

*Monitoring system for the implementation of projects
and programmes of external cooperation
LOT 3 – Asia and Central Asia*

MDG 1: Eradicate extreme poverty and hunger



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Progress towards MDG 1 in Asia

This report reviews general progress and issues concerning MDG 1 in Asia and then discusses the contribution of a selection of EC funded projects to the achievement of those goals based on the conclusions of their corresponding ROM reports.

1. Progress and Issues concerning MDG 1 in Asia

The first Millennium Development Goal (MDG 1) is to eradicate extreme poverty and hunger and has targets and indicators as shown in Table 1. Target 1B, referring to the International Labour Organisation's Decent Work Agenda, was added in 2005 and is not considered further in this paper because of an insufficient number of relevant projects in the ROM portfolio for 2010. The factsheet for MDG1 [1], prepared for the 2010 UN Summit does not discuss this target either. As individual countries begin to implement the Global Jobs Pact, more opportunities for EC funding of the Decent Work Agenda are likely to arise, enabling the contribution to Target 1B to be assessed later.

Table 1: Targets and Indicators for MDG 1 (2008 revision)

Goal 1: Eradicate extreme poverty and hunger	Indicators for monitoring progress
Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	1.1 Proportion of population below \$1 (PPP) per day For monitoring country poverty trends, indicators based on national poverty lines should be used, where available 1.2 Poverty gap ratio 1.3 Share of poorest quintile in national consumption
Target 1.B: Achieve full and productive employment and decent work for all, including women and young people	1.4 Growth rate of GDP per person employed 1.5 Employment-to-population ratio 1.6 Proportion of employed people living below \$1 (PPP) per day 1.7 Proportion of own-account and contributing family workers in total employment
Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	1.8 Prevalence of underweight children under-five years of age 1.9 Proportion of population below minimum level of dietary energy consumption

Literature abounds on progress towards the indicators, and it is not always consistent. On a global and regional basis, findings from the most recent publications include:

- The **proportion of people living in extreme poverty** in developing regions dropped from 46 per cent to 27 per cent — on track to meet the global target [1]. According to recent projections by the World Bank [2] sub-Saharan Africa will be the only region with a sizable number of people in extreme poverty that fails to reach the target of halving the proportion of population below the poverty line.

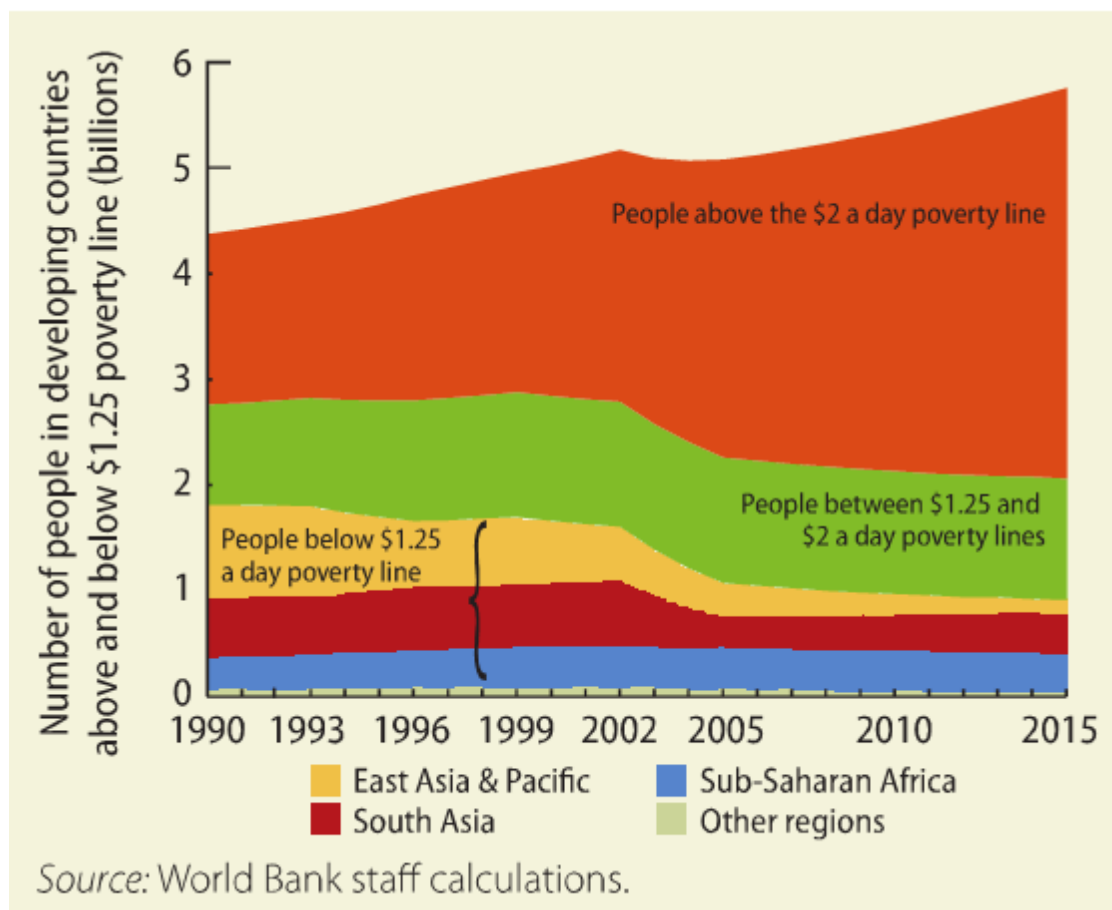


Figure 1: Poverty Line Projections (World Bank [2])

- Globally **the number of people living under the international poverty line** of \$1.25/ day¹ declined from 1.8 billion to 1.4 billion between 1990 and 2005 [1, 2, Figure 1]. Most of the poor were in the Asia-Pacific region where there were 1.5 billion people under the poverty line in 1990, reducing to 979 million in 2005 (during which time the region's population also increased by 800m) [8]. China, which reports a reduction of 418m below the poverty line is responsible for most of this progress. Indeed excluding China the number of extreme poor has risen globally by about 58 million [3] and the economic crisis is expected to push an estimated 64 million more people into extreme poverty in 2010, especially affecting eastern and south-eastern Asia and sub-Saharan Africa [1], [2].
- The **poverty gap ratio** is improving in most parts of the world and has significantly improved in all Asian regions except the west/CIS, where it has significantly worsened [9].
- There is insufficient timely data to report the **share of the poorest quintile in national consumption** [9].
- About one in four **children under the age of five is underweight** in the developing world, down from almost one in three in 1990. This is an insufficient rate of change to meet the target and progress seems to have stagnated since 2000-02 [1], [5]. Figure 2 shows the

¹ The international poverty line was re-valued from \$1.08 a day (in 1993 prices, reflecting \$1 in 1985) to \$1.25 (in 2005 prices), using new estimates of the cost of living derived from the 2005 International Comparison Program. A correction factor for purchase price parity (PPP) is applied.

performance by region between 2000 and 2008 and South Asia is a clear cause for concern.

