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# CONCLUSIONS

## Summary of Findings

### *Poverty Reduction Issues in Country Program and Project Designs*

Poverty reduction was the overarching objective in the COSs of two countries (Bangladesh and Nepal), while the COSs in the other three countries focused on economic growth as the best means for reducing or preventing poverty (Kyrgyz Republic, Lao PDR, and Philippines). In spite of this commitment to poverty reduction goals, none of the COSs contain comprehensive poverty reduction strategies. Two of them have an overview of the pro-poor initiatives under each sector strategy. However, they are just summary descriptions and not an effective ADB strategy for addressing poverty issues in each of the countries. Only few attempts are made at establishing clear priorities in response to poverty reduction goals or deciding on the sequencing of interventions. Information on

other external agencies does not contain details on poverty reduction and the identification of ADB's niche is weak. The lack of a coherent country strategy for poverty reduction makes it difficult to put together a comprehensive poverty reduction portfolio. It also makes it impossible to evaluate attainments at the country level or to place project evaluations in a context that allows measuring the contributions of individual interventions to an overall goal.

The COSs increasingly generate data on poverty in a country, providing information on the incidence of poverty, income levels, Human Development Index, and education and



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*More needs to be done to estimate how the returns of projects are distributed among the poor and nonpoor.*

health attainments. Sometimes they also provide rural-urban or regional comparisons, but none contain details on social exclusion, which influences the extent to which the poor can and do participate in economic and social activities, or projects for that matter. Government policies are not systematically analyzed as to their implications for the poor, nor is the commitment to poverty reduction. The latter would require reviewing—from a poverty reduction perspective—at least the following: growth policies, public resources (revenue generation and use), regulatory framework, and the extent to which governments keep up-to-date on poverty issues (institutions collecting data, data quality, extent to which data is used). Without these basic analyses, it will be difficult to develop a country-specific poverty reduction strategy.

The majority of the projects reflected poverty reduction concerns in their objectives, including projects that were designed before adoption of the SDOs and projects that had other SDOs. However, the expressed objectives were not based on specific information on the target groups—an observation that applies equally to poverty reduction projects and others. None of the projects identified (i) the poor to nonpoor ratio of beneficiaries, (ii) the extent to which project benefits were relevant and important to the poor (as compared with the nonpoor), (iii) the likely distribution of benefits among the poor and nonpoor, and (iv) what the project intended to do to ensure at least an even distribution of benefits.

The increasing amount of data on poverty indicators that is made available in project documentation is not specific to the target groups, and well-being indicators are provided without linkage to the project objectives. Details that probably are understood to denote exclusion factors are actually descriptors of poverty (for instance, lack of land). The underlying causes of exclusions are not discussed. Such an analysis would be essential to determine whether a project addresses or actually can address the causes of social exclusion, and whether any of them are likely to impede the project's likelihood to reach the poor.

## *Poverty-Sensitive Monitoring and Evaluation Systems*

The lack of baseline information is corroborated by rather general requirements for monitoring and evaluation, normally not specifying benefit indicators or the need to collect, process, and analyze data by income level. The implementation of monitoring activities faced common problems; they focus on project implementation, administration, and financial data, and do not collect data against benefit indicators. Most importantly, the monitoring and evaluation systems were not designed or set up in such a way that data feeds into a decision-making process that preferably should be decentralized to local levels to ensure the actual inclusion of the poor.

### *First Project Results*

As an immediate result of the projects, households in the project areas benefited from short-term project employment (two projects) with wages above the poverty line; access to infrastructure that serves productive purposes (six projects); or increased well-being (three projects), microcredit (six projects), social services (three projects), and training or awareness creation (three projects). The positive effects of projects in these areas resulted in impacts, or have the potential to produce impacts on productive activities and income (about half of the surveyed projects), regular additional employment (two projects), trade (one project), prices of goods and services (three projects), and the health status of beneficiaries (six projects). Whether these effects and impacts resulted in poverty reduction in the sense of moving households above the poverty line cannot be determined for lack of baseline data and traceable households. However, since the projects focused on only one or two dimensions of poverty, they cannot be expected to produce results on a composite poverty index that corresponds to a multi-dimensional definition of poverty.

