

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: ERDI

TA No. and Name 6073-REG: Developing Tools for Assessing the Effectiveness of ADB Operations in Reducing Poverty			Amount Approved: US\$600,000	
			Revised Amount: US\$600,000	
Executing Agency: ADB		Source of Funding: PRCF	TA Amount Undisbursed US\$339,625.00	TA Amount Utilized US\$260,375.00
Date			Completion Date	
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Description				
<p>In view of ADB's adoption of its Poverty Reduction Strategy in 1999, which was further enhanced in 2004, there was an urgent need for sophisticated tools that can provide mechanisms for which policy dialogue, economic analysis, and poverty impact monitoring and assessment at project level can be conducted. Current methodologies (see ERD Technical Note No 13) offer partial impact analysis through which interventions affect the poor, ignoring the economy-wide or general equilibrium effects of the interventions. The current methodologies and practices of relying to household income and expenditure survey data are also too demanding, involving substantial time and resources for conducting household surveys to calculate income, expenditure and poverty indicators. In addition, the geographical coverage of the surveys is often too broad, making poverty impact assessment at a project level in a specific location very difficult.</p> <p>The TA, therefore, developed a multi-level approach to impact analysis, i.e. from macro to micro levels and by taking the interactions between various economic sectors and actors into account. The tools capture the inter-linkage effects of sectoral interventions which is crucial in the poverty impact analysis to ensure that the poor are properly targeted and the best strategy for the greatest impact on the poor is chosen. The modeling tools also considered small-area and more efficient estimates of poverty, ensuring a quicker and more accurate poverty impact evaluation, for only related households in a certain location are examined based on relevant indicators. Hence, the result is also more cost-effective and relevant.</p> <p>The tools were pilot-tested in INO, PRC and VIE for their goodness of fit and, in PRC, they were linked to a specific and relatively current ADB financed project of the Kunming-Dali Expressway. Unfortunately, this kind of link could not be established in other selected countries due to difficulties in finding suitable ADB projects. It should be noted, however, that poverty impact assessment of past ADB projects cannot be conducted using this type of TA for a comprehensive assessment requires a systematic and detailed evaluation of past projects in a specifically designed impact assessment. Therefore, the TA concentrated more on the development of tools that can be used for poverty impact assessments of on-going and future ADB or Government projects.</p>				
Objectives and Scope				
<p>The TA aimed to develop several modeling frameworks and analytical tools that can be used to assess the effectiveness of ADB operations in reducing poverty. The tools have been designed to help DMCs and ADB in their poverty impact assessments. The applications of the tools can be extended to include a wide variety of policy changes or government interventions. In the process, the TA also developed a new, user-friendly and online modeling system and a depository of useful data and models that can be further maximized for the benefits of DMCs and ADB. A network of modelers from participating DMCs was also established, which is very useful in capacity building and future work.</p>				
Evaluation of Inputs				
<p>The TA funds financed, among others, consultancy work, acquisitions of data sets, purchase of equipments and software, implementation of pilot surveys, and production and dissemination of outputs. The RETA utilized about 43 person months of international and domestic consultants in 17 independent contracts. Substantial work was undertaken two years after TA approval due to various reasons, including the departures of two Project Officers (ERD PS) and the complexity of the TA. In the process, the TA management was passed through four different TASUs within ERDI, i.e. O. Dupriez, C. Edmonds, R. Hasan, and G. Sugiyarto. Nonetheless, this enabled the TA to incorporate new developments in ADB's poverty reduction strategies and to maximize human and other resources as well as the latest modeling techniques.</p> <p>In developing the tools, the TA team recognized the ADB holistic approach towards poverty reduction by: (i) employing a more country specific focus and paying more attention to results, monitoring and evaluation as well as capacity building, and (ii) taking specific country and sector characteristics into account. The TA also took advantage of on-going sectoral policies promoting poverty reduction to ensure operational relevance and suitability. The selected countries were: INO, PAK, PRC, and VIE, and the poverty related policy issues covered were education in INO, governance and finance in PAK, transport infrastructure in PRC, and agriculture in VIE.</p>				

The modeling framework was built for each country to capture its distinct characteristics and to make it more country-focused and relevant. In addition, the identification of the poor went beyond the numerical calculation based on household expenditure surveys by taking local perceptions of poverty into account. This is, among others, to reduce the biases of self-reporting, which is common in the household surveys.

Performance of Consultants

Integration of various inputs from international and domestic consultants point toward a productive use of monetary and human resources. Consultants recruited satisfactorily delivered their outputs and performed remarkably well, except for two consultants from PAK, who could not submit their outputs satisfactorily to ADB high standard due to various difficulties especially with regard to data availability and accessibility. Evident from completed submitted outputs are consultants' expertise combined with their technical and academic acumen that should be useful for interested parties.

Evaluation of Outputs

Overall, the TA developed four analytical tools representative to selected countries that can be replicated to other DMCs. The tools were: (i) Computable General Equilibrium (CGE) models; (ii) Poverty Predictor Models (PPM); (iii) Poverty predictor pilot surveys (PS); and, (iv) a Poverty Reduction Integrated Simulation Model (PRISM). In addition, the TA also established a comprehensive depository of data sets and models in ERD as well as a network of modelers.

The CGE model shows the dynamics of policy impacts from macroeconomic level down to household welfare. It serves as a background for understanding the interlinked nature of the economy and economic policies by highlighting that policy changes affect different households in a different way. The CGE models also serve as the modeling foundation for PRISM, which combines CGE model, household micro simulation, and Geographical Information System (GIS) application into an online user friendly modeling tools. PRISM allows users to run and examine various poverty reduction scenarios for their impacts on the macroeconomy, sector (output, prices, exports, and imports), factor market (different types of worker and capital), incomes (different households), and poverty. The poverty impact is also presented in interactive and dynamic GIS mapping that can be disaggregated by regions in a country and provinces.

PPM and PS, on the other hand, are tools for analyzing impact of specific sectoral interventions at a project level. The PPM provides a mechanism to identify the poor among the beneficiaries, by identifying poverty determinant variables that can be used as a basis for poverty impact assessment and monitoring. The PS further validates and shows how the poverty impact evaluation can be conducted. The PS involves developing relevant questionnaires and survey tools as well as surveying of 624 households in INO, 1,000 in PRC, and 500 in VIE. The survey data and model depositories are very useful for DMCs and ADB by providing easy access to relevant statistical data for poverty and other analysis.

ADB and DMCs will benefit from the TA in two ways. First, the tools are designed to evaluate poverty impact of policies/projects that can be replicated and expanded to different sectors to help in choosing the best policy. Second, the tools can also be used to help in formulating the strategies for DMCs and ADB, so that resources are targeted towards the neediest.

The TA reports cover, among others, the latest poverty conditions, relevant ADB operations, tool development, relevant findings and policy recommendations. This is in addition to individual consultant reports in each aspect of modeling developments such as CGE, PPM and PS modeling reports from INO, PRC and VIE. The PAK component, however, completed only the PPM and preliminary report on CGE modeling analysis on the issue of governance and finance with respect to poverty. All reports and PRISM have been made available online from the TA website at <http://adbweb/Statistics> and http://prism/adb_prism

Training/Transfer of Technology

ERD staff was actively involved in the technical aspects of the TA implementation by providing advice and guidance to the consultants. This approach provided interchanges of ideas among ERD staff, consultants, and potential users of the tools. A series of video conferences with consultants and other interested participants was conducted to discuss modeling developments and results at various stages. A series of PRISM presentations was also conducted with considerable successes and more presentations were scheduled to meet the demand. Finally, the PRISM was integrated to ADB IT System for its full utilization via http://prism/adb_prism.

Other Aspects

The TA has not had any significant unintended impacts.

Institution/Capacity Building

ERD's technical expertise in modeling techniques and familiarity with poverty issues, as well as their direct involvement approach in the TA implementation contributed to the thorough development of the analytical tools and facilitated for stronger capacity building among the team members and participants. Furthermore, the dissemination series through video conferences and open seminars/workshops provided additional mechanism for knowledge sharing and capacity buildings.

Impact

Overall impact of the modeling tools developed in this TA is very encouraging, with regard to its effects to DMCs, ADB and general public. The tools have made policy dialogue, poverty analysis and impact assessment more meaningful, by providing better information on how policy changes affect the entire economy and the poor. The best route to targeting the poor can therefore be identified in a better way with the help of the tools. This makes the tools useful for ADB and DMCs. Feedback from the disseminations shows that potential users, including ADB staff in Regional Departments, realized the benefits of having the tools and even suggested scaling up to include other sectors and countries. The data and models depositories are very useful as evident from their latest use for the ERD Key Indicators of poverty estimates in DMCs and labor market study in Asia. On the PRISM, DMCs and ADB can get benefits from having the system for policy dialogue, modeling analysis, and poverty impact assessment tools as well as for capacity building. PRISM can be accessed at: http://www.ddm-asia.com/adb_prism/index.aspx or through ERDI website at <http://adbweb/Statistics/reta-6073-PRISM.asp>

Overall Assessment and Rating

The TA is rated successful especially in achieving its objectives and delivering the quality outputs. It could have been rated highly successful if there were no considerable delays at the beginning of the TA implementation and in the implementation in PAK that forced the TA to be closed without complete acceptable outputs from PAK. Two draft reports from the PAK consultants were not meeting ADB's standard. The efficiency of the TA was further increased by its online modeling system, depositories of data and models, and established network of modelers in the participating DMCs. Participation of key policy makers and non-government institutions from DMCs in TA activities, and the creation of online and offline modeling systems, strengthened the development of capacity for policy development both in DMCs and ADB.

Major Lessons Learned

Implementation. It takes different strategies to deal with different poverty situations and the complexity of solution process should not be a hindrance to formulate a more broad-based and well-informed policy that can effectively reduce poverty. ADB staff involvement in the TA implementation is crucial and it is important to actively engage not only government but also research institutions and think tanks to foster ownership and develop more relevant tools for DMCs and ADB. This approach adds complexity in implementation but it is better for ADB in the future as it will build stronger capacity building from both sides than if everything was left to an international consulting firm. The trade off should be taken into account in the work assignment. More chances for ADB staff to work closer with domestic experts on the many issues in this kind of TA are advisable. This will be possible only if ADB staff involved are allotted more time to work on the TA.

Outputs. As poverty predictor variables can be classified into general and policy oriented/issue specific variables, official involvement of ADB specialists in the TA implementation is recommended to ensure that the result is representative in both statistical and thematic aspects. There should also be a formal dialogue between ERD and RDs on how the results from this TA can be implemented in the real projects. One alternative is to invite ERD staff to participate in the poverty impact assessment as part of a project implementation.

Recommendations and Follow-Up Actions

Despite their conceivable relevance, and practicability, the tools developed under the TA will work best only if properly used. Any replications of the methodology should incorporate country and sector specific characteristics to avoid inaccurate assessment of poverty impacts. Involvement of specialists in the actual implementation is also desirable. Likewise, the databases and models developed can be further refined and maximized in line with ADB's research agenda. Further efforts to institutionalize TA outputs would be great advantage for poverty impact assessments.

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