- There will be 13% more people living with chronic hunger in 2010 than there were twenty years ago.

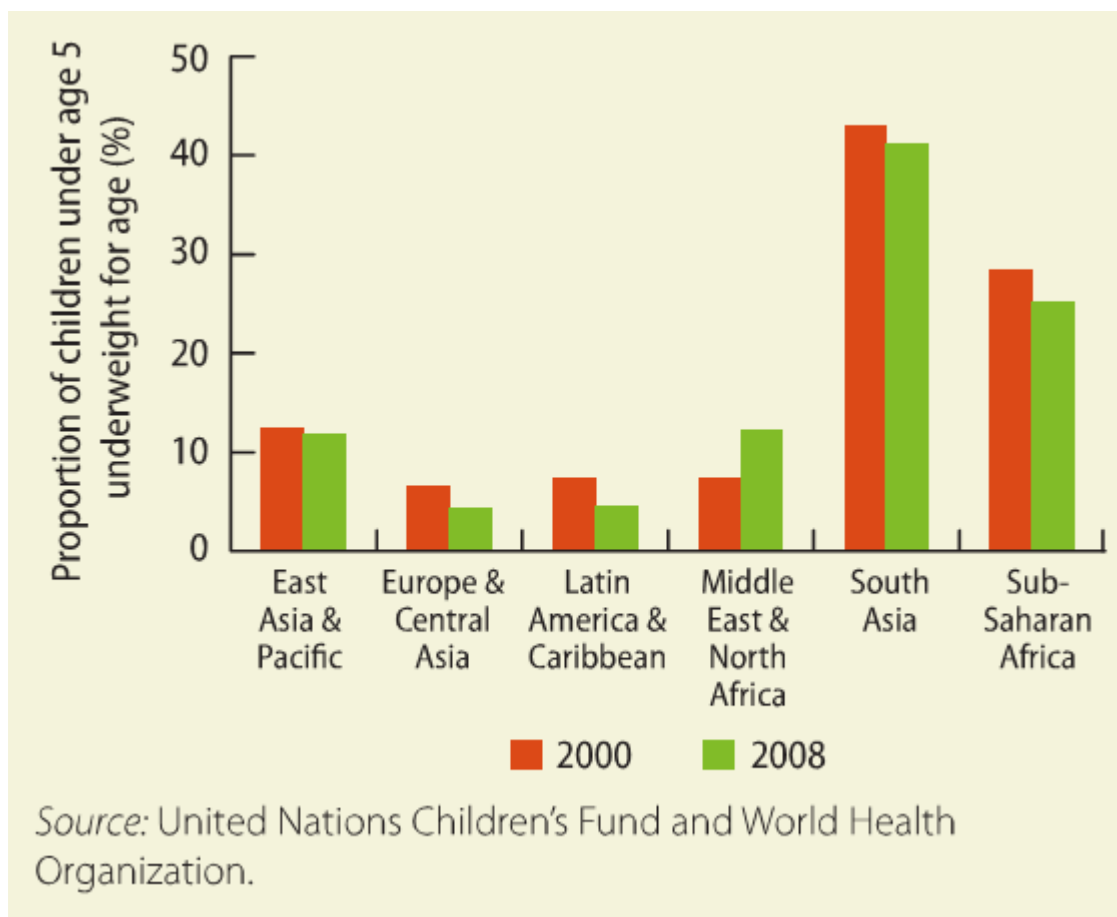


Figure 2: Changes in child underweight by region between 2000 and 2008 (World Bank [2])

- In Western Asia and Eastern Asia, **children from rural areas** are respectively 2.5 and 5 times as likely to be underweight as those in urban areas. In South and South-east Asia there is not such a marked difference by location, but in South Asia 60% of **children from the poorest households** are underweight compared to 30% from the richest quintile [9].
- Up to 2007 the **proportion of under-nourished people** in South-east Asia and China had reduced dramatically, although it had remained stagnant in South Asia and had increased by about 50% in Eastern Asia (except China) and in Western Asia. Following the 2008 food price hike it was expected to rise substantially in all regions [9].

Thus for Asia as a whole, a conclusion could be that the region is on track for poverty reduction, but is unlikely to achieve its 2015 hunger-reduction targets. However regional aggregation is not necessarily helpful, especially when nearly half of the entire world's poor live in two Asian countries – China (15%) and India (33%) [10]. Table 2 shows the latest figures for a selection of Asian countries.

Table 2: Latest available indicators for selected Asian countries

	Target 1a		Target 1c	
	1.1 Share of people living below \$1/day	1.2 Poverty-gap ratio	1.8 Prevalence of underweight under-5s	1.9 Population below minimum dietary energy consumption
China [3]	1990: 46% 2005: 10.4% (in rural pop'n)	1990: 2005: 75% drop	1990: 19.1 % 2005: 6.9%	1990: 17 % 2002: 7%
India [4]	93-94: 36% 04-05: 27.5% (different poverty lines & methods)	93-94: 8.5 / 8.1 04-05: 5.7 / 6.1 (rural / urban)	1990: 53.5% 05-06: 46% (under-3s)	87-88: 64% 04-05: 76% (situation deteriorating)
Indonesia [5]	1990: 20.6% (15) 2006: 7.5% (17.8) 2008: -- -- (15.4)	1990: 2.7% 2005: 2.8%	1990: 36% 2005: 28% (but rising again)	90-91: 9% 02-04: 6% (possibly rising)
Laos [6]	1992: 46% 2002: 33% (national poverty line)	1992: 11% 2002: 8%	1993: 44% 2006: 37%	1993: 38% 2006: 22% (food poverty line)
Bangladesh [7]	1991: 58.8% 2005: 40% (national poverty line)	1991: 17.2% 2005: 9%	1991: 67% 2005: 39.7%	1991: 28% 2005: 19.5%

Green highlighting denotes that the target will probably be achieved early and exceeded by 2015

Yellow highlighting indicates that the achievement is on track to achieve the MDG target by 2015

Red highlighting represents the likelihood that the 2015 target will not be achieved

Even with apparently very good results **China** states [3] that the poverty gap ratio is widening between urban and rural areas and across different regions of the country and the proportion of underweight under-5s is fivefold higher in rural than in urban children, and varies greatly between regions.

