ASIAN DEVELOPMENT BANK **SST: STU 2002-10**

SPECIAL EVALUATION STUDY

ON THE IMPACT ON POVERTY REDUCTION

OF SELECTED PROJECTS:

PERCEPTIONS OF THE BENEFICIARIES

August 2002

ABBREVIATIONS

ADB	–	Asian Development Bank
CBO	–	community-based organization
DMC	–	developing member country
EA	–	executing agency
FGD	–	focus group discussion
LGU	–	local government unit
M&E	–	monitoring and evaluation
NGO	–	nongovernment organization
NTR	–	net trust rating
O&M	–	operation and maintenance
PCR	–	project completion report
PPAR	–	project/program performance audit report
PPP	–	purchasing power parity
SDO	–	strategic development objective
TA	–	technical assistance

NOTE

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

Operations Evaluation Department, SS-51

CONTENTS

SUPPLEMENTARY APPENDIXES (available upon request)

EXECUTIVE SUMMARY

Poverty remains a daunting problem in the Asia and Pacific region, where most of the world's poor live. Although the proportion of poor people has declined in recent years, their absolute number has increased. The Millennium Development Goals agreed on at international conferences and world summits envisage reducing by half the proportion of people living in extreme poverty by 2015. Equally ambitious goals have also been set for social development and environmental sustainability. Having declared in 1999 poverty reduction as its overarching goal, the Asian Development Bank (ADB) is committed to contributing to these international efforts.

In 1999, ADB's Operations Evaluation Department conducted a special evaluation study covering five developing member countries (DMCs) to assess the impact of ADB's poverty reduction measures, and how effectively poverty reduction objectives were incorporated into project design. The present study is a follow-up assessment and examines through the eyes of beneficiaries how well selected ADB projects reduced poverty.

The study covered two sectors (agriculture and social infrastructure) in six DMCs (Bangladesh, Indonesia, Nepal, Papua New Guinea, Philippines, and Samoa). The study was carried out in two phases: (i) a desk study based mainly on project documents covering 92 projects approved by ADB in the 1980s and 1990s to provide a large base of project experiences; and (ii) a field study consisting of surveys, focus group discussions (FGDs), interviews, and national workshops covering 40 projects—the more recent of the 92—to assess in depth the projects' impact. In the second phase, primary data were gathered from 10,340 respondents to surveys; 1,525 participants in 134 FGDs; 238 interviews with key persons involved in the projects; and feedback from the national workshops in the six DMCs.

The study sought to determine (i) the sociodemographic profile of the beneficiaries of the selected projects; (ii) beneficiaries' perceptions of the projects' poverty reduction impact; (iii) differences in the perceived poverty reduction impact and factors accounting for such differences, if any; (iv) the projects' relevance and the beneficiaries' current needs and problems; and (v) lessons to be drawn from the experiences of the selected projects.

The selected projects addressed different dimensions of poverty. Agriculture projects, which accounted for 80% of the sample, generally aimed to increase agricultural production and improve the rural socioeconomic conditions. Social infrastructure projects, which comprised 20%, aimed to enhance the beneficiaries' general well-being. Projects in both sectors enhanced the status of women and protected the environment. About 40% of the projects had economic growth as a primary strategic development objective (SDO); 35%, poverty reduction; 15%, human development; and 10%, improvement of women's status or protection of the environment. In most of the growth-oriented projects, the secondary SDO was poverty reduction.

At the time of the study, 23% of the project beneficiaries had a per capita income of purchasing power parity (PPP) of $1 or less per day (i.e., were extremely poor), but 41% considered themselves poor. The proportions of the poor and nonpoor could have been different at project formulation and completion. Beneficiaries did not see much qualitative difference between being poor and nonpoor, a perception supported by the quantitative data on monthly household income, which averaged PPP of $572 per annum for the nonpoor and $316 per annum for the poor, or a ratio of only 1.8 times.

The impact of the projects on their beneficiaries was assessed using two related main indicators: (i) the proportion of target beneficiaries who effectively benefited (i.e., received the

benefits and found them valuable and sustained); and (ii) improved household economic situation due to the projects. Depending on the type of benefit, the proportion of people who felt they effectively benefited ranged between 24% and 50%. The proportion was higher for benefits related to increased income and enhanced general well-being than for those related to women and the environment. Among the selected DMCs, the proportion was generally higher in Bangladesh, Indonesia, and Philippines than in Nepal, Papua New Guinea, and Samoa, reflecting differences in project performance. Only a slight difference appeared in this proportion between economic growth and poverty reduction projects, although the latter had a higher proportion of people who enjoyed most types of benefits. Projects approved in the 1990s appeared to be more effective in delivering benefits than those in the 1980s. Study respondents perceived that of those who effectively benefited, the proportion of the poor ranged from 26% to 57%, depending on the type of benefit. Some of those who are nonpoor today became so because of the projects.

The projects helped improve the household economic situation of 27% of target beneficiaries, a proportion that was generally lower than that perceived, suggesting that not all the benefits were substantial. Household situation of beneficiaries improved most in Bangladesh, followed by Nepal, Philippines, and Indonesia. The proportion of beneficiaries of economic growth projects whose household situation improved was slightly lower than that of poverty reduction projects. Of the beneficiaries of the former projects, however, a high proportion attributed the improvement to their personal efforts, while beneficiaries of the latter projects pointed to their personal efforts as well as acts of God and/or luck. Projects with human development and improvement in the status of women as primary SDOs had significantly higher proportions of beneficiaries attributing the improvement to the projects than the other two groups of projects. Projects approved in the 1990s had a significantly higher proportion of beneficiaries attributing the improvement to the projects than projects approved in the 1980s, indicating better project performance over time. ADB's greater emphasis on poverty reduction in the 1990s appeared to have made a difference in impact from the beneficiaries' point of view. Of the 27% whose household economic situation improved, 78% felt they were nonpoor now because of the projects, while 22% felt some improvement but not enough to consider themselves nonpoor.

Four broad categories of factors affecting poverty reduction were considered: the external environment, social capital, service delivery, and monitoring and evaluation (M&E). Three external factors had a predominantly positive impact: the policy environment, demand for products and services, and peace and order. By contrast, three external factors had predominantly negative impacts on the projects: inflation, currency devaluation, and weather conditions. FGDs pointed to another factor that appeared to have a negative impact on projects: poor governance at various levels.

Initial social assessments were conducted on about 70% of the desk study's 92 projects, but were generally inadequate as baseline information. Projects approved in the 1990s and those rated generally successful were more regularly assessed than those approved in the 1980s. Beneficiary participation was generally high in project planning and implementation, but mainly through consultation meetings that basically disseminated information rather than involving beneficiaries in decision making. According to 55% of the participants, beneficiary organizations were established during implementation. Beneficiaries perceived organizations' effectiveness in serving members' needs to be higher among organizations assisted by project staff, especially in projects approved in the 1990s and those rated generally successful. While the level of mutual trust and commitment to the common welfare was high among members, they perceived the organizations' effectiveness in serving their needs as low, suggesting that

the gap in institutional social capital—organizational systems, rules, procedures, etc.—could be remedied through technical assistance, given the good social capital base already existing.

The predominance of the executing and/or implementing agency model of service delivery reflects the centralized pattern of authority in the selected DMCs as well as ADB's top-down development approach during the 1980s. A number of institutional factors in the executing agencies had a significant impact on project performance: (i) familiarity with ADB procedures; (ii) experience in handling foreign-assisted projects; (iii) financial resources for operation and maintenance; (iv) number of qualified staff and continuity of service of key project staff; and, as often cited in FGDs and interviews, (v) the project manager's role, which could spell the difference between project success or failure.

The service delivery institutions most trusted by the beneficiaries were local government units and community-based organizations; the least trusted, the private sector as provider of basic services such as electricity or water. Privatization of public utilities, for example, frequently meets public resistance because people fear that profit will come first at the expense of service, particularly to the poor. Where private enterprises are to be tapped as partners in social development projects, the built-in mistrust of the public needs to be handled through proactive public relations activities. The beneficiaries' level of trust in international and local nongovernment organizations and church-based organizations was mixed and varied among the DMCs.

Of the 92 projects, 52% included M&E. About a third of these were reported to be effective. Field visits and interviews revealed that a number of M&E components had not been implemented or were not continued either because of lack of funds and personnel, or lack of interest, which harmed the efficiency and effectiveness of many projects. The continuous monitoring of benefits and their distribution is particularly important in poverty-focused interventions.

When surveyed, 51% of the beneficiaries said that with their current possessions, status, and situation, they were contented with life in general; 37% said they were neither contented nor discontented; and 12% said they were not contented. Not surprisingly, there was a positive relationship between contentment and household economic situation. A significant proportion (about 32%), however, perceived their household as poor but still felt contented. Whether contented or not, those who perceived themselves as poor still needed assistance as their average income per capita was only PPP$1.90 a day. Changing their perception of their economic situation does not seem to take much, considering that the average per capita income of those who saw their household as rich was only PPP$3.50 per day (1.8 times that of the poor). Experience has shown, however, that a dramatic change in perception of economic situation can lead to irresponsible spending and swift dissipation of economic gains.

While the projects under review covered most of the beneficiaries' priority areas, the mix differed widely at the DMC level. To help meet their current needs, the beneficiaries suggested a number of projects, mainly for (i) rural infrastructure, specifically irrigation facilities and farm-to-market roads; (ii) livelihood projects; and (iii) certain basic services, specifically education and skills training, drinking water, electricity, and sanitation facilities.

Most beneficiaries of the agriculture and social infrastructure projects were poor, at least by their own perception. However, few were extremely poor based on the PPP$1-per-day measure—a fact that underscores the need for precise beneficiary targeting. The relatively low proportions of the target beneficiaries who effectively benefited from the projects suggest a major scope for improvement. The main factors that accounted for differences in poverty

reduction impact were the (i) degree of development of social capital (personal involvement of beneficiaries in planning, extent to which organization rules were followed, level of community commitment to the organization); (ii) institutional capacity of the executing agency and quality of its project staff (enthusiasm, interpersonal dealings with beneficiaries, honesty); (iii) beneficiaries' level of trust in the service delivery institution (national and local governments, international and local nongovernment organizations); (iv) thoroughness of the initial social assessment; and (v) extent to which external factors were anticipated and appropriate mitigation measures taken.

Based on the study's findings, the following recommendations are made:

(i) Start the project with a sound social survey and an adequate baseline survey covering the key indicators, as well as a well-prepared project framework.

(ii) Tighten the project design to better target the poor.

(iii) Develop a sense of ownership of beneficiaries through their participation.

(iv) Invest substantially in social capital.

(v) Choose and strengthen the right development partners.

(vi) Invest in selecting the most suitable project manager.

(vii) Provide a thorough sustainability assessment in the project completion report.

I. INTRODUCTION

A. Background and Rationale

1. The Asian Development Bank (ADB) formally adopted poverty reduction as one of five strategic development objectives (SDOs) in the Medium-Term Strategic Framework (1992–1995). In early 1999, poverty reduction was declared the overarching goal of ADB, and the poverty reduction strategy was approved later that year.[1] ADB's Long-Term Strategic Framework (2001–2015)[2] (i) builds upon the poverty reduction strategy; (ii) provides ADB's vision, long-term strategic goals, and fundamental operating principles; and (iii) ensures that all activities are integrated and directed at reducing poverty.

2. Poverty remains a daunting problem in the Asia and Pacific region, where most of the world's poor live. Although the proportion of the poor to the total population has declined in recent years, their absolute number has increased. One of the Millennium Development Goals is to reduce by half the proportion of people living in extreme poverty by 2015.[3] As poverty is multidimensional, equally ambitious goals have also been set for social development and environmental sustainability. ADB is committed to contributing to these international efforts.

3. In 1999, ADB's Operations Evaluation Department conducted a special evaluation study covering five developing member countries (DMCs) to assess the impact of ADB's poverty reduction measures and how effectively poverty reduction objectives were incorporated into the project designs.[4] The study highlighted the need for (i) development of a comprehensive country strategy and program that will ensure consistent and broad integration of poverty reduction into ADB's country operational strategies and project design; (ii) monitoring and evaluation (M&E) systems with well-defined indicators, and efficient data collection and processing methods; and (iii) poverty-focused analyses of government policies, public expenditure, regulatory framework, and government awareness of poverty issues.

4. The present study is a follow-up assessment and examines, mainly through the eyes of the beneficiaries, how effectively selected completed ADB projects reduced poverty. Analysis of project impact on poverty reduction is usually based on certain objective measures such as increase in income, increase in calorie intake, and decline in the incidence of diseases. Beneficiaries' perceptions are rarely considered. While perceptions are necessarily subjective, however, an important test of the success of a project is how the beneficiaries feel about the type and value of benefits received, quality of service delivery, and effect on their socioeconomic situation.

---

[1] ADB. 1999. *Fighting Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank*. Manila.

[2] ADB. 2001. *Long-Term Strategic Framework of the Asian Development Bank (2001–2015)*. Manila.

[3] The Millennium Development Goals reflect agreements reached at international conferences and world summits during the 1990s. At the end of the decade, world leaders summarized the key goals and targets in the Millennium Declaration (Millennium Summit, September 2000).

[4] ADB. 1999. *Special Evaluation Study of the Effectiveness of ADB Approaches and Assistance to Poverty Reduction in Bangladesh, Kyrgyz Republic, Lao People's Democratic Republic, Nepal, and Philippines*. Manila.

B. Objectives and Scope of the Study

5. The study[5] aimed to answer the following questions:

(i) What is the sociodemographic profile of the beneficiaries of ADB agriculture and social infrastructure projects?

(ii) Do the beneficiaries believe that the projects have significantly reduced poverty?

(iii) Did beneficiaries' perceptions of projects' impact on poverty reduction differ significantly by country, SDO, period of project approval, and project rating? What factors accounted for such differences, if any?

(iv) How relevant have ADB projects been to the beneficiaries? How contented or discontented are the beneficiaries of the selected projects? What are the beneficiaries' needs and problems?

(v) Based on the study's findings, what lessons may be drawn for future projects?

6. The study was limited to agriculture and social infrastructure projects because they accounted for 37% of cumulative ADB lending as of December 2000, and generally have a direct impact on the poor. The projects were chosen in six DMCs: Indonesia and the Philippines in Southeast Asia, Bangladesh and Nepal in South Asia, and Papua New Guinea and Samoa in the Pacific. These countries were chosen mainly for their regional representation in terms of relative population size.

C. Outline of the Report

7. Chapter I provides the rationale and basic premises of the study. Chapter II describes ADB's overall assistance to the project countries, and the profiles of selected projects for the desk study and the field survey. Chapter III gives a profile of the selected projects' target beneficiaries and describes their perceptions and economic situation. Chapter IV shows how beneficiaries see the impact of selected projects. Chapter V identifies the factors that may account for the differences in the projects' impact on the beneficiaries. Chapter VI assesses the beneficiaries' present situation to get feedback on the type of assistance that may be provided in the future. Chapter VII summarizes the findings of the study and presents some recommendations.

D. Approach and Methodology

1. Selection of Sample Projects

8. The study consisted of two parts: (i) a desk study of the 92 selected projects based on key project reports (appraisal reports, project completion reports [PCRs], and project/program performance audit reports [PPARs]); and (ii) a field study consisting of surveys, focus group discussions (FGDs), interviews, and field visits for 40 of the 92 projects. The selection of the sample projects was constrained by the availability of completed projects with PCRs and/or PPARs and by the need to balance representation of sample projects by country, SDO,

[5] The study is the result of work by Paul Chang, Principal Education Specialist; Flordeliza Asistin, Evaluation Analyst; and Harry Abrillo, Consultant. Beneficiary surveys were supervised by A.P.M. Shafiur Rahman in Bangladesh, Mayling Oey-Gardiner in Indonesia, Min Bahadur Bista in Nepal, Richard Guy in Papua New Guinea, Rosario Chew in the Philippines, and Maria Melei in Samoa.

approval period, and project performance rating. Given the available completed projects in the two sectors, the initial selection criterion used was project rating, one of the main research questions being why results obtained from projects rated successful were different from those rated unsuccessful. To highlight the contrast in project performance, the middle rating—partly successful—was excluded. The selected projects using this initial criterion were then tabulated under the other project groupings. Some initially selected projects had to be substituted with others to reasonably distribute sample projects under each grouping, but the distribution (Appendix 1) was less than ideal because the number of available projects was limited.

9. Sample projects for the field survey were selected in two phases. Phase 1 included 24 postevaluated projects, i.e., with PPAR ratings. Phase 2 included 16 more recently implemented projects that have not yet been postevaluated but have PCRs. Phase 2 was done following the survey of phase-1 projects when a peer review decided that including the recent projects would better capture the changes in ADB's approach to project design and implementation during the 1990s. However, Papua New Guinea and Samoa had no recent agriculture and social infrastructure projects that could be included in phase 2. All projects in phases 1 and 2 were included in the initial desk study.

2. Sampling Method and Sample Size

10. Respondents were selected through stratified random sampling. From the list of provinces, districts, or villages covered by the projects, which was obtained from the executing agencies (EAs),[6] the areas to be surveyed were selected to balance geographic representation. Lists of beneficiary organizations in the selected areas—irrigation associations, farmer cooperatives, nongovernment organizations (NGOs), etc.—were obtained from the EAs' local offices or from local government units (LGUs). The individual respondents were then randomly selected from among the members of the organizations and interviewed at home. Only one respondent was interviewed per household. Where no organizations existed or no list of beneficiaries was available, the study teams randomly selected households within the project target areas. During visits, the interviewers would ask potential respondents if they had been project beneficiaries. The respondents had to be fully aware of the project, have participated in project activities, be willing and able to share their project experiences, and have been in the project area during implementation. All respondents were actual beneficiaries although not necessarily poor. A quota of 300 respondents was set for every project although in some cases the quota was not possible to meet.

3. Survey Questionnaire

11. The basic survey questionnaire was first developed in English during a workshop in Manila, with the help of one international and six domestic consultants. Each DMC subsequently translated the questionnaire into its native language and pretested this before being finalized. The study teams in each DMC could add questions as necessary but not delete any. In phase 2 of the field survey, added questions were mostly related to social capital, a topic that often came up in the FGDs and interviews during the inception mission. Since Papua New Guinea and Samoa had no phase-2 projects, no data on social capital was collected from these DMCs.

