

TECHNICAL ASSISTANCE COMPLETION REPORT¹

Division : CWRD/AZRM

TA 4621-AZE: Participatory Strategy Development and Implementation for Achieving the Millenium Development Goals			Amount Approved: \$850,000		
			Revised Amount: \$324,502		
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Ministry of Economic Development		ADB TA Funding Program NPRS Fund		\$ 0	\$324,502
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Description					
<p>In late 2005 the Government of Azerbaijan completed the implementation of its first poverty reduction strategy – “State Program on Poverty Reduction and Economic Development” (SPPRED). Supported by the development partners (including ADB, IMF, and the World Bank), the SPPRED Secretariat was established for preparation and implementation of the SPPRED in 2003-2005. The SPPRED was endorsed by ADB as basis for its country strategy and program updates for Azerbaijan. As the implementation of the SPPRED came to a close in 2005, the Government announced its intention to develop a follow-up longer-term poverty reduction strategy. ADB provided technical assistance to the Government of Azerbaijan to support the formulation and implementation of its new national poverty reduction strategy, centered on the achievement of the Millennium Development Goals (MDGs).</p>					
Expected Impact, Outcome and Outputs					
<p>The objective of TA was to assist the Government in integrating the achievement of the MDGs into its development planning and implementation processes, and ensuring broader stakeholder participation in the strategy implementation process. The main outcome was to enhance the planning and monitoring capacity of the Ministry of Economic Development to achieve those goals.</p>					
<p>The TA was designed to be implemented in two distinct phases. The first phase focused on the development of a fully costed new SPPRED. During this phase the team was to (i) provide technical support for the formulation of the SPPRED; (ii) assist the SPPRED Secretariat to use best practices in policy formulation and costing; (iii) inform specialists and members of the inter-ministerial working groups on issues relating to the formulation of the SPPRED; and (iv) ensure that the strategy reflects the needs of the society by advising the SPPRED Secretariat on a broader participatory approach.</p>					
<p>The second phase aimed to monitor the SPPRED implementation through participatory process and using all available data sources. The TA was expected to provide (i) assistance to develop a well-functioning SPPRED Secretariat capable of fulfilling its mandate, which includes monitoring the implementation of policy measures in the SPPRED; (ii) provision of crosscutting support in areas such as assistance to refugees and internally displaced persons, trade and poverty, social development and poverty, environment and poverty, and macroeconomic issues; (iii) support for a training program to enhance skills of the SPPRED Secretariat staff, particularly in pro-poor budgeting, standard poverty analysis techniques, and other areas identified in the training needs assessment; and (iv) support of the participatory process through organizing regional seminars and meetings to further the dialogue between policy makers and civil society and build stakeholders’ awareness of the importance of implementing the SPPRED.</p>					
Delivery of Inputs and Conduct of Activities					
<p>Because of mixed feedback from the Government and inability of the SPPRED Secretariat to overcome poor inter-ministerial coordination challenge, it was decided to stop the TA implementation by delivering only two out of four key components. These are (i) assessment of the SPPRED for 2003-2005 and (ii) draft national strategy for achieving MDGs with an estimated investment plan.</p>					

¹ In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

The consultants fulfilled the modified terms of reference to complement work funded by other development partners (World Bank, UNDP, and GTZ). Despite structural limitations and poor support by the Government, the team of consultants demonstrated high level of performance and efficiency in delivering results. Limited interest by the Government substantially delayed the process of SPPRED preparation, and the work-plan for the TA was adjusted to match the requirements of the changed situation (structural changes at the Government and replacement of Minister of Economic Development), and to ensure the quality of the SPPRED development.

Evaluation of Outputs and Achievement of Outcome

Following the reduction in scope, the main deliverables of the TA were (i) evaluation of the SPPRED for 2003–2005, emphasizing lessons learned, and the preparation of the country's next phase of its poverty reduction strategy; (ii) development of the draft SPPRED for achieving the country's MDG targets, with an estimated investment plan.

TA support for the SPPRED Secretariat's day-to-day functions was adequate, though the Secretariat's dependence on externally-funded consultants was a weakness. Crosscutting support to the sector working groups was limited as they were not active in the SPPRED development. The Government recognized the Secretariat's institutional weakness and merged the Secretariat into a division at the Ministry of Economic Development.

Overall, TA support was appreciated by the Government of Azerbaijan. In particular, critical evaluation of the SPPRED activities in the past and policy recommendations for future improvement were considered by the Ministry of Economic Development and ADB as important accomplishments, which helped policymakers to gain a better understanding of results delivered and limitations in implementation, and to prepare for and consider future actions.

Overall Assessment and Rating

The TA was partly successful in achieving its objectives considering that (i) it delivered half of the planned outputs; and (ii) SPPRED Secretariat formally established poverty monitoring and impact assessment framework with sufficient technical capacity, equipment, albeit limited support and funding from the Government.

The TA supported the SPPRED Secretariat to lead the development of the national poverty reduction strategy, but support by line ministries, critical for development of an effective and coordinated strategy through participatory process, was limited as the sector working groups were rarely involved in the process. Only two out of four components were delivered because of lack of support by the Government and mixed feedback on the SPPRED process. The TA's major achievement was therefore limited to an overall assessment of SPPRED implementation in 2003-2005 and policy recommendations for the future, which were disseminated to all stakeholders including various Government agencies.

Major Lessons

The major challenge faced by SPPRED at design stage was inadequate backing from the Government and poor coordination of the development partners. The Government's lack of enthusiasm in the SPPRED process was further aggravated by rivalries between the Ministry of Economic Development (the executing agency) and other ministries in sector and/or project specific priority setting. These weaknesses manifested themselves in poor linkages between SPPRED and the budget, and the unrealistic implementation plans for public investments in the SPPRED program. At SPPRED implementation stage the Government needs to ensure broader buy-in across ministries if it is to maintain the momentum beyond the technical exercise of strategy formulation through implementation.

Recommendations and Follow-Up Actions

Policy dialogue and support will only lead to results when there is strong commitment by the Government at stages of project formulation, design and implementation. Comprehensive situation analysis and capacity assessment of executive agency should also be considered in policy related assistance by ADB. Close collaboration among the development partners is essential, and should be a continuous process to ensure aid effectiveness in supporting the Government's development agenda. Taking into account the lessons learned to date, a key challenge for the ongoing SPPRED process will be continued participation of the civil society and development partners in the poverty reduction strategy development in Azerbaijan. Further capacity building support for civil society participation in development strategy formulation and monitoring may be considered in the medium and long term period.