects and seeking funding for them. This is important in country contexts such as Pakistan where devolved government implies multiple clients or counterparts, make design or management lead from Manila impractical. The PRMP and Drivers and Determinants TAs above illustrate another aspect of pro-poor technical assistance in Pakistan. Consultant firms specialising in poverty issues do not exist. Individual consultants have to be sought and contracted. This requires good local ‘intelligence’; extremely labour-intensive contracting measures and intensive monitoring.

.....which may imply that consideration should be given to devolving some discretion over use of PRF resources directly to some RMs

Our impression is that information about PRF has permeated down to RMs from Manila. However, HQ-based staff are, and have been, generally more au fait with its existence and access possibilities than RM staff. We note in our main report some concerns about the limited degree of management’s ‘internalisation’ of the PRF in country operations resource envelopes and about accountability for its use.⁸ We raise the question for ADB and DFID consideration as to whether there would be merits in future in allocating some PRF resources to Resident Missions for use without prior reference to Headquarters.⁹

DFID Pakistan appears to be a ‘sleeping partner’ as far as PRF is concerned.

PRM and DFIDP have both completed questionnaires describing their inter-relationship and collaboration. Each party values their relationship to the other. They derive mutual benefit from their close collaboration. However, there has been little substantive dialogue concerning PRF. In several cases DFIDP advisers have suggested PRF as a source of funding for a TA or component of a TA. In one case DFIDP suggested a consultant to contribute to the design of a strategic TA (the police TA). In most of the others, there appears to have been no substantive role played by the DFIDP office in PRF TA conception or processing. The latter sector (Accessible Justice) appears to be the one case where DFIDP has been influenced by ADB, and has become more engaged in a sector than before due to collaboration with ADB.¹⁰

⁸ We note that the management of only one geographical department – Mekong Region – has wholeheartedly taken PRF ‘on-board’ in its country programming and DMC dialogues.

⁹ For example for ‘upstream’ dialogue promotion; short term specialist injections; brief research injections; ‘rapid response’ to government requests; consolidation/codification of learning/innovation and dissemination at least nationally (based on an already-established PRF project).

¹⁰ DFID is exploring for example how its ongoing support to decentralised government in Faisalabad District can take on board access to justice issues as well as its current social service delivery planning and management mandates.



Appendix 1

LIST OF PERSONS MET

ADB Pakistan Resident Mission

Naved Hamid	Deputy Country Director and Head of Country Policy Operations
Douglas Porter	Head, Governance Unit
Tahir Ali Khan	Head, Finance and Admin. Unit
Safdar Parvez	Programmes Officer
Safiya Aftab	Project Officer Social Sector
Ismat Shahjehan	Project Officer (Gender and Dev.)
Haroon Shah	Senior Operations Assistant
Emma Hooper	Poverty and Macroecon. Specialist
Peter Robertson	Governance Specialist
Ghulam Arif	Poverty Specialist (PRF TA)

PRSP Secretariat

Sajjad Ahmad Sheikh	Deputy Secretary
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Centre for Research on Poverty Reduction and Income Distribution

Sajjad Akhtar	Director
Shaikh Murtaza Ahmad	Project Co-ordinator

DFID Pakistan

Haroon Sharif	Economic Adviser
Sarah Hennell	Poverty Statistics Adviser
Andrew Ockenden	Economic Adviser

National Rural Support Programme

Rashid Bajwa	Chief Executive Officer
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Pakistan Poverty Alleviation Fund

Kamal Hyat	Chief Executive
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Appendix 5: Cambodia Case Study

THE POVERTY REDUCTION FUND AND THE CAMBODIA RESIDENT MISSION

1. Introduction

This Annex summarises the utilization to date of the PRF in Cambodia. It commences with a brief outline of ADB's operations in Cambodia and the role of the Resident Mission (RM); provides an overview of how PRF has been utilized in Cambodia; a more detailed look at four Tas based on interviews with a range of stakeholders with an interest in these Tas; and concludes by drawing out some conclusions and recommendations.

This PRF case study was based on a three day stay in Cambodia between January 31st and February 1st. During this time interviews were conducted with a number of RM staff involved with the case study Tas and the RM Country Director; interviews with a small number of government officials and other donors with PRF TA interests; several interviews with consultants and NGOs/research institutes implementing case study Tas; and in the case of the garment workers TA, group discussions with industry representatives and garment workers. Meetings were also held in DFID Bangkok and ADB Manila with staff involved in the case study TAs. A full list of people met is given in Annex 1.

We would like to take this opportunity to thank all those people met who kindly spared precious time to share their experiences of PRF Tas with us and for the many insights given. Special thanks must go to Ratana Moni Mao Poverty Reduction Specialist at CARM, who arranged and facilitated meetings, and who gave so generously of her time.

2. ADB Country Context

CARM is a small mission established in December 1996. It currently has 18 staff, of which are two internationals. A national gender specialist and a recently recruited poverty specialist (PRF funded) are employed as long term consultants. The RM has responsibility for country planning and programming and some delegated responsibility for loan administration. Responsibilities for loan development to date resides exclusively with MKRD, but with CARM staff increasingly playing a 'support' role. Greater Mekong Sub-Regional (GMS) programmes are also managed out of Manila, with CARM staff again playing a supporting role. The Mission is perceived in Manila as playing an important 'on the ground' role, with local knowledge and networks and the ability to see things through. CARM would like to see this 'support' role developing into more 'delegated' rather than 'decentralised' responsibility.



The CSP for 2005-2009 is currently in draft awaiting board discussion early Feb. Although this is not a pilot results based CSP, ADB have tried to make the CSP outcome focused with clear links to the Cambodian NPRS and achievement of MDGs. The CPS builds on poverty and gender assessments (we believe none PRF funded). The strategic focus of the CSP follows the Enhanced PRS: supporting broad-based economic growth, inclusive social development and good governance. Future ADB operations are to have a geographical focus- the Tonle Sap Basin. The Cambodia programme currently handles \$55million of loan funds and \$3.3million TA funding per annum.