4. Orientation of Field Interviewers

12. Field interviewers underwent 2–3 days of orientation in their own countries to develop their skills and confidence in administering the survey instrument. A profile of each project was

[6] In a number of projects, some areas originally specified in the appraisal reports were not covered due to a reduction or change in project scope.

prepared. The background, rationale, and objectives of the study were thoroughly explained to the field interviewers. Each question in the questionnaire was discussed extensively to ensure consistency of data collection.

5. Data Processing

13. Data from the desk study and the field survey were edited and encoded in each country using a standard coding manual. Open-ended questions were postcoded and categorized. Data processing and analysis were done using the Statistical Package for Social Sciences software. All data were then forwarded to the data-processing center in Manila for consolidation.

6. Focus Group Discussions, Interviews, and National Workshops

14. Complementing the survey were FGDs and interviews. FGD participants were also selected from among the target beneficiaries but were different from the survey respondents. Those interviewed were officials of the EAs, and key project officers and staff who were involved in the design and implementation of the projects and were not beneficiaries. The national workshops were participated in not only by officials and staff of EAs but also of other organizations such as donor agencies, NGOs, etc., and individuals known to have expertise in the topics related to the study.

7. Sample Sizes

15. The fieldwork was conducted from May to August 2000. Other than the data from the project documents and other secondary sources, the study gathered and collected primary data from 10,340 survey respondents, 1,525 participants in 134 FGDs, and 238 interviews with key persons involved in the projects (Table 1). However, for certain questions asked only in phase 2 of the survey, the number of respondents was much smaller and excluded Papua New Guinea and Samoa (para. 8).

8. Analytical Framework

16. The analytical framework employed a comparative approach to assess the poverty reduction impacts of selected agriculture and social infrastructure projects under the four project groupings: (i) country, (ii) SDO, (iii) approval period, and (iv) project rating. Two related main indicators were used: (i) proportion of target beneficiaries who effectively benefited (i.e., received the benefits and found them valuable and sustained), by type of benefit clustered under four general outcome categories (increased income, enhanced general well-being, improvement in the status of women, and environmental protection); and (ii) improved household situation or standard of living due to the projects. These indicators were then compared within each project grouping. The next step involved identifying the factors that could affect the projects' impact on poverty reduction, including (i) design and implementation variables; (ii) external factors (policy environment, demand for products and services, inflation, local currency devaluation, weather conditions, and peace and order); (iii) social capital (social assessment, beneficiary participation, and beneficiary organization); (iv) service delivery (institutional capacity of EAs, traits of project staff, and beneficiary trust in service delivery institution); and (v) M&E. These factors were compared within the same project grouping and, where appropriate, correlated with the main indicators.

Table 1: Summary Distribution of Sample Projects in the Desk Study and Sample Projects and Respondents in the Field Survey by Project Grouping

Project Grouping		No. of Projects in Desk Study	Field Survey					
			Total		Phase 1 (PPAR)		Phase 2 (PCR only)	
			No. of Projects	No. of Respondents	No. of Projects	No. of Respondents	No. of Projects	No. of Respondents
A.	**By Country**	**92**	**40**	**10,340**	**24**	**6,356**	**16**	**3,984**
	Indonesia	24	9	2,527	5	1,500	4	1,027
	Philippines	24	9	1,505	5	855	4	650
	Bangladesh	16	7	2,077	3	959	4	1,118
	Nepal	19	9	2,775	5	1,586	4	1,189
	Papua New Guinea	5	3	876	3	876	0	0
	Samoa	4	3	580	3	580	0	0
B.	**By Primary SDO**[a]	**92**	**40**	**10,340**	**24**	**6,356**	**16**	**3,984**
	Economic Growth	54	16	4,180	10	2,639	6	1,541
	Poverty Reduction	15	14	3,232	8	2,008	6	1,224
	Human Development	19	6	1,818	3	900	3	918
	Women in Development	1	1	301	0	0	1	301
	Environment	3	3	809	3	809	0	0
C.	**By Approval Period**[b]	**92**	**40**	**10,340**	**24**	**6,356**	**16**	**3,984**
	1980s	74	26	6,774	23	6,056	3	718
	1990s	18	14	3,566	1	300	13	3,266
D.	**By Project Rating**	**92**	**40**	**10,340**	**24**	**6,356**	**16**	**3,984**
	Generally Successful	65	27	7,108	15	4,008	12	3,100
	Unsuccessful	27	13	3,232	9	2,348	4	884

ADB = Asian Development Bank, PCR = project completion report, PPAR = project/program performance audit report, SDO = strategic development objective.

[a] Based on the SDO classification in ADB. 2001. *A Review of the Asian Development Fund I–V Operations*. Manila. The few projects not included in the quoted study were classified by the study teams, ex post, based on their appraisal reports, PCRs, and PPARs.

[b] No clear cut-off point exists for the changes in ADB's development strategy. In 1988, an internal task force on poverty reduction was created, which proposed incorporating poverty reduction components in traditional growth projects and increasing the number of poverty-focused projects. However, the *Guidelines for Integrating Social Dimensions to Asian Development Bank's Projects* was published only in 1992. For this study, the approval periods were simply divided into the 1980s and 1990s.

E. Limitations

17. Many of the project sites have undergone development interventions of one kind or another by entities other than ADB before, during, or after implementation of the project included in the study. The beneficiary perceptions of project benefits could, therefore, have been diluted or mixed up with those of non-ADB-assisted projects. The time of the interview, which averaged 7 years after project completion, could have affected the respondents' memory. Finally, because of the limited number of completed agriculture and social infrastructure projects with PCRs and/or PPARs, and the various parameters to be considered, the resulting sampling structure of projects for the survey was less than ideal. The findings of this study should be considered in the context of these limitations.

II. ADB ASSISTANCE TO PROJECT COUNTRIES AND PROFILE OF THE SELECTED PROJECTS

A. Total Loan Assistance

18. ADB has been a consistent partner of the six DMCs in their development efforts, particularly in reducing widespread poverty. During 1969–2000, ADB provided $29.3 billion to finance 727 projects there (Table 2; Appendix 2).

Table 2: ADB Loan Assistance to the Selected Countries[a]
(1969–2000, %)

Sector	Total	BAN	INO	NEP	PHI	PNG	SAM
Agriculture	25.3	32.7	21.5	38.6	24.2	26.3	33.3
Energy	20.2	21.7	16.3	23.2	28.7	3.6	15.2
Industry and Nonfuel Minerals	2.4	2.6	3.1	4.6	0.0	1.3	0.0
Transport and Communications	15.3	22.3	12.4	14.4	14.5	30.7	13.3
Social Infrastructure	24.1	15.5	30.5	18.3	18.2	28.9	6.7
Finance	9.9	3.3	15.5	0.4	5.6	3.7	19.0
Multisector	1.5	1.8	0.3	0.0	4.2	1.7	5.7
Others	1.3	0.0	0.4	0.5	4.5	3.7	6.7
Total (%)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Total ($ billion)	**29.3**	**5.5**	**14.9**	**1.5**	**6.6**	**0.7**	**0.1**

ADB = Asian Development Bank, BAN = Bangladesh, INO = Indonesia, NEP = Nepal, PHI = Philippines, PNG = Papua New Guinea, SAM = Samoa.

[a] Combined Asian Development Fund and ordinary capital resources loans.

Source: Various issues of *ADB Key Indicators*.

19. The importance of the agriculture sector is evident in all the selected DMCs, with agriculture allocated 21.5–26.3% of ADB funds in DMCs in group A, and 32.7–38.6% in those in group B.[7] The next biggest allocation went to social infrastructure, particularly in Indonesia (30.4%) and Papua New Guinea (28.9%), but not in Samoa (6.7%). The energy sector received equally significant allocations, except for Papua New Guinea (3.6%) where 30.7% of the ADB funds went to transport and communications. The other DMCs also invested significantly in the latter sector. The finance sector received significant allocations in Indonesia and Samoa. ADB loan assistance was thus a mix of growth-oriented, basic physical infrastructure projects with indirect impact on poverty reduction; and social projects, which, by their nature, directly addressed the multiple dimensions of poverty.

B. Profile of the Selected Projects

20. The total cost of the 92 agriculture and social infrastructure projects selected for the desk study was almost $5.0 billion, while the corresponding loan amount was over $2.6 billion, representing 18.3% of the cumulative ADB loan to the agriculture and social infrastructure sectors of the six DMCs during 1969–2000 (Table 3). The average cost per project was $55.0 million but varied widely among the DMCs, ranging from $2.7 million in Samoa to $80.9 million in Indonesia. The corresponding loan amount averaged $28.8 million per project, ranging from $1.1 million in Samoa to $56.2 million in Indonesia. The percentage of loan to total project cost averaged 54%. The average age of the selected projects from approval to the present was 18 years for all the 92 projects, and 14 years for those included in the field survey,

[7] Group A DMCs include Indonesia, Papua New Guinea, and Philippines. These DMCs have limited access to concessional resources under the Asian Development Fund. Group B DMCs include Bangladesh, Nepal, and Samoa, and have full access to the Asian Development Fund.

while the average age from completion to the present was 11 years for all the 92 projects and 7 years for those included in the survey (Appendix 3).

Table 3: Profile of the Selected Projects by Country

Parameter	All Projects	BAN	INO	NEP	PHI	PNG	SAM
Number of Projects	92	16	24	19	24	5	4
Total Cost ($ million)	4,950.1	1,352.3	1,941.5	317.9	1,188.8	138.8	10.7
Total Lending ($ million)	2,649.7	423.0	1,347.6	181.3	622.5	70.9	4.3
Average Cost per Project ($ million)	55.0	84.5	80.9	16.7	54.0	27.8	2.7
Average Lending per Project ($ million)	28.8	26.4	56.2	9.5	25.9	14.2	1.1
Percentage of Lending to Project Cost	53.5	31.3	69.4	57.0	52.4	51.1	40.2
Cumulative Lending to Agriculture and Social Infrastructure Sectors, 1969–2000 ($ billion)	14.5	2.7	7.7	0.9	2.8	0.4	0.0
Percentage of Lending to Selected Projects to Cumulative Lending	18.3	15.9	17.4	19.9	22.2	18.2	10.1

BAN = Bangladesh, INO = Indonesia, NEP = Nepal, PHI = Philippines, PNG = Papua New Guinea, SAM = Samoa.
Sources: Various appraisal, project completion, and project/program performance audit reports.

21. Of the 40 projects selected for the field survey, 32 (80%) were for agriculture and 8 (20%) for social infrastructure. Fifteen agriculture projects were for irrigation and rural development and aimed to increase agriculture production and improve rural social and economic conditions. Project components generally included construction and/or rehabilitation of irrigation infrastructure such as main and secondary canals, power supply, pumping plants, etc., often integrated with social components such as formation of beneficiary organizations and training of members, credit for farm inputs, and health services, among others. Ten projects were for agricultural support services and generally aimed to enhance the productivity and earning capacity of the rural population by providing access to credit, farming technologies and farm inputs, and markets for agricultural products; and research and extension services, including formation and/or strengthening of NGOs, cooperatives, and other community-based organizations (CBOs). The four forestry projects aimed to control environmental degradation due to heavy deforestation by establishing high-yielding fuelwood plantations to meet rural and urban demand for fuelwood. These projects also aimed to create jobs, mostly for the rural poor. The two industrial crop projects aimed to increase production of oil palm and natural rubber for export while increasing the income of smallholders producing them. These projects also included other components such as schools, roads, and microcredit for growers. The lone fisheries project aimed to increase production of fish for export and local consumption while providing income opportunities to fishermen.

22. In social infrastructure, the three projects in education sought to develop the human resource base and increase the supply of skilled manpower for agriculture, industry, and services, and targeted mainly the rural and urban poor. Project components included buildings and equipment, curriculum development, instructional materials development, teachers training centers, and local and international fellowships for teachers and administrators. The three projects in urban development and housing aimed to improve the living environment of the urban poor by providing roads and footpaths, drainage, water supply, flood protection, solid waste disposal facilities, low-cost sanitation systems, livelihood projects, and market and other facilities. The two projects in water supply and sanitation aimed to enhance the well-being of the urban and rural poor by providing facilities for water production, treatment, storage, and distribution, either directly piped to households or through common faucets within easy walking distance to beneficiaries. The projects also provided environmental sanitation facilities, thereby promoting environmental hygiene.

23. Forty percent of the projects surveyed were designed primarily to promote economic growth, 35% to directly reduce poverty, 15% to promote human development, and the balance to improve the status of women and protect the environment. In most of the growth-oriented projects, the secondary SDOs were poverty reduction. Even while few projects primarily targeted women and the environment, a number included components that did. The portfolio of selected projects thus aimed to address poverty in its multiple dimensions.

III. THE BENEFICIARIES AND THEIR PERCEPTIONS OF POVERTY

24. This part describes the beneficiaries and their sociodemographic characteristics, economic status, and perceptions of poverty, and broadly indicates the proportion of the poor and nonpoor based on an objective measure and on their own perceptions.

A. Sociodemographic Profile

25. The 10,340 survey respondents were all beneficiaries who were and still are residents of the target communities, were aware of the projects, and who received or enjoyed one or more project benefits. Respondents for non-area-based projects such as the nationwide Agricultural Credit Project in Nepal and the Agricultural Technology Schools Project in Indonesia were also all beneficiaries. A brief profile of the respondents follows (Appendix 4):

(i) **Gender.** About two thirds of the respondents were male and one third female. The proportion of female respondents was slightly lower in Papua New Guinea (29%) and Samoa (27%).

(ii) **Age.** The average age was 44 years, ranging from 39 in Papua New Guinea to 49 in the Philippines. This ensured that the respondents were mature when the projects started, on average, 14 years ago.

(iii) **Education.** About 24% of the respondents had no education or were illiterate; 35% went through primary education; 28%, secondary education; and 13%, tertiary education. The proportion of illiterate respondents, however, varied widely, ranging from 2% in the Philippines to 47% in Nepal.

(iv) **Housing.** More than 91% owned the house they lived in, 6% were renting, and 3% had other living arrangements.

(v) **Average household size.** The average number of persons in the household was 6.0, ranging from 4.9 in Indonesia to 9.1 in Samoa.

(vi) **Length of stay in the project area.** The average length of stay in the project area was 30 years. In Papua New Guinea, however, this was only about 14 years because the respondents mainly came from two projects that granted leases or homesteads to small blockholders.

(vii) **Means of livelihood.** About 60% of the respondents depended primarily on farming, fishing, or livestock raising; 18%, on small and microenterprises; 14%, on wage employment; and 9%, on other means. The highest proportion of respondents engaged in agriculture was in Nepal (80%), the lowest, in Bangladesh (29%).

26. The beneficiaries were quite heterogeneous, particularly in terms of education and livelihood.

B. Economic Profile: Proportions Between Poor and Nonpoor

27. Two measures were used to determine the proportions of the poor and nonpoor beneficiaries. The first was an objective measure using beneficiaries' average monthly household income adjusted for purchasing power parity (PPP) for comparability. The average per capita household income per day was calculated by dividing the average household income by the number of members per household and by 30 days. The proportion of respondents whose per capita household income was PPP$1 per day or less was then calculated, representing the proportion of those in extreme poverty. The second was a subjective measure based on perception. The beneficiaries were asked to rate the economic status of their households on a four-point scale.[8] The corresponding proportions of the nonpoor (rich and very rich) and the poor (poor and very poor) were then calculated for all project groupings (Table 4; Appendixes 5 and 6).

Table 4: Economic Status of Beneficiaries' Households Based on PPP$1 Per Day[a] and on Perception

Project Grouping	Based on PPP$1 per Day		Based on Perception		Average Monthly Household Income Adjusted for PPP$		
	No. of Beneficiaries	% Poor[b]	No. of Beneficiaries	% Poor[c]	Non-poor[d]	Poor[c]	Income Ratio[e]
A. By Country[f]	**9,634**	**23.0**	**3,543[g]**	**40.7**	**572.2**	**316.4**	**1.8**
Indonesia	2,175	49.8	753	65.2	308.9	200.1	1.5
Philippines	1,439	14.9	484	45.5	933.4	510.3	1.8
Bangladesh	1,989	15.4	1,117	10.8	594.4	374.5	1.6
Nepal	2,710	20.1	1,189	51.3	488.9	328.6	1.5
B. By SDO	**9,634**	**23.0**	**3,543**	**40.7**	**572.2**	**316.4**	**1.8**
Economic Growth	4,019	30.2	1,541	52.4	496.8	286.5	1.7
Poverty Reduction	3,082	17.1	1,057	39.5	626.9	324.6	1.7
Human Development	1,505	22.5	644	28.9	761.8	440.3	1.7
Women in Development	282	12.4	301	10.0	327.1	212.8	1.5
Environment	746	13.5	0	0.0	0.0	0.0	0.0
C. By Approval Period	**9,634**	**23.0**	**3,543**	**40.7**	**572.2**	**316.4**	**1.8**
1980s	6,456	25.4	718	62.1	612.8	330.7	1.9
1990s	3,178	18.2	2,825	35.3	566.2	309.9	1.8
D. By Project Rating	**9,634**	**23.0**	**3,543**	**40.7**	**572.2**	**316.4**	**1.8**
Generally Successful	6,581	21.0	2,659	36.9	608.6	366.6	1.7
Unsuccessful	3,053	27.4	884	52.0	428.2	209.1	2.0

PPP = purchasing power parity, SDO = strategic development objective.

[a] PPP$ per current $ based on World Bank's *2001 World Development Report*. Bangladesh = 4.31, Indonesia = 4.19, Nepal = 5.98, Papua New Guinea = 2.86, Philippines = 4.02, and Samoa = 3.64.

[b] Proportion of beneficiaries' households whose per capita income is less than PPP$1 per day.

[c] Combined two response categories on a four-point scale: poor + very poor.

[d] Combined two response categories on a four-point scale: rich + very rich.

[e] Income of the nonpoor divided by income of the poor.

[f] The question on beneficiaries' perception of their economic status was asked only in phase 2 of the survey. Papua New Guinea and Samoa had no phase-2 projects. The average monthly household income of Papua New Guinea was PPP$1,228; of Samoa, PPP$2,790. The proportions of households earning PPP$1 per capita per day were 6.8% and 1.8%, respectively.

[g] Total beneficiaries who responded with data on income (out of a total of 3,729 respondents [Appendix 5]).

[8] Rating scale: 4 = very rich, 3 = rich, 2 = poor, 1 = very poor.

28. The average proportion of poor among the beneficiaries earning PPP$1 per day was 23%; those who perceived themselves as poor made up 41%. This is not necessarily inconsistent since the former measure refers to the extreme poor while the latter includes the extreme poor and the poor. The highest proportion of poor by both measures was in Indonesia, followed by Nepal. A much lower proportion of respondents perceived themselves as poor in Bangladesh, mainly due to the mix of selected projects where only 29% of the respondents were engaged in farming, compared with the 60% average in the six DMCs. Most respondents in Bangladesh were engaged in wage employment or in small business.