Most projects benefit households across income strata, including those above and below the poverty line. However, there is



*The multidimensional needs of the poor will require a bundle of options.*

no systematic pattern to including community members from different income strata or for the distribution of benefits among them. Interventions targeted to reach the poor may do so successfully when focusing on a geo-

graphic area with a relatively homogeneous and predominantly poor population and providing a service that is equally valuable to the entire population (Primary Health Care, Lao PDR). However, an intervention that by design should be equally targeted could have reached a greater proportion of the poor if project sites had been well selected (Secondary Towns Infrastructure Development, Bangladesh; and Second Islands Provinces Rural Water Supply, Philippines). Nontargeted interventions, particularly in areas with a relatively lower incidence of poverty, show an uneven distribution of benefits, generally favoring the nonpoor without generating expected additional employment or other benefits for the poor living in the same area (Champassak Road Improvement project in the Lao PDR, and Kathmandu Urban Development project in Nepal).

## Challenges Ahead

Poverty reduction being ADB's overarching goal, greater efforts need to be made to ensure a consistent and comprehensive integration of poverty reduction issues into the COSs. A systematic framework should be adopted for analyzing incidence, forms, and causes of poverty. The framework should

(i) cover at least the requirements for an assessment of the implications of government policies for poverty, (ii) indicate from whom public resources are generated and on whom public resources are spent, (iii) show whether the regulatory framework and its enforcement are even-handed for the poor and nonpoor and sufficient to allow or stimulate microenterprise activities, and (iv) reflect whether governments keep abreast of poverty issues in their country by supporting and using local think tanks that research poverty issues. This recommendation is in line with ADB's poverty reduction strategy, which foresees that detailed poverty analyses will be undertaken as a basis for policy dialogue and partnership agreements.

The country-specific poverty reduction strategy should develop a sequence of interventions that can be expected to be most effective in reducing poverty and inform ADB's sector strategies in each country how sectors and subsectors can contribute to reducing poverty. Research and, possibly, pilot projects are needed to test how the poverty-reducing synergy effects of projects can be maximized.

The multidimensional nature of poverty necessitates considering fact-finding without a predetermined sector focus. During programming, a multiskilled team should visit a geographic area where the government and ADB agree to work together to identify the development needs and potentials of the poor in that area.<sup>38</sup> Such a needs assessment should be done in a participatory manner, ensuring the involvement of the poor. Its results should be analyzed to identify whether a single-sector or an integrated multisector<sup>39</sup> approach is required to respond effectively to the needs of the poor.

To meet the multidimensional needs of the poor, various operating options should be considered. For instance, should ADB focus on selected geographic areas in one country and provide assistance to all dimensions of poverty in that area, or rather design projects in

<sup>38</sup> Technical assistance resources would need to be made available for this purpose.

<sup>39</sup> It will be necessary to analyze whether ADB's current structure and business processes are most effective for undertaking multisectoral projects.

active collaboration with other agencies to cover all dimensions of poverty of a particular group of the poor?

There is an obvious need to collect beneficiary-specific data at the feasibility stage of projects, including details on barriers that the poor face in accessing resources and services, and their coping mechanisms to deal with adversity. Data on social exclusion needs to be analyzed to assess whether and how ADB's intervention can overcome these factors and ensure inclusion of the poor. Research is needed to identify new mechanisms, in addition to participatory associations, which might not always be able to overcome historical patterns of exclusion.

Beneficiary-specific data needs to be collated in a way that identifies beneficiaries and their needs and potentials by income level. In project designs, the anticipated distribution of benefits among the poor and nonpoor should be specified (type and quantity).

Projects that suggest that they will result in employment opportunities by stimulating economic growth should provide a detailed analysis of the number and types of jobs that will be created, and whether these will be suitable employment for the poor. Other factors, such as the likelihood of increasing mechanization instead of employing more labor, which influence employment opportunities, need to be considered and spelled out in this context.

A monitoring system to observe whether the poor participate equally in projects needs to be combined with a decentralized decision-making system that ensures immediate feedback and remedial action should economic and social exclusion continue. The monitoring system and decentralized decision making should involve local governments, nongovernment organizations, and civil society.