In **India**, different poverty lines are used in different states and there is no attempt to follow the \$1/day standard [4]. Some states are likely to achieve their targets, but unfortunately the major states are falling behind and overall the poverty target will probably be missed. Interestingly, there is a greater reduction in poverty gap ratio in rural areas than in urban. Data for under-3 underweight is fairly flat and unfortunately the population with inadequate dietary energy consumption is very high and seems to be getting worse.

The poverty line data from **Indonesia** [5] highlight an important point. In terms of the \$1/day standard, Indonesia has already achieved a 65% reduction in poverty, but in terms of the national poverty line the situation is quite different, with the proportion of population below the line having increased by about 18% by 2006. Regarding the hunger indicators, there was good progress until about 2000, but the gains were partially lost early in the new millennium. With the ongoing food and economic crises it seems that the hunger target is unlikely to be achieved.

In **Laos**, which is on track for poverty reduction based on its national poverty line, poverty in rural areas (where most of the people live) is about double the urban level, and there are discernible differences among the many ethnic groups. Poverty has also been linked to the presence of

unexploded ordnance [6]. The data for underweight children demonstrates how, as with regional aggregates, national figures can also be misleading. The reported reduction is due to significant reductions from non-poor households outside the priority poorest districts, where the children were not usually more than moderately underweight. There was however a 33% increase in severely underweight children in the decade from 1992-93 to 2002-3.

The results suggest that the seemingly paradoxical regional performance of reasonable poverty reduction combined with poor reduction in hunger can to some extent be explained by China and India. In China despite high baseline poverty, hunger levels were not so bad and so the tremendous reduction in poverty did not have much effect on hunger statistics, while India has struggled to make progress on hunger from a rather high baseline. On the other hand the situation in Laos does seem to be counter-intuitive and as a result of the findings the government has set up a specific Nutrition Policy to address the issue.

This review demonstrates that although there have been improvements in poverty there is considerable variation in progress towards MDG 1, not only between, but also within, countries in Asia.



2. An assessment of contribution to MDG 1 in Asia by EC-funded development projects based on ROM Reports

Over the last three years the Asia ROM programme (excluding Central Asia) has monitored 614 projects having a portfolio value of € 3,177,036,753, which represents about 20% of EC development funding in the region over the period. A proportion of the projects have been monitored more than once and in some cases projects have been selected for ex-post monitoring. The projects included in ROM mission portfolios normally reflect the spectrum of sectors supported in the country, but sector or MDG goal are not normally criteria in the selection process. Sometimes however, a Delegation might choose to 'theme' a ROM mission, for instance by including a set of projects arising from the same call for proposals, or a selection funded by international organisations. There is currently no way to identify in advance which projects are aimed at which MDG, and ROM portfolio selection is not based on MDGs.

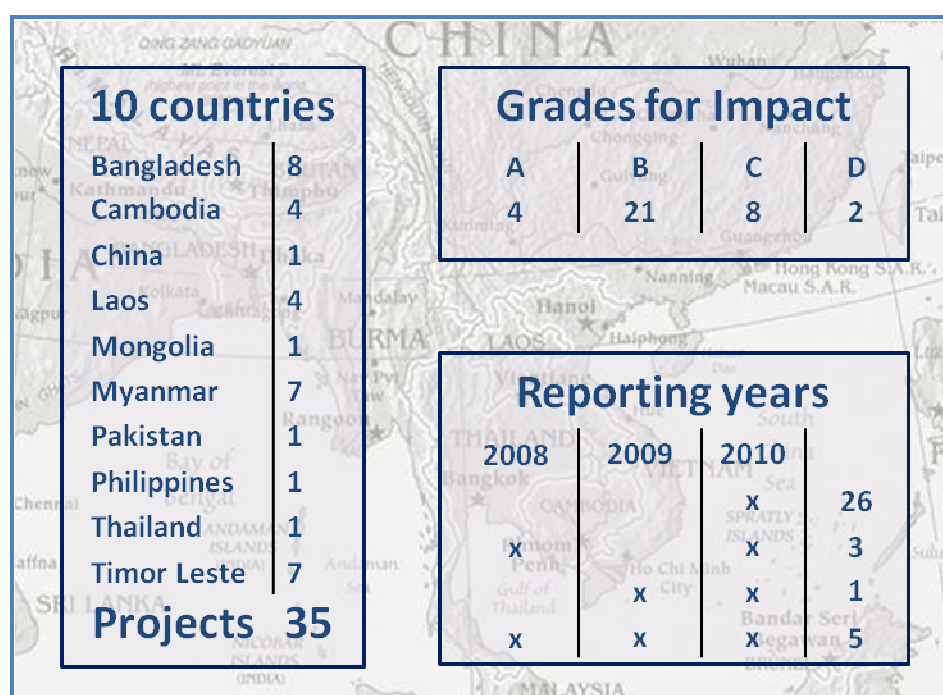


Figure 3: Summary details of the sample projects

There are many approaches to poverty reduction. Some are direct and fairly quick, but usually have a limited number of beneficiaries – for example those that operate almost at safety-net level, but with greater ambition for lasting benefit. Others are indirect, but have the prospect to benefit a much larger population in the longer term, such as trade or business development programmes. For the current study 35 projects from the first category (that fairly directly address MDG 1) have been selected. Details of the projects are provided in Appendix 1. As Figure 3 shows, the selection includes projects from ten countries and nine projects have been monitored more than once. Figure 4 illustrates the distribution of sampled projects according to their financial commitments and it is perhaps surprising to note that the great majority of them have allocations below €2m (27 projects,