29. Even allowing for sampling biases in the selection of projects and survey respondents, both measures indicate that most of the beneficiaries were nonpoor at the time of the survey. However, household income and perceptions could have been different 7 years ago, the average period that had elapsed since project completion. Thus, it would not be accurate to say, given the data in Table 4, that most beneficiaries were nonpoor at the outset. In the absence of baseline data on the beneficiaries' household income when the projects started, it is difficult to estimate how the projects reduced the proportion of those who were poor.

C. Beneficiary Perceptions on Poverty

30. The concept of poverty has been traditionally associated with lack of income, which translated into lack of food, clothing, shelter, and other basic needs. Poverty is now generally agreed to be multidimensional: that beyond lack of income, poverty is more akin to the concept of well-being as opposed to ill-being. While well-being implies material, bodily, and social well-being, as well as security, ill-being implies material lack and want, physical ill-being, bad social relations, insecurity, vulnerability, worry, fear, powerlessness, helplessness, frustration, and anger. The experience of well-being and ill-being is thus largely psychological and subjective.[9]

31. When asked in the survey and FGDs what being poor meant to them, the beneficiaries gave largely similar descriptions, which were also consistent with the definition of poverty above: "live hand to mouth," "do not have three square meals a day," "have many debts," "do not own land," "clad in tattered/worn out/dirty clothes," "dependent upon physical labor," "no regular income earner," "insecure," "live a life of humiliation," "exiled from family," "sense of separation and isolation," "unable to send children to school," "social dependents or beggars," etc. While many descriptions were related to economics, the other dimensions of poverty were also evident. Beneficiaries' descriptions of "rich" do not make a dramatic leap from "poor": "have sufficient and good food," "can meet daily needs," "can send children to school," "have enough land," "have higher income," "have better jobs/means of livelihood," "good housing," "possession of cars/tractor," "have credibility for loan," "have connection to people in power," "secure future," etc. These descriptions show that it does not take much to be perceived as rich. The data on average household income seems to confirm this (Table 4). The average monthly household income of the nonpoor[10] was estimated to be PPP$572, while that of the poor[11] was PPP$316, or a ratio of only 1.8 times. This ratio appeared quite stable across project groupings. Thus, less than doubling the income of poor beneficiaries from a low base would change their perception of their household from being poor to nonpoor.

32. Because the gap in the beneficiaries' perceptions of being poor and being rich does not seem too large, a debate is ongoing in Papua New Guinea and Samoa on whether poverty exists in these countries. While quantitative measures developed by the World Bank and other

[9] Narayan, D. and Associates. 2000. *Can Anyone Hear Us? Voices of the Poor*. New York: Oxford University Press for the World Bank.
[10] Nonpoor in the survey data combined two response categories in a four-point scale: rich + very rich.
[11] Poor in the survey data combined two response categories in a four-point scale: poor + very poor.

organizations indicate widespread poverty in these countries, certain sectors point out, for instance, that Papua New Guinea does not have gross hunger as seen in famine-ravaged countries. Papua New Guinea has a strong traditional *wantok* system that helps family and extended kin in times of need. Similar observations have been made in Samoa. Extreme poverty—lack of food, clothing, and housing; and lack of access to basic social and infrastructure services such as water, as experienced in some parts of Asia and Africa—is not evident in Samoa at all. As in Papua New Guinea, Samoa's traditional subsistence economy and communal sharing satisfy Samoan families' basic needs for food, housing, clothing, and social and infrastructure services. Samoans, however, accept that they lack cash, not necessarily to meet basic needs but to meet obligations such as church and village donations and to contribute to family activities such as weddings, bestowal of chiefly titles, funerals, and so forth. The debate in Papua New Guinea and Samoa highlights the subjective nature of poverty and underscores the importance of considering the beneficiaries in identifying and designing poverty intervention projects.

IV. IMPACTS ON POVERTY REDUCTION

33. This chapter provides indicative figures on the impact on poverty reduction of projects on their beneficiaries. In assessing the project impacts, interviewers directly asked the beneficiaries a series of questions on (i) effectiveness of project benefits, and (ii) improvement in household economic situation or standard of living due to the projects.

A. Impact Indicator: Effectiveness of Project Benefits

34. Study teams prepared a list of benefits that each project could logically provide. The respondents were then asked a series of questions: (i) Were they aware of the listed benefits? (ii) If so, did their households receive the benefits? (iii) If so, how did the benefits rate on a four-point scale? (iv) On a four-point scale, to what extent are the benefits sustained? While all the respondents were beneficiaries, not all were aware of or interested in or could access all the benefits provided by the projects, which typically had a number of components. Respondents effectively benefited from the projects if they were aware of the particular benefit, if their households received it, and if they considered the benefit valuable and sustained. The major findings are summarized in Table 5 and Appendixes 7–9.

35. The most frequent benefits were those to increase the income and enhance the general well-being of beneficiaries. It is worth noting that while only one project had improving the status of women as its primary SDO, a number of projects benefited women.

36. On the whole, the proportion of respondents who effectively benefited from the projects ranged from 24% to 50%, depending on the type of benefit. Generally, benefits related to increased income and enhanced general well-being had higher proportions of respondents who effectively benefited than those related to improvement in the status of women and the environment.

37. The projects effectively benefited more respondents in the Philippines, Bangladesh, and Indonesia than in Nepal, Samoa, and Papua New Guinea, reflecting differences in project performance. In Nepal, the proportion of those who were aware of and received the benefits was relatively low, but this group had a high proportion of people who found the benefits valuable and sustained. In Papua New Guinea, the proportion of those who were aware of and received the benefits was relatively high, but only a small proportion of this group considered the benefits valuable, although a relatively high proportion found the benefits sustained. In Samoa, awareness of the benefits related to environment was relatively low, but of those benefited, a high proportion found the benefits valuable and sustained.

Table 5: Summary of Impact of Project Benefits

Outcome and Project Benefits	A	B	C[a]	D[b]	E= BxCxD	% Poor[c]	% Non-poor[c]
A. Increased Income Through:							
(i) Employment Opportunities	9,736	67.5	85.6	84.7	48.9	33.2	66.8
(ii) Farm Productivity Improvements	7,415	65.8	88.2	83.0	47.9	34.5	65.5
(iii) Livelihood Projects	8,514	57.0	86.1	83.5	40.9	35.1	64.9
B. Enhanced General Well-Being Through:							
(i) Access to Education and Training	9,180	59.4	85.0	83.8	42.3	35.3	64.7
(ii) Access to Health Services	8,427	49.7	82.2	89.0	36.4	34.6	65.4
(iii) Access to Safe Drinking Water	7,771	49.5	86.7	92.2	39.6	38.1	61.9
(iv) Access to Better Housing	6,622	49.2	84.6	87.9	36.6	34.7	65.3
(v) Nutrition Program for Children and Family Members	2,175	66.6	82.3	90.9	49.8	29.0	71.0
(vi) Awareness Building on Political and Legal Rights	1,388	57.3	83.6	89.8	43.0	26.9	73.1
C. Improved Status of Women Through:							
(i) Access to Education and Training	8,413	52.3	83.3	81.2	35.4	30.2	69.8
(ii) Access to Employment Opportunities	6,618	55.6	78.3	83.2	36.2	26.0	74.0
(iii) Participation in Livelihood Projects	8,176	39.2	75.4	81.0	23.9	35.6	64.4
(iv) Access to Amenities for Household Chores	7,253	43.5	81.8	83.0	29.5	42.7	57.3
D. Environmental Protection:							
(i) Protection from Flood	4,627	53.8	89.2	93.6	44.9	57.0	43.0
(ii) Protection Against Soil Erosion	4,688	48.3	78.5	83.9	31.8	46.6	53.4
(iii) Forest Cover (Watershed)	3,965	53.2	81.6	85.3	36.4	43.0	57.0
(iv) Access to Hygiene and Sanitation Facilities	6,178	50.0	83.4	79.8	33.3	36.1	63.9

A = number of target beneficiaries who could potentially receive the project benefit; B = percentage of target beneficiaries who were aware of the benefit and received it; C = of those who benefited, the percentage who considered benefit valuable; D = of those who considered benefit valuable, the percentage who continue to do so; E = percentage of target beneficiaries who effectively benefited from the projects.

[a] Combined two response categories: very valuable + valuable.

[b] Combined two response categories: fully sustained + partly sustained.

[c] Combined two response categories: poor + very poor, where the beneficiaries were asked to rate the economic status of their households on a four-point scale. The proportions are based on the number of respondents in phase 2 of the survey. The "poor" refers to the measure based on perception rather than the PPP$1 per day.

Source: Operations Evaluation Mission survey.

38. By SDO, the proportion of beneficiaries who effectively benefited was about the same among economic growth, poverty reduction, and human development projects, although the last two were slightly higher than the first. The proportion was generally lower for environmental protection projects. Projects approved in the 1990s provided benefits more effectively compared with those approved in the 1980s, suggesting improvement in project performance over time.

39. The proportion of those who effectively benefited and perceived themselves as poor ranged from 26% to 57%; the proportion of those who perceived themselves nonpoor ranged from 43% to 74%, depending on the type of benefit (Table 5). Since these perceptions were based on the economic situation of the respondents' households at the time of the survey, it would not be accurate to say that the majority of those who effectively benefited were nonpoor. They could very well have been poor at project preparation, but are now nonpoor, which could be due to the projects. However, the figures indicate substantial room for improvement in targeting beneficiaries. It is not enough that the proportion of those who effectively benefit be increased; equally serious consideration should be given to the question of who should benefit.

B. Impact Indicator: Improvement in Household Economic Situation

40. Even if respondents found project benefits to be valuable and sustained, the beneficiaries' household economic situation did not necessarily significantly improve. Improvement of a household's standard of living normally requires a critical mass of benefits sustained over time. To directly link the projects' impact with the beneficiaries' economic situation, the respondents were asked (i) to compare their household situation with what it was when the projects started (Appendixes 10–11); and (ii) if the respondents' economic situation improved, to which of the four reasons (see footnote d, Table 6) they would mainly attribute the improvement (Appendix 12). The responses provided a basis for calculating the proportion of all beneficiaries whose household situation improved due to the projects, regardless of which benefits were received, and which project provided the benefits, directly or indirectly (Table 6).

Table 6: Beneficiary Perceptions on the Projects' Impact on Their Household Situation[a]

Project Grouping	No. of Respondents[b]	A[c] (%)	B[d] (%)	C=AxB (%)	D	
					% Poor	% Nonpoor[e]
A. Country	**3,883**	**62.8**	**43.3**	**27.2**	**22.0**	**78.0**
Indonesia	933	48.4	28.5	13.8	38.8	61.2
Philippines	643	48.2	41.4	20.0	43.5	56.5
Bangladesh	1,118	83.6	51.3	42.9	2.3	97.7
Nepal	1,189	66.1	42.5	28.1	50.8	49.2
B. Primary SDO	**3,883**	**62.8**	**43.3**	**27.2**	**22.0**	**78.0**
Economic Growth	1,541	59.2	31.1	18.4	15.9	84.1
Poverty Reduction	1,217	53.3	38.2	20.4	28.8	71.2
Human Development	824	73.2	50.5	36.9	34.7	65.3
Women in Development	301	91.0	69.3	63.1	2.6	97.4
Environment						
C. Approval Period	**3,883**	**62.8**	**43.3**	**27.2**	**22.0**	**78.0**
1980s	718	56.1	14.5	8.1	47.8	52.2
1990s	3,165	64.2	45.8	29.4	21.3	78.7
D. Project Rating	**3,883**	**62.8**	**43.3**	**27.2**	**22.0**	**78.0**
Generally Successful	2,999	64.2	45.9	29.5	18.7	81.3
Unsuccessful	884	57.8	34.2	19.8	38.2	61.8

A = better off now than when projects started; B = of those better off, the percentage who attributed improvement to project; C= indicative percentage of total beneficiaries whose household situation improved due to project; D = those whose household situation improved due to project; SDO = strategic development objective.

[a] Questions referring to this table were asked only in phase 2 of the survey. Papua New Guinea and Samoa had no phase-2 projects.
[b] Phase 2 respondents only.
[c] Combined two response categories: much better off + better off.
[d] Refers to the response "mainly due to the project" as the reason for improvement in household situation. The other reasons were (i) due to personal efforts and abilities of family members, (ii) due to what others did (except project staff), and (iii) due to act of God and/or luck.
[e] Poor refers to combined two response categories: poor + very poor; nonpoor refers to two response categories: rich + very rich.

Source: Operations Evaluation Mission survey.

41. About 63% of the respondents said their household economic situation was better or much better now than when the projects started, 31% said it did not change, and 6% said it became worse.

42. Not all of those who became better off attributed the improvement mainly to the projects but cited other reasons as well. The proportion of those who attributed the improvement to the

projects was 43%; to personal efforts and abilities of household members, 42%; to acts of God and/or luck, 14%; and to what other people in the community (excluding project staff) did, 1%.

43. The selected projects helped substantially improve the household economic situation of about 27% of beneficiaries. That this figure is lower than those who effectively benefited (Table 5) simply indicates that not all the benefits received were enough to improve the household economic situation. While the projects may have benefited a higher proportion of their target beneficiaries, only 27% felt that the projects were the main reason for improvement.

44. A correlation analysis showed a weak to moderate relationship between individual benefits and improvement in household situation (Appendix 13). The benefits with a relatively stronger correlation with perception of improvement in household situation included (i) access to safe drinking water, (ii) nutrition program for children and family members, (iii) access to employment opportunities of women, (iv) access to amenities for household chores, and (v) access to hygiene and sanitation facilities. While income-related benefits have a relatively high correlation with perception of improvement in household situation, benefits related to the enhancement of general well-being appear to have stronger influence on the beneficiaries' perception.

45. The proportion of all beneficiaries whose household situation improved due to the projects was highest in Bangladesh at 43% and lowest in Indonesia at 14%. The corresponding proportions in Nepal and Philippines were 28% and 20%, respectively. The relatively high proportion of all beneficiaries in Bangladesh whose household situation improved due to the projects could be partly due to the small percentage (about 29%) of respondents engaged in agriculture and high percentage engaged in higher-income nonagricultural activities. The low proportion of all beneficiaries in Indonesia whose household situation improved due to the projects could be partly due to the negative psychological impact of the severe economic crisis at the time of the survey. The proportion of beneficiaries attributing improvement in household situation to personal efforts of household members was highest in Nepal at 55%, followed by Indonesia at 50%.

46. Growth-oriented projects had the lowest proportion of beneficiaries who attributed improvement in household situation to the projects, but had the highest proportion of those who attributed the improvement to personal efforts of household members. Poverty reduction projects had a relatively low percentage of beneficiaries who attributed their improved household situation to the projects and personal efforts but a relatively high percentage attributing improvement to acts of God and/or luck, suggesting a fatalistic attitude among the poor. Human development projects had a high percentage of beneficiaries attributing their improved household situation to the projects and personal efforts. The single project to improve the status of women had the highest percentage of beneficiaries attributing their improved household situation to the project.

47. The proportions of the beneficiaries whose household situation improved were not too different between projects approved in the 1980s and the 1990s. The proportions of those who attributed the improvement to the projects, however, markedly differ in favor of those approved in the 1990s, suggesting greater impact of agriculture and social infrastructure projects during this period. ADB's greater emphasis on poverty reduction in the 1990s appeared to have made a difference in impact from the beneficiaries' point of view.

48. Projects rated generally successful had a higher proportion of beneficiaries whose household situation improved due to projects than projects rated unsuccessful. Although in

some cases beneficiaries' perceptions of project impact contradicted the project rating, on the whole, the project ratings were indicative of project impact.

49. About 78% of the 27% of beneficiaries whose household situation improved felt that they were nonpoor now because of the projects, while the remaining 22% felt some improvement but not enough to consider themselves nonpoor.

50. It may be asked whether having 27% of all beneficiaries surveyed believe that their household situation has improved due to the projects is a good enough achievement. Without benchmark figures from institutions similar to ADB, however, it is difficult to say. Improving a household situation or standard of living ordinarily requires more than what a single project can provide, in which case, 27% would be a significant achievement. However, it does not take much to change perceptions of beneficiaries that their situation has improved from poor to nonpoor. In which case, the percentage should have been higher given the portfolio of selected projects. The figures suggest that there is still much room for improvement.

V. FACTORS AFFECTING POVERTY REDUCTION IMPACT

51. In this chapter, factors thought to influence projects' impacts on poverty reduction are discussed using information obtained from project documents, surveys, and FGDs.

A. The External Environment

52. The external environment of the projects affected their performance. Based on the review of the appraisal reports, PCRs, and PPARs of the 92 projects in the desk study, the most often cited external factors affecting project performance included (i) the policy environment, (ii) demand for products and services, (iii) inflation, (iv) currency devaluation, (v) weather conditions, and (vi) peace and order. While these factors affected the projects either positively or negatively, impacts have been more on the positive side (Table 7; Appendix 14).

Table 7: Positive and Negative Effects of External Factors on Selected Projects

Factor	Total No. of Projects	Cited as Having Positive Impact		Cited as Having Negative Impact	
		n_1	% of Total	n_2	% of Total
Policy Environment	78	56	71.8	22	28.2
Demand for Products and Services	79	68	86.1	11	13.9
Inflation	74	0	0.0	74	100.0
Local Currency Devaluation	78	12	15.4	66	84.6
Weather Conditions	52	24	46.2	28	53.8
Peace and Order Situation	39	30	76.9	9	23.1

n_1 = number of projects where factor was cited as having positive impact, n_2 = number of projects where factor was cited as having negative impact.

Sources: Various appraisal, project completion, and project/program performance audit reports.

53. Three external factors have had a predominantly positive impact on the projects: (i) the policy environment, (ii) demand for products and services, and (iii) peace and order. The policy environment was considered mostly supportive of the projects, particularly those that promoted agricultural productivity through irrigation, use of high-yielding varieties, and use of fertilizer, as well as those that promoted access to education and health services in rural areas. Contentious policy issues included (i) reduction of government subsidy for agricultural inputs, (ii) removal of price support for agricultural products, and (iii) subsidized credit. The demand for products and services has not been a problem for most projects except those producing for export, such as

the coconut oil mill in Samoa and the rubber and oil palm projects in Papua New Guinea, which were vulnerable to price fluctuations in the world market. The few peace-and-order problems were mostly localized, except in Nepal in the wake of the people's movement to restore democracy in the late 1980s and early 1990s, which adversely affected five projects.

