

SEVENTH SEMI-ANNUAL PROGRESS UPDATE

January – June 2005

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 January to June 2005. This Update includes the summary of portfolio as of 30 June 2005 (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). This 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 (July – December 2005) will be submitted in January – February 2006.

II. OVERVIEW OF NPRS PORTFOLIO AND PIPELINE

3. **Portfolio Information.** The overall portfolio as of 30 June 2005 is summarized as follows:

- **Overall commitment.** There is now a total of 20 TAs funded by the NPRS, amounting to \$7.0 million. This is 95.23% of initial contribution of €6,783,221.37 (about \$7.35 million as of 30 June 2005). The list of projects endorsed by the Netherlands is attached as Appendix 1.

- **Portfolio Composition.** The status of these 20 TAs is broken down as follows:

i.	Completed	1 TA	\$ 50,000
ii.	Under Implementation	15 TAs	\$ 4,550,000
iii.	Under Processing	4 TAs	\$ 2,400,000
iv.	Dropped	3 TAs	\$ 1,740,000
			2 TAs before approval;
			1 TA after approval

- **Summary of Portfolio Development for the Period January – June 2005.** The key developments in the NPRS portfolio is summarized below:

- i. Two new projects were endorsed during the period, for the amount of \$1,300,000. Both projects are country specific: Development of a results-oriented 7th National Development Plan for Maldives and Support to Hue and Quang Tri Provinces in Viet Nam for formulating sustainable poverty reduction and growth programs. With the addition of these two projects, total endorsement under the NPRS Fund already reached the \$7 million. New

project endorsements may no longer be done, as NPRS Fund is now 95% committed. The NPRS Fund's total contribution is \$7.35 million.

- ii. There are also 2 TAs that were approved by ADB during this period. One is the regional technical assistance for GMS on developing new paradigms for sustainable livelihood protection and natural resource management among ethnic minorities (RETA 6242). The other one is Maldives development of a result-oriented 7th National Development Plan (TA 4591), which was also endorsed during this period.
 - iii. Two TAs – RETA 6047: *National Poverty Reduction Strategies in Pacific Developing Member Countries*; and TA 4037: *Dissemination of the National Poverty Reduction Strategy*, have completed all of their TA activities, and are awaiting financial closing.
 - iv. Another TA was dropped during the period, and defer its processing for 2006. This is in view of the unstable and tense political situation in the area. The proposal is on Balochistan Pilot District Level poverty-targeted action plans (Pakistan).
- **Fund Disbursement.** The total fund committed by the donors to the NPRS amounts to € 6,783,221.37, which is equivalent to about US\$7,352,617 as of 30 June 2005. Out of this, the total remittance to ADB from the donors amounts to US\$2,320,000. Eighty percent of this or US\$1,846,948 has been disbursed by 30 June 2005. The details on disbursement in NPRS-supported projects is summarized in the table below:

Cumulative Remittance to ADB (as of 30 June 2005)	\$ 2,320,000
Cumulative Disbursement (as of 31 Dec 2004)	\$ 1,312,903
Disbursements: Jan – Jun 2005	\$ 534,045
Cumulative Disbursement (as of 30 June 2005)	\$ 1,846,948
Balance as of 30 June 2005	\$ 473,052

The total cumulative disbursement of US\$1,846,948 is 25% of the total funds committed by the donors. Disbursement for January to June 2005 period was \$534,045. This is higher than the January – June 2004 (\$344,778) and July to December 2004 (\$242,705) disbursements. The status of grant and statement of TA expenditures is attached as Appendix 2.

3. **Content Analysis.** The characteristics of the 20 TAs under the NPRS are analyzed below by type of assistance, sector, thematic area and region.

- By Type
 - i. 19 (95%) aimed provide support to policy/strategy formulation, implementation, monitoring and policy dialogue especially in line with NPRSs;
 - ii. 19 (95%) aimed to build capacity in poverty reduction operations;
 - iii. 9 (45%) had focus on outreach program and communication;

- iv. 6 (30%) had specific emphasis on stakeholder consultation;
- v. 5 (25%) aimed at strengthening ADB's role in addressing regional poverty issues;
- vi. 3 (15%) aimed at developing new programs and projects;
- vii. 3 (15%) aimed at strengthening the capacity of the Resident Missions for poverty reduction.

- By Sector

- i. 17 (85%) 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. 19 (95%) Capacity Development
- ii. 10 (50%) Inclusive Social Development
- iii. 6 (30%) Governance
- iv. 2 (10%) Gender and Development
- v. 1 (5%) Sustainable Economic Growth
- vi. 1 (5%) Regional Cooperation
- vii. 1 (5%) Private Sector Development

- By Region

- i. 7 (38% of total amount) Mekong
- ii. 5 (29% of total amount) East and Central Asia
- iii. 3 (11% of total amount) South Asia
- iv. 3 (9% of total amount) Inter-regional
- v. 2 (13% of total amount) Pacific

III. KEY ACHIEVEMENTS IN FUND MANAGEMENT: JANUARY – JUNE 2005

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

- **Revised Disbursement Projections.** Pursuant to the agreements made during the Fourth Strategy Meeting in January 2004, a long-term disbursement projection was prepared by the ADB in July 2004, to provide a basis for the 6-monthly payment schedules of the NPRS. The projections, using statistical methodologies drawing on the previous disbursement patterns of ADB-wide advisory TAs, turned out to be an optimistic scenario compared with the actual disbursement amount. In this regard, a more conservative new projection for 2005 was prepared, using updated information about the recently endorsed projects. According to the new projection, the total incremental disbursement for January to June 2005 shall amount to \$572,200, a figure that nearly approximates the actual disbursement for the period in review, which amounted to \$534,045.

- **Carried out the Sixth NPRS/PRF Strategy Meeting.** The Sixth NPRS/PRF Strategy meeting was held in London on 23 June 2005. The meeting reviewed the progress of TAs financed by the NPRS and discussed key fund management issues, one of which is the proposed further extension of the fund duration to 31 January 2008 and the remittance of additional funds, as the initial contribution is about to be fully-utilized. A ‘Summary Note’ on the sixth meeting was produced and sent to the Netherlands in July 2005.
- **Submission of the Third NPRS Annual Report.** The Third Annual Report on the NPRS (January – December 2004) was prepared and submitted to the Netherlands in June 2005, including the financial report for as of 31 December 2004, provided by the Controller’s Department.
- **Carried out Peer Review meetings for the January to June 2005 Batch.** A total of three peer review meetings were held to discuss projects for the new intake under the NPRS. Of the three, 2 proposals were endorsed for funding under the PRF, while the other one which is supposed to be financed by both the NPRS and PRF, was considered for full funding under the PRF. 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.

IV. OVERALL ASSESSMENT AND KEY IMPLEMENTATION ISSUES

5. **Portfolio Development.** The renewed interest in the fund during the second half of 2004, spilled over to early part of 2005, which resulted in the fund’s almost full utilization (in terms of commitment) during this period. The fund is now 95% committed. The remaining 5% of the fund is reserved for contingency, and no new endorsement is expected in the coming months.

6. **Faster Pace of Disbursement.** The total disbursement for the period under review was higher than the previous six-monthly period. From \$242,705 in July –

December, it went up to \$534,045 in January – June 2005. The total cumulative disbursement of \$1,846,948 as of 30 June 2005 is 25% of the total funds committed by the donors. The implementation of RETA 6171: *Reviewing the Poverty Impact of Regional Economic Integration in the GMS* and RETA 6177: *Mainstreaming Gender into Poverty Reduction strategies in Four CARs*, is now in full gear, which may have contributed to the increase in disbursement.

7. **Progress in TAs under Implementation.** Across the 15 TAs under implementation, the implementation pace of each TA has been mixed.

Nearing Completion

- RETA 6047(*National Poverty Reduction Strategies in the Pacific Developing Member Countries*) has been completed, and is now awaiting financial closing. A TA completion report, which records “highly satisfactory” self-evaluation has been drafted.
- CAM 4037 (*Dissemination of the National Poverty Reduction Strategy*) succeeded in supporting publication and dissemination of the 2nd Five-year Socio-Economic Development Plan 2001-2005, and the National Poverty Reduction Strategy 2003-2005 through three regional workshops. Financial closing of the TA is now being undertaking.

Ahead of Schedule

- MON 4383 (*Participation Poverty Assessment and Monitoring*) was approved in 24 August 2004. The consultants have been proactive in making early contact with the Executing Agency and the technical working groups as well as other key stakeholder to ensure mutual understanding of the TA objectives and advance planning for assessment and workshops.
- The recently approved TAs – TA 4591: *Development of a Results-oriented 7th National Development Plan* and RETA 6242: *Developing New Policy Paradigms for Sustainable Livelihood Protection and Natural Resource Management among Ethnic Minorities* are already done with their consultant selection process. Commencement of consultancy services is expected anytime soon.

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*).
- After the initial delays, implementation of CAM 3955 (*Engagement of a Poverty Consultant at the Cambodia Resident Mission*) had picked up is now on schedule.

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 resolution of some issues concerning project activities.
- UZB 3781 (*Comprehensive medium-term Strategy for Improving the Living Standards of the People of Uzbekistan*) was programmed for completion by 31 December 2004. However, as some components of the TA are yet to be accomplished, target completion date was extended to 30 Jun 2006.
- As stated in the previous reports, implementation of SRI 4278 (*Poverty Assessment and Information Management*) was slowed down by the tsunami-related activities of the SLRM staff.
- In view of the volatile and tense political situation in Pakistan, the processing of the proposed TA on *Balochistan Pilot District Level Poverty Targeted Action Plans* was deferred for 2006, which increased the total number of dropped NPRS TAs to three.

III. WORK PROGRAM FOR JULY – DECEMBER 2005

8. In July – December 2005, the following activities will comprise the key work program:

- 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 2005 Annual Report of the NPRS and quarterly financial/disbursement reports (Q3 and Q4 2005);
- Finalize the regional TA, proposed by the NPRS/PRF Coordinator, to strengthen a knowledge management system for the both funds.
- 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 30 June 2005)
Appendix 3: Detailed Status of NPRS-Endorsed Projects Under Implementation (As of 30 June 2005)