

# SIXTH SEMI-ANNUAL PROGRESS UPDATE

## July – December 2004

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

#### I. INTRODUCTION

1. This Semi-Annual Progress Update (the Update) summarizes the activities and progress made under the Cooperation Fund in Support of the Formulation and Implementation of National Poverty Reduction strategies (NPRS) covering the period from 01 July to 31 December 2004. This is a follow-up of the 5<sup>th</sup> Semi-Annual Progress Update (January – June 2004) submitted to the Netherlands during the 5<sup>th</sup> NPRS/PRF Strategy Meeting in October 2004. The Update includes the summary of portfolio as of 31 December 2004 (Appendix 1), disbursement progress in the reporting period (Appendix 2), and description of the progress made in all technical assistance (TA) projects financed by the NPRS (Appendix 3). These will be followed by analysis of key achievements in fund management and the work program for the following six-monthly report.

2. The Update has been prepared by the Regional and Sustainable Development Department (RSDD) of the Asian Development Bank (ADB). The next Update (January – June 2005) will be submitted in July – August 2005.

#### II. OVERVIEW OF NPRS PORTFOLIO AND PIPELINE

3. **Portfolio Information.** The overall portfolio as of 31 December 2004 is summarized as follows:

- **Overall commitment.** There is now a total of 19 TAs funded by the NPRS, amounting to \$6,200,000. This is about 78% of initial contribution of €6,783,221.37 (about \$7,996,422 as of 31 Dec 2004). The list of projects endorsed by the Netherlands is attached as Appendix 1.

- **Portfolio Composition.** The status of these 19 TAs is broken down as follows:

i.	Completed	1 TA	\$ 50,000
ii.	Under Implementation	13 TAs	\$ 4,000,000
iii.	Under Processing	5 TAs	\$ 2,150,000
iv.	Dropped	2 TAs	\$ 1,240,000
			1 TA before approval;
			1 TA after approval

- **Summary of Portfolio Development for the Period July – December 2004.** The key developments in the NPRS portfolio is summarized below:

- i. New projects endorsed for the period add up to 5 TAs, for a total amount of \$2,150,000. Four of them are country-specific TAs (Azerbaijan, Kazakhstan, Lao PDR and Pakistan) and the remaining one is regional (Lao PDR and Viet Nam). This compares with 1 TA that was endorsed in January – June.

- ii. The average TA size for this batch of projects is US\$430,000.
  - iii. New TA approvals by the ADB also increased to 3 for the period July - December, compared to 1 TA approval during the January – June 2004 period.
  - iv. There was no new completed TA for the period under review.
- **Fund Disbursement.** The total fund committed by the donors to the NPRS amounts to €6,783,221.37, which is equivalent to about US\$7,996,422 as of 31 December 2004. Out of this, the total remittance to ADB from the donors amounts to US\$2,320,000. Fifty-seven percent of this or US\$1,312,903 has been disbursed by 31 December 2004. The details on disbursement in NPRS-supported projects is summarized in the table below:

Cumulative Remittance to ADB (as of 31 Dec 2004)	\$ 2,320,000
Cumulative Disbursement (as of 31 Dec 2003)	\$ 725,420
Disbursements: Jan – Jun 2004	\$ 344,778
<b>Jul – Dec 2004</b>	<b>\$ 242,705</b>
Total Disbursements, Jan – Dec 2004	\$ 597, 483
Cumulative Disbursement (as of 31 Dec 2004)	\$ 1,312,903
Balance as of 31 Dec 2004	\$ 1,007,097

The total cumulative disbursement of US\$1,312,903 is only 16% of the total funds committed by the donors, after 37 months of implementation period. Disbursements for July – December 2004 period was \$242,705, lower than those for January – June 2004 period, which was \$344,778. The status of grant and statement of TA expenditures is attached as Appendix 2.

3. **Content Analysis.** The characteristics of the 19 TAs under the NPRS are analyzed below by type of assistance, sector, thematic area and region.