54. By contrast, three external factors had predominantly negative impacts on projects: (i) inflation, (ii) currency devaluation, and (iii) weather conditions. In varying degrees, inflation had a negative impact on all projects and even directly on the beneficiaries. In some cases, expected cost overruns were solved by reducing project scope. Inflation raised the prices of most goods and services but with less than corresponding increase in the price of agricultural products, thus putting farmers at a disadvantage. Inflation also reduced the real value of the monetary benefits received by the poor beneficiaries, although inflation also reduced the real cost of borrowing, especially on the part of government. The devaluation of the local currency, which all six DMCs experienced, adversely affected all projects except the few that exported products. The devaluation increased the burden of loan repayment of the governments and individual borrowers such as the boat owners in the Fisheries Infrastructure Project in Indonesia. Weather played a role in all the DMCs except Indonesia. Particularly affected were projects in Samoa where the cyclones in the early 1990s nearly wiped out the coconut industry and damaged huge areas of forest, and in Bangladesh, where three projects had to be rehabilitated after floods.

55. Another important negative factor was poor governance at all levels. The project documents were mostly silent on this issue. During FGDs and interviews, however, participants made comments unflattering to government officials, especially at the national level, and insinuated that they lacked transparency, abused their power, practiced nepotism, and lacked concern for the poor, among other criticisms. Participants also complained about the overly centralized decision making, especially on budgetary matters, resulting in the slow pace of disbursements, and about cumbersome government procedures, poor coordination among government agencies, inaccessibility of officials, and frequent reorganization and transfer of staff.

B. Social Capital

56. In recent years, social scientists have focused on social capital although they have reached no consensus yet on what exactly and how important it is, particularly in the development of a people and/or community. However, social capital has an impact on the performance of development projects and many successful ones are associated with a high level of social capital. As the set of relationships among individuals in a household, community, or organizations that support mutually beneficial collective actions, social capital is not simply a new element added to certain development approaches. Social capital has existed all along and consists of beliefs, norms, mores, traditions, rules, and procedures that guide individuals' behavior in the family, community, or organization. What is new is the recognition of social capital's important role in socioeconomic development. Social capital can be developed and accumulated but it can also be lost, and it thus makes sense to talk of investing in it. A useful framework to analyze it is in Appendix 15.

1. Initial Social Assessment

57. Investing in social capital entails a thorough understanding of the characteristics of the target beneficiaries and their communities. A thorough social assessment is expected to improve project design and implementation and, therefore, project performance. The initial assessment should include an analysis of the needs and demands of those who will be affected

by the project, their capacity to absorb the project intervention, and their willingness to pay or share in capital and/or operating costs; and identify a potential partner institution for the project. A review of the documents of the 92 projects revealed that some form of social assessment was done on more than 70% of them, but mainly on the needs and demands of the beneficiaries (Appendix 16). Assessment of the other areas was done for less than 50% of the projects. Assessments were found to be generally inadequate. A baseline survey is usually necessary for such assessments.

58. The proportion of projects that underwent an initial social assessment differed among the DMCs. Following the introduction of ADB's policy of integrating social dimensions in projects and the publication of the related guidelines, all projects approved in the 1990s were assessed and compared with about two thirds in the 1980s. More projects rated generally successful had undergone social assessment than those rated unsuccessful, suggesting a positive relationship between social assessment and project performance.

2. Beneficiary Participation

59. Based on a number of ADB studies, participation of beneficiaries is necessary if they are to develop a sense of ownership of the project. Ownership, in turn, is crucial for the project's success and, especially, sustainability. The study attempted to determine the extent of beneficiary participation in planning and implementation. About 51% of the respondents said they participated in planning and about 74% in implementation (Appendix 17, Table A17.1).

60. The extent of beneficiary participation in planning and implementation varied among the project countries, with Bangladesh and Samoa having the highest levels. Beneficiaries in Nepal participated the least in planning but participated the most, next to Bangladesh and Samoa, in implementation, which is indicative of a bottom-up approach. The higher level of participation in projects approved in the 1990s than those in the 1980s reflects the greater emphasis given by ADB to social dimensions. The higher proportions of projects rated generally successful than those rated unsuccessful suggest a positive correlation between participation and performance.

61. While the level of participation was generally high, the nature of participation leaves much to be desired. Close to 73% of the respondents said that the main mode of participation in planning was consultation meetings (Appendix 17, Table A17.2). Various FGDs, however, revealed that the meetings mainly disseminated information rather than involve participants in decision making on project design, particularly the modality of partnership between them and the EAs. During implementation, the main form of participation was being a beneficiary either as an individual or a member of a group.

62. Around 59% of the respondents said their level of involvement or participation during project planning was adequate or very adequate, and around 44% said the same for the implementation stage (Appendix 17, Table A17.3). Considering the nature of their participation, it would appear that the beneficiaries generally had low expectations or confidence or desire to take on more responsibility in planning and implementation. In varying degrees and depending on the nature of the project, the beneficiaries could be given real authority and responsibility in supervision, hiring and firing of staff, contracting with service providers, and procurement and related tasks. Even while the beneficiaries said their participation was adequate, it did not mean that they had developed a sense of ownership, which only comes about through empowerment to make decisions and be accountable for them. The EAs must take the time and effort to organize and build capacities of beneficiaries to take on more responsibilities.

3. Beneficiary Organization

63. The most visible indicator of social capital is the existence and quality of beneficiary organizations as they provide the mechanism for mobilization and participation. When projects are started in an area, target beneficiaries may already have their own organizations and these can be strengthened and/or reoriented to suit the objectives of the project. Sometimes such organizations do not exist or are unnecessary. In poverty-focused interventions, beneficiary organizations have been found to play crucial roles, particularly in sustaining the projects after completion. Assessments of beneficiary organizations established for the project need to look into, among other matters, (i) who took the lead in organizing and in formulating the rules, (ii) the extent of adherence to and enforcement of the rules, (iii) the level of mutual trust among members and commitment to common welfare, and, consequently, (iv) the effectiveness of the organization in serving the needs of its members. The survey revealed significant differences under the different project groupings.

64. About 63% of the beneficiaries were aware of the existence of beneficiary organizations and about 55% said that these organizations were established and rules formulated during the project with the assistance of the project staff. Bangladesh and Indonesia appeared to have contrasting experiences. While Indonesia had the lowest proportion of beneficiaries aware of the existence of beneficiary organizations, Bangladesh had the highest. Most organizations in Indonesia were organized before the project and, therefore, were less dependent on EA project staff to formulate the rules. Nevertheless, the enforcement level was high as were the mutual trust and commitment to members' common welfare, but effectiveness in serving the needs of members was average. In Bangladesh, dependence on EA project staff was very high and apparently had very good results, a tribute to the EAs and ADB. In the Philippines, initiatives of the beneficiaries had mixed results, and EA assistance had average results. In Nepal, most of the initiative in organizing the beneficiaries came from the EAs, but beneficiary participation in formulating the rules was average. With a lower level of mutual trust and commitment to the common welfare, enforcement of the rules was low, eventually resulting in low effectiveness of organizations in serving their members. For projects approved in the 1990s and projects rated generally successful, the initiative in building beneficiary organizations mostly came from EA project staff. The proportion of organizations initiated by beneficiaries was higher for projects approved in the 1980s and projects rated unsuccessful, suggesting that while the beneficiaries could organize themselves, effectiveness in serving the members appeared to be significantly better when project staff helped.

65. Beneficiaries generally perceived the level of mutual trust among members and their level of commitment to common welfare as high. A significantly lower proportion of beneficiaries felt that the organizations had been effective, except in Bangladesh, suggesting that institutional social capital—the organizational systems, rules, procedures, etc.—could be built up through technical assistance (TA) with existing substantial relational social capital.

C. Service Delivery

66. The institutional arrangements for service delivery are major factors that affect project performance. Depending on the target beneficiaries and nature of the project, service can be delivered through various modalities. Just as important as choosing the appropriate modality of service delivery, however, is ensuring that the implementing agencies have the necessary administrative, technical, and financial resources. Project staff who directly deal with the beneficiaries must have the attitudes and skills to engender the beneficiaries' trust and cooperation.

1. Generic Models of Service Delivery

67. Five generic models of service delivery are based on the nature of the EA, which may be (i) government agency, (ii) LGU, (iii) NGO, (iv) CBO, or (v) private enterprise. However, variants or a combination of the above models are also common. Of the 92 projects reviewed in this study, about 60% followed the government agency model; 10%, the other four models; and 30%, variants of the generic models. The predominance of the government agency model reflects the pattern of centralized authority in the six DMCs as well as ADB's top-down development approach, particularly during the 1980s. Only in a few instances were LGUs and/or NGOs and CBOs implementing bodies. The projects implemented using variants of the generic models suggest that some partnerships came into play, but in most cases the lead partner was a national government agency. As the need for more participatory approaches and more decentralization of government authority becomes increasingly recognized, more and more projects may be expected to be handled by LGUs, NGOs, and CBOs.

2. Institutional Capacity of Executing Agencies

68. An appropriate modality of service delivery, however, is no guarantee of success. The capacity of the EA, whatever it may be, is a major contributory factor to project performance. Important areas of concern include the (i) commitment of the EA management to the project, (ii) human and financial resources available, (iii) experience in undertaking similar projects, (iv) management systems, and (v) governance. These internal organizational factors were cited either as strengths or as weaknesses in varying frequencies in the desk study of the 92 projects (Appendix 18).

69. The frequency with which internal factors were cited as a strength did not differ significantly among the six DMCs except for familiarity with ADB procedures and experience in handling foreign-assisted projects. These factors were cited as strengths most often in Southeast Asia, almost as often in South Asia, and much less often in the Pacific, which appears to correspond to the volume of lending: the greater the volume of lending, the more the EA gains experience and becomes familiar with ADB procedures. The learning curve appeared to be at work. Two factors were cited significantly more times for projects approved in the 1990s—number of qualified staff and financial resources for operation and maintenance (O&M)—suggesting that the EAs' administrative, technical, and financial capability improved over time. Virtually all factors were cited more times as strengths in projects rated generally successful than in those rated unsuccessful. During the FGDs and field interviews, the crucial role of the project manager was often cited as spelling the difference between success and failure, and frequent changes of project managers as impeding many projects.

3. Satisfaction Level with Project Staff

70. The impressions that the project staff in direct contact with beneficiaries create are crucial to gaining their trust and confidence and, consequently, their support and cooperation. An average of 60–67% of the respondents rated the project staff as good or excellent, while 33–40% rated them as fair or poor (Table 8). About 67% of the beneficiaries rated the staff as good or excellent for "enthusiasm in doing their work" and "understanding of project-related matters." About 39% rated project staff as fair or poor for "honesty," "readiness to help the beneficiaries," and "interpersonal dealings with beneficiaries." Within the control variables, the differences in the beneficiaries' level of satisfaction with the project staff were significant. In Bangladesh, Indonesia, and Philippines 71–91% were satisfied, but in Nepal, only about 37%. A significantly higher proportion of beneficiaries of projects to reduce poverty and to improve the status of women were satisfied compared with beneficiaries of projects to promote economic growth and

human development. The proportion of satisfied beneficiaries was much higher in projects approved in the 1990s than in those approved in the 1980s, and in generally successful projects than in unsuccessful ones (Appendix 19).

Table 8: Beneficiary Assessment of Certain Traits of Project Staff

Trait	% Distribution (N = 2,012)			
	Excellent	Good	Fair	Poor
Understanding of Project-Related Matters	20.1	46.7	30.8	2.4
Resourcefulness in Finding Solutions to Problems	13.6	49.3	33.2	3.9
Enthusiasm in Doing Their Work	21.6	45.5	28.8	4.1
Honesty	18.4	41.7	34.7	5.2
Interpersonal Dealings with Beneficiaries	21.4	39.6	34.2	4.8
Readiness to Help Beneficiaries	16.2	44.6	35.3	3.9

N = number of respondents.

Source: Operations Evaluation Mission survey.

4. Level of Beneficiary Trust in Service Delivery Institutions

71. Having been exposed to different types of service delivery institutions, the beneficiaries have certain ideas as to which ones they can trust most or a little or not at all. Being at the core of social capital, the presence of trust in the service delivery institution would be like a goodwill deposit on which to build further social capital. Respondents rated[12] their level of trust in service delivery institutions that included government, civil-society organizations, and private business with much variation (Appendix 20).

72. Among the government institutions, LGUs had the highest net trust rating (NTR)[13] regardless of country (except Bangladesh where the national government had the highest NTR), sector, approval period, and project rating. The reasons cited by most respondents were that LGUs directly served the people by developing infrastructure, enforcing laws, and undertaking other development tasks. LGUs were elected by the people and perceived as more honest and transparent than other agencies. However, those who had little or no trust in LGUs said that they played politics in matters of development, lack capabilities and institutional capacity, and did not take full responsibility for local development.

73. The next most trusted was the national government, except in Nepal where its NTR was negative. Some reasons to trust the national government were its involvement in local development work, provision of jobs, distribution of land to the landless, and provision of old-age pension. Some reasons for low or no trust were corruption, inefficiency, pro-rich bias, and unfulfilled promises.

74. The national and local offices of government agencies had negative NTRs, but these varied among countries. In Nepal, both had very negative NTRs while the opposite was true in the Philippines. In Bangladesh, the national offices had a negative NTR but local offices had a substantially positive one, while in Indonesia both had positive but low NTRs. The main reason for trust was that "they have done many things to develop the areas," and for the mistrust, "they tend to keep their distance from local bodies on issues of development and adopt a 'big brother' attitude toward the peripheries," and "they do not communicate with the poor and do not provide effective help."

[12] Rating scale: 4 = high, 3 = fair, 2 = low, 1 = no trust.
[13] NTR = (high + fair) – (low + no trust).

75. Surprisingly, international and local NGOs had negative NTRs in Indonesia and Nepal. In Bangladesh, the NTR for international NGOs was slightly negative but significantly positive for local NGOs, mainly because of beneficiaries' positive experience with Bangladesh Rural Advancement Committee and Grameen, for example. In the Philippines, both types of NGOs had very high NTRs. Generally, the main reason for trusting NGOs was that they carried out good development work such as providing health care and education, providing training and livelihood, and developing local infrastructure such as roads. The reasons for not trusting the international NGOs were that they were seen as lavish organizations, thinking only of their own interest, being able to move away anytime, and consuming most of the money intended for the poor. The main reasons for mistrusting local NGOs was that they exhibited the same behavior as the national government—lacking transparency and not working seriously for the people.

76. The next most trusted service delivery institutions after local and national governments were CBOs. Their NTRs were very high in Indonesia and the Philippines but much lower in Bangladesh and Nepal. The CBOs were generally trusted because the community knew them and they adopted participatory approaches. Those who mistrusted them, however, cited CBOs' inability to create or maintain cooperation in the community for development work. Church-based organizations[14] also had high NTRs, except in Nepal where it was negative. Beneficiaries said the church-based organizations fulfilled their promises, were transparent, and gave peace of mind through preaching. Those who did not trust church-based organizations said they propagated beliefs that obstructed development and also created tensions between religious groups.

77. The least trusted service delivery institution was the private sector. Its NTR was negative in all DMCs except the Philippines, where it was relatively low. The few who trusted the private sector said that it provided better-quality services than the government. The majority who expressed mistrust in the private sector said that it pursued vested interest rather than serving the people, did not think about the poor, and gave preferential treatment to the rich. In many countries, privatization of public utilities such as water or electricity meets resistance from the public because of lack of trust. When the private sector has to be tapped as a partner in social development projects, the public's negative perception needs to be handled with proactive public relations activities.

78. Projects with economic growth as primary SDO showed positive NTRs for national and local governments, as well as for CBOs and negative for all the other service providers, while those with poverty reduction as primary SDO had positive NTRs for all service providers except for the private sector. On the other hand, projects with human development as primary SDO had positive NTRs except for government agencies (national and regional offices) and church-based organizations. The project with improvement in the status of women as primary SDO had very high NTR for the national government, local NGO, and church-based organization. The beneficiaries in projects approved in the 1990s had generally higher trust level in service delivery institutions except for the private sector compared with those in the 1980s. The NTRs of beneficiaries in projects rated generally successful and those rated unsuccessful were mixed.

79. Knowledge of the beneficiaries' trust level in different service delivery institutions is important, particularly in choosing development partners. High trust in local governments and CBOs suggests the need to cooperate with them. Partnerships with NGOs need to be forged on a case-to-case basis. The "culture of trust" in the various DMCs should also be considered in designing appropriate poverty interventions. Nepal appears to have the "least trusting" culture, the Philippines, the "most trusting." The strategies for building social capital in these DMCs would thus be different.

[14] Social arms of various churches.

D. Monitoring and Evaluation

80. An adequate system of project M&E is imperative for effective project management. Progress during implementation must be measured and deviations from plans monitored so that timely corrective action may be taken. The distribution of benefits is equally important. Of the 92 projects in the desk study, 52% included M&E components and about a third of these were effective based on project documents. Among the main reasons cited why M&E was ineffective were (i) lack of or inconsistent baseline data, (ii) lack of clearly defined monitoring indicators, (iii) weak institutional set up for M&E, (iv) lack of trained personnel, (v) no follow-up or corrective action taken after monitoring, and (vi) M&E component cancelled because of lack of funds.

81. The field survey underscored a number of suggestions to make M&E more effective: (i) make M&E an integral part of project design, (ii) conduct baseline surveys to establish baseline data, (iii) ensure beneficiary participation in M&E, (iv) enhance institutional capacities of EAs in M&E, (v) train staff in M&E, and (vi) develop and install a management information system.

82. Field visits and interviews revealed that monitoring of project benefits after completion was not done or was not continued. One reason was that the project staff trained for the purpose resigned and no replacement was hired or trained. Interest in generating continuous time-series data appeared lacking either because the data were not used or because they would highlight certain deficiencies in performance, or both. ADB might consider outsourcing M&E to NGOs or CBOs. The continuous monitoring of benefits and their distribution would be particularly important in poverty-focused interventions.

VI. THE BENEFICIARIES TODAY

83. From the second half of the 1980s to the late 1990s, the respondents witnessed and participated in implementing the projects in this study. These projects had an average implementation period of 7 years, and benefits have since flowed to the target beneficiaries. Given the benefits from the projects and other development interventions, the study attempted to assess the beneficiaries' economic situation today, their needs and problems, and what the projects beneficiaries propose to address such needs and problems.

A. Contentment

84. The beneficiaries were asked to rate[15] their contentment in general. Contentment was explained as the level of satisfaction with present possessions, status, or situation. The results showed that 51% felt contented or very contented; 37%, neither contented nor discontented; and 12%, not contented or definitely not contented (Appendix 21). The proportion of those contented or very contented did not vary widely across the project study groupings. What stood out, however, were the relatively high proportions of those discontented or definitely discontented in the Philippines (31%) and among beneficiaries of poverty reduction projects (23% compared with the overall average of 12%). In the Philippines, one reason could have been the ongoing political turmoil at the time of the survey, when the rich were pitted against the poor. The high level of discontentment among poverty reduction project beneficiaries may have been due to their poor economic situation.

85. A positive relationship existed between contentment and households' economic situation (Table 9). Of those who perceived their households as very rich, about 90% felt contented or

[15] Rating scale: 5 = very contented, 4 = contented, 3 = neither contented nor discontented, 2 = not contented, 1 = definitely not contented.

very contented. The poorer the households were perceived to be, this proportion steadily declined, down to 25% among those who perceived their households as very poor. The proportion of those not contented or definitely not contented steadily increased from 0% among the very rich to 38% among the very poor. Thus, the richer the beneficiaries perceived their household situation to be, the more contented they became. Even among those who considered their household poor or very poor, however, only 25% felt not contented or definitely not contented while 32% felt contented or very contented. It is possible that they felt so simply because they were resigned to their lot.

Table 9: Relationship Between Contentment in Life and Economic Situation of Households

Economic Situation of Household	Total		Contentment in Life (%)				
	N	%	Very Contented	Contented	Neither Contented nor Discontented	Not Contented	Definitely Not Contented
Very Rich	47	100.0	46.8	42.6	10.6	0.0	0.0
Rich	2,054	100.0	9.3	54.4	32.9	2.9	0.5
Poor	1,331	100.0	10.6	22.1	43.1	21.8	2.5
Very Poor	115	100.0	8.7	16.5	36.5	22.6	15.7
Total	**3,547**		**364**	**1,450**	**1,296**	**376**	**61**

N = number of respondents.

86. It does not take much to make the beneficiaries perceive their household as rich or very rich. The average monthly household income of the poor was PPP$316, and of nonpoor, PPP$572 (Table 4), which translated into an average daily per capita income of PPP$1.90 and PPP$3.50. The income differential of the nonpoor over the poor was only 1.8 times. Helping the poor, who are used to so little, to earn a little bit more would thus dramatically change their perception of their economic situation.

87. A dramatic change in perception, however, sometimes leads to irresponsible spending. The East and West New Britain Smallholders Development projects, for example, increased the incomes of farmers by 2.4 times, making them feel rich. During FGDs, it was revealed that the increase in disposable income was accompanied by increases in drinking and gambling, causing social tensions within the community and a negative impact on family life, dissipating much of the economic gains. Something is missing in most poverty interventions. While the provision of economic goods is necessary and important, it is not sufficient. If the impact of assistance is to be sustainable, it must not only teach the beneficiaries how to earn a living but also how to manage their earnings prudently. Values formation is equally important. The approach must, therefore, give the beneficiaries a holistic view of the family, work, and society within the context of the local culture.

B. Needs and Problems and Suggested Projects

88. While a high proportion of beneficiaries felt rich or very rich, they expressed their needs and problems in terms that described the various dimensions of poverty. Certain needs and problems were country-specific, but a number were common, relating to basic services, livelihood, credit, and employment:

(i) among the farmers, the high cost of farm inputs such as fertilizers, pesticides, etc.; lack of farm-to-market roads; lack of capital to buy farm implements; and low

prices for produce (rice, fish, vegetables, fruits, livestock, etc.), which were often dictated by the traders;

(ii) among fisherfolk, illegal fishing, which decreased the fish catch; lack of capital to buy fishing gear; and absence of other sources of livelihood in the fishing areas;

(iii) among microentrepreneurs, the lack of working capital, which forced them to borrow at very high interest, making business no longer viable; and

(iv) among urban beneficiaries, inadequate drinking water, jobs, sanitation, and law and order.

89. The beneficiaries suggested a number of new projects, some of which were common to all six DMCs (Appendix 22). The top 10 were (i) diversification of farm activities, (ii) irrigation facilities, (iii) livelihood projects and cottage industries, (iv) drinking water, (v) roads, (vi) credit, (vii) employment schemes, (viii) education and skills training, (ix) electricity, and (x) sanitation facilities. The projects under review covered most of the beneficiaries' priority areas although the mix was quite different in each DMC. Depending on the DMC, the beneficiaries' highest priorities were the following:

(i) Bangladesh: diversification of farming activities; employment schemes (e.g., public works); livelihood projects and cottage industries; and irrigation facilities;

(ii) Indonesia: agriculture-related projects, mainly irrigation facilities and diversification of farming activities;

(iii) Nepal: education and skills training; diversification of farming activities; livelihood projects and cottage industries; credit; and irrigation facilities;

(iv) Papua New Guinea: diversification of farming activities; provision of drinking water, electricity, and roads; expansion of blockholding in the smallholders development projects; and extension and expansion of the Cape Rodney Smallholder Development Project;

(v) Philippines: livelihood projects and cottage industries; credit; and roads, mainly farm to market; and

(vi) Samoa: diversification of farming activities; and employment schemes.

90. Beneficiaries thus believed that development assistance should concentrate on investment in rural infrastructure, particularly irrigation facilities and farm-to-market roads, to help farmers diversify their activities and conveniently transport their produce to market. Beneficiaries also believed that livelihood projects and credit would help the rural and urban poor. These types of projects should be implemented cautiously because the experiences in many countries have been mixed, with a number of successes but also many failures. Transforming a poor household into an independent producer is not easy. Providing credit is not enough; a support system of training, marketing, collection system, capital build-up, etc., should also be put in place. Beneficiaries said they needed income-related projects as well as basic services, particularly drinking water, education and skills training, electricity, and sanitation facilities.

VII. FINDINGS AND RECOMMENDATIONS

A. Summary of Findings

1. Profile of Beneficiaries

91. About 60% of the beneficiary respondents to the survey were farmers, 44 years old on average, who had lived in the project area for an average of 30 years. About 24% were illiterate and 35% with primary education; two thirds were male and one third, female. The proportion of beneficiaries with per capita income of PPP$1 or less per day, or the extreme poor, was 23%. Based on beneficiaries' perceptions, however, 41% considered their household economic situation as poor (poor + very poor). The mix of poor and nonpoor (rich + very rich) could have been different when the projects started. The beneficiaries' perception of being poor and nonpoor did not appear to be too different, as indicated by the quantitative data on monthly household income, which averaged PPP$572 for the nonpoor and PPP$316 for the poor, or a ratio of only 1.8 times.

2. Impacts on Poverty Reduction

92. The impact of the selected projects on their beneficiaries was assessed using two indicators: (i) proportion of target beneficiaries who effectively benefited (i.e., who received the benefits and found them valuable and sustained), and (ii) improved household situation due to projects. The main findings were as follows:

a. Beneficiaries Who Effectively Benefited

93. From a list of 17 benefits provided by the projects clustered under four outcome categories, the proportion of beneficiaries who effectively benefited ranged from 24% to 50%, depending on the type of benefit. The proportions were higher for benefits related to increased income and enhanced general well-being than for benefits related to women and the environment. Among the six DMCs, the proportions of beneficiaries effectively benefited were generally higher in Bangladesh, Indonesia, and the Philippines than in Nepal, Papua New Guinea, and Samoa. There was only a slight difference in such proportions between economic growth and poverty reduction projects, although the latter had higher proportions of those who enjoyed most types of benefits. Projects approved in the 1990s appeared to be more effective in providing benefits than those approved in the 1980s. Among those who felt to have effectively benefited, the proportion of the poor ranged from 26% to 57%, depending on the type of benefit; conversely, the proportion of the nonpoor ranged from 43% to 74%. Some of the nonpoor today became so because of the projects.

b. Improved Household Situation Due to Projects

94. The selected projects helped improve the household situation of 27% of beneficiaries, a proportion lower than that of those who effectively benefited, suggesting that not all the benefits received were significant enough to substantially improve the household situation. The highest proportion of target beneficiaries whose household situation improved due to projects was in Bangladesh, followed by Nepal and the Philippines, with Indonesia having the lowest proportion. Economic growth projects had a slightly lower proportion of such beneficiaries than poverty reduction projects. The former, however, had a high proportion of beneficiaries attributing improvement in their household situation to personal efforts, while the latter had a high proportion of beneficiaries attributing improvement to personal efforts, and acts of God and/or luck. Projects to promote human development and improve the status of women had a significantly higher proportion of beneficiaries attributing improvement to the projects. Projects

approved in the 1990s had a significantly higher proportion of beneficiaries attributing improvement in household situation to the projects than those approved in the 1980s, indicating greater poverty reduction impact in recent years. Of the 27% whose household situation improved, 78% felt they were rich now because of the projects, while 22% felt some improvement but not enough to consider themselves rich.

3. Factors Affecting Impact on Poverty Reduction

95. Four broad categories of factors were considered: the external environment, social capital, service delivery, and M&E.

a. External Environment

96. Three of the external factors had a predominantly positive impact on the 92 projects included in the desk study: (i) the policy environment, (ii) demand for products and services, and (iii) peace and order. Three other external factors had predominantly negative impacts on the projects: (i) inflation, (ii) currency devaluation, and (iii) weather conditions. Another factor that appeared to have a negative impact on the projects was poor governance at various levels.

b. Social Capital

97. Initial social assessment was conducted on about 70% of the 92 projects included in the desk study but was generally inadequate as baseline information. Initial social assessment was done more regularly for projects approved in the 1990s than in the 1980s, and in projects rated generally successful than in those rated unsuccessful. Beneficiary participation was generally high in project planning and implementation, but mainly through consultation meetings that consisted of giving information rather than making decisions. Beneficiary awareness of the existence of beneficiary organizations was also high. The effectiveness of the organizations in serving the needs of their members was perceived to be higher among those assisted by the project staff, and especially in projects approved in the 1990s and those rated generally successful. While the relational social capital in terms of level of mutual trust among members, and commitment to common welfare was high among members of the organization, their perception of the effectiveness of the organizations was lower. This indicates a gap in institutional social capital—the organizational systems, rules and procedures, etc.—something that should be narrowed through TA, given a good relational social capital base already existing.

c. Service Delivery

98. Of the 92 projects in the desk study, about 60% were implemented by government agencies; 10% by LGUs, NGOs, CBOs, or the private sector; and 30% by variants of these models. The predominance of the agency model of service delivery reflected the centralized pattern of authority in the project countries as well as ADB's top-down development approach, particularly during the 1980s. Three institutional factors within the EAs were found to have significantly accounted for differences in project performance: (i) familiarity with ADB procedures, (ii) experience in handling foreign-assisted projects, and (iii) financial resources for O&M. Other significant factors included number of qualified staff and continuity of key project staff. The crucial role of the project manager was often cited during FGDs and interviews as spelling the difference between project success or failure. The service delivery institutions most trusted by the beneficiaries were the LGUs and the CBOs. The least trusted was the private sector. Where the private sector has to be tapped as service provider of social development projects, this negative perception needs to be managed proactively. The beneficiaries' level of trust in international and local NGOs and church-based organizations widely varied among the six DMCs.

d. Monitoring and Evaluation

99. More than half of the 92 projects in the desk study included an M&E component. Only about a third of them were reported to be effective. Field visits and interviews showed that a number of M&E components were not implemented or not continued because of lack of either funds or personal or genuine interest. Lack of effective M&E was deemed to have adversely affected the efficiency and effectiveness of many projects. Adequate monitoring of benefits and their distribution is particularly important in poverty-focused interventions. ADB's revised project performance management system is expected to address this concern during project implementation.

4. Synthesis

100. To see which of the above factors could account for the differences in projects' poverty reduction impact, those included in the field survey were correlated with improvement in household situation, the main impact indicator. The following factors were found to be significant: (i) social capital (personal involvement of beneficiaries in planning, extent that organization rules were followed, level of commitment of community to the organization); (ii) project staff of service provider (enthusiasm, interpersonal dealings with beneficiaries, honesty); and (iii) level of trust in the service delivery institution (national government and local governments, international and local NGOs). Of the factors identified by the desk study of project documents, the following appeared to significantly influence project performance: (i) initial social assessment; (ii) institutional capacity of EAs (number of qualified staff, continuity of key project staff, experience in handling foreign-assisted projects, financial resources for O&M); and (iii) external factors that affected project performance either positively or negatively. Although these factors were not directly correlated with the impact indicator, they were found to have positive relationships with project ratings and, therefore, with poverty reduction. Thus, (i) the degree of development of social capital, (ii) institutional capacity of the EAs and quality of their project staff, (iii) thoroughness of the initial social assessment, and (iv) extent to which external factors were anticipated and appropriate preparations taken appeared to be the major factors accounting for differences in projects' impact on poverty reduction.

5. Current Situation of Beneficiaries

101. About 51% of the beneficiaries said that with their current possessions, status, or situation, they were contented with life in general; 37% said they were neither contented nor discontented; and 12% said they were not contented. Not surprisingly, there was a positive relationship between contentment and economic situation of the household, although almost a third of those who perceived their household situation as poor still felt contented. Whether contented or not, however, those who perceived their households as poor needed assistance as their average income per capita was only PPP$1.90 a day. Changing their perception of their economic situation does not seem to take very much, considering that the average per capita income of those who perceived themselves as nonpoor was only PPP$3.50 per day or 1.8 times that of the poor. A dramatic change in perception of economic situation, however, could lead to irresponsible spending and the quick dissipation of the family's economic gains. This suggests that the package of assistance to beneficiaries should not be limited to teaching them how to earn a living but also how to manage their earnings prudently.

6. Suggested Projects

102. While the projects under review covered most of the priority areas of the beneficiaries, they suggested a number of new projects, the mix of which differed markedly by country. In general, the beneficiaries suggested more investments in rural infrastructure, specifically

irrigation facilities and farm-to-market roads, to enable farmers to diversify their activities and conveniently transport produce to the market. Livelihood projects for the rural and urban poor were another priority. In addition to income-related projects, the beneficiaries strongly indicated the need for certain social services, specifically education and skills training, drinking water, electricity, and sanitation facilities.

B. Lessons Learned

103. Among the major lessons of this study are the following:

(i) A balanced program of poverty intervention projects should be ensured at the macro level, and multiple components even at the project level. Access to services such as drinking water, health, and sanitation; and the catalytic role of women are as important for improving beneficiaries' household situation as income-related benefits.

(ii) Beneficiaries should be consulted, participate in decision making, and share it with the community. Leadership should be developed among the poor. Projects should invest in CBOs. As poverty is to a certain extent psychological and subjective, development planners and managers should not impose projects on the beneficiaries.

(iii) More time and resources should be invested in social capital for every poverty intervention project. Social capital, relational and institutional, is crucial in enabling beneficiaries, especially those facing social exclusion, to participate in decision making that affects them, and in sustaining the project benefits.

(iv) The development partners should enjoy the trust of the beneficiaries and should be capable or be made capable.

(v) If called for in the project design, projects should be turned over to the beneficiaries only if they are sufficiently prepared to handle the responsibilities.

(vi) The usual design and implementation variables continue to be of crucial importance. Projects should be demand driven. Other needs are thorough initial social assessment, coherent project framework, macroeconomic stability, conducive policy environment and sound governance, adequate institutional capacity of the EAs, high-quality project staff, participatory approaches, and M&E.

C. Recommendations

104. **Establish the Starting Point: Baseline Survey and Project Framework.** One problem of this study was the absence of baseline data against which to compare the beneficiaries' current situation. The initial social assessment, while supposedly part of the project preparation phase, was lacking in most projects or generally inadequate. A sound social survey as part of the project design as well as a baseline survey covering the key indicators should be made mandatory for all poverty-focused projects to (i) help identify the poor, (ii) provide baseline information, and (iii) provide valuable inputs to prepare a well-designed project framework[16] that identifies key indicators for monitoring project performance. The quality of project frameworks needs to be improved and the macroenvironment thoroughly assessed so that external factors

[16] The preparation of a project framework has been mandatory since 1999, however, the quality remains mixed.

that might impinge on project performance can be anticipated and appropriate preparatory actions taken. Staff need to be made aware of the need for and trained in poverty and social assessment.

105. **Tighten the Project Design for Precise Targeting of the Poor.** The study indicates that a substantial proportion of project beneficiaries were nonpoor, at least in their own view, despite the fact that the projects were expected to have the most impact on the poor. One way of ensuring that most of the benefits flow to the poor is to consider not only the mix between the poor (stratified by type of vulnerable group) and nonpoor but also the nature of the projects themselves.

106. **Develop a Sense of Ownership Through Real Participation.** While the survey respondents said they had a relatively high level of participation during project planning and implementation, such participation consisted mainly of attending meetings that gave participants information rather than solicited inputs for project design and implementation. Real participation means empowerment, giving participants opportunities to make decisions on such matters as supervision, hiring and firing of staff, and awarding of small contracts, provided, however, participants are prepared or willing to be trained to assume such responsibilities. Only a sense of beneficiary ownership can ensure long-term project sustainability.

107. **Invest in Social Capital.** Where the markets are undeveloped and the governments weak or indifferent, social capital assumes particular importance. A network of interpersonal relationships among the beneficiaries is necessary for collective action and resolution of allocative and distributive questions; it requires substantial investment of time and financial resources. In most of the projects in this study, the share of social capital development in total project cost was minimal. In poverty reduction efforts, such investment is not only desirable but also necessary. Capacity building through TA should strengthen not only individuals but also their capacity as an organization. Training should include not only leadership and skills but also value formation. The objective of TA should go beyond positioning groups or communities to receive "gifts" from the top; TA should help groups and communities become self-governing. A strong local organization would also improve governance of LGUs, at least in the area.

108. **Choose the Right Development Partner.** In most projects in the study, service delivery was the responsibility of a government agency. A project portfolio with a large number of direct poverty interventions to reach the poor and the poorest of the poor may require different modalities of service delivery. Other than the usual government agencies, other service providers such as NGOs, CBOs, church-based organizations, or the private sector should be tapped. The survey revealed that the most trusted institutions in all six DMCs were LGUs and CBOs, and the least trusted, the private sector. The level of trust in local NGOs was generally higher than in international NGOs but varied by country. The same was true for church-based organizations. As trust and, consequently, cooperation are at the core of social capital, the logical choice for development partners would be LGUs and/or CBOs. Partner institutions must not only be trusted but also have the necessary managerial, technical, and administrative skills, and qualifications, for which neither LGUs nor CBOs are known. Their capacities need to be built up. The services of NGOs and church-based organizations may also be considered but on a case-to-case basis.