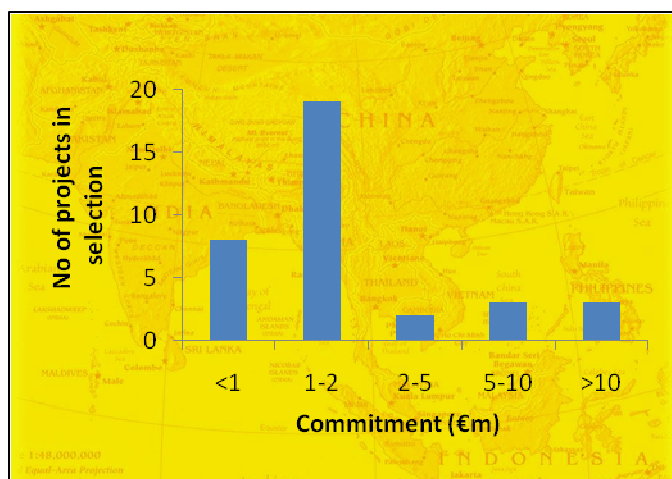


Figure 4: Distribution by commitment level

average commitment €1.06m). Indeed most are grant actions awarded to international NGOs under calls for proposals (CfP) and implemented by national or international NGOs. Only three of the projects are implemented by entities of the beneficiary country governments (average commitment €13.2m) and two by UN organisations.

Before continuing it is important to note that the projects reviewed do not form a statistically valid sample – either in quantity or in selection procedure. Also

the methodology for reviewing this imperfect sample – through ROM reports – cannot be regarded as comprehensive. Nevertheless these shortcomings are offset by the assurance that the ROM methodology provides independent and objective insights that can be invaluable for future programming. If left as such in individual MRs, they might not be seen by a sufficiently broad audience. Bringing them to wider attention can do no harm and hopefully will be found helpful by those involved in designing programmes for the final push to 2015.

2.1 Are EC-funded projects in Asia contributing to MDG1?

The selected projects have poverty reduction as explicit or implicit Overall Objectives. Most of them aim to improve beneficiaries' livelihoods through promotion of Income Generating Activities (IGAs) and/or improved agricultural practices, often associated with other interventions such as vocational training, nutrition advice and local infrastructural improvements. Activities are usually targeted towards the most vulnerable members of small communities such as villages, slums or refugee camps, and the number of direct beneficiaries is often less than 10,000 scattered over a widely dispersed area. Even if it was one hundred percent successful, any one of these projects would be too small to affect national or even sub-national poverty statistics, but it might have good prospects for multiplier ('spillover') benefits, and it would certainly represent a building-block as one of the many interventions that are needed to reduce poverty overall.

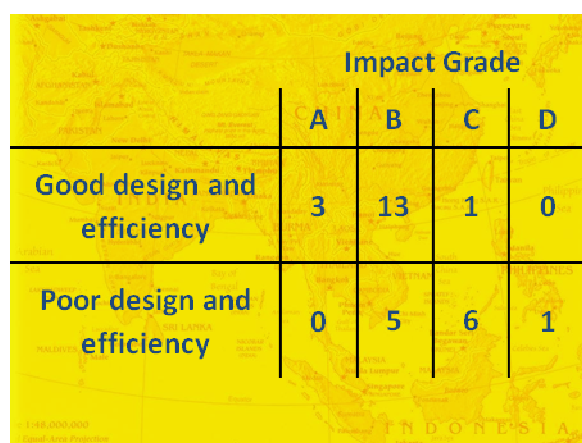
ROM is based on the five OECD evaluation criteria, and the Impact criterion assesses whether a project has prospects to achieve its wider objectives – which in the case of these projects means whether they are likely to make a meaningful contribution to MDG 1. The Impact grades for the 35 projects are very encouraging, with 25 of them having good prospects (A or B grades), eight facing challenges (grade C) and only two giving serious cause for concern (D). Thus in general it can be concluded that the EC development projects directly aimed at reducing poverty in Asia are indeed contributing to MDG 1. In nearly all cases the impact is produced through generation of additional income, sometimes linked with additional food production for household consumption. There are not many projects, even amongst the food security grants, that specifically address the MDG 1 hunger indicators of under-5 malnutrition and dietary energy intake. This means that the EC portfolio performance seems to be well reflected in the MDG 1 statistics reviewed above, that show that Asia is on track for extreme poverty reduction but not for eradication of hunger.

This does not mean that EC projects are ignoring hunger, but that they are usually taking a food availability and access approach rather than a nutritional one. This means that instead of prioritising the MDG 1 hunger indicators they address food availability, physical and economic access to food and food utilisation. Generally speaking they are doing well at improving availability and access and not doing very well at understanding or improving food utilisation. It is the utilisation aspect that can make a big difference to the nutrition indicators. Most projects interpret food utilisation as general nutrition (without integrating it with availability and access), and include a nutrition component as an afterthought to the main design. The component tends to be poorly understood and owned by project management, not well planned and poorly implemented. Beneficiaries often find it not relevant to their needs because it is not sufficiently practical. Sometimes it consists of lecturing about the five food groups without useful menu ideas, or it might teach about using foodstuffs that are not readily available in the project area. The main reasons for this seem to be that there are not many people in the local job markets with a background in nutrition, and those that can be found lack experience and empathy with poor communities. In the final push to 2015 while poverty eradication continues to be important it seems inevitable that focus will shift towards nutrition and it will be necessary to develop sound strategies for 'grass-roots nutrition' to replace the current disappointing approach.

2.2 Factors affecting the likelihood of a project to contribute to MDG1

The principal criteria that can influence a project's success in achieving its goal of contributing to MDG 1 are its design and the manner in which it is implemented. These aspects can be found in ROM outputs under the headings of 'Relevance and Quality of Design' and 'Efficiency to Date'. Intuitively a well designed and implemented project would be expected to have good prospects to contribute to MDG 1, while a badly designed project that is not well implemented would have poor prospects. Of the 35 projects under review, this relationship is borne out very clearly in terms of good design and efficiency leading to good prospects, and a little less clearly in terms of the projects with weak design and efficiency (Figure 5). Assessments of the small number of projects for which design

and efficiency were not directly linked indicate that design issues are more likely than efficiency to affect a project's impact.



	Impact Grade			
	A	B	C	D
Good design and efficiency	3	13	1	0
Poor design and efficiency	0	5	6	1

Figure 5 Relationship between design & efficiency and impact

2.2.1 Design issues affecting the likelihood of a project to contribute to MDG 1

Twenty projects achieved A or B grades for Relevance and Quality of Design (RQD), of which all but one also obtained high grades for Impact prospects. The remaining fifteen projects had design issues and of them, nine also received C or D for Impact prospects. The correlation is therefore borne out.