- **By Type**
  - i. 18 (95%) aimed to build capacity in poverty reduction operations;
  - ii. 16 (84%) aimed to provide support to policy/strategy formulation, implementation, monitoring and policy dialogue especially in line with NPRSs;
  - iii. 9 (47%) had focus on outreach program and communication;
  - iv. 7 (37%) had specific emphasis on stakeholder consultation;
  - v. 5 (26%) aimed at strengthening ADB’s role in addressing regional poverty issues;
  - vi. 3 (16%) aimed at developing new programs and projects;
  - vii. 3 (16%) aimed at strengthening the capacity of the Resident Missions for poverty reduction.

- By Sector
  - i. 16 (84%) Law, Economic, Management and Public Policy
  - ii. 1 (5%) Health, Nutrition and Social Protection
  - iii. 1 (5%) Agriculture and Natural Resources
  - iv. 1 (5%) Multisector
  
- By Thematic Area
  - i. 18 (95%) Capacity Development
  - ii. 10 (53%) Inclusive Social Development
  - iii. 5 (26%) Governance
  - iv. 3 (16%) Gender and Development
  - v. 2 (11%) Sustainable Economic Growth
  - vi. 1 (5%) Regional Cooperation
  - vii. 1 (5%) Private Sector Development
  
- By Region
  - i. 6 (28% of total amount) Mekong
  - ii. 5 (33% of total amount) East and Central Asia
  - iii. 3 (14% of total amount) South Asia
  - iv. 3 (10% of total amount) Inter-regional
  - v. 2 (15% of total amount) Pacific

### III. KEY ACHIEVEMENTS IN FUND MANAGEMENT: JULY – DECEMBER 2004

4. The following summarizes the key activities carried out by ADB for NPRS fund management during the period in review:

- **Extended the validity of the NPRS from 21 August 2004 to 31 December 2005.** Given the slow pace of commitment and disbursements, the discussion with the Netherlands resulted in the extension of the Program from 31 August 2004 to 31 December 2005. The amendment to the Channel Financing Agreement was signed by ADB President Tadao Chino on 25 November 2004 and the Netherlands Ambassador Robert Vornis on 3 December 2004.
- **Carried out the Fifth NPRS/PRF Strategy Meeting.** The Fifth NPRS/PRF Strategy meeting was held in Manila on 13-14 October 2004. A 'Summary Note on the Fifth Strategy Meeting on NPRS/PRF' was produced and sent to the Government of the Netherlands in November 2004. The Meeting (i) reviewed overall progress in portfolio and pipeline; (ii) reviewed key fund management and implementation issues; (iii) discussed the scope, timeframe and logistical arrangements of the joint mid-term review of NPRS/PRF scheduled in January-February 2005; and (iv) discussed other administrative matters. The possibility of a joint NPRS/PRF mid-term review was explored until early January 2005. However, due to the in-house processing requirement of the Netherlands, a decision was made to postpone the review till later 2005.

- **Submission of the Fifth NPRS Semi-Annual Progress Report.** The Fifth Semi-Annual Progress Report on the NPRS (January – June 2004) was also prepared and submitted to the Netherlands in October 2004, including the two quarterly financial reports (as of 30 September 2004 and 31 December 2004) provided by the Controller’s Department.
- **Carried out Peer Review meetings for the July – December 2004 Batch.** A total of four peer review meetings were held to discuss projects for the new intake under the NPRS. All four were supported for funding by the peer reviewers. The quality of new proposals is continuously ensured through close coordination with project officers/proponents.
- **Other accomplishments in fund management include:**
  - i. Provision of technical advice and close monitoring of progress of NPRS-funded TAs under implementation and processing;
  - ii. Continuous/regular updating of the NPRS database;
  - iii. Revamped the NPRS website (<http://adb.org/nprs/>) and regularly updated it. This involved the preparation of web contents for the NPRS website, including summary of individual TAs, consolidation of press releases and articles, and reformatting of available reports
  - iv. Close liaison with the PRF and other poverty and thematic trust funds; and
  - v. Regular coordination with the Netherlands and the Board of Director office, as necessary.

