



Cooperation Fund in Support of the Formulation and Implementation of National Poverty Reduction Strategies (NPRS)

THIRD PROGRESS UPDATE

I. INTRODUCTION

1. The Third Progress Update on the activities under the Cooperation Fund in Support of the Formulation and Implementation of National Poverty Reduction Strategies (NPRS) covers the period 1 April to 30 June 2003. This follows the Second Semi-Annual Progress Update submitted on 27 May 2003, covering the period 1 July 2002 to 31 March 2003.¹ The Third Progress Update includes the key progress made and lessons learned during the reporting period.

2. The next Progress Update (1 July–31 December 2003) with a financial report as of 31 December 2003 will be submitted in late January 2004.

II. OVERVIEW OF NPRS OPERATIONS (April–June 2003)

A. Financial Status

3. **Status of NPRS Grant Utilization.** The total NPRS contribution committed by the Netherlands Ministry for Development Cooperation (the Netherlands) is 15 million Dutch Guilders for project financing from November 2001 to August 2004. As of 30 June 2003, the value of the NPRS fund (including income from investment and interest earned) was \$7,152,741.10. During the reporting period, no additional funds have been remitted by the Netherlands to the Asian Development Bank (ADB). The amount received by ADB remained unchanged at US\$2,320,000 equivalent. On the other hand, total actual expenditures increased from \$217,655.23 in March to \$437,392.65 in June, and the related administrative costs and bank charges increased from \$10,977.76 to \$21,999.63. The financial statements on the NPRS as of 30 June 2003 are in Attachment 1.

4. **Six-monthly Expenditure Projection.** As requested by the Netherlands, project expenditures (and bank charges) have been estimated for the next 6 months of 2003, which includes an allocation for a new proposal to be considered in the Third Strategy Meeting on the NPRS and Poverty Reduction Cooperation Fund (PRF). Based on the projected expenditures totaling \$1,220,797.20 (Attachment 2) for July–December 2003, there is no need for additional remittance until December 2003.

5. **Overall Commitment Level.** If it is assumed that all the new proposals for consideration at the Third Strategy Meeting amounting to about \$2.81 million are approved (para. 9), then the overall commitment will amount to about \$5.55 million (excluding administration costs, etc.). This will leave a balance of about \$1.45 million available for further commitments for the remaining NPRS Program period (until 31 August 2004).

¹ Due to the delay in report preparation, the Second Semi-Annual Progress Update covered 9 instead of 6 months.

B. Project Status

6. As recorded in the Second Semi-Annual Progress Update, both the NPRS projects approved by ADB and those under processing have been picking up in the first quarter of 2003 after encountering some delays in 2002. Implementation and processing of the projects continue to run on schedule in the second quarter of 2003, including the two TAs which are nearing ADB TA approval. A summary of the latest project updates is in Attachment 3.

7. **Status of TAs Under Processing.** In the second quarter of 2003, the bulk of the processing work has been completed for two of the five TAs under processing—PRC: Participatory Poverty Reduction Planning for Small Minorities, and South Asia: Social Protection Index. Two other TAs—GMS: Unmasking Cross-border Poverty, and Asia: Training and Capacity Building for Monitoring Poverty Reduction—were re-conceptualized during this period and have gone through a peer review process for reconsideration at the Third Strategy Meeting. Little progress was observed in the Pacific TA during this period due to the change in the project officer and the conflict of schedule with other assignments.

8. **Status of ADB-Approved TAs.** Among the three ongoing TAs, the disbursements of two projects, i.e., UZB: Preparing a Comprehensive Strategy, and Pacific: National Poverty Reduction Strategies, have picked up during the second quarter of 2003. Implementation of the Cambodia TA has slowed down during this period in view of the upcoming national elections.

9. **Status of Pipeline.** The Third Strategy Meeting will be held at the ADB Headquarters from 28 to 30 July 2003. After undergoing a peer review process in June, four new and three previously concept-endorsed proposals amounting to \$2,810,250 will be considered for NPRS financing. The list of proposals is in Attachment 4.

C. Other Work Program

10. **Reporting.** With the assignment of a new NPRS/PRF Coordinator at the Regional and Sustainable Development Department (RSDD) effective 14 April 2003, two reports have been prepared. The Second Semi-Annual Progress Update (1 July 2002–31 March 2003) was submitted to the Netherlands on 23 May 2003, and the first draft Annual Report (November 2001–December 2002) on 30 May 2003. As soon as the comments from the Netherlands are obtained, the draft Annual Report will be finalized and circulated to the Board of Directors.

11. **Stocktaking of TAs under Implementation or Processing.** An NPRS/PRF Project Status reporting template was developed and circulated to all project officers for RSDD to obtain quarterly progress updates on each TA. The template also includes a section on 6-monthly disbursement projections, which would serve as the basis for RSDD to estimate likely expenditures and, if necessary, make additional requests for remittances to the Netherlands. Regular outputs from the ongoing TAs (e.g. inception and periodical reports) have also been submitted to the NPRS/PRF Coordinator to ensure timely follow-ups and close monitoring.

12. **Expansion of Pipeline.** During the second quarter of 2003, four new and three previously concept-endorsed proposals were prepared and peer reviewed. On 13 May 2003, proposals were invited with 9 June 2003 as a submission deadline. This was followed by a month-long peer review process. Resident missions and departments across ADB have been involved in the peer review process, where useful comments and suggestions were provided for the improvement of proposals. Regular consultations with the concerned project officers were also held.

13. **Establishment of NPRS/PRF Office.** In June 2003, RSDD obtained the approval of the Budget and Management Services Division to recruit one temporary analyst and one temporary administrative assistant to further strengthen the management of the NPRS and PRF. The actual recruitment procedures are being followed and the staff are expected to be in place by early August 2003.

14. **Donor Coordination.** Harmonization of administrative arrangements for NPRS and PRF continued successfully in the second quarter of 2003, together with the development of a new pipeline for consideration at the Third Strategy Meeting. Informal meetings have also been held among the representatives of the Board of Directors and the NPRS/PRF Coordinator. Informal information exchange with the Coordinator/Consultant of the Japan Fund for Poverty Reduction (now managed by the Office of Cofinancing Operations) have also been carried out periodically to ensure cross-learning and consistent approaches.

15. **Outreach and Communications.** The information and awareness about the NPRS among ADB staff increased further during this reporting period. More proactive work will be carried out to enhance public relations as soon as the contractual staff are engaged (para. 13).

III. WORK PROGRAM FOR THE NEXT PROGRESS UPDATE REPORTING PERIOD (APRIL-JUNE 2003)

16. The major tasks for the next 6 months (1 July 2003–31 December 2003) will include the following:

- (i) Hold the Third NPRS/PRF Strategy Meeting (28–30 July 2003).
- (ii) Accelerate ADB approvals of projects endorsed by the Netherlands.
- (iii) Monitor progress of implementation of ongoing TAs funded by the NPRS.
- (iv) Solicit new proposals for the Fourth NPRS/PRF Strategy Meeting in December 2003, and facilitate prior quality peer review.
- (v) Enhance outreach and communications on the NPRS, including revamping of the website and preparation of good practice case studies.
- (vi) Further streamline administrative arrangements for NPRS processing.
- (vii) Enhance donor coordination.
- (viii) Conduct stocktaking of the impacts of NPRS activities on ADB's strategic dialogue with its DMCs and other stakeholders on systemic poverty reduction.