The ROM outputs for the 19 strong projects and nine weaker projects were examined and the factors associated with their design are compared in Table 3. Examples of projects with strong and weak design are presented in sidebars.

The strong projects were characterised by coherent designs with clear objectives that aimed to do a limited number of well-chosen activities in an appropriate timeframe. By contrast the weaker projects lacked clarity of objectives and compensated by attempting a much wider range of activities, often in an unfeasible timeframe and sometimes also stretching resources over an unmanageably wide geographic area.

Table 3: Comparison of design factors associated with strong and weak projects

Factors associated with good project design	Factors associated with poor project design
Design based on prior local experience of the grant contractor	Critical constraints not addressed
Participation in project design by local stakeholders such as representatives of target groups, partner organisations, local government institutions etc.	Lack of needs assessment and/or stakeholder involvement in design
Adequate timeframe	Inadequate timeframe
Comprehensive, practical exit strategy	Exit strategy weak or absent
Complementarity of results / components to create an integrated approach	Overlapping objectives, obscure strategic approach
A coherent logframe that promotes a results focus	Logframe weaknesses including: fragmented (confusion between results, components, sub-components) activities inappropriate, unrealistic or do not sufficiently address results or targets prescriptive/inflexible (e.g. inputs specified for each Result) lacking crucial indicators or indicators not measurable too many indicators, or indicators expressed as outputs
Mid-course strategy adjustments to maintain the results focus (sometimes prompted by ROM / evaluations)	Logframe not updated despite earlier recommendations
Selection of strong local partners with good contextual understanding and/or expertise in specialist activities	Selection of unsuitable partners
Logistically practical – e.g. compact geographic focus, limited number of components and activities	Unfeasible logistics – e.g. wide geographic spread, too many activities, unachievable beneficiary numbers

Factors associated with good project design	Factors associated with poor project design
Clear, practical implementation arrangements	Unclear / inadequate management arrangements
Insertion in a wider existing programme, which can provide efficiencies in terms of expertise, and timeframe, and synergise benefits	Partner's wider strategies imposed on programme

The good projects often had input from knowledgeable local sources at the design stage or else were developed by organisations with strong local experience, factors which tended to be absent in the weak projects. There was a noticeable lack of specific needs analyses in both strong and weak projects; as most were developed for CfPs there seems to have been an assumption that the call established the need, which is not necessarily so.



Good design creating strong impact

A project in the Philippines seeks to contribute to poverty reduction amongst an indigenous people (IP). It takes a holistic approach of livelihoods development, community empowerment, capacity building of local institutions, sustainable use of natural resources, ancestral domain management, and the recognition of IP rights and reducing discrimination against IPs and especially their women and children. Beneficiaries and local government institutions were involved in the design process including development of the logframe (which is of high quality which means that the major stakeholders have a good understanding of the objectives and scope of the project). The international NGO works with three local partners each of which has experience with IPs and a specific expertise and role – for instance in community-based marketing or ancestral domain certification. The project duration is 5 years, which is appropriate given the natural conservatism of the communities involved – a 3-year project would have been too short. The impact potential is clear after only one year of implementation. Demonstrated agricultural technologies are already being taken up, good relationships have been formed with official bodies concerned with IP affairs, and awareness of IP rights has increased. Beneficiaries are grateful for the ease of mind the project has already brought to their people and feel more confident about their future.

Some of the strong projects benefitted from synergies associated with the wider programmes of their implementing partners, while some of the weaker ones suffered from partners who wanted to make them conform more to their own broader programmes or strategies. Indeed implementation arrangements form an important aspect of project design and again the stronger projects tended to have very well specified arrangements while the weaker ones often had rather vague arrangements. There was also a noticeable difference in the occurrence of mid-course design modifications (either in response to internal or external reviews, including ROM, or to external factors), with stronger projects being more pro-active.

With MDG 1 there is always a risk that progress made during project execution will be lost soon after the project closes and that beneficiaries might fall back into extreme poverty. The stronger projects often had clear and credible exit strategies built in to their designs. Many of the weaker projects did not have a realistic exit strategy and some did not have one at all.

Six of the fifteen projects that received C and D grades for RQD received Bs for impact, indicating that they could still usefully contribute to MDG 1. The common RQD issues with these projects are that they are over-ambitious in terms of beneficiary targets, timeframe, scope of activities

Poor design resulting in low impact prospects

A Food Security grant action in Timor Leste has weak implementation arrangements, with no designated Team Leader. Project staff was unaware of the targets to achieve or of major gaps in the programme. The Specific Objective that households increase their capacity to improve FS and reduce vulnerability is supported by Results that aim to 1) improve crop production and storage; 2) increase incomes; 3) improve food utilisation; and 4) promote coordination between communities and service providers. This is a clear intervention logic but it is let down in two ways. Firstly the activities for some of the results are not sufficiently comprehensive – for instance one of the main IGAs only has scope to achieve about \$10 income per annum; food utilisation activities include health interventions but do not address utilisation in the FS context i.e. nutrition; and the activities for promoting linkages between communities and service providers principally relate to project management and cannot contribute to the result. Secondly the targets promised at Results level are sometimes higher than is compatible with the level of activities to be conducted. For instance the IGA result refers to 25% of households having increased incomes, but the activities permit intervention with only about 6% of households. Bearing in mind the gaps in activities it is unlikely that the project will provide useful direct benefits and with gaps in the development of linkages both locally and nationally, there are no prospects of contributing meaningfully to MDG 1.

and/or budget. This means they are unlikely to achieve the planned level of results, but it does not mean that the results that can be achieved lack potential for impact. Also, for projects that still have time to adjust, monitors make judgements about stakeholders' attitudes to revising the designs. These are the two main reasons why prospects can be found to be good even in some cases of weak RQD.



The logical framework matrix (logframe) is the project design and management tool on which the ROM approach is founded and it is discussed in detail in ROM outputs. Logframes serve four main purposes: 1) they should provide an 'at a glance' summary of a project's objectives, context, targets, means and methods in a results-oriented format; 2) they demonstrate the justification for the project, in terms of the relevance of the various actions to be undertaken in relation to the desired goals; 3) they indicate the scope of the project in terms of targets to be reached and the size or extent of the benefits they will receive; and 4) they provide a basis for periodic monitoring and review of a strategic nature, enabling the need for any mid-course corrections to be identified and addressed.