### III. OVERALL ASSESSMENT AND KEY IMPLEMENTATION ISSUES

5. **Progress in Portfolio Development.** Compared to the previous six-monthly period, there were more applications and ADB approvals. For the period under review, 4 projects were endorsed for funding under the NPRS, compared to 1 during the previous review period. In the same vein, 3 projects were approved by ADB during the review period compared to 1 approval in January – June 2004.

6. **Renewed interest in the NPRS Fund.** After slowing down of the intake of new projects under the NPRS in January – June 2004, there was a renewed interest in the fund during the 2<sup>nd</sup> part of the year. A total of 4 projects were proposed and peer reviewed, all of which were supported for funding under the fund. This is partially due to the temporary freeze of the PRF intake in mid-October to late-December, and also, to the strengthened emphasis on the upstream work to feed into the enhanced results-based CSP process. Another possible reason is that in some countries, the first generation of National Poverty Reduction Strategies are now required for renewal (e.g. AZE) or decentralization (e.g. PAK). As of to date, the total outstanding commitment amounted to US\$6.2 million, or 78% of the total contribution committed by the donors. For the year 2005, there is only about US\$1.8 million uncommitted balance left in the NPRS fund.

7. **Slow Pace of Disbursement.** The total disbursement for the period under review was lower than the previous six-monthly period. From \$344,778 in January – June, it went down to \$242,705 in July – December. The total cumulative disbursement of \$1,312,903 as of 31 December 2004 is only 16% of the total funds committed by the donors, after 37 months of implementation. This may be due to the fact that the earlier TAs has come to near closure (e.g. UZB 3781; CAM 4037 and RETA 6047), while the newly approved TAs started disbursements. As evident, 5 new TAs experienced disbursement for the first time during the review period.

8. **Progress in TAs under Implementation.** Across the 13 TAs under implementation, the implementation pace of each TA has been mixed. The detailed status of each TA is attached as Appendix 3.

#### Nearing Completion

- RETA 6047 (*National Poverty Reduction Strategies in the Pacific Developing Member Countries*) has been completed. A TA completion report, which records “highly satisfactory” self-evaluation has been drafted and awaits the TA account closing.
- CAM 4037 (*Dissemination of the National Poverty Reduction Strategy*) is programmed for completion by 31 December 2004. This TA succeeded in supporting publication and dissemination of the 2<sup>nd</sup> Five-year Socio-Economic Development Plan 2001-2005, and the National Poverty Reduction Strategy 2003-2005 through three regional workshops.
- UZB 3781 (*Comprehensive medium-term Strategy for Improving the Living Standards of the People of Uzbekistan*) is likewise programmed for completion by 31 December 2004. However, while two of the three components of the TA are yet to be accomplished, contract variation with the consultants is underway to refine and implement the remaining activities with a view to further build data collection and planning capacity of pro-poor policy.

#### Ahead of Schedule

- MON 4383 (*Participation Poverty Assessment and Monitoring*) was approved in 24 August 2004. The TA conducted an inception mission in November 2004. The consultants that were hired in October 2004 have completed their assessments of two provinces and urban areas, and the preliminary report of their findings shall be submitted on 15 January 2005.

#### On Schedule

- The following TAs are on schedule: PAK 4277 (*Support for Poverty Reduction Initiatives in Pakistan*); VIE 4252 (*Support to Poverty Reduction Activities in Viet Nam*); RETA 6120 (*Developing a Social Protection Index for Committed Poverty Reduction*); RETA 6157 (*Strengthened Poverty Analysis and Strategies in the Pacific*); RETA 6171 (*Reviewing Poverty Impact of Regional Economic Integration in the GMS*); and RETA 6177 (*Mainstreaming Gender into Poverty Reduction strategies in Central Asian Region*).

### Slow Start/Delays

- RETA 6176 (*Building Capacity for Participatory Development Activities to promote Poverty Reduction*), was approved in July 2004. Implementation has not started as it awaits the concurrence letters from the participatory governments. The invitation for proposals from short-listed firms was sent out in December 2004 with the deadline for submission on February 2005.
- Implementation of CAM 3955 (*Engagement of a poverty Consultant at the Cambodia Resident Mission*) is finally picking up after the initial long delay brought about by problems in the recruitment of consultants. The poverty specialist in CARM started services in November 2004.
- Approved in December 2003, SRI 4278 (*Poverty Assessment and Information Management*) has been behind schedule due to the short staff in Sri Lanka Resident Mission and delays in processing/approving consultant selection by COCS. In late November 2004, however, consultancy selection was finally completed and the contract has been signed. The TA implementation is now expected to proceed as planned, although the post-tsunami response may overburden the SLRM staff, resulting in possible slowing down of the TA.
- Two NPRS TAs were dropped: (i) PRC 4158 (*Participatory Poverty Reduction Planning for Small Minorities*) was approved in 12 August 2003. However, implementation was stalled, as there was disagreement with the Government over the choice of domestic consulting firm. While awaiting the decision of the Executing Agency, the TA reached the “12-mos lapse rule” of ADB’s Project Administration Instructions which specifies that TAs that are inactive for more than 12 months after approval, should be cancelled; (ii) The other one is a proposed RETA on *Training and Capacity Building for Monitoring Poverty Reduction*. The processing was stopped in view of the comments given by several departments that delivering training and capacity building for poverty monitoring could be better approached on a country basis. The slow processing pace of the RETA was another reason for the withdrawal.

10. **Outcomes and Impacts.** The TAs that are nearing completion impact successfully on their area of coverage:

- In the Pacific, RETA 6047, together with other similar national and regional TAs played a major role in helping to formulate the ADB’s new regional strategy for the Pacific entitled “ Pacific Strategy 2005 to 2009: Responding to the Priorities of the Poor,” a strategy that received high praise from the ADB Board in November 2004.
- In Cambodia (TA 4037), the NPRS/SEDP II dissemination fora allowed the consultative process among the commune elected representatives, civil society, private sector and the government. This has set the tone for the participatory process for the new NPRS and SEDP III formulation. The civil society feedback would also make a valuable input to the NPRS/SEDP III.

- As to regional balance, NPRS projects are distributed across all regions, except Southeast Asia. Most of the TAs supported focuses on upstream work (e.g. policy study and strategy development) and their major thrust is capacity development

#### **IV. WORK PRORAM FOR JANUARY – JUNE 2005**

11. In January – June 2005, the following activities will comprise the key work program:

- Complete the commitment of the remaining \$1.8 million by June 2005 through peer review discussions of quality proposals;
- Carry out special review missions of NPRS projects on a selected basis to assist the project officers;
- Continue close monitoring and quality assurance of the progress of TA processing and implementation as well as disbursement;
- Provide the Netherlands with the 2004 Annual Report of the NPRS and quarterly financial/disbursement reports (Q1 and Q2 2005);
- Prepare for and carry out the 6<sup>th</sup> NPRS/PRF Strategy Meeting scheduled in April 2005;
- In view of the amount of knowledge that had been and will be generated by the activities under the NPRS and PRF, it was agreed during the Fifth NPRS/PRF Strategy Meeting to strengthen a knowledge management system for the both funds. A regional TA was proposed by the NPRS/PRF Coordinator under the PRF for processing in 2005, which was taken favorably by the two donors.
- Regularly update the revamped website and further strengthen outreach;
- Continue dialogues and liaison with the Netherlands and other routine fund management tasks.

#### **List of Appendixes**

- Appendix 1: List of NPRS Projects Endorsed for Funding  
 Appendix 2: NPRS – Status of Grant and Statement of Expenditures (As of 31 December 2004)  
 Appendix 3: Detailed Description and Status of NPRS Projects Endorsed for Funding (As of 31 December 2004)