109. **Invest in Selecting the Project Manager.** The institutional capacity of the EAs was shown to be an important factor that affects project performance, particularly the continuous availability of competent staff and the financial resources for O&M. Among the project staff, the most crucial position was that of the project manager. In a number of projects, the project manager spelled the difference between success or failure. The EA and ADB should, therefore,

jointly invest time in selecting the project manager. The job requirements should be carefully analyzed in light of the nature and scope of the project and the local conditions, including the characteristics of the beneficiaries and the local norms and customs. Once a project manager is found, the government, through the EA, should commit to keep him or her there until project completion unless unavoidable circumstances make it impossible. The EA should also be assessed at the start to remedy any major weakness through appropriate TA. Funds for O&M may need to be provided, and gradually reduced, for a number of years after completion.

110. **Sustainability Assessment Prior to Turnover.** ADB's involvement in the project ends at its completion. If no immediate follow-up project is implemented, full responsibility over the project rests with the EAs and/or the beneficiaries, regardless of their readiness to assume such responsibilities. Where facilities need to be turned over to the beneficiaries (e.g., in irrigation projects), the EAs often effect the turnover whether the beneficiaries are ready or not, resulting in benefits not being sustained or only partly sustained. At project completion, therefore, sustainability should be assessed jointly by ADB and the EA, identifying the critical factors affecting it. All major anticipated problems should be addressed. Such a thorough sustainability assessment should be included in the PCR, providing the rationale for recommended follow-up actions to enhance project sustainability.

DISTRIBUTION OF SAMPLE PROJECTS IN THE DESK STUDY AND FIELD SURVEY

Sector/Subsector	Total				Bangladesh				Indonesia				Philippines			
	1980s		1990s		1980s		1990s		1980s		1990s		1980s		1990s	
	GS	US	GS	US	GS	US	GS	US	GS	US	GS	US	GS	US	GS	US
A. Desk Study	**48**	**26**	**16**	**2**	**10**	**1**	**5**		**11**	**7**	**6**		**11**	**9**	**3**	**1**
1. Agriculture	**37**	**24**	**8**	**1**	**10**	**1**	**2**		**6**	**7**	**2**		**8**	**7**	**3**	**1**
a. Fisheries	3	5			1	1			1	2			1	2		
b. Industrial Crops	2	2												1		
c. Irrigation/Rural Development	19	6	2	1	4				3	1	1		6	2	1	1
d. Livestock		5								2				1		
e. Forestry	4	2			1				1							
f. Agricultural Support Services	7	4	6		2		2		1	2	1		1	1	2	
g. Fertilizer Products	2				2											
2. Social Infrastructure	**11**	**2**	**8**	**1**			**3**		**5**		**4**		**3**	**2**		
a. Education	5		3				2		3		1					
b. Water Supply and Sanitation	4	2	1										3	2		
c. Urban Development	2		4				1		2		3					
d. Health and Population				1												
B. Field Survey	**15**	**11**	**13**	**1**	**3**		**4**		**2**	**3**	**4**		**3**	**2**	**3**	**1**
1. Agriculture	**14**	**10**	**7**	**1**	**3**		**2**		**2**	**3**	**1**		**3**	**1**	**3**	**1**
a. Fisheries		1								1						
b. Industrial Crops	1	1														
c. Irrigation/Rural Development	9	3	2	1	2				2	1	1		2		1	1
d. Livestock																
e. Forestry	2	2			1											
f. Agricultural Support Services	2	3	5				2			1			1	1	2	
g. Fertilizer Products																
2. Social Infrastructure	**1**	**1**	**6**				**2**				**3**			**1**		
a. Education	1		2				1				1					
b. Water Supply and Sanitation		1	1											1		
c. Urban Development			3				1				2					
d. Health and Population																

GS = generally successful, US = unsuccessful.

Continued on next page

Table—*Continued*

Sector/Subsector	Nepal				Papua New Guinea				Samoa			
	1980s		1990s		1980s		1990s		1980s		1990s	
	GS	US	GS	US	GS	US	GS	US	GS	US	GS	US
A. Desk Study	**12**	**5**	**2**		**3**	**1**		**1**	**1**	**3**		
1. Agriculture	**10**	**5**	**1**		**2**	**1**			**1**	**3**		
a. Fisheries												
b. Industrial Crops	1	1							1			
c. Irrigation/Rural Development	4	2			2	1						
d. Livestock		1								1		
e. Forestry	2									2		
f. Agricultural Support Services	3	1	1									
g. Fertilizer Products												
2. Social Infrastructure	**2**		**1**		**1**			**1**				
a. Education	2											
b. Water Supply and Sanitation			1		1							
c. Urban Development												
d. Health and Population								1				
B. Field Survey	**4**	**3**	**2**		**2**	**1**			**1**	**2**		
1. Agriculture	**3**	**3**	**1**		**2**	**1**			**1**	**2**		
a. Fisheries												
b. Industrial Crops		1							1			
c. Irrigation/Rural Development	1	1			2	1						
d. Livestock												
e. Forestry	1									2		
f. Agricultural Support Services	1	1	1									
g. Fertilizer Products												
2. Social Infrastructure	**1**		**1**									
a. Education	1											
b. Water Supply and Sanitation			1									
c. Urban Development												
d. Health and Population												

ADB LOAN ASSISTANCE TO THE SELECTED COUNTRIES,[a] (1969–2000)

Sector	Total		BAN		INO		NEP[b]		PHI		PNG		SAM	
	N	NLA ($ million)	N	NLA ($ million)	N	NLA ($ million)	N	NLA ($ million)	N	NLA ($ million)	N	NLA ($ million)	N	NLA ($ million)
Agriculture	**291**	**7,413**	**61**	**1,802**	**98**	**3,196**	**51**	**600**	**62**	**1,597**	**11**	**183**	**8**	**35**
Fisheries	27	410	4	47	13	212	2	14	7	130	1	7		
Industrial Crops	29	604	1	14	14	390	7	13	3	179			4	8
Irrigation/Rural Development	139	3,789	31	1,014	45	1,697	21	237	35	769	6	63	1	9
Livestock	11	171	3	75	3	65	3	29	1	2			1	
Forestry	22	467	5	142	5	75	4	34	7	214			1	2
Agriculture Support Services	56	1,781	12	364	17	747	14	273	8	268	4	113	1	16
Fertilizer Products	7	191	5	146	1	10			1	35				
Energy	**95**	**5,920**	**20**	**1,196**	**28**	**2,427**	**12**	**361**	**24**	**1,895**	**5**	**25**	**6**	**16**
Electric Power	85	5,294	14	876	27	2,209	11	350	22	1,818	5	25	6	16
Natural Gas	7	538	6	320	1	218								
Refinery	1	63							1	63				
Fuel Minerals	2	25					1	11	1	14				
Industry and Nonfuel Minerals	**16**	**693**	**4**	**145**	**8**	**468**	**3**	**71**			**1**	**9**		
Industry (Non-Agriculture)	14	641	3	139	7	422	3	71			1	9		
Nonfuel Minerals	2	52	1	6	1	46								
Transport and Communications	**102**	**4,481**	**19**	**1,226**	**32**	**1,848**	**12**	**223**	**23**	**956**	**12**	**214**	**4**	**14**
Roads	57	3,274	13	961	16	1,292	6	156	14	698	8	167		
Ports	22	319	2	2	11	198			5	72	4	47		
Airports	14	440			3	208	6	67	3	162			2	3
Railways	5	287	4	263					1	24				
Telecommunications	4	161			2	150							2	11
Social Infrastructure	**158**	**7,077**	**23**	**852**	**68**	**4,530**	**14**	**284**	**36**	**1,202**	**16**	**202**	**1**	**7**
Water Supply and Sanitation	43	1,358	2	41	9	234	7	219	21	819	4	45		
Education	59	2,567	12	431	29	1,801	5	43	8	234	4	51	1	7
Urban Development	30	1,949	5	262	20	1,601	2	22	3	64				
Health and Population	26	1,203	4	118	10	894			4	85	8	106		
Finance	**44**	**2,908**	**8**	**183**	**10**	**2,303**	**1**	**7**	**15**	**369**	**4**	**26**	**6**	**20**
Capital Market	7	609	1	77	3	447	1	7	1	75			1	3
DFI	37	2,299	7	106	7	1,856			14	294	4	26	5	17
Multisector	**13**	**433**	**1**	**100**	**2**	**40**			**6**	**275**	**3**	**12**	**1**	**6**
Others	**8**	**393**			**2**	**56**	**1**	**8**	**3**	**296**	**1**	**26**	**1**	**7**
Total	**727**	**29,318**	**136**	**5,504**	**248**	**14,868**	**94**	**1,554**	**169**	**6,590**	**53**	**697**	**27**	**105**

ADB = Asian Development Bank, BAN = Bangladesh, DFI = development finance institution, INO = Indonesia, N = number of loans, NEP = Nepal, NLA = net loan amount, PHI = Philippines, PNG = Papua New Guinea, SAM = Samoa.

[a] Combined Asian Development Fund and ordinary capital resources loans.

[b] Excludes six private loans and one cancelled project.

Source: ADB's Loan Financial and Information System database.

AVERAGE AGE OF THE SELECTED PROJECTS

Item	Approval to Present			Completion to Present			PCR to Present		
	N	% of Total	Cumulative (%)	N	% of Total	Cumulative (%)	N	% of Total	Cumulative (%)
A. Desk Study (all projects)	**92**	**100.0**		**92**	**100.0**		**92**	**100.0**	
≤5				24	26.1	26.1	27	29.3	29.3
6–10	11	12.0	12.0	20	21.7	47.8	19	20.7	50.0
11–15	21	22.8	34.8	33	35.9	83.7	30	32.6	82.6
16–20	29	31.5	66.3	9	9.8	93.5	12	13.0	95.6
≥21	31	33.7	100.0	6	6.5	100.0	4	4.3	100.0
Total Mean Age (years)	**18**			**11**			**10**		
B. Field Survey Only	**40**	**100.0**		**40**	**100.0**		**40**	**100.0**	
≤5				21	52.5	52.5	25	62.5	62.5
6–10	10	25.0	25	14	35.0	87.5	10	25.0	87.5
11–15	18	45.0	70.0	5	12.5	100.0	5	12.5	100.0
≥16	12	30.0	100.0	0	0.0	0.0	0	0.0	0.0
Total Mean Age (years)	**14**			**7**			**5**		

N = number of projects, PCR = project completion report.

Sources: Reports and recommendations of the President and PCRs.

SOCIODEMOGRAPHIC PROFILE OF BENEFICIARIES

Sociodemographic Characteristic	All Projects		INO		PHI		BAN		NEP		PNG		SAM	
	N[a]	%	N	%	N	%	N	%	N	%	N	%	N	%
A. Gender														
Male	6,805	65.8	1,675	66.3	851	56.5	1,416	68.2	1,814	65.4	623	71.1	426	73.4
Female	3,535	34.2	852	33.7	654	43.5	661	31.8	961	34.6	253	28.9	154	26.6
Total	**10,340**	**100.0**	**2,527**	**100.0**	**1,505**	**100.0**	**2,077**	**100.0**	**2,775**	**100.0**	**876**	**100.0**	**580**	**100.0**
B. Age (years)														
≤30	1,501	15.1	337	13.3	47	3.1	377	21.2	453	16.7	208	24.3	79	13.6
31–40	2,926	29.4	965	38.2	356	23.7	536	30.1	628	23.2	286	33.4	155	26.7
41–50	2,781	27.9	711	28.1	487	32.5	397	22.3	821	30.3	218	25.4	147	25.3
≥51	2,748	27.6	514	20.3	609	40.6	471	26.4	810	29.9	145	16.9	199	34.3
Total	**9,956**	**100.0**	**2,527**	**100.0**	**1,499**	**100.0**	**1,781**	**100.0**	**2,712**	**100.0**	**857**	**100.0**	**580**	**100.0**
Mean Age	**43.8**		**42.3**		**48.6**		**43.0**		**44.1**		**39.1**		**45.6**	
C. Education														
None	2,436	23.8	402	16.5	24	1.6	558	26.9	1,306	47.1	119	13.7	27	4.7
Primary	3,569	34.9	1,223	50.1	509	34.1	561	27.1	585	21.1	467	53.6	224	39.2
Secondary	2,859	28.0	576	23.6	539	36.1	634	30.6	649	23.4	190	21.8	271	47.5
Tertiary	1,360	13.3	240	9.8	421	28.2	320	15.4	235	8.5	95	10.9	49	8.6
Total	**10,224**	**100.0**	**2,441**	**100.0**	**1,493**	**100.0**	**2,073**	**100.0**	**2,775**	**100.0**	**871**	**100.0**	**571**	**100.0**
D. Housing														
Own	9,326	91.3	2,342	92.7	1,301	93.2	1,667	80.3	2,746	99.0	709	81.5	561	98.1
Rent	635	6.2	92	3.6	76	5.4	361	17.4	22	0.8	84	9.7	0	—
Other Arrangements	255	2.5	92	3.6	19	1.4	49	2.4	7	0.3	77	8.9	11	1.9
Total	**10,216**	**100.0**	**2,526**	**100.0**	**1,396**	**100.0**	**2,077**	**100.0**	**2,526**	**100.0**	**870**	**100.0**	**572**	**100.0**
E. No. of Persons in Household														
≤4	3,080	30.5	1,062	46.0	526	35.0	713	34.3	530	19.1	181	20.9	68	11.7
5–7	4,838	47.9	1,053	45.6	706	47.0	962	46.3	1,563	56.3	391	45.2	163	28.1
8–10	1,490	14.7	165	7.2	205	13.6	287	13.8	456	16.4	212	24.5	165	28.4
≥11	698	6.9	27	1.2	65	4.3	115	5.5	226	8.1	81	9.4	184	31.7
Total	**10,106**	**100.0**	**2,307**	**100.0**	**1,502**	**100.0**	**2,077**	**100.0**	**2,775**	**100.0**	**865**	**100.0**	**580**	**100.0**
Mean	**6.0**		**4.9**		**5.6**		**5.9**		**6.5**		**6.8**		**9.1**	
F. Length of Stay in Project Area (years)														
≤10	2,056	21.6	104	4.6	147	9.9	1,099	61.7	187	7.3	398	46.6	121	20.9
11–20	1,470	15.4	458	20.3	330	22.1	0	—	237	9.2	352	41.2	93	16.0
21–30	1,297	13.6	477	21.2	268	18.0	0	—	421	16.4	60	7.0	71	12.2
≥31	4,700	49.4	1,214	53.9	745	50.0	681	38.3	1,721	67.1	44	5.2	295	50.9
Total	**9,523**	**100.0**	**2,253**	**100.0**	**1,490**	**100.0**	**1,780**	**100.0**	**2,566**	**100.0**	**854**	**100.0**	**580**	**100.0**
Mean	**30.4**		**33.0**		**31.8**		**22.5**		**37.1**		**13.5**		**31.3**	
G. Livelihood														
Farming and Fishing	5,477	60.2	1,273	62.5	785	61.2	591	28.5	2,202	80.3	240	58.1	386	71.0
Wage Employment	1,229	13.5	313	15.4	88	6.9	479	23.1	340	12.4	7	1.7	2	0.4
Small Business	1,599	17.6	451	22.1	366	28.5	370	17.8	90	3.3	166	40.2	156	28.6
Others	787	8.7	0	—	43	3.4	634	30.6	110	4.0	0	—	—	—
Total	**9,092**	**100.0**	**2,037**	**100.0**	**1,282**	**100.0**	**2,074**	**100.0**	**2,742**	**100.0**	**413**	**100.0**	**544**	**100.0**

— = no data available, BAN = Bangladesh, INO = Indonesia, N = number of projects, NEP = Nepal, PHI = Philippines, PNG = Papua New Guinea, SAM = Samoa.

[a] Figures vary as not all of the survey respondents answered all the questions.

BENEFICIARY PERCEPTIONS OF THE ECONOMIC STATUS OF THEIR HOUSEHOLD

Project Grouping	No. of Respondents	% Distribution				
		Total	Very Rich	Rich	Poor	Very Poor
A. By Country						
Indonesia	933	100.0	0.1	35.4	60.7	3.9
Philippines	489	100.0	0.2	54.0	41.5	4.3
Bangladesh	1,118	100.0	3.1	86.0	10.3	0.6
Nepal	1,189	100.0	0.8	47.9	46.9	4.4
Total	**3,729**	**100.0**	**1.3**	**57.0**	**38.7**	**3.1**
B. By Primary SDO						
Economic Growth	1,541	100.0	1.1	46.5	49.1	3.3
Poverty Reduction	1,063	100.0	0.3	59.9	35.1	4.7
Human Development	824	100.0	1.2	62.7	34.3	1.7
Women in Development	301	100.0	5.6	84.4	9.6	0.3
Environment	0	0	0	0	0	0
Total	**3,729**	**100.0**	**1.3**	**57.0**	**38.7**	**3.1**
C. By Approval Period						
1980s	718	100.0	0.4	37.5	55.8	6.3
1990s	3,011	100.0	1.5	61.6	34.6	2.4
Total	**3,729**	**100.0**	**1.3**	**57.0**	**38.7**	**3.1**
D. By Project Rating						
Generally Successful	2,845	100.0	1.5	59.9	36.2	2.4
Unsuccessful	884	100.0	0.5	47.5	46.6	5.4
Total	**3,729**	**100.0**	**1.3**	**57.0**	**38.7**	**3.1**

SDO = strategic development objective.

Note: The question on which this table was based was asked only in phase 2 (see Methodology).

BENEFICIARY DESCRIPTION OF HOUSEHOLD AND MEAN HOUSEHOLD MONTHLY INCOME

(Adjusted to Purchasing Power Parity)

Project Grouping	Very Rich		Rich		Poor		Very Poor	
	No. of Respondents	Monthly Household Income (mean)	No. of Respondents	Monthly Household Income (mean)	No. of Respondents	Monthly Household Income (mean)	No. of Respondents	Monthly Household Income (mean)
A. By Country								
Bangladesh	35	1,005.7	961	579.5	114	382.5	7	244.1
Indonesia	1	335.2	261	308.1	456	204.5	35	141.7
Nepal	10	900.2	569	481.6	558	326.6	52	349.8
Philippines	1	3,618.0	263	923.2	200	540.1	20	211.8
Total	**47**	**1,024.6**	**2,054**	**561.9**	**1,328**	**321.7**	**114**	**255.2**
B. By Primary SDO								
Economic Growth	17	1,006.3	716	484.7	757	291.4	51	213.9
Poverty Reduction	3	1,450.5	636	623.0	369	389.8	49	260.7
Human Development	10	2,064.1	448	732.8	173	442.6	13	410.2
Women in Development	17	356.3	254	325.2	29	217.4	1	78.4
Environment	0	0.0	0	0.0	0	0.0	0	0.0
Total	**47**	**1,024.6**	**2,054**	**561.9**	**1,328**	**321.7**	**114**	**255.2**
C. By Approval Period								
1980s	3	1,701.0	269	600.7	401	342.8	45	223.1
1990s	44	978.5	1,785	556.0	927	312.5	69	276.1
Total	**47**	**1,024.6**	**2,054**	**561.9**	**1,328**	**321.7**	**114**	**255.2**
D. By Project Rating								
Generally Successful	43	993.4	1,634	598.5	916	370.6	66	311.1
Unsuccessful	4	1,359.5	420	419.4	412	212.7	48	178.3
Total	**47**	**1,024.6**	**2,054**	**561.9**	**1,328**	**321.7**	**114**	**255.2**

SDO = strategic development objective.

Note: The question on which this table was based was asked only in phase 2 (see Methodology).

BENEFICIARY PERCEPTIONS AND AWARENESS OF PROJECT BENEFITS

Outcome and Project Benefits	No. of Respondents	Response Distribution (%)		
		Benefited	Not Benefited	Not Aware
A. Increased Income Through:				
(i) Employment Opportunities	9,736	67.5	23.5	9.0
(ii) Farm Productivity Improvements	7,415	65.8	19.8	14.4
(iii) Livelihood Project	8,514	57.0	26.4	16.6
B. Enhanced General Well-Being Through:				
(i) Access to Education	9,180	59.4	28.2	12.4
(ii) Access to Health Services	8,427	49.7	34.3	16.0
(iii) Access to Safe Drinking Water	7,771	49.5	37.6	12.9
(iv) Access to Better Housing	6,622	49.8	31.8	18.4
(v) Nutrition Program for Children and Family Members	2,175	66.6	14.6	18.8
(vi) Awareness Building on Political and Legal Rights	1,388	57.3	26.7	16.0
C. Improved Status of Women Through:				
(i) Access to Education and Training	8,413	52.3	34.1	13.6
(ii) Access to Employment Opportunities	6,618	55.6	31.1	13.2
(iii) Participation in Livelihood Projects	8,176	39.2	41.8	19.0
(iv) Access to Amenities for Household Chores	7,253	43.5	41.5	15.0
D. Environmental Protection:				
(i) Protection from Flood	4,627	53.8	36.8	9.4
(ii) Protection Against Soil Erosion	4,688	48.3	43.0	8.7
(iii) Forest Cover (Watershed)	3,965	53.2	40.2	6.6
(iv) Access to Hygiene and Sanitation Facilities	6,178	50.0	33.9	16.0

BENEFICIARY PERCEPTIONS OF VALUE OF PROJECT BENEFITS

Outcome and Project Benefits	No. of Respondents	Response Distribution (%)			
		Very Valuable	Somewhat Valuable	Slightly Valuable	Not Valuable
A. Increased Income Through:					
(i) Employment Opportunities	6,273	44.9	40.7	11.9	2.5
(ii) Farm Productivity Improvements	4,863	48.2	40.0	10.2	1.6
(iii) Livelihood Project	4,797	42.8	43.3	11.6	2.3
B. Enhanced General Well-Being Through:					
(i) Access to Education	5,404	39.5	45.5	13.1	1.9
(ii) Access to Health Services	4,173	33.3	48.9	16.1	1.7
(iii) Access to Safe Drinking Water	3,820	55.2	31.5	10.9	2.4
(iv) Access to Better Housing	3,226	46.6	38.0	11.8	3.6
(v) Nutrition Program for Children and Family Members	1,442	40.8	41.5	17.0	0.7
(vi) Awareness Building on Political and Legal Rights	794	44.8	38.8	12.7	3.7
C. Improved Status of Women Through:					
(i) Access to Education and Training	4,377	40.0	43.3	14.6	2.1
(ii) Access to Employment Opportunities	3,613	35.2	43.1	16.8	4.9
(iii) Participation in Livelihood Projects	3,169	33.5	41.9	16.9	7.8
(iv) Access to Amenities for Household Chores	3,132	42.9	38.9	13.0	5.2
D. Environmental Protection:					
(i) Protection from Flood	2,461	45.4	43.8	9.6	1.1
(ii) Protection Against Soil Erosion	2,236	37.4	41.1	18.6	2.9
(iii) Forest Cover (Watershed)	2,068	44.3	37.3	15.0	3.3
(iv) Access to Hygiene and Sanitation Facilities	3,057	43.1	40.3	13.3	3.3

BENEFICIARY PERCEPTIONS OF SUSTAINABILITY OF PROJECT BENEFITS

Outcome and Project Benefits	No. of Respondents	Response Distribution (%)			
		Fully Sustained	Partly Sustained	Barely Sustained	Not Sustained
A. Increased Income Through:					
(i) Employment Opportunities	5,474	47.4	37.3	9.7	5.6
(ii) Farm Productivity Improvements	4,424	44.8	38.2	12.3	4.7
(iii) Livelihood Project	4,266	44.6	38.9	10.9	5.7
B. Enhanced General Well-Being Through:					
(i) Access to Education	4,652	45.1	42.3	8.3	4.2
(ii) Access to Health Services	3,491	40.5	48.5	9.4	1.6
(iii) Access to Safe Drinking Water	3,430	54.9	37.3	7.0	0.8
(iv) Access to Better Housing	2,852	43.7	44.2	10.8	1.3
(v) Nutrition Program for Children and Family Members	1,187	48.9	42.0	8.9	0.3
(vi) Awareness Building on Political and Legal Rights	665	48.4	41.4	9.8	0.5
C. Improved Status of Women Through:					
(i) Access to Education and Training	3,693	40.6	40.6	11.5	7.2
(ii) Access to Employment Opportunities	2,878	47.7	35.5	11.2	5.6
(iii) Participation in Livelihood Projects	2,416	38.5	42.5	13.4	5.7
(iv) Access to Amenities for Household Chores	2,595	50.8	32.2	8.9	8.1
D. Environmental Protection:					
(i) Protection from Flood	2,197	56.9	36.7	3.8	2.5
(ii) Protection Against Soil Erosion	1,858	49.1	34.8	10.4	5.6
(iii) Forest Cover (Watershed)	1,776	50.1	35.2	9.2	5.5
(iv) Access to Hygiene and Sanitation Facilities	2,637	39.9	39.9	10.8	9.5

BENEFICIARY PERCEPTIONS OF THEIR HOUSEHOLD SITUATION

Project Grouping	No. of Respondents	% Distribution			
		Much Better Than Before	Better Than Before	Same As Before	Worse Than Before
A. By Country					
Indonesia	2,433	4.5	26.6	57.3	11.6
Philippines	1,494	17.1	32.5	42.9	7.5
Bangladesh	2,077	16.3	65.8	12.8	5.2
Nepal	2,775	5.6	57.6	29.5	7.3
Papua New Guinea	836	25.0	39.7	17.8	17.5
Samoa	565	35.6	23.0	35.8	5.7
Total	**10,180**	**12.5**	**44.8**	**34.1**	**8.7**
B. By Primary SDO					
Economic Growth	4,165	9.3	43.9	36.3	10.5
Poverty Reduction	3,187	18.9	39.9	32.1	9.1
Human Development	1,720	4.9	50.2	40.1	4.8
Women in Development	301	11.3	79.7	6.0	3.0
Environment	807	20.0	44.4	28.1	7.6
Total	**10,180**	**12.5**	**44.8**	**34.1**	**8.7**
C. By Approval Period					
1980s	6,715	15.1	39.8	34.8	10.3
1990s	3,465	7.4	54.4	32.6	5.5
Total	**10,180**	**12.5**	**44.8**	**34.1**	**8.7**
D. By Project Rating					
Generally Successful	6,970	13.8	48.0	30.3	8.0
Unsuccessful	3,210	9.7	37.9	42.2	10.2
Total	**10,180**	**12.5**	**44.8**	**34.1**	**8.7**

SDO = strategic development objective.

BENEFICIARY PERCEPTIONS OF THE DISTRIBUTION OF PROJECT BENEFITS

Project Grouping	Benefits Equally Distributed?			Who Benefited More?		
	No. of	%		No. of	%	
	Respondents	Yes	No	Respondents	Poor	Nonpoor
A. By Country						
Indonesia	752	69.7	30.3	252	32.1	67.9
Philippines	488	80.3	19.7	95	26.3	73.7
Bangladesh	822	75.2	24.8	211	32.2	67.8
Nepal	875	45.0	55.0	401	25.4	74.6
Total	**2,937**	**65.6**	**34.4**	**959**	**36.6**	**63.4**
B. By Primary SDO						
Economic Growth	1,230	70.8	29.2	364	23.6	76.4
Poverty Reduction	1,060	62.1	37.9	388	35.6	64.4
Human Development	346	59.0	41.0	96	29.2	70.8
Women in Development	301	64.8	35.2	111	21.6	78.4
Total	**2,937**	**65.6**	**34.4**	**959**	**36.6**	**63.4**
C. By Approval Period						
1980s	408	47.3	52.7	224	20.1	79.9
1990s	2,529	68.6	31.4	735	31.4	68.6
Total	**2,937**	**65.6**	**34.4**	**959**	**36.6**	**63.4**
D. By Project Rating						
Generally Successful	2,070	67.1	32.9	626	32.3	67.7
Unsuccessful	867	62.3	37.7	333	22.2	77.8
Total	**2,937**	**65.6**	**34.4**	**959**	**36.6**	**63.4**

SDO = strategic development objective.

Note: The question on which this table was based was asked only in phase 2 (see Methodology).

REASONS FOR POSITIVE CHANGES IN BENEFICIARY HOUSEHOLD SITUATION

Project Grouping	No. of Respondents	% Distribution			
		Mainly Due to Project	Due to Personal Efforts and Abilities of Household Members	Due to What Other People Did (Except Project Staff)	Act of God and/or Luck
A. By Country					
Bangladesh	935	51.3	34.1	0.7	13.8
Indonesia	452	28.5	50.2	1.1	20.1
Nepal	435	42.5	54.5	2.8	0.2
Philippines	222	41.4	32.0	1.4	25.2
Total	**2,044**	**43.3**	**41.8**	**1.3**	**13.6**
B. By Primary SDO					
Economic Growth	666	31.1	57.1	1.1	10.8
Poverty Reduction	555	38.2	37.1	1.4	23.2
Human Development	549	50.5	40.3	1.5	7.8
Women in Development	274	69.3	17.2	1.5	12.0
Environment	0	0.0	0.0	0.0	0.0
Total	**2,044**	**43.3**	**41.8**	**1.3**	**13.6**
C. By Approval Period					
1980s	159	14.5	81.1	3.1	1.3
1990s	1,885	45.8	38.5	1.2	14.6
Total	**2,044**	**43.3**	**41.8**	**1.3**	**13.6**
D. By Project Rating					
Generally Successful	1,600	45.9	37.8	1.1	15.3
Unsuccessful	444	34.2	56.3	2.3	7.2
Total	**2,044**	**43.3**	**41.8**	**1.3**	**13.6**

SDO = strategic development objective.

Note: The question on which this table was based was asked only in phase 2 (see methodology).

CORRELATION BETWEEN PROJECT BENEFITS AND IMPROVEMENT IN HOUSEHOLD SITUATION DUE TO PROJECT

Outcome and Project Benefits	No. of Respondents[a]	Correlation Coefficient (r)	Strength of Correlation
A. Increased Income Through:			
(i) Employment Opportunities	2,430	0.110	weak
(ii) Farm Productivity Improvements	1,621	0.147	weak
(iii) Livelihood Projects	2,045	0.132	weak
B. Enhanced General Well-Being Through:			
(i) Access to Education and Training	2,423	0.127	weak
(ii) Access to Health Services	2,199	0.156	weak
(iii) Access to Safe Drinking Water	2,136	0.210	moderate
(iv) Access to Better Housing	1,679	0.135	weak
(v) Nutrition Program for Children and Family Members	1,400	0.208	moderate
(vi) Awareness-Building in Political and Legal Rights	747	0.091	very weak
C. Improved Status of Women Through:			
(i) Access to Education and Training	2,339	0.138	weak
(ii) Access to Employment Opportunities	1,595	0.230	moderate
(iii) Participation in Livelihood Projects	2,182	0.166	weak
(iv) Access to Amenities for Household Chores	1,579	0.209	moderate
D. Environmental Protection:			
(i) Protection from Flood	534	0.006	very weak
(ii) Protection Against Soil Erosion	602	0.029	very weak
(iii) Forest Cover (Watershed)	443	0.094	very weak
(iv) Access to Hygiene and Sanitation Facilities	1,562	0.258	moderate

Notes: 1. Classification of strength of correlation (r) is based on "accepted norm" in social science research as follows:

Strong: $r > 0.4$

Moderate: $0.2 \leq r \leq 0.4$

Weak: $r < 0.2$ (very weak: $r \leq 0.1$)

2. The questions on which this table was based were asked only in phase 2 (see Methodology).

[a] Responded to both questions on project benefits and on improvement in household situation.

FREQUENCY OF EXTERNAL FACTORS CITED AS HAVING POSITIVE/NEGATIVE EFFECT ON PROJECT

Factor	Country			Approval Period		Project Rating	
	Southeast Asia	South Asia	Pacific	1980s	1990s	GS	US
A. Inflation							
Positive	0	1	0	1	0	1	0
Negative	44	25	4	60	13	51	22
B. Currency Devaluation							
Positive	0	12	0	9	3	11	1
Negative	45	17	4	54	12	43	23
C. Demand for Products and Services							
Positive	36	25	7	55	13	49	19
Negative	6	3	2	9	12	8	3
D. Policy Environment							
Positive	28	22	6	44	12	42	14
Negative	14	5	3	21	1	9	13
E. Peace and Order Situation							
Positive	27	2	1	23	7	22	8
Negative	4	5	0	7	2	5	4
F. Weather Condition							
Positive	21	3	0	20	4	18	6
Negative	16	8	4	22	6	18	10

GS = generally successful, US = unsuccessful.

Sources: Appraisal, project completion, and project/program performance audit reports of the 92 selected projects.

A FRAMEWORK FOR ANALYZING SOCIAL CAPITAL FORMATION

1. Social capital may be categorized into two types: institutional and relational. Institutional capital refers to structures, rules, and procedures to guide individual behavior; relational capital, to norms, values, and beliefs shared by members of an organization. While these two types of social capital are analytically distinct, in practice they are complementary and associative.

Institutional and Relational Social Capital —An Analytical Framework

		Relational Capital	
		Strong	**Weak**
Institutional Capital	**Strong**	High social capital Task: Extend scope of activities	Strong organizations Task: Legitimation, intensification
	Weak	Traditional associations Task: Introduce rules, procedures, and skills	Anomic, atomistic, or amoral Task: Assist development of structure and norms

2. In many Asian Development Bank projects and elsewhere, building institutional capital on a strong relational base has been successful. When institutional capital was built without relational capital, however, the sense of ownership and sustainability developed was precarious. In this study, the framework could not be fully applied because it is more appropriate for projects than for a project portfolio. Nonetheless, the framework can be used to broadly explain certain findings.

PERCENTAGE OF PROJECTS ASSESSED FOR SOCIAL DIMENSIONS

Characteristic	Total (N = 92)	Region			Approval Period		Project Rating	
		Southeast Asia	South Asia	Pacific	1980s	1990s	GS	US
A. Needs and Demands of People Affected by Project	**72.8**	**80.4**	**68.6**	**66.7**	**68.1**	**100.0**	**81.0**	**59.3**
B. Capacity to Absorb Project Intervention in Terms of:								
Level of Skills and Knowledge Base of Beneficiaries	51.1	58.1	47.1	75.0	52.1	71.4	61.4	42.9
Experience with Similar Interventions	44.6	51.2	50.0	33.3	43.3	75.0	59.6	26.9
Degree to which CBOs Have Developed	44.6	55.6	50.0	25.0	45.3	80.0	59.6	37.0
Level of Social Cohesion	41.3	54.5	50.0	75.0	47.4	84.6	65.9	34.6
Spirit of Self-Reliance	45.6	61.7	42.3	50.0	44.4	100.0	64.7	34.6
C. Willingness to Pay or Share Capital and Operating Costs After Project Completion	**44.6**	**57.4**	**35.7**	**57.1**	**43.1**	**76.5**	**57.1**	**34.6**

CBO = community-based organization, GS = generally successful, N = total number of projects, US = unsuccessful.

Sources: Appraisal, project completion, and project/program performance audit reports of the selected 92 projects.

BENEFICIARY PARTICIPATION DURING PROJECT FORMULATION AND IMPLEMENTATION

Table A17.1: Whether Members of Community Were Involved in Project Formulation and Implementation

Project Grouping	During Project Formulation			During Project Implementation		
	N	Yes	No	N	Yes	No
A. By Country						
Indonesia	2,527	66.3	33.7	2,346	54.0	46.0
Philippines	1,501	35.5	64.5	1,504	54.9	45.1
Bangladesh	1,781	79.1	20.9	1,540	97.5	2.5
Nepal	2,481	22.6	77.4	2,481	90.4	9.6
Papua New Guinea	865	51.1	48.9	860	67.7	32.3
Samoa	578	63.1	36.9	578	79.6	20.4
Total	**9,733**	**51.2**	**48.8**	**9,309**	**73.9**	**26.1**
B. By Primary SDO						
Economic Growth	3,886	44.1	55.9	3,661	73.3	26.7
Poverty Reduction	3,215	54.8	45.2	3,196	80.6	19.4
Human Development	1,522	50.5	49.5	1,342	43.8	56.2
Women in Development	301	100.0	0.0	301	99.7	0.3
Environment	809	54.5	45.5	809	90.6	9.4
Total	**9,733**	**51.2**	**48.8**	**9,309**	**73.9**	**26.1**
C. By Approval Period						
1980s	6,467	47.0	53.0	6,461	72.5	27.5
1990s	3,266	59.6	40.4	2,848	77.2	22.8
Total	**9,733**	**51.2**	**48.8**	**9,309**	**73.9**	**26.1**
D. By Project Rating						
Generally Successful	6,503	54.4	45.6	6,079	78.8	21.2
Unsuccessful	3,230	44.8	55.2	3,230	64.8	35.2
Total	**9,733**	**51.2**	**48.8**	**9,309**	**73.9**	**26.1**

N = number of respondents, SDO = strategic development objective.

Table A17.2: Mode of Participation

Project Grouping	During Project Formulation[a]					During Project Implementation[a]				
	No. of Respondents	Consultation Meetings	Some Members Hired to Do Some Tasks	Some Community Organizations Assigned to Do Some Tasks	Others	No. of Respondents	Employed by Project	As Individual Beneficiary	As Group Beneficiary	Others/ Combination
A. By Country										
Indonesia	687	91.0	54.0	43.5	16.3	1,256	83.2	81.6	41.4	9.4
Philippines	491	83.7	8.6	7.5	3.1	747	38.7	48.9	16.9	3.5
Bangladesh	1,412	76.2	30.9	31.9	2.4	1,431	38.1	31.2	45.2	5.7
Nepal	560	66.4	20.4	1.1	14.5	2,201	14.9	54.6	26.6	23.6
Papua New Guinea	432	69.7	16.2	12.3	1.9	590	16.9	41.4	40.7	1.0
Samoa	482	35.1	58.7	52.1	0.0	478	10.7	64.2	46.2	2.9
Total	**4,064**	**72.7**	**32.4**	**27.0**	**6.2**	**6,703**	**35.2**	**53.1**	**34.5**	**11.4**
B. By Primary SDO										
Economic Growth	1,398	62.9	39.0	26.8	3.1	2,614	37.7	61.4	31.6	16.9
Poverty Reduction	1,438	78.2	20.6	32.9	11.8	2,507	30.2	50.3	33.8	7.4
Human Development	626	78.1	33.4	46.5	5.0	570	38.6	63.5	44.3	5.4
Women in Development	244	75.6	32.9	25.1	1.0	295	10.7	53.0	36.3	0
Environment	358	90.5	42.1	15.3	0.0	717	48.9	10.2	46.2	11.9
Total	**4,064**	**72.7**	**32.4**	**27.0**	**6.2**	**6,703**	**35.2**	**53.1**	**34.5**	**11.4**
C. By Approval Period										
1980s	2,542	69.4	35.1	25.9	3.6	4,620	33.7	54.0	29.6	12.4
1990s	1,522	78.2	28.0	28.8	10.4	2,083	38.3	52.5	46.7	9.3
Total	**4,064**	**72.7**	**32.4**	**27.0**	**6.2**	**6,703**	**35.2**	**53.1**	**34.5**	**11.4**
D. By Project Rating										
Generally Successful	3,178	76.2	31.6	27.3	6.7	4,669	34.3	50.5	39.6	11.5
Unsuccessful	886	59.9	35.3	25.9	4.4	2,034	37.2	59.3	22.8	11.3
Total	**4,064**	**72.7**	**32.4**	**27.0**	**6.2**	**6,703**	**35.2**	**53.1**	**34.5**	**11.4**

SDO = strategic development objective.

Note: The question on which this table was based was asked in phase 2 only (see Methodology).

[a] Multiple responses.

Table A17.3: Adequacy of Participation

Project Grouping	During Project Formulation					During Project Implementation				
	No. of Respondents	%				No. of Respondents	%			
		Very Adequate	Adequate	Less Than Adequate	Inadequate		Very Adequate	Adequate	Less Than Adequate	Inadequate
A. By Country										
Indonesia	1,564	58.5	19.1	14.3	8.1	1,268	8.5	30.6	44.3	16.6
Philippines	507	12.8	32.5	37.3	17.4	797	16.9	30.4	33.1	19.6
Bangladesh	1,408	10.9	32.7	38.3	18.2	1,501	10.4	31.0	38.6	20.1
Nepal	561	7.3	14.6	26.4	51.7	2,243	5.8	23.6	57.1	13.5
Papua New Guinea	433	45.3	38.6	14.3	1.8	574	40.6	43.9	13.6	1.9
Samoa	361	56.0	35.5	7.5	1.1	457	52.5	33.3	12.9	1.3
Total	**4,834**	**32.5**	**26.9**	**24.6**	**16.0**	**6,840**	**14.7**	**29.7**	**41.3**	**14.4**
B. By Primary SDO										
Economic Growth	1,706	38.6	22.0	20.5	18.9	2,677	12.3	26.0	45.6	16.1
Poverty Reduction	1,731	20.0	31.1	33.0	15.8	2,545	16.3	30.5	37.6	15.6
Human Development	656	55.8	16.9	12.5	14.8	586	6.1	25.6	53.9	14.3
Women in Development	301	29.9	63.8	5.0	1.3	300	27.3	69.7	2.7	0.3
Environment	440	25.0	19.1	39.1	16.8	732	19.3	27.0	43.7	10.0
Total	**4,834**	**32.5**	**26.9**	**24.6**	**16.0**	**6,840**	**14.7**	**29.7**	**41.3**	**14.4**
C. By Approval Period										
1980s	3,000	36.6	22.9	26.0	14.5	4,649	16.8	27.7	42.8	12.7
1990s	1,834	25.9	33.5	22.2	18.4	2,191	10.1	33.9	37.9	18.1
Total	**4,834**	**32.5**	**26.9**	**24.6**	**16.0**	**6,840**	**14.7**	**29.7**	**41.3**	**14.1**
D. By Project Rating										
Generally Successful	3,395	23.5	28.8	28.4	19.3	4,576	11.8	28.0	42.5	17.7
Unsuccessful	1,439	53.7	22.4	15.7	8.1	2,084	21.2	33.5	38.4	6.9
Total	**4,834**	**32.5**	**26.9**	**24.6**	**16.0**	**6,840**	**14.7**	**29.7**	**41.3**	**14.4**

SDO = strategic development objective.

Note: The question on which this table was based was asked in phase 2 only (see Methodology).

RELATIVE FREQUENCY OF INTERNAL FACTORS CITED AS STRENGTH OF THE EXECUTING AGENCIES

(%)

Factor	Region			Approval Period		Project Rating	
	SEA	SA	P	1980s	1990s	GS	US
Commitment of EA Management to Project	81.4	74.3	100.0	76.8	94.4	85.5	68.0
Number of Qualified Staff	66.7	54.8	33.3	49.2	94.1	71.4	30.8
Accounting System	82.4	34.6	—	58.3	69.2	58.7	52.6
Management Information System	68.4	14.8	—	39.3	53.3	42.0	42.9
Familiarity with ADB Procedures	84.6	71.0	20.0	71.2	87.5	79.6	61.9
Experience in Handling Foreign-Assisted Projects	82.5	77.4	16.7	70.5	93.8	83.6	54.5
Financial Resources for Operation and Maintenance	51.2	55.6	11.1	41.0	75.0	59.3	21.7
Continuity of Key Project Staff	74.4	51.7	55.6	61.5	75.0	72.7	46.2

— = no data available, ADB = Asian Development Bank, EA = executing agency, GS = generally successful, P = Pacific, SA = South Asia, SEA = Southeast Asia, US = unsuccessful.

Sources: Appraisal, project completion, project/program performance audit reports of the selected 92 projects.

SATISFACTION LEVEL WITH PROJECT STAFF

Project Grouping	No. of Respondents	% Distribution			
		Very Satisfied	Satisfied	Unsatisfied	Very Unsatisfied
A. By Country					
Indonesia	275	15.2	56.2	13.0	15.6
Philippines	287	24.0	65.2	10.8	0
Bangladesh	544	25.7	64.9	8.6	0.7
Nepal	895	2.7	33.9	55.4	8.0
Total	**2,002**	**13.7**	**49.9**	**30.5**	**5.9**
B. By Primary SDO					
Economic Growth	550	9.1	40.4	38.4	12.2
Poverty Reduction	830	15.9	56.6	25.4	2.0
Human Development	348	1.1	35.9	52.9	10.1
Women in Development	274	32.5	66.1	1.5	0.0
Environment	0	0.0	0.0	0.0	0.0
Total	**2,002**	**13.7**	**49.9**	**30.5**	**5.9**
C. By Approval Period					
1980s	300	4.0	28.7	59.0	8.3
1990s	1,702	15.5	53.6	25.4	5.5
Total	**2,002**	**13.7**	**49.9**	**30.5**	**5.9**
D. By Project Rating					
Generally Successful	1,547	15.0	55.4	26.0	3.6
Unsuccessful	455	9.5	31.0	45.7	13.8
Total	**2,002**	**13.7**	**49.9**	**30.5**	**5.9**

SDO = strategic development objective.

Note: The question on which this table was based was asked in phase 2 only (see Methodology).

NET TRUST RATING

Table A20.1: Beneficiary Level of Trust in Service Delivery Institutions

Institution	No. of Respondents	% Distribution			
		High	Fair	Low	No Trust
National Government	2,054	24.6	39.7	23.4	12.3
Local Government	2,057	19.6	48.9	24.0	7.5
Government Agency/Ministry					
National (Head Office)	1,489	9.6	36.9	24.0	29.5
Regional/Provincial/District Office	1,931	12.8	34.3	19.1	33.8
Nongovernment Organization (NGO)					
International NGO	1,571	11.2	39.3	21.3	28.2
Local NGO	1,860	18.3	39.7	19.1	22.9
Community-Based Organization	1,885	18.7	47.4	18.9	15.1
Church-Based Organization	1,768	31.2	28.1	16.9	23.8
Private Sector (Business)	1,861	4.4	32.1	40.0	23.5
Others	59	3.4	1.7	6.8	88.1

Note: The question on which this table was based was asked in phase 2 only (see Methodology).

Table A20.2: Net Trust Rating of Service Delivery Institutions by Country

By Country/Institution	Total		BAN		NEP		INO		PHI	
	N	NTR (%)	N	NTR (%)	N	NTR (%)	N	NTR (%)	N	NTR (%)
National Government	2,054	28.6	545	73.2	856	(6.8)	365	16.1	288	65.2
Local Government	2,057	37.0	542	35.1	859	32.3	368	17.9	288	78.6
Government Agency/Ministry										
National (Head Office)	1,489	7.0	334	(6.0)	504	(64.7)	363	10.2	288	71.6
Regional/Provincial/District Office	1,931	(5.8)	456	47.4	822	(74.2)	378	16.9	275	79.6
Nongovernment Organization (NGO)										
International NGO	1,571	1.0	244	(5.8)	835	(12.8)	245	(15.1)	247	70.1
Local NGO	1,860	16.0	527	54.1	830	(18.1)	246	(13.0)	257	75.9
Community-Based Organization	1,885	32.1	501	5.0	856	14.0	245	87.0	283	87.2
Church-Based Organization	1,768	18.6	485	62.6	851	(32.8)	155	42.0	277	86.4
Private Sector (Business)	1,861	(27.0)	478	(38.8)	848	(38.0)	265	(35.2)	270	36.4

BAN = Bangladesh, INO = Indonesia, N = number of respondents, NEP = Nepal, NTR = net trust rating = (high + fair) – (low + no trust), PHI = Philippines.

Table A20.3: Net Trust Rating of Service Delivery Institutions by SDO

By SDO/Institution	Total		Economic Growth		Poverty Reduction		Human Development		Women in Development	
	N	NTR (%)	N	NTR (%)	N	NTR (%)	N	NTR (%)	N	NTR (%)
National Government	2,054	28.6	635	10.9	800	38.3	342	4.6	277	71.1
Local Government	2,057	37.0	638	21.0	800	60.2	344	21.0	275	25.8
Government Agency/Ministry										
National (Head Office)	1,489	7.0	472	(3.8)	653	11.6	238	(64.0)	126	(6.4)
Regional/Provincial/District Office	1,931	(5.8)	648	(13.9)	715	15.5	345	(73.3)	223	54.4
Nongovernment Organization (NGO)										
International NGO	1,571	1.0	512	(19.2)	617	13.8	345	7.2	97	3.2
Local NGO	1,860	16.0	514	(16.3)	734	27.6	344	3.0	268	63.5
Community-Based Organization	1,885	32.1	512	58.2	789	31.0	345	17.7	239	0.4
Church-Based Organization	1,768	18.6	416	(0.6)	771	41.2	345	(39.1)	236	62.8
Private Sector (Business)	1,861	(27.0)	527	(27.1)	777	(17.6)	343	40.5	214	(39.3)

N = number of respondents, NTR = net trust rating = (high + fair) – (low + no trust), SDO = strategic development objective.

Table A20.4: Net Trust Rating of Service Delivery Institutions by Approval Period

By Approval Period/Institution	Total		1980s		1990s	
	N	NTR (%)	N	NTR (%)	N	NTR (%)
National Government	2,054	28.6	289	3.8	1,765	32.7
Local Government	2,057	37.0	289	21.1	1,768	39.6
Government Agency/Ministry						
National (Head Office)	1,489	7.0	128	(50.0)	1,361	(2.8)
Regional/Provincial/District Office	1,931	(5.8)	298	(48.4)	1,633	2.0
Nongovernment Organization (NGO)						
International NGO	1,571	1.0	285	(26.4)	1,286	7.0
Local NGO	1,860	16.0	286	(23.2)	1,574	23.2
Community-Based Organization	1,885	32.1	275	30.2	1,610	32.4
Church-Based Organization	1,768	18.6	269	(27.9)	1,499	26.8
Private Sector (Business)	1,861	(27.0)	267	(20.6)	1,594	(28.0)

N = number of respondents, NTR = net trust rating = (high + fair) – (low + no trust).

Table A20.5: Net Trust Rating of Service Delivery Institutions by Project Rating

By Rating/Institution	Total		Generally Successful		Unsuccessful	
	N	NTR (%)	N	NTR (%)	N	NTR (%)
National Government	2,054	28.6	1,608	27.8	446	31.8
Local Government	2,057	37.0	1,611	34.5	446	45.8
Government Agency/Ministry						
National (Head Office)	1,489	7.0	1,204	(39.9)	285	22.8
Regional/Provincial/District Office	1,931	(5.8)	1,478	(6.5)	453	(3.3)
Nongovernment Organization (NGO)						
International NGO	1,571	1.0	1,162	2.8	409	(4.2)
Local NGO	1,860	16.0	1,448	19.7	412	2.9
Community-Based Organization	1,885	32.1	1,475	27.7	410	47.8
Church-Based Organization	1,768	18.6	1,452	24.9	316	(10.8)
Private Sector (Business)	1,861	(27.0)	1,445	(31.3)	416	(12.0)

N = number of respondents, NTR = net trust rating = (high + fair) – (low + no trust).

BENEFICIARY LEVEL OF CONTENTMENT WITH LIFE TODAY

Project Grouping	No. of Respondents	% Distribution				
		Very Contented	Contented	Neither Contented nor Discontented	Not Contented	Definitely Not Contented
A. By Country						
Indonesia	752	22.7	23.5	44.8	8.4	0.5
Philippines	489	7.4	39.9	22.1	24.3	6.3
Bangladesh	1,118	2.5	46.6	41.5	8.7	0.7
Nepal	1,189	10.8	46.9	32.5	8.2	1.5
Total	**3,548**	**10.3**	**40.9**	**36.5**	**10.6**	**1.7**
B. By Primary SDO						
Economic Growth	1,540	18.8	38.3	35.6	6.7	0.6
Poverty Reduction	1,063	4.4	38.7	34.0	19.2	3.8
Human Development	644	2.0	45.3	43.6	7.5	1.6
Women in Development	301	5.0	52.5	35.2	7.0	0.3
Environment	0	0.0	0.0	0.0	0.0	0.0
Total	**3,548**	**10.3**	**40.9**	**36.5**	**10.6**	**1.7**
C. By Approval Period						
1980s	718	16.0	40.0	35.2	7.5	1.3
1990s	2,830	8.8	41.1	36.9	11.4	1.8
Total	**3,548**	**10.3**	**40.9**	**36.5**	**10.6**	**1.7**
D. By Project Rating						
Generally Successful	2,665	7.8	43.0	37.8	10.4	1.2
Unsuccessful	883	18.2	34.5	32.7	11.1	3.4
Total	**3,548**	**10.3**	**40.9**	**36.5**	**10.6**	**1.7**

SDO = strategic development objective.

Note: The question on which this table was based was asked in phase 2 only (see Methodology).

TYPE OF PROJECTS SUGGESTED BY BENEFICIARIES TO IMPROVE THEIR LIVING CONDITIONS[a]

Suggested Project	% of Total (N = 6,347)	% of Country Total					
		Indonesia (n = 1,678)	Philippines (n = 1,242)	Bangladesh (n = 1,733)	Nepal (n = 234)	Papua New Guinea (n = 876)	Samoa (n = 584)
Provision of Basic Services:							
Drinking Water	10.2	11.0	8.4		9.4	31.8	
Electricity	5.9		2.0	0.9	8.1	31.8	
Roads	9.5	0.1	15.9	5.4	15.3	25.1	
Housing	2.7		1.3	5.7		4.7	
Education and/or Skills Training	6.7	5.5	5.9	7.8	36.7		
Health Services	1.6	0.7	4.7	0.5	7.3		
Sanitation (drainage, toilets)	5.6	11.0	7.3	1.7	7.3		
Irrigation Facilities	24.1	55.2	10.5	16.2	23.1		
Livelihood Projects and/or Cottage Industries	11.7		30.7	16.8	29.1		
Credit	9.1		16.8	14.2	29.0		
Employment Schemes	6.8		3.3	17.5	19.2		17.8
Agricultural Support Services:							
Agricultural Projects and/or Support Services	4.0	11.7	2.9				11.9
Minimum Price Support for Agricultural Products	0.7		1.9		6.4		
Certified Seeds and/or Seedlings	1.7		2.6	2.4	9.4		
Postharvest Facilities	2.4		1.9		9.0		
Market Access	0.9		2.3		9.8		
Farm Technology	0.6		1.4		7.7		
Expansion of Blockholdings	2.8					18.7	
Diversification of Farming Activities (crops, livestock, fisheries, etc.)	27.4	15.0	3.2	35.7	33.8	65.8	42.0
Scholarship Program for the Poor	2.2		1.2	6.5	0.9		
Urban Development	3.6	12.4					
Asian Development Bank to Return to Area	3.2					20.9	
Environmental Management and/or Protection	2.2		1.4	5.9	3.0		
Others	8.6	5.1	8.5	15.8	19.7	3.3	28.7

N = number of total respondents (six countries), n = number of respondents in each country.

[a] Multiple responses.