Although they have been in mainstream usage by donors for at least 15 years, logframes are still prone to be misunderstood and misused by the development community. The projects in the present sample clearly show that projects with good logframes have a much better likelihood of contributing to MDG 1 than those with poor logframes. This is probably connected with the earlier mentioned characteristics of strong projects involving local stakeholders in the design, or prepared by an organisation with strong local knowledge. Strong logframes show a confident design with clearly distinguished, yet mutually supporting results, and with a small number of activities sufficient to achieve each result. Weak logframes often have overlapping results and a large number of activities, some of which do not seem to fit properly within any specific result and others being essential to more than one result. Stronger projects tend to have more coherent logframes, in which it can be clearly seen how targets can be achieved, whereas in some cases in the weaker logframes it is easy to see that the stated targets cannot possibly be achieved. Frequently weak logframes feature inappropriate indicators – usually using outputs instead of outcomes and often using one or more output per activity as Result level indicators. Apart from missing the point (results represent the outcome of a number of activities acting in harmony or synergy) and obfuscating the issue with too much information, this risks mistakenly portraying a project as successful simply because it

completes its planned activities; there is no scope for a more strategic analysis, especially because in the absence of suitable indicators in the logframe, baseline data is unlikely to be available.

2.2.2 Implementation issues affecting the likelihood of a project to contribute to MDG 1

Project management issues such as the provision of inputs, implementation of activities and achievement of outputs are assessed by ROM under the Efficiency criterion. In the selected projects, Efficiency is closely correlated with RQD and there are only a few cases where a well designed project did not receive a good grade for Efficiency or a poorly designed one did. This is understandable in the context of the sample, where most of the projects were developed as proposals by the organisation that subsequently became responsible for implementation. This close linkage with RQD makes it difficult to isolate management issues which have a bearing on the potential of a project to contribute to MDG 1. However there were four cases in which well-designed projects were given poor Efficiency assessments. In each case the issues concerned the INGO, mainly



in relation to staffing – high turnover, high cost / insufficient budget, failure to provide suitably qualified personnel – and sometimes also to internal administration or relationships with partner NGOs. These are issues that have also been noted quite often in the wider portfolio. In most cases they represent difficulties that the project learns to cope with, and eventual performance is not too seriously affected - indeed of the four projects in question two achieved A grades and two Bs for Impact Prospects and therefore the potential contribution to MDG 1 was not affected by the management issues.

Conversely the sample contains three projects that had a weak design but a good efficiency grade. In two cases, good management was not sufficient to counter the poor design and the projects are not expected to make a useful contribution to MDG 1. In the third case it was noted that poverty reduction benefits would mainly occur in the short and medium term, with longer term benefits being unlikely because of the design weaknesses (which included poor sustainability planning).

2.2.3 Sustainability

Sustainability plays a key role in the achievement of the MDGs, partly because nearly all of the interventions will finish long before 2015, so their impact needs to continue until then to contribute to the final analysis; but mainly because 2015 is merely a target and the desire is that both the MDG targets and project benefits should be maintained for the long term. Although the Sustainability assessment criterion considers direct project benefits, not the wider benefits that contribute most to the MDG, it is still relevant because the direct benefits are essential precursors of wider impact.



The sustainability of an intervention can take many forms. Among others, it might relate to the ability of government technicians to continue delivering services; to the ability of users to maintain assets or infrastructure; to the opportunity for trained people to continue using their new found skills; or to the willingness of local communities, bodies, authorities or institutions to develop new attitudes towards certain sections of society. Such issues need to be considered at the outset and developed into a credible exit strategy. Sustainability prospects are therefore a function of the quality of design and it has already been seen that the existence of a strong exit strategy is one of the factors indicating strong design. It is no surprise that in the sample only one of the well-designed projects had slightly weak sustainability prospects.

3. Changing prospects over the life of a project

Nine of the sampled projects received ROM missions at least twice between 2008 and 2010. Seven of these originally had strong designs and two had weak designs. In one case a well-designed project improved its grades quite substantially because of adopting a recommended change and benefitting from favourable developments in external factors. One major project with weak design showed declining prospects over time. This project had identified design and management weaknesses in its early stages and it was felt that they could be addressed. As time went on, despite great efforts, it became clear that they could not and successive ROM reports reflected this. However in most cases there were no significant changes in grades over time. Normally one would expect well-designed

projects to continue on a good course and it is the weak ones where improvements are desired. There were insufficient weak projects in this sample to enable a meaningful examination of performance over time.

4 Lessons and recommendations

Twenty-five of the 35 projects with poverty reduction objectives were rated by ROM monitors as having good or excellent chances of contributing to MDG 1, while only two of the others had problems that were so serious that the projects were unlikely to be able to take remedial action. This concurs with the latest official MDG 1 statistics for Asia, which state that the region is largely on course for poverty reduction. However, both the official statistics and the analysis of ROM reports indicate that insufficient attention is being paid to eradicating hunger.

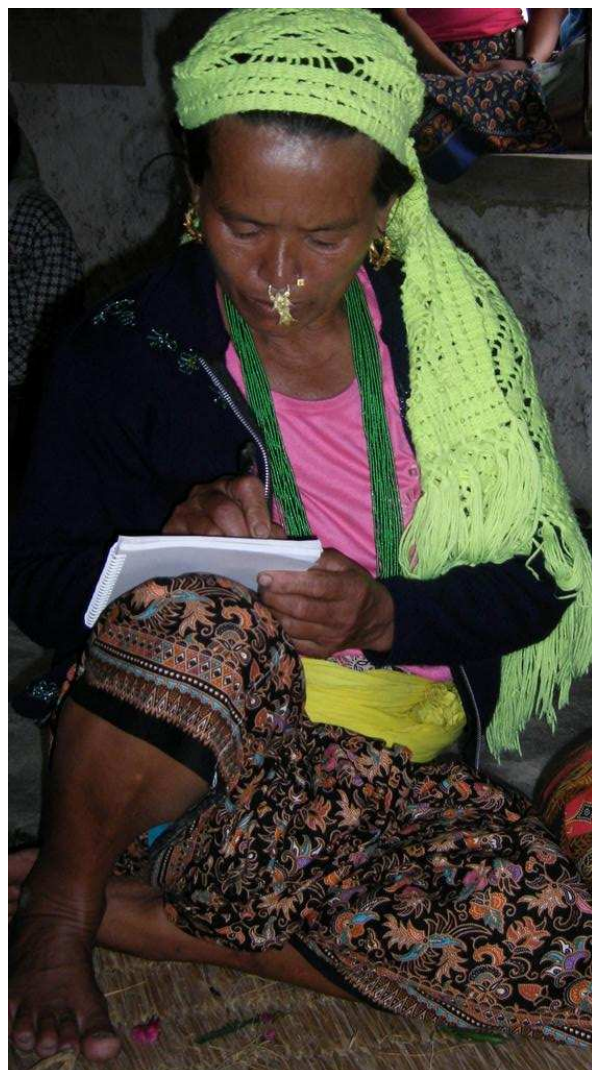


Projects that are developed during 2011 will be the last batch to have a chance to make a significant impact by 2015. The following comments and recommendations may assist development of strong projects with the best possible chance of making useful contributions to the eradication of extreme poverty and hunger:

1) Serious review is required of the manner in which hunger eradication is addressed. Projects tend to favour increased food consumption, especially in lean seasons, whereas the MDG indicators concern nutrition. There is also an assumption that the additional income that accounts for the reduction in poverty would be used for food, but again this would not necessarily be sufficient to deliver the nutrition indicators.

2) There is a shortage of trained nutritionists, and they do not have practical field experience. As a result ***nutrition components of projects are not designed with an understanding or empathy for their specific target groups*** for whom activities are often inappropriate or irrelevant. Most projects designate non-specialists as 'nutrition experts', and project managers are unable to mentor or supervise them competently because they lack the skills themselves.

3) There is an interesting indication (based on too small a sample to be a reliable 'finding', but worthy of further investigation) that ***management and implementation issues might not have as much influence on the ability of a project to contribute to MDG 1 as hitherto expected***. This could



be important because Task Managers devote large amounts of time to these, when it might be more important to prioritise pre- and post-contracting project design issues.

4) The more predictable but equally important finding is that ***well designed projects are likely to succeed and poorly designed projects are likely to fail*** in making meaningful contributions to poverty reduction. It is therefore necessary to ***increase the focus on design issues. The weaknesses revealed by this study are all readily apparent from project documents and should be identified before contracts are signed.*** The main characteristics to look for in the Description of the Action / Project Proposal are:

a) A ***specific and detailed needs analysis***; or ***strong participation by local stakeholders*** in the design process; or ***explicit presentation of lessons learned*** by the design team from previous relevant experience in the project area.

b) A ***coherent design in which each component or result is quite distinct from the others***, yet is a necessary constituent of an integrated whole, and which includes ***a realistic exit strategy*** or, if more appropriate, a clear plan to develop one by

a specified time. This should be supported by a ***logframe comprising a sound hierarchy of objectives, clear targets for outcomes and a good contextual summary of risks and assumptions.***

c) Logistical feasibility, including ***limited geographical coverage; suitable timeframe*** taking adequate account of necessary start-up procedures (government approvals, recruitment, procurement etc); ***achievable targets*** matching available resources; ***adequate but not excessive range of activities.***

d) ***Uncomplicated implementation arrangements*** with clear designation of leadership and management structure; a justified rationale for partner selection and division of responsibilities; adequate and specified staff numbers, roles and duty stations; a budget that supports these arrangements with adequate resources.

Whereas the above components – needs analysis, intervention logic, implementation arrangements etc – are nearly always included in project documents, they vary greatly in quality. **There is a need for more discretion in examining and accepting the documents.**

5) Although there has been an improvement in the QSG process over recent years, it does not cover most of the projects addressed here which are grant actions. From discussions with senior stakeholders in Delegations in several Asian countries, ***three principal points about grant actions have emerged:***

a) Proposal evaluation criteria have hitherto ranked proposals according to their score and selected all within the financial envelope – i.e. ***as many projects have been awarded as funds permit, even though some (or all) of them may be of low quality.***

b) ***It is widely recognised that many accepted proposals are of poor quality.***

c) ***No action is taken to improve the weak proposals*** because it could be regarded as non-transparent. This is both before the deadline for submissions, when it is argued that the full universe of potential applicants cannot be invited for special training in project design; and also after selection, when the worry is that to ask for design improvements would risk the ire of non-selected parties who do not get the opportunity to make improvements.



Regarding the first point, in addition to the desire to spend the full allocation, it is sometimes argued that the beneficiaries will be the losers if the full envelope is not spent. This is incorrect, firstly because the weak projects are not likely to produce full or sustainable benefits and secondly because participation in that project makes it less likely that the beneficiary will be offered another, probably better, opportunity (most selection processes exclude households that are, or have recently been involved in another project). ***Funding of poorly designed projects is irresponsible not***

only because it is a predictable waste of public funds, but also because it represents a failure in the duty of care to provide poor people with the best possible opportunity to escape poverty. It also fails to provide motivation for the people and organisations that produce poor proposals to improve their output and thereby lead to a general upgrading of personnel and projects. The new Practical Guide (Nov 2010) [11] confirms that *Evaluation Committees need not award all funds if they find there are not enough proposals of sufficient quality.* The Commission should consider developing procedures to ensure that the cut-off point in the award list is based on quality of proposal and not on the financial envelope.

6) The *need to upgrade proposal quality* will remain an issue that needs to be properly addressed even if very weak proposals are rejected as recommended above. The current Practical Guide rule is that contract modifications must not have the purpose or effect of making such changes as would call into question the grant award decision or be contrary to the equal treatment of applicants. If the calls included a statement that **‘Successful applicants may be required to modify their proposals during the Inception Period in order to meet the Contracting Authority’s quality standards’** then as long as awards are based on the scoring of the original proposals there should be no grounds to question the decision or claim unequal treatment.

A more radical solution would be to amend the CfP procedure by de-linking concept notes from the full proposals. In that way a fully transparent competition could be held at concept note level, producing a known and finite population of candidates who could be supported with design assistance during the proposal preparation stage.



7) Some of the more successful projects had taken the opportunity to *review their strategies and upgrade their approaches during implementation*, whereas some weak projects had identified the need to do so but failed to put it into practice. *There is confusion amongst project managers and*

Task Managers about the acceptability of design upgrades which leads to an inconsistent approach and sometimes to lack of transparency. Possible reasons for upgrades include:

- a) to adjust for initial strategic design weaknesses
- b) to adjust for initial budget estimate errors
- c) to adjust for unforeseen price hikes
- d) to adjust for changed circumstances due to positive project progress
- e) to adjust for external factors such as policy changes, harmonisation issues etc.

Some of these situations might require **significant change to the logframe** – for instance reformulation of the Project Purpose, addition or deletion of a Result, as well as changes to indicators and activities, but usually with the intention of improving prospects to achieve the intended impact. The Practical Guide states that modifications should not alter award conditions and hence major changes; a fundamental alteration of the Terms of Reference/Technical Specifications, cannot be made. **It would be helpful for the Commission to reduce the confusion by issuing guidance on the degree to which changes are allowed for the different scenarios, and if possible to simplify the associated procedures.**

8) The most common specific issue concerning poverty reduction projects was the concern that **insufficient attention is given to the selection of Income Generation Activities**. The two issues are the potential earning power of the IGA, and the temporal distribution of those earnings. **IGAs are nearly always supply driven** – the project develops a list of IGAs for beneficiaries to choose from, without adequately considering individual household needs. There is no attempt to provide beneficiary households with a combination of IGAs that could provide a target standard of living. Some IGAs have trivial benefits – in one project estimated at \$10 per annum – while others are quite risky, such as cow fattening in which the cow, having incurred expenses, might die before it can be sold. IGAs producing seasonal lump sums rather than regular earnings are often encountered. **Project designs should be scrutinised carefully to assess the suitability of IGA components and implementers should be encouraged to take a more beneficiary-oriented approach to the topic.**

9) With only five years remaining until the 2015 deadline for the MDGs, there will be increasing pressure to analyse performance of the development portfolio. It would be very helpful to **include an MDG code in CRIS so that projects can easily be identified** for such analysis. If that is not possible, then a similar code could be included in the ROM database, but it would have the limitation that it would only be valid for projects that receive ROM missions. It does not necessarily follow that the OECD/DAC sector codes already used in CRIS can be used as proxies to identify the MDGs because there are many projects in MDG ‘sectors’ that do not have ultimate objectives of contributing to the MDG indicators.



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- [11] Practical Guide to Contract procedures for EU external actions, Europeaid, November 2010



*Annex 1: List of projects included in the study,
sorted by Impact, Relevance and Efficiency
grades awarded in 2010*

Country	CRIS Reference	Title	Ongoing / Ex-post	Budget Million EUR	Earlier reports
CAMBODIA	095-812	Improving livelihoods of young Cambodians in difficult circumstances through prevention and sustainable social reintegration, Cambodia	Ongoing	1.3	2008 2009
PHILIPPINES	172-229	Local Institution Participation towards Livelihood Empowerment of the Mangyan Indigenous Peoples of Occidental Mindoro	Ongoing	1.0	
CAMBODIA	095-236	integrate rural development through empowerment project	Ongoing	1.0	2009
TIMOR-LESTE	131-853	From Hunger To Health: Strengthening Community Capacity And Resilience For Food Security in Oecusse. Timor Leste	Ongoing	1.0	2008 2009
BANGLADESH	169-135	Food Security for the Ultra-Poor in the Haor Region (FSUP-H)	Ongoing	11.1	
CHINA	135-068	Improving the life of people with disabilities in the Tibet Autonomous Region	Ongoing	0.7	
LAOS	216-924	Sustainable Food Security Development Project	Ongoing	0.8	
TIMOR-LESTE	131-850	Local Initiatives for Food Security Transformation (LIFT) Project	Ongoing	1.4	2008 2009
MYANMAR	157-681	Demosoe Assistance to the Uprooted (DAU)	Ongoing	1.6	
MYANMAR	209-333	Sustainable food security in Cyclone Nargis affected communities	Ongoing	1.0	
BANGLADESH	125-411	Income Food Security for Ultra-Poor (IFSUP)	Ex-post	1.1	2008

Country	CRIS Reference	Title	Ongoing / Ex-post	Budget Million EUR	Earlier reports
BANGLADESH	169-264	Food Security for the Ultra-Poor (FSUP)	Ongoing	11.6	
BANGLADESH	169-136	Gaibandha food security project for ultra poor women	Ongoing	9.2	
BANGLADESH	156-705	Alleviating poverty through disaster risk reduction in North West Bangladesh	Ongoing	1.0	
CAMBODIA	168-034	Indigenous People Integrated Community Development	Ongoing	0.5	
LAOS	216-871	Dakcheung Food Security Project	Ongoing	1.0	
TIMOR-LESTE	131-870	Options for Food Security Transformation - Lautem and Manufahi (OFFSET)	Ongoing	1.3	
MYANMAR	157-679	Supporting the Sustainable Recovery of Livelihoods through Water and Sanitation-Hygiene, Food Security and Care Practices Programme	Ongoing	2.0	
PAKISTAN	095-811	IMTIZAJ - « L'union fait la force » Un projet national de réduction de la pauvreté, de promotion de l'éducation et de renforcement de capacités. - PAKISTAN	Ex-post	1.5	2008 2009
MONGOLIA	149-498	PROVISION OF COMMUNITY BASED SOCIAL CARE FOR THE MOST VULNERABLE IN MONGOLIA	Ongoing	0.7	
CAMBODIA	016-793	Economic and Social Relaunch of Northwest Provinces (ECOSORN)	Ongoing	25.0	2008 2009
LAOS	216-754	Promoting Sustainable Food Security in Nonghet District of Lao PDR	Ongoing	0.7	
LAOS	211-621	Food security for women and rural poor in Viengkham district, Luang Prabang province	Ongoing	0.4	
TIMOR-LESTE	214-612	Building Food Security and Resilience among rural households in Timor Leste	Ongoing	1.3	
TIMOR-LESTE	214-619	Hadia Agrikultura no Nutrisaun (HAN)	Ongoing	1.2	
MYANMAR	137-872	"Food Insecurity Reduction"	Ongoing	0.7	

Country	CRIS Reference	Title	Ongoing / Ex-post	Budget Million EUR	Earlier reports
BANGLADESH	170-546	Health Education and Livelihood support Programme for the Ultra Poor households (HELP - Ultra Poor)	Ongoing	3.1	
MYANMAR	164-050	""Increased food security in Myanmar amongst the poorest households through a comprehensive package addressing the multiple causes of food insecurity and malnutrition""	Ongoing	1.8	
MYANMAR	209-290	Food security and livelihood recovery in Dedaye and Bogale Townships, Ayeyarwady Division, Burma/Myanmar	Ongoing	1.0	
TIMOR-LESTE	131-940	Covalima-Oecusse Participation and Empowerment for Livelