

ASIAN DEVELOPMENT BANK

TAR: OTH 36072

TECHNICAL ASSISTANCE

FOR

A REVIEW OF THE ASIAN DEVELOPMENT BANK'S

POVERTY REDUCTION STRATEGY

May 2003

ABBREVIATIONS

ADB	–	Asian Development Bank
CSP	–	country strategy and program
DMC	–	developing member country
KMC	–	Knowledge Management Committee
LTSF	–	Long-Term Strategic Framework
MTS	–	Medium-Term Strategy
NGO	–	nongovernment organization
PPA	–	poverty partnership agreement
PRS	–	Poverty Reduction Strategy
RETA	–	regional technical assistance
TA	–	technical assistance
TF	–	Task Force
SC	–	Steering Committee

NOTE

In this report, "\$" refers to US dollars.

<p>This report was prepared by the Poverty Reduction and Social Development Division (RSPR), Regional and Sustainable Development Department (RSDD).</p>
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I. INTRODUCTION

1. In November 1999, the Poverty Reduction Strategy (PRS)¹ of the Asian Development Bank (ADB) was launched to make poverty reduction the overarching objective of ADB's support of development investments in the Asia and Pacific region. The PRS is framed in terms of three mutually reinforcing "pillars": pro-poor sustainable economic growth, social development, and good governance. The PRS identified key elements and approaches for its implementation, and outlined a program of action to align all ADB operations? ADB country strategies and programs (CSPs) and project-level interventions and nonlending products and services? with its poverty reduction goal.

2. The implementation of the PRS commenced in January 2000, when ADB began key activities stipulated in the PRS to retool its operations. This process involved assisting individual developing member countries (DMCs) in formulating and integrating their poverty reduction strategies into the CSP formulation process. The process was launched in most of the DMCs and culminated with the preparation of poverty partnership agreements (PPAs), 18 of which have been signed. In parallel with this exercise, sector development priorities and a pipeline of project concepts were also developed to identify poverty reduction approaches. These were incorporated into the pipeline as poverty interventions that would address poverty targets identified in the CSPs and PPAs.

3. The PRS stated that the strategy would be reviewed after 3 years. This regional technical assistance (TA) proposal² is to provide key inputs to the review process. The concept for the TA was prepared in January 2003, reviewed and endorsed by the Poverty Committee in February 2003, and cleared by the Knowledge Management Committee in April 2003. The proposal incorporates comments received from the poverty and knowledge management committees.

II. ISSUES

4. The PRS requires ADB to support a wide range of initiatives, based on the assumption that all three pillars—pro-poor sustainable economic growth, social development, and good governance—if supported simultaneously, would promote the "socially inclusive development" deemed essential to reduce poverty in its many dimensions. Since 2000, ADB has supported a broad spectrum of policies and projects addressing each pillar. They include (i) promoting sound macroeconomic management deemed necessary to generate labor-absorbing employment and income, raise productivity, target poor areas, and foster regional and subregional economic cooperation to open up markets; (ii) supporting social development, through project interventions addressing human capital development, population policy, social capital development, gender equality, and social protection; and improving the poor's access to essential services; and (iii) supporting DMC efforts to reform the civil service and/or decentralize government and adopt good governance practices, including pro-poor policies, government accountability, public participation, predictable legal frameworks, transparency, and anti-corruption initiatives. The breadth and likely impact of these multitudinous programs need to be examined from several aspects: whether ADB is following the principles underlying the strategy; how ADB operated in concert with other funding agencies and development partners in helping DMCs formulate poverty reduction strategies; how PRS was adapted to diverse DMC

¹ ADB. 1999. *Fighting Poverty in Asia and the Pacific: The Poverty Reduction Strategy*. Manila.

² The TA first appeared in the *ADB Business Opportunities (internet edition)* on 11 April 2003. In view of the urgency in the implementation of the TA, the required 3 listings have been waived.

conditions; and whether PRS is still relevant, or needs to be modified, in light of the changing context of the Asia and Pacific region since 2000.

5. Subsequent to the launching of the PRS, ADB formulated a medium-term and a long-term framework in two key documents? ADB's *Long-Term Strategic Framework*³ and the *Medium-Term Strategy*⁴? to translate the goals, objectives, and broad policies of the PRS into a time-bound action plan to improve ADB's effectiveness in reducing poverty. The Millennium Development Goals (MDGs) were incorporated in both documents as benchmarks to be used to assist DMCs in addressing the multiple dimensions of poverty. The MDGs, along with country-specific poverty indicators, have been reflected in national poverty reduction strategies of DMCs, and have been incorporated in the PPAs and CSPs of many of these countries. Simultaneously, macroeconomic and sector analyses conducted at the country level have identified new focal areas for integrating poverty reduction approaches within a broader economic growth framework. The analyses reflect current development literature, espousing, among others, theories on the poverty impact of broad-based economic growth. Equally important, the experience provided valuable insights on the diversity of DMC conditions that shaped the perceptions and objectives of poverty reduction strategies and CSPs that resulted from the process. The TA will support the review of the PRS in light of such developments, and identify, if necessary, modifications for achieving medium- and long-term poverty reduction targets within the context of the Medium-Term Strategy and Long-Term Strategic Framework. The TA findings will also enable ADB to disseminate knowledge about the best practices, as learned from implementing the PRS across the region.

6. Given that PRS implementation has required fundamental changes in ADB operations, the experience, views, and insights gained by staff and their counterparts in DMCs involved will provide valuable feedback on lessons learned. In particular, their feedback can be used to identify (i) the challenges that were encountered, (ii) insights on what moved the poverty reduction agenda forward, and (iii) the human resources and institutional capacity needed to implement the PRS. Thus, the review will include a survey and visits to a few DMCs to interview participants on key aspects of PRS implementation. Given the importance of the review process as an internal stocktaking exercise, the proposed review process will be led by senior staff and ADB management, with consultants providing support for workshops, data analysis, and draft report inputs.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

7. The TA will support the review of the PRS, and will provide consulting services necessary to facilitate the document review, analysis of findings, and preparation of technical papers. The primary output will be the PRS review report. The report will (i) describe the process and progress of PRS implementation, and assess whether ADB is implementing the PRS as originally stipulated; (ii) describe how ADB acted in concert with other agencies in helping DMCs prepare their poverty reduction strategies and incorporate MDGs in the strategies; and (iii) in light of changing perspectives in reducing poverty, assess whether PRS remains valid, and what modifications, if any, are required. The TA design framework is in Appendix 1.

³ ADB. 2001. *Long-Term Strategic Framework of the Asian Development Bank (2001–2015)*. Manila.

⁴ ADB. 2001. *Medium-Term Strategy (2001–2005)*. Manila.

B. Methodology and Key Activities

8. The review process will initially focus on document review and staff consultation regarding the outputs of 3 years of PRS implementation, incorporated in country-level operations, comprising poverty analyses, national poverty reduction strategies, PPAs, CSPs, CSP updates, and poverty-oriented TAs and loans. The review will also examine the related institutional changes and capacity-building efforts undertaken at ADB headquarters and in resident missions, including reorganization of ADB operations, staffing, training, and allocation of resources. The findings will be analyzed in light of the three pillars comprising the strategy framework (para. 4); the components of the strategy at the ADB, country, and sector levels; and the “program of action” stipulated in the PRS.

9. The review will seek to obtain feedback from ADB staff in headquarters and resident missions, and from DMCs. Staff feedback will be obtained through structured interviews, focus groups, and a questionnaire dealing with aspects of changes in ADB operations to integrate poverty reduction considerations in their work and the challenges encountered. Feedback from at least five DMCs⁵ will be obtained through structured interviews, focus groups, and discussions with key stakeholders. Special efforts will be made to consult with nongovernment organizations and civil society organizations.

10. To provide a basis for external validation of the review, a panel comprising 3-4 experts on poverty reduction approaches will be invited to review the draft report and serve as resource persons for a forum toward the end of the review. Their collective expertise will be drawn upon to help develop recommendations for ADB consideration concerning PRS implementation, and the strategy itself.

C. Cost and Financing

11. The total cost of the TA is estimated at \$300,000 equivalent. The TA will be financed on a grant basis by ADB’s TA funding program. Cost estimates are provided in Appendix 2.

D. Implementation Arrangements

12. ADB will implement the TA through the Regional and Sustainable Development Department (RSDD). A steering committee appointed by Management will have overall responsibility for the PRS review. The committee will be chaired by the special advisor to the President, and the membership will be composed of the chief economist; the directors general of the Operations Evaluation Department (OED), Regional and Sustainable Development Department (RSDD), Strategy and Policy Department (SPD), and the five regional departments. The review will be conducted by a task force of five staff, guided by the steering committee. The task force will be responsible for managing all inputs⁶ and in drafting the final review report. A panel of about 12 staff members will be convened regularly to review draft technical papers and the draft and final review report, and to provide the task force with a forum to discuss ideas and options. Individual staff and the Poverty Committee will contribute at various stages of the review process, such as identifying topics and issues for the technical papers to be produced and assisting with the design and conduct of questionnaires and focus group discussion to obtain feedback from staff and DMCs.

⁵ One DMC per regional department will be selected for the field visit. All other DMCs will be covered through a questionnaire survey covering key findings from the fieldwork in the five DMCs.

⁶ Including technical papers on key topics to be covered in the review.

13. The TA will be implemented over 6 months from May 2003. The consulting services provided under the TA will complement staff inputs primarily to do some of the analytical work and help review the experience of other agencies. The estimated consulting services comprise approximately 7 person-months of international and 8 person-months of domestic consulting services. The consultants will be recruited on an individual basis in accordance with ADB's Guidelines on the Use of Consultants and other arrangements satisfactory to ADB for the engagement of domestic consultants. The expertise and the length of services needed from each consultant will be further identified during TA implementation as and when they are required to complement staff inputs. The terms of reference for the consulting services is outlined in Appendix 3. A tentative outline for the resulting information paper is given in Appendix 4.

IV. THE PRESIDENT'S DECISION

14. The President, acting on the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$300,000 on a grant basis, for A Review of ADB's Poverty Reduction Strategy, and hereby reports this action to the Board.