Cambodia has a history of a somewhat divided national planning process: the largely World Bank driven NPRS (2003-2005) and government driven SEDPII 2001-2005 (which predates the former). A 'Rectangular Strategy for Growth, Employment, Equity and Efficiency' has also recently been launched by the new government. This sets out the Government's reform agenda and will provide the framework for further national development strategies. SEDPII and NPRS is currently being updated and integrated into one national planning framework- NSDP. Although this process appears to be more integrated and government driven than in the past, tensions between different parts of government and donors historically supporting one national planning process over another are still being played out. The development of the NSDP is just starting and is due for completion at the end of 2005. This process provides a window of opportunity for ADB to engage in national planning in a significant way. World Bank has been supporting NPRS through the Council for Social Development in the Ministry of Planning (MoP). ¹¹The World Bank has a \$500,000 trust fund for NPRS support (DFID funded). ADB has not so far committed any resources to supporting the SEDP, although has some remaining monies from NPRS which it would like to use (possibly for supporting consultations).

A feature of donor collaboration in Cambodia has been the partnership between ADB, World Bank and DFID on country strategy. Significant time has been devoted to this over the last year or so and goes as far as shared text on parts of the agencies respective CSPs. A lot of time and energy invested in relationship building through a series of workshops and informal contact. This strong collaboration follows a history of extremely poor donor co-ordination in Cambodia.

2. The use and influence of PRF in the Cambodia Programme

In Cambodia, the quantitative significance of PRF projects is significant, with total PRF commitments amounting to \$2.55 million to date (excluding share of sub-regional TAs) in a TA programme of around \$3.3 million per annum. A total of seven PRF funded TAs have been approved, with five under implementation and

¹¹ The World bank has historically provided support to NPRS through the Council for Social Development based in the Ministry of Planning. ADB has historically provided support to the SEDP under MoP.



two under processing. A further five sub-regional projects have been approved (a total of \$2.9 m). NPRS funding has also been used for 2 TA's (totaling US\$ 111,500) and 1 sub-regional project (US\$750,000), both of which are currently under implementation. The PRF is seen by ADB managers in Manila and Phnom Penh as a valuable source of funding for important pieces of technical assistance which they would otherwise not have happened given the tight and shrinking pool of resources for technical assistance in ADB.

The fund has been used to fund strategic poverty research (the Tonle Sap Participatory Poverty Assessment) which was designed to provide an in-depth understanding of poverty and vulnerability in ADB's geographical focus area. In addition to providing an improved basis for designing ADB interventions in the TLS basin, this TA also has the potential to feed into the national poverty reduction strategy. In the garment sector, a sector which has fast become an important but under threat employer of women and important export earner, a PRF funded TA has provided an authoritative and much needed insight into the industry and its workforce.

The PRF has also been used to complement existing ADB operations in the Tonle Sap area (Capacity Building for the Tonle Sap Poverty Reduction Initiative and Community Self Reliance and Flood Reduction Risk Reduction), and also to support much needed and otherwise un-resourced technical assistance to the Ministry of Womens Affairs (MOWA).

The funding of a much needed Poverty Reduction Specialist in CARM could bring a number of strategic benefits to ADB operations in Cambodia – through enhancing ADB's own understanding of poverty and vulnerability in Cambodia, inputting into country strategy and planning and loan design, and through participation in national poverty reduction fora. The latter is seen as an opportunity for ADB to also build relationships with other development partners.

Another feature of PRF use in Cambodia is that MKRD has taken something of a strategic approach to PRF use (and other poverty focused grant funds), involving in-country stakeholder consultations and departmental discussion¹². Also one of the reasons why MKRD have been able to make more strategic use of funds is that they have commissioned various pieces of regional poverty research (not funded by PRF as far as we are aware, though one they applied for which was rejected as something ADB should be resourcing itself). Such research has provided a framework for identifying where ADB needs to focus and where greater understanding of poverty and vulnerability is required.

The following table summarises what is known about the seven PRF TAs. The level of details varies as only three TAs were selected for detailed analysis: Preventing Poverty and Empowering Female Garment Workers affected by the

¹² Though this did not seem to be happening with this round of applications (perhaps brought about by the on-off deadline for applications)



Changing International Trade Environment (TA 4131); the Engagement of a Poverty Consultant at CARM (TA 3955); and Participatory Poverty Study of the Tonle Sap Basin (TA 4376). Some information was gathered through limited interviews on two other TAs: the Sustainable Employment Promotion of Poor Women (TA 3947) and Developing Cambodia Business Initiative in Rural Development (C-BIRD). Other TAs have been assessed through document review only.



TABLE 1: OVERVIEW OF PRF USE IN CAMBODIA

PROJECT TITLE AND DESCRIPTION	BACKGROUND			STATUS NOW	LIKELY CONTRIBUTION
	Whose initiative and why PRF?	Links to Loan Portfolio	DFID input/dialogue		
<p>Cambodia Sustainable Employment Promotion for Poor Women (TA 3947) \$400,000</p>	<p>MOWA supported by their gender consultant. ADB already supporting capacity building. Much more needed. PRF most accessible (only?) source of funds. Good fit with PRF objectives</p>	<p>The Project supports the goal of SEDP II for equitable distribution of income between urban and rural areas and between genders</p>	<p>None as far as we are aware</p>	<p>ADB approved Oct 2004. Extended for unavoidable reasons to March 2005. TA judged to be going well.</p>	<ul style="list-style-type: none"> • Policy dialogue and strategy formulation: well embedded in MOWA. Valiant attempts to mainstream gender at NPRS and sector level through gender training & dialogue. • Increased poverty focus: serious attempt at building gender awareness and capacity within MOWA, building on earlier ADB support. Achievements inevitably embryonic. Long term commitment and engagement needed as very slow process. Focus on women’s empowerment centres in recognition of importance of economic empowerment. MOWA driven demonstrating strong government interest in this TA. • Influence on loan design: MOWA long term interest in loan for womens economic empowerment. ADTA for strengthening WECs successfully negotiated into draft CSP. Builds on this PRF TA. Funding source unclear (JFPR?). Concerns about inadequate mainstreaming of gender in other ADB loans (eg SME, Agriculture). Need for stronger gender inputs into PPTA design to enhance mainstreaming. • Partnership with other development agencies: strong attempts to co-ordinate with other agencies working with MOWA. <p>Overall Assessment: Good use of PRF. Key factors: Strong government ownership, built on earlier initiatives and clear direction, good and</p>



					continuous consultancy inputs from international & domestic TA team. Longer term, larger TA from outset might have made more sense & helped continuity.
<p>Preventing Poverty & Empowering Female Garment Workers Affected by the Changing International Trade Environment (TA 4131)</p> <p>\$600,000</p>	<p>ADB PO L. Ding (MKRD) with RSDD Gender Specialist. Strong government support. PRF most accessible source of funds. Good fit.</p>	<p>Complements an ADB newly approved TA on Sustainable Employment Promotion for Poor Women and potentially leads to an labor market adjustment program that helps the country to more effectively deal with the serious downside implications of trade liberalization and integration.</p>	<p>None as far as we are aware.</p>	<p>ADB approved June 2003. TA nearing completion (March 2005) following time and resource extension. Quality outputs but questions about influence and impact (see below).</p>	<ul style="list-style-type: none"> • Policy dialogue and strategy formulation: well received research seen as providing vital knowledge of the garment industry and workforce. Strong emphasis on dissemination & promotion of dialogue by consultants. TA at critical juncture. Impact on strategy formulation to be seen. Further support would be welcome from government and industry to follow through on achievements to date. • Increased poverty focus: TA has brought ADB into a new area of operation in Cambodia. Intervention well designed to build up understanding of relationship between the industry and poverty reduction. Outputs should help the design of further intervention/support in this area (ADB or otherwise). • Influence on loan design: not connected to a loan. PO reports that the experience of working closely with gender specialists on this TA has increased her awareness of the gender dimensions of her work (trade and economy) & will influence how she approaches loan / TA design in future. This learning could be capitalized upon further by wider dissemination within the bank. A good case study for PRF dissemination work. • Broad stakeholder consultations at all stages: Although generated by two individuals in Manila, it did respond to a perceived need by government. TA has made a valiant attempt at full stakeholder engagement, eg Unions, GMAC, NGOs (with the support of ADB actors). Struggle to be fully



					<p>successful in this area due to context of poor donor co-ordination in Cambodia and senior enough ADB support (latter seems to be growing)?</p> <ul style="list-style-type: none"> Partnership with other development partners: Links with ILO. No one else seems to be working in this field. TA aims to build links and build other donor interest. Link with UNIFEM missed (need to find out why). <p>Overall assessment: Worthwhile TA which has been successful due to: government ownership, quality and commitment of consultants, quality inputs from ADB technical staff (trade and gender) and good stakeholder involvement. Potential for further impact uncertain but will be evident within the next few weeks. ADB managers interest but full and clear commitment not yet signaled. Not in draft CSP but timing may be an issue. Further PRF funding could be worthwhile but should be well thought though, strategic and incorporate industry focused as well as directly worker focused support. TA modalities have been a real headache and an example of how smaller, more innovative TA activities, are particularly problematic.</p>
<p>Engagement of a Poverty Consultant at CARM (TA 3955)</p> <p>\$78,500</p>	<p>CARM we believe. PRF offered support for PR specialists. CARM one RM prepared to find required 30% cost sharing</p>	<p>No specific loans cited- aims to provide support to the ADB Cambodia Resident Mission in policy dialogue and strategy formulation on poverty reduction; develop new program and</p>	<p>None as far as we are aware</p>	<p>Initiated by CARM. ADB approved December 2003. Appointed Nov 2004 due to recruitment delays. One year appointment with possibility of extension for one further year.</p>	<ul style="list-style-type: none"> Policy dialogue and strategy formulation: considerable potential created by a CARM based poverty specialist. Success is very dependent on the individual appointed and their support. Increased poverty focus: ADB decision to part fund this position a demonstration of strong commitment to increasing the poverty focus of their operations in Cambodia. Extent to which potential fulfilled is highly dependent on the success of the individual appointed. Influence on loan design: Work plan for poverty specialist includes inputs into some strategic loans. Again highly dependent on individual



		projects with increased focus on poverty reduction; and monitor and assess poverty reduction impacts at the project and macro levels.			<p>success. Link with involvement in TLS PPA should help to bring learning into TLS loans.</p> <ul style="list-style-type: none"> • Broader stakeholder consultations: in country presence and work plan highlights this as an important role of the poverty specialist. • Partnership with other development agencies: Again potential now there and poverty specialist is engaging in key poverty fora, but questions about seniority and authority to input on behalf of ADB. <p>Overall Assessment: A potentially highly strategic use of PRF funds but strong reservations about this potential being fulfilled.</p>
<p>Participatory Poverty Study of the Tonle Sap Basin (TA 4376)</p> <p>\$325,000</p>	<p>SD specialist (MKRD) M.Mitra recognizing ADB understanding of poverty in TLS superficial yet strategic geog focus for ADB. Good PRF fit.</p>	<p>The proposed Tonle Sap environment management project along with the ADB's natural resource sector work will contribute to the preparation of a Tonle Sap Basin Development Framework, this study is aimed at underpinning that framework</p>	<p>None at outset</p>	<p>ADB approved Dec 2003. Researchers (CDRI) & consultants appointed late 2004. Field testing at present. Fieldwork continues over 2005 with final report due March 2006.</p>	<ul style="list-style-type: none"> • Policy dialogue and strategy formulation: designed to influence both ADB and government strategy in TLS. But some concerns about this considerable potential being fulfilled due to delayed timing vis-à-vis key policy cycles. • Increased poverty focus: totally dependent on application of knowledge from PPA. PPA undoubtedly will provide deeper understanding of poverty & vulnerability than 'First generation' PPAs. • Influence on loan design: questionable whether PPA findings will influence Sustainable Livelihoods Programme loan. Future influence at this stage unclear. Will be highly dependent on negotiation of new knowledge within ADB. • Broader stakeholder consultations: emphasis on participatory methodology positive. Government and NGO involvement at verification stages. Consultation with central government, NGOs and other agencies at design stage. • Partnership with other development partners: consultations with WB and others through series of workshops led to changes in focus and detailed design.



					Overall Assessment: A major step forward for ADB in its approach to poverty assessment but reservations about this TA fulfilling its potential to influence as much as it might. Too early to say at this stage, but a good candidate for an impact assessment at a later stage. Also good candidate for further discussion of 'influencing strategy'.
Capacity building for the Tonle Sap Poverty Reduction Initiative (TA 4376) \$500,000	No information	Links to other Tonle Sap initiatives	No information available	ADB approved August 2004.	Capacity building framework for the various Tonle Sap poverty reduction initiatives. If time had allowed the review team would have liked to explore this TA in more detail and links with PPA.
Community Self Reliance and Flood Risk Reduction \$500,000	ADB initiative building on the work of CARE Cambodia in Prey Veng province following the 2000 floods, Care to be the implementing agency for this TA.	Aligns with ADB's Tonle Sap Initiative and support for the Mekong River Commission's Flood Management and Mitigation Program.	No information available	TA under development.	Pre-feasibility study and pilot intervention: The TA proposes to carryout mapping of current flood risk areas and vulnerable communities in the Tonle Sap and lower Mekong River Basin, and to explore the coping strategies currently adopted. With the purpose of reducing the vulnerability of poor rural communities to water disasters the TA will implement pilot initiatives for community self-reliance and flood risk reduction, with a specific focus on making disaster efforts more responsive to women's and girl's needs. Again with more time, it would have been useful to explore the links between this TA and TLS PPA. Given the early stage of this TA design, dialogue on linkages to ensure each TA builds on the other, recommended if not happened to date.
Developing Cambodia Business Initiative in	ADB initiative in Cambodia replicating a model used	No specific loans cited, the ADB will assist the Government to	Believed not.	TA under development. Being developed by CARM.	Situational analysis and strategy formulation: The TA aims to assess the potential for replicating Thailand's Business Initiative for Rural Development. Having assessed the current involvement of business



<p>Rural Development (C-BIRD)</p> <p>\$150,000</p>	<p>by the Population and Community Development Association of Thailand. Idea encouraged by ADB President.</p>	<p>improve the climate for private sector development, specifically through support to SME development to increase productivity and competitiveness. Possible link to SME loan?</p>			<p>organizations in socio-economic development activities in rural Cambodia, the project aims to establish and strengthen a task force that will identify and facilitate private-public partnership in order to improve the lives of the poor, recognizing that the Government can not tackle poverty and unemployment alone.</p>
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4. Detailed findings from case study TAs

Three PRF funded TAs were selected for more in-depth analysis in an attempt to make a preliminary assessment of their impact and to identify lessons learnt, bottlenecks and constraints. These are described below and key findings presented in the table above. More detailed findings are presented as SWOT analyses in Annex 2.

Preventing Poverty and Empowering Female Garment Workers affected by the Changing International Trade Environment

This is an interesting and innovative TA with a clear focus on poverty reduction. The TA was designed in response to a sudden realization (government and donors) in 2001/2002 that the ending of the Multi-Fiber Agreement (MFA) was likely to result in the decline of the garment sector in Cambodia. This would result in a dramatic decline in what to then had been a fast growing export sector and major source of employment for poor women. The opening up of the garment industry has also brought significant changes in economic and social opportunities (and risks) for women. The TA includes an investigative phase which has involved studies: on the industry side studies into the industry and assessment of future scenarios, and on the workforce side, studies to build up an in-depth understanding of garment workers. This was followed by a number of small pilot activities: training for garment workers (through CGTC), an alternative employment pilot (with MOWA), and labour law analysis (with MOC). This TA, like all others, has been delayed by the time it has taken for the new government to settle.

The TA is now largely complete and has come to a critical stage: What next? At this stage the analysis work is complete, a well received report has been produced and widely circulated and recommendations made for follow up which has strong government endorsement. Pilots are due to complete by end March¹³ when they have only just started and again it is unclear where these pilots will lead. Lessons are being learnt. ADB staff were considering submission of a PRF application for further funding and expansion of the pilot work at the time of the review. It was subsequently decided that an application would be made to JPFR. Staff believe that the market side work will not be eligible since it is not directly targeted at poverty reduction (ie not a TI classification). The draft CSP (to be submitted to the Board in February) does not include any further direct assistance in this area. It was not totally clear to the review team whether this was mainly a timing issue (too early for government and ADB to agree on an appropriate way forward) or whether ADB had decided not to engage further. The Country Director seemed to feel that there is scope for further assistance under the SME loan.¹⁴ Others met seemed less confident that there would be follow through and felt that the necessary constituency of support within ADB had not yet been built up. A gender action plan within the loan may provide a hook.

¹³ Subsequently extended to July 2005.

¹⁴ The review team was unable to follow up on this possibility due to time constraints.



A key meeting is scheduled¹⁵ for dissemination of findings and discussion of follow up. Other donors have been targeted and some smaller bi-laterals are reportedly interested in providing support.¹⁶

This TA was extended by \$150,000 in response to emerging findings. The additional funding has been used for pilots.

Tonle Sap PPA

This TA involves funding of a participatory poverty assessment for the Tonle Sap area of Cambodia. The aim of this TA is to increase understanding of poverty and vulnerability of the Tonle Sap basin with the view to identifying appropriate entry points for improving livelihoods and natural resource management. The findings are intended to 'feed into ADB's future programs'. The current draft CSP identifies Tonle Sap as ADB's geographical focus area in Cambodia.

The TA was initiated by the Senior Social Development Specialist in MKAE following concern about the lack of ADB's knowledge of poverty and vulnerability in this important geographical area. The TA was approved by ADB in Dec 2003 and implementation has recently started. A local research institute, the Cambodia Development Research Institute (CDRI) is carrying out the PPA. Seemingly extensive discussions were held with government, World Bank, DFID, NGOs and CDRI during 2004 to try and develop the PPA methodology to be aligned with different stakeholder requirements. This seems to have led to an increased focus on providing data to feed into the NPRS. During this time coverage was also increased to eight provinces and the budget increased to \$325,000. Field work is due to start in March. The final report is expected in March 2006.

Poverty Specialist

Initial approval in July 2002 resulted in a poverty consultant for 6 months in 2003. Despite approval in Dec 2003, a full time Poverty Specialist was only appointed in November 2004. This is a one year contract with the possibility of extension for a further year. PRF funding is available for two years. The position will provide poverty expertise to policy, sector and project levels as well as policy dialogue with government, civil society, private sector and development partners. Shared funding with NPRS and ADB core TA funding. Recruitment delays due to the perceived under-grading of this position and consequently inadequate remuneration to attract a sufficiently qualified consultant.

5. Conclusions and Recommendations emerging

A number of issues and thoughts for recommendations arise out of the Cambodia case study.

¹⁵ Unfortunately just days after the review visit

¹⁶ At the subsequent workshop it seems that the EU indicated support for the garment sector.



PRF is undoubtedly supporting good, innovative and poverty focused projects: the TAs reviewed in any detail would almost definitely not have been funded otherwise. A mixture of TAs, some linked very clearly to loans and strategy, others building towards loans, and others filling gaps and responding to a need and demand, but more risky as outside of current ADB priorities. As long as there is a balance perhaps this is a good mix.

The main concern is about linkage: to ADB core business. Whichever of the above, more emphasis on linkages is required if TAs are to fulfill their potential. The TLS PPA has many qualities and should have strategic influence on ADB operations, but delayed timing, the limited government involvement (and other key ADB officers?) are a risk. The recruitment of a poverty reduction specialist in CARM should help strengthen linkages.

Clarification of PRF at mission level: There seemed to be some confusion at mission level (reflecting a similar confusion in HQ) on PRF objectives/criteria and windows, illustrated through the following questions: What does 'supplementarity' mean? Can CARM apply? Are PPTAs eligible? What sort of 'upstream' work can be funded? What's the difference between PRF and NPRS?

Further possibilities for strengthening RMs: Poverty specialists have the potential to be a highly strategic addition to RMs, but CARM experience demonstrates the need for high calibre staff, possibly even of international level. Also consistency in skill sets important (skills vary across the four missions). Careful planning in relation to gender specialists who are being mainstreamed as gender and social development specialists will be required. Other measures for helping to strengthen RMs include: more RM involvement from strategising and planning use of the PRF at country level; and greater delegated responsibility for TA management and administration where expertise exists in country with back-stopping support from Manila. A small locally managed fund to provide quick, flexible support to government would be highly valued and would help ADB to work more flexibly with other donors and to respond to ideas emerging from partnership discussions locally. CARM reported an interest in more utilization of PRF to equip them (and MKRD colleagues in Manila) for upstream work. They lead on this and feel they and HQ staff have limited understanding and little experience in this area.

Strengthening the linkages between PRF projects and core ADB business: One specific opportunity mentioned would be using PRF funding to supplement PPTAs to increasing gender inputs upfront into TA design, for adequately resourcing PPTA (especially for sufficient inputs from international gender consultants) and for forging better links between lead government ministry and MOWA.

Concerns about PRF projects involving capacity building and pilots: Capacity building and institution building TAs should be given particular scrutiny.



Are they wanted by government? Are they feasible? Are they achievable within the timeframe? Where are they going? How do they link to past capacity building measures? The MOWA capacity building TA seems a good example of a capacity building TA (strong government ownership, built on earlier initiatives, strategic direction, good and continuous consultancy inputs. Follow on capacity building successfully negotiated into the CSP.) Government capacity building in the Cambodia context is particularly crucial and unlikely to be taken on through loans. PRF funding is therefore valuable, but needs to be sufficient.

Strong government ownership yet again seems critical to TA success: which suggests that methods need to be devised to test this thoroughly at the concept stage. RM engagement in all Peer Reviews may be one possibility (even government representation?). On the ground presence of a poverty specialist should help with developing continuous government dialogue as this is very difficult to do from Manila.

PRF procedures do not appear to be a problem per se: But standard TA modalities can be a major constraint to TA success: restrictions on international inputs, TA size (too small for serious capacity building), bureaucratic procedures unsuited to small scale, inappropriateness for funding piloting, lack of flexibility to respond to needs as they arise in TA implementation (though I received mixed messages on this and wonder whether skilled hands are able to work the system to get round many of the admin headaches). The difficulties and headaches of managing a TA (especially when the TA is small) is undoubtedly a disincentive to all but the most committed POs. Could the PRF funding mechanism be developed to be more flexible and responsive and geared up to supporting entrepreneurial ideas as they emerge from TAs already funded? The garment workers TA provides a good example of a successful TA which needs some immediate follow up funding to avoid a loss of momentum and to achieve something within a possibly very narrow economic window.

Questions about striking the balance between providing space for innovation and close alignment with ADB existing and planned operations: Whilst it is important to maintain space within PRF for innovation and demonstration, greater involvement by managers and their support does seem desirable. Proponents might benefit from spending more time on building constituencies of support (but we recognise how time is already of a premium...)

Operational alignment with CSPs: Better timing of PRF funding cycles (as intended this year but undermined by DFID's October decision to freeze allocations) would undoubtedly help operational alignment with the CSP. This is important for strategic use of the resources. But also much better lead in time, combined with better information is also key. Current time pressures for the forthcoming round of allocations is resulting in hastily thrown together TAs. The annual CSP discussions should provide an ideal opportunity for planning use of PRF and other funds.



Where is DFID? DFID locally has little knowledge or involvement in the PRF. The perception seems to be that this is a central fund with ADB Manila. Individual staff have had some limited involvement with TAs by coincidence rather than deliberate planning on either side. This is felt by DFID staff consulted to be a lost opportunity for greater synergy of DFID support to ADB in Cambodia.

So more engagement of DFID on the ground is recommended, particularly in a country like Cambodia where much work has been done on building partnerships with ADB and the World Bank, and where DFID support, eg to the World Bank, aims to be 'upstream and strategic' (the direction in which DFID HQ want the fund to go). Potential for DFID/CARM dialogue on the ground for strategic use of PRF within ADB operations, and DFID involvement in TA design. Possibly also in some critical review missions for 'ground truthing' and ongoing dialogue with ADB about priorities for strategic use of the fund. Possible technical back-stopping support for poverty specialist from DFID in country SDA? (in post from March 2005)



ANNEX 1: PEOPLE MET

The Asian Development Bank

Shyam P. Bajpai, Country Director, Cambodia Resident Mission, ADB
Samvada Kheng, Gender and Development Specialist, Cambodia Resident Mission, ADB
Sopheha Mar, Social Sector, Resident Mission, ADB
Mao Moni Ratana, Poverty Consultant, Cambodia Resident Mission, ADB
Rajat M. Nag, Director General, Mekong Department, ADB
Chamroen Ouch, Program Officer (Governance and Public Sector Management), Cambodia Resident Mission, ADB
Keith Stuart-Smith, Team Leader, ADB's Project TA 4131, Cambodia.
Cheryl L. Urashima, Team Leader, Institution Development and Management Specialist, ADB

The World Bank

Tim Conway, Poverty Specialist, The World Bank
Mia Hyun, Poverty Specialist, The World Bank

Cambodia Development Resource Institute

K.A.S. Murshid, Research Director, Cambodia Development Resource Institute
Prom Tola, Researcher, Natural Resources and Environment, Cambodia Development Resource Institute

Fisheries Action Coalition Team

Carl Middleton, Tonle Sap Database Researcher, Fisheries Action Coalition Team (FACT)
Mark Sithirith, Executive Director, Fisheries Action Coalition Team (FACT)

Ministry of Women's Affairs

Sok Chan Chhorvy, Deputy Director General, Directorate of Technical Affairs, Ministry of Women's Affairs
Vanny Chin, Project Coordinator, ADB's Project TA 4131, based at Ministry of Women's Affairs.

National Institute of Statistics, Ministry of Planning

Long Chintha, Deputy Director Department of Demographic Statistics, Census and Surveys, National Institute of Statistics, Ministry of Planning

Department for International Development

Tom Beloe, Social Development Adviser, DFID, Bangkok

Asia Policy Research

Peter Brimble, President, Asia Policy Research



ITC Trade Promotion Project

Sochivin Hang, National Project Manager, ITC Trade Promotion Project, International Trade Centre, UNCTAD/WTO.

June Textiles Co. Ltd

Albert Teoh, Administrative Director, June Textiles Co. Ltd, Ramatex Group



ANNEX 2: CASE STUDY TAS: SWOT ANALYSES

Garment workers

Strengths

- *ADB responded quickly to an obvious poverty concern. The availability of PRF funding enabled them to do this.*
- *Although this is a new area for ADB (in Cambodia and internationally), it did fit with their strategic focus in Cambodia (private sector development). No other donors were working in this area so it seems that the TA helped fill a genuine gap.*
- *The knowledge that has emerged from the studies has been well received and seen as an important contribution to government and donor understanding. Genuinely filled an important knowledge gap.*
- *Strong interest from the main counterpart ministry (Ministry of Commerce) and good selection of appropriate lead ministry. Also strong interest from the industry itself (GMAC).*
- *Combined approach of economic and social and gender aspects of the work being carried out side by side. This has resulted in awareness of social and gender aspects of the industry being mainstreamed at a number of levels.*
- *In country presence of ADB gender specialist an important contribution to TA success. Able to work collaboratively with international consultant. Close links helped to build ADB involvement into the TA. Strong poverty and gender focused team (including PO and Manila gender inputs).*
- *Good attempts to link with agencies working in this area eg GMAC, ILO, Unions, NGOs (PADEK and Womens Agenda for Change), MOWA and key players on donor side eg IFC.*

Weaknesses

- *Limited constituency of support within ADB. Complex and unclear reasons for this but relative influence of government partners (within government) and PO (within ADB) may be part of the picture. Who and how do you build constituencies key (even when you have strong counterpart support).*
- *Insufficient time and resources for piloting aspects of the TA. Studies identified a number of possibilities for protection of garment workers but insufficient time to follow up. Time would be well spent in now thinking through a more strategic response to issue emerging and developing with MOC and MOWA a coherent approach.*
- *MOWA has now taken on lead responsibility for alternative employment pilot but little interest/ engagement beyond ministerial level to date (though at workshop immediately after the review mission, MOWA expressed strong interest in greater involvement). A latter day partner with no real resource incentives for them to engage. Another TA for an already over stretched ministry.*



- *The complexity of this TA compared with its size has caused huge headaches for everybody involved. ADB procedures are not able to handle a TA of this nature. The piloting aspects have been particularly problematic. TA got really bogged down with these administrative aspects.*
- *Insufficient international TA inputs. As in other cases the success of this consultancy has been dependent on consultants putting in their own unpaid time and effort.*
- *No DFID in country interest or involvement. Seen as a London HQ initiative. Creates understandable confusion on the ground amongst other stakeholders.*

Opportunities

- *Interesting pilots started but at embryonic stage with PADEK. Similarly interest in some parts of the industry in demonstrating business benefits of international labour standards and social protection and health measures. Worth further PRF support but really needs to be thought through and adequately resourced. Reportedly strong MOWA interest at Ministerial level. Also potential links/synergy with Womens Employment Centre TA (also PRF funded).*
- *Reportedly a lot of donor interest in garment industry but no one sure what to do. As ADB have led to date and TA outputs seen as valuable and credible, and in the absence of other donors jumping in at this stage, a strong argument exists for the agency's ongoing involvement. Further engagement would be in line with the country strategy.*
- *Now MOWA capacity and interest at DD level. Opportunity to engage them in dialogue on where to go from here. This dialogue should be linked into other mainstream capacity building support to MOWA in the area of economic empowerment.*

Risks.

- *Despite strong efforts on the part of PO and consultants to disseminate and co-ordinate with other agencies, co-ordination is still an issue eg are the World Bank team leading on Trade facilitation fully aware of the outputs of this TA? It seems UNIFEM have recently undertaken a study of the garment workers and conducted a workshop. (With limited ADB presence on the ground and intermittent consultant inputs, the continued efforts at co-ordination which are required are impossible).*
- *That this TA will go in two directions, one with the industry and MOC, and one with MOWA and the NGO sector. This would be a great shame, undermine achievements to date, and potentially mean that the industry side interventions which could help develop a viable and sustainable industry will not be funded. Although on their own these interventions might be classified by ADB as GI interventions, they are of importance to poverty reduction in Cambodia.*



- *The industry seems at a critical cross-roads. Any further support needs to be prompt before opportunities are lost. Can PRF respond quickly and flexibly to TA recommendations as a TA extension?*

2. Tonle Sap PPA

Strengths

- *PPA methodology is comprehensive and detailed and should provide good (and unprecedented?) insight into poverty and vulnerability in the TLS basin. Should provide unprecedented insights in within ADB.*
- *PPA being undertaken by lead research institute in Cambodia. The CDRI are also carrying out the World Bank's 'Moving out of Poverty Study' (MOOPS). These studies together provide excellent opportunities for capacity building in qualitative and participatory methodologies in Cambodia.*
- *PPA would not have been easily funded without PRF. PRF therefore providing an opportunity to build ADB understanding of poverty and vulnerability in an important geographical area of operation (TLS), and hopefully the value of such in-depth qualitative analyses of poverty to ADB more broadly.*

Weaknesses

- *Concern with 'Where is this going?' raised in several consultations with external agencies.*
- *Delays have meant that full PPA findings will be too late to feed into the NPRS, although early findings will be fed into NPRS discussions. Similarly the TLS sustainable livelihoods loan programme is now underway.*
- *Lack of local DFID involvement resulted in DFID funding of two separate participatory poverty assessments with World Bank and ADB. Although attempts have been made to co-ordinate these studies, joint planning and earlier involvement of DFID staff locally may have led to a different and more co-ordinated approach.*
- *The TA paper states that one of the objectives of this TA is to build government capacity in participatory methodologies and to help institutionalize such approaches in government. Whilst perhaps an over-ambitious agenda, these objectives are unlikely to be met with the study being undertaken by CDRI and with such limited involvement of the National Institute of Statistics (despite an interest in greater involvement). This objective may have been compromised by the demise of the planned government lead agency (PMATU).*
- *Despite attempts by ADB and the World Bank to 'harmonise', the inability of both agencies to support government with a national participatory poverty assessment and capacity building in qualitative and participatory methodologies is an important missed opportunity*



Opportunities

- *Opportunity to demonstrate within ADB the benefits of in-depth participatory poverty assessments and the value added by these 'second generation' PPAs.*
- *Stronger ADB, DFID (Rural Livelihoods and Social Development Advisers) and World Bank presence on the ground should help with co-ordination of poverty assessment work and its utilisation in future. Similarly plans for a thematic working group (TWG) on Poverty Analysis and Planning could provide a vehicle.*

Risks

- *The late timing of the PPA may mean that the sustainable livelihoods loan could proceed with little reference to the PPA.*
- *The long timeframe from planning to delivery may undermine the perceived value added of 'second generation' PPAs.*
- *Application of the knowledge emerging from the PPA is a concern. Some commentators are cynical that the PPA will have any significant influence on ABD operations in TLS. ADB are by the far the most influential agency in this area. In addition to a sustainable livelihoods loan, further loans are in the pipeline or under implementation which have come under serious criticism from the NGO community and other agencies. On the other hand, if ADB does draw on the findings of the PPA and the knowledge does influence planned loans, it has the potential to turn such scepticism around (hence the strategic importance of this PPA).*
- *A number of TLS initiatives have been funded through PRF. It is unclear how these are co-ordinated (Capacity Building for the TLS Initiative and Community Self-Reliance and Flood Risk Reduction)¹⁷.*
- *Incentives for ADB staff to co-ordinate with other agencies are unclear. Inevitable priority interest of staff internally is to influence ADB loans.*

¹⁷ We must state that time did not allow us to pursue this. Superficial impression only.



3. CARM Poverty Specialist

Strengths

- *Strong demand from CARM. Poverty specialist seen as a core skill needed for building ADB's knowledge base for improved dialogue with government on national level poverty reduction strategies, networking with donors, and to provide national inputs into ADB operations.*

Weaknesses

- *Long term consultant status has created a series of contractual hassles. Strain placed on admin and other CARM resources.*
- *'Free-floating' status has created confusion over line management. No technical line management or back-stopping.¹⁸*
- *Local DFID staff would have liked to have been consulted.*

Opportunities

- *On the ground presence seen as an opportunity for improved collaboration between agencies. The gender specialist cited as an example where on the ground presence of ADB gender specialist led to good ADB contribution to a co-ordinated Cambodia gender assessment. The PR specialist has the same potential.*
- *In country poverty and social development specialists in World Bank (DFID funded) and DFID itself (from march 2005) provide an opportunity for technical back-stopping and support.*

Risks

- *Danger that the poverty specialist will be able to fulfill what is a very demanding and strategic position.*

¹⁸ In contrast to gender specialists who have clear technical line management in HQ. Gender specialists are also a distinct consultant cadre (though they too have experienced similar admin and support problems due to their consultant status)



Appendix 6: People Met in Manila

26-28 January 2005, ADB Headquarters, Manila

1st day

1. David Taylor, Alternate Executive Director, DFID
2. Vincent P. de Wit, Senior Health Specialist, MKSS
3. Ayako Inagaki, Education Specialist, SASS
4. Axel Weber, Social Protection Specialist, SASS
5. Jacques Jeugmans, Principal Health and Nutrition Specialist, RSAN
6. Antero Vahapassi, Senior Labor and Vulnerable Groups Specialist, RSPR
7. Michiel Van der Auwera, Social Protection Specialist, RSPR
8. Charles Melhuish, Lead Transport Sector Specialist, RSFI
9. Paul Vallely, Senior Transport Specialist, MKID
10. Gulfer Cezayirli, Senior Urban Development Specialist, MKSS
11. Keiichi Tamaki, Senior Urban Development Specialist, SASS
12. Tatiana Gallego-Lizon, Urban Development Specialist, SASS
13. Lourdes Adriano, Poverty Reduction Specialist, ECAE
14. Yuriko Uehara, Senior Social Development Specialist, MKOC
15. Francesco Tornieri, Social Development Specialist (Gender and Development), RSPR
16. Anne Sweetser, Social Development Specialist (Participatory Development), RSPR
17. Asha Newsum, Principal Governance Specialist, RSGR
18. Bartlet Edes, Head, NGO Center
19. Christopher Hnanguie, Programs Economist, MKOC
20. Guntur Sugiyarto, Economist, ERDI
21. Caroline Vandenabeele, Senior Counsel, OGC
22. John Whittle, Principal Project Economist ECAE
23. Madeleine Varkay, Private Sector Development Specialist, MKGF
24. Sukanda Lewis, Financial Economist, MKGF
25. Marzia Mongiorgi, Project Economist, SAAE
26. Cornie Huizenga, Consultant, RSES
27. Bindu Lohani, Director-General, RSDD

2nd day

1. Rajat Nag, Director-General, MKRD
2. Hun Kim, Director, South Asia Social Sectors Division
3. Guido Geissler, Planning and Policy Specialist, SPMS
4. Lourdes Adriano, Poverty Reduction Specialist, ECAE
5. Neeraj Jain, Principal Economist, ECOD
6. Kazu Sakai, Director-General, SPD
7. Christopher MacCormac, Director, SPPI
8. Stephen Pollard, Principal Economist (Poverty Reduction), PAOD



3rd day

1. Shilo Chatterjee, Principal Poverty Reduction Specialist, RSPR
2. Shireen Lateef, OIC and Principal Social Development Specialist, RSPR
3. L. Ding, Senior Trade Economist, MKGF
4. Omkar Shrestha, Principal Country Programs Specialist, SAOC
5. Monawar Sultana, Social Development Specialist, SASS
6. Manoshi Mitra, Senior Social Development Specialist, MKAE
7. Megumi Araki, Senior Cofinancing Specialist, OCO
8. G.H.P.B. van der Linden, Vice President, Knowledge Management and Sustainable Development
9. Indu Bhushan, DirectorPARD



Appendix 7: Documents Consulted

Document list – ADB PRF Review

Document type	Document title
ADB policy	ADF 9 Donor report 'Developing effectiveness for poverty reduction
	A Preliminary Analysis of Knowledge Products and Services (KPS) of the ADB, 23 September 2004
	Evaluation of the DFID/ADB Trust Fund for India (Final Report), July 21 2004
	Gender and Governance Issues in Local Government (RETA Report) 2004
	Human Resources Strategy October 2004
	Knowledge Management in the ADB, June 2004
	Long-term strategy Framework ADB 2001-2015 'Moving the Poverty Agenda Forward'
	Medium Term Strategy
	Poverty Strategy
	Reform Agenda
	Review of the ADB's Poverty Reduction Strategy
	Review of the Governance Cooperation Fund, December 2003
	Review of the Management and Effectiveness of Technical Assistance Operations of the ADB, October 2002
PRF Documents	List of endorsed PRF Projects as of Nov 2004
	MoU – PRF ADB/DFID
	Peer reviewer guidelines for NPRS and PRF
	Summary Background of NPRS and PRF (appendix 1)
	List of endorsed NPRS-PRF Project -as of March 2004 (appendix 2)
	NPRS-PRF New Concept Template (appendix 3)
	NPRS-PRF Processing steps (appendix 4)
	Cover memo for 5 th Strategy meeting of NPRS and PRF
	First Annual Report of the PRF July 2002 – Dec 2003 (June 2004)
	2 nd Progress Report- PRF portfolio and fund management summary sheet (as of 31 st Dec 2003)
	3 rd Semi-annual progress up date (Jan-June 2004)
	Progress Report July 2003
	Issues Paper
	PRF Board Paper
	Long term Disbursement Projection and revised Fund duration
	DFID note: first PRF strategy meeting
	ADB note: first strategy meeting
	Social Development Direct Review of Poverty Integration in ADB/DFID Poverty Reduction Partnership Programme Indonesia (December 2003 – January 2004) Second Draft March 17 2004
NPRS Documents	NPRS Board Paper
DFID Documents	ADB – DFID joint strategy statement 2002
	ISP – PCN
	M Dinham Note 2004
	Note to M Dinham 2004
	Video Conference note 2004
	Final note on ISP meeting



	Country office questionnaire
	ADB/DFID consultation: joint statement
	Note to PS/Secretary of State Jan'02
Case study - Cambodia	Country Strategy and Programme update – Cambodia 2004-2006
	Poverty Reduction Partnership Agreement – Cambodia
	B.desh-Cambodia PRF Garment Workers CP4 Budget
	B.desh-Cambodia PRF Garment Workers CP4 logframe
	B.desh-Cambodia PRF Garment Workers CP4 Draft Project Concept Paper
	B.desh-Cambodia PRF Garment Workers CP4 Concept Clearance Paper
	B.desh-Cambodia PRF Garment Workers Request for project splitting ADB (Jan 2005)
	Cambodia PRF Poverty Concept Clearance template – CP3
	Cambodia PRF Concept paper – Capacity building for the Tonle SAP Poverty reduction Initiative
	Cambodia PRF Participatory Poverty Study of the Tonle SAP Basin project Concept Paper
	Cambodia PRF Capacity Building for the Tonle SAP Poverty Reduction Initiative- summary of discussion of Peer Review meeting Dec 2003
	DFID CSP
	Partnership agreement
	Poverty Reduction in Vietnam, Lao PDR and Cambodia by Naresh C. Saxena (undated)
Case study - Pakistan	Determinants and drivers of poverty reduction in rural Pakistan, research project. Project Concept Note CP1
	Determinants and drivers of poverty reduction in rural Pakistan, research project – Budget
	Determinants and drivers of poverty reduction in rural Pakistan, research project – Logframe
	Promotion of good governance in the grassroots level, community empowerment and poverty reduction- summary of peer review meeting Dec 2003
	Concept clearance template for DFID approval- Provincial strategy- Punjab
	Concept paper- Mobilisation of grassroots stakeholders for pro-poor social service delivery- Nov 2003
	Concept paper- Non-formal primary education and functional literacy for rural women- Punjab Nov. 2003
	Non-formal primary education and functional literacy for rural women- Punjab Dec 2003 – Peer Review discussion summary
	Pakistan: Country Strategy and Programme (2002-2006) May 2002
	Pakistan: Country Strategy and Programme Update (2005-2006) September 2004
	Poverty Reduction Specialist- TORs
	Proposal for programme and technical assistance loans- Sindh devolved social services programme. Nov 2003
	Proposed loan – sustainable livelihoods in Barani Areas Project- Nov 2004