

Funds for the Poor



Special Evaluation Study: Asian Development Fund VI–VII Operations

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Abbreviations

ADB	Asian Development Bank
ADF	Asian Development Fund
CAP	country assistance plan
COS	country operational strategy
CPF	country program framework
CSP	country strategy and program
DMC	developing member country
EIRR	economic internal rate of return
ESW	economic and sector work
GAD	gender and development
GDP	gross domestic product
GNP	gross national product
IFAD	International Fund for Agricultural Development
Lao PDR	Lao People's Democratic Republic
LTSF	long-term strategic framework
MDG	Millennium Development Goal
MTSF	medium-term strategic framework
NGO	nongovernment organization
OCR	ordinary capital resources
OED	Operations Evaluation Department
PCR	project completion report
PF	project framework
PPAR	project performance audit report
PPR	project performance report
PRC	People's Republic of China
RRP	report and recommendation of the President
SDO	strategic development objective
TA	technical assistance
WID	women in development

NOTE

In this report, "\$" refers to US dollars.

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Foreword

The Asian Development Fund (ADF) has played an instrumental role in helping countries meet their development challenges. The fact that the Asia and Pacific region is home to about 755 million poor living on less than \$1 a day, underscores the need to effectively channel these funds into sustainable activities that will improve the quality of life of the poor in the region. Meeting this challenge throughout the 1990s has been complicated by the shock of transition for the countries of the former Soviet Union and an unprecedented financial crisis in East Asia.

To assess the performance of ADF and draw lessons from past experience, donors requested an independent review. This report covers a 9-year period (1992-2000) for ADF VI-VII.

In broad terms, the message from the ADF VI-VII replenishment commitments was that resources should be used to support sustainable economic growth, poverty reduction, and increased assistance to the social sectors. Given the increasing complexity of development activities, the Asian Development Bank's (ADB's) satisfactory compliance with the major 10 replenishment commitments is significant. It has required a full commitment to reorient the institution and its business processes. In addition, this review establishes that ADF has significantly improved its portfolio performance, become more selective in its lending allocations, recast its mission to address poverty reduction, and strengthened

the country focus of operations. More effort is needed in linking country assistance strategies to project selection and poverty outcomes, ensuring greater consistency in program lending, dedicating sufficient funds to environmental activities and incorporating gender in projects.

Drawing together lessons of development based on 9 years of experience with ADF VI-VII is a challenging task. Many factors, some internal and some exogenous, have contributed to shaping the outcomes of the replenishment undertakings. Nevertheless, one of the biggest lessons for the future is that ADF is scarce and should be used more strategically for bigger impacts in poverty reduction.

In conclusion, ADF VI represented an important break from the earlier replenishments. For the first time, there was a Donors' Report that outlined certain conditions, indicated priorities, and made specific requests. ADB adopted a demanding development agenda and reoriented its operations toward social development in general and poverty reduction in particular. Under ADF VII, ADB expanded this development agenda to include governance among other crosscutting themes. Replenishment commitments have been highly relevant and timely, encouraging the use of the ADF in meeting new development challenges in the region. In looking forward, ADB needs to consolidate its progress and focus on results and monitoring for impact.