LOGICAL FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
Goal Improved Poverty Reduction Strategy (PRS) and implementation	Recommendations adopted by the Asian Development Bank (ADB)	Report submitted to Management and Board of Directors	
Purpose Review progress in, and if necessary, recommend modifications to the PRS and its implementation	Report by September 2003	Supervision by ADB steering committee	Poverty reduction remains ADB's overarching objective
Outputs Technical papers and draft reports contributing to PRS review	Draft reports completed by August 2003	Supervision by ADB task force	Timely recruitment of consultants
Activities <ul style="list-style-type: none"> • Document review • Preparation of technical inputs • Workshops and group discussions • Staff survey to obtain feedback • Field visits and questionnaire to developing member countries (DMCs) to obtain feedback 	<p>Data analysis and feedback survey completed by end of July 2003</p> <p>5 other DMCs, one from each regional department, will be covered in field visits</p> <p>Questionnaire emailed to all DMCs by end-June</p>	Supervision by ADB task force	Availability of data
Inputs <ul style="list-style-type: none"> • Short-term international consultant recruited for a total of 7 person-months • 8 person-months domestic consulting services 	<p>\$300,000 in consulting services</p> <p>Performance evaluation report on consultants</p>	Supervision by ADB task force	

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
Asian Development Bank Financing^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants (7 pm)	120.0
ii. National Consultants (8 pm) ^b	30.0
b. International and Local Travel	40.0
c. Reports and Communications (secretariat, communications, printing, and dissemination)	5.0
2. Workshops (focus group discussions)	35.0
3. External Advisers and Forum	15.0
4. Resource Persons ^c	15.0
5. Interpreters and Translators	5.0
6. Miscellaneous Administration and Support Costs	5.0
7. Contingencies	30.0
Total	300.0

^a No government financing is required.

^b Five resource persons to assist in developing member countries, and one technical analyst based in Asian Development Bank headquarters.

^c Travel and per diem of Asian Development Bank staff serving as resource persons in workshops.

Source: Asian Development Bank estimates.

TERMS OF REFERENCE FOR CONSULTANTS

A. International Consultants

1. Individual international consultants will be engaged to provide intermittent services for a total of 7 person-months. The expertise and the length of services needed from each consultant will be further identified during implementation of the technical assistance (TA), as and when needed, to complement inputs of Asian Development Bank (ADB) staff. Within the framework noted in para. 8 of the main text, consultant expertise will be required to complement staff inputs by helping with analytical work and obtaining feedback from developing member countries (DMCs) in at least three areas: (i) review of country-level operations related to poverty analyses, and formulation of poverty reduction strategies and country assistance strategies; (ii) collection of data and analysis of poverty incidence and trends across the region; and (iii) assessment of the role of external assistance, particularly the experience of other agencies with respect to helping DMCs in achieving Millennium Development Goals and national poverty reduction strategy goals.

B. Domestic Consultants

2. Domestic consultants in DMCs will be selected for the feedback activities. They will serve for 1 month each, as local resource persons to assist staff and international consultants in organizing and holding focus group discussion and meetings with key stakeholders in each DMC. Each candidate must (i) be suitably qualified, (ii) have had experience holding workshops and participation in consultation activities related to obtaining public feedback in externally funded studies and survey activities, and (iii) have a good command of the English language.

3. A national consultant will be recruited for duty at ADB headquarters for 3 months to assist staff and international consultants with an ADB staff feedback survey and other analyses, and to help prepare the Poverty Reduction Strategy (PRS) review. The candidate must have a university degree in social sciences, and computer and database management skills; and previous work experience with poverty analyses, and in helping to run workshops and preparing tabulated statistical data.

C. Tasks and Outputs

4. The task force will guide the international consultants in providing detailed outputs, and in assisting with the review report. Based on the work program to be prepared by the task force, the outputs of the TA are primarily technical papers to be developed in consultation with groups of ADB staff addressing the topics outlined in Appendix 4.

**TENTATIVE OUTLINE:
A REVIEW OF ADB'S POVERTY REDUCTION STRATEGY
(Board Information Paper)**

I. Introduction

- A. Background to the Poverty Reduction Strategy
- B. Purpose of the Review
- C. Process Followed for the Review

II. Recent Developments and Outlook

- A. Poverty Incidence in the Region
- B. Developing Member Country Policies
- C. Outlook: A Region Free of Poverty?

III. How Has PRS Been Implemented?

- A. Poverty Analyses and Poverty Partnership Agreements
- B. Coordination with Multilateral and Bilateral Institutions
- C. Changes in Country and Subregional Level Operations
- D. Crosscutting Priorities
- E. Sector Priorities
- F. Instruments: Special Funds/Funding Modalities
- G. Resources: Staff and Training
- H. Monitoring the Poverty Reduction Strategy Implementation and Developments in the Region

IV. What Has Been Learned About PRS? Is PRS Still Valid?

- A. Poverty in the Region
- B. Developing Member Country Priorities
- C. Role of External Assistance
- D. Conceptual Issues and Lessons of Experience

IV. Conclusions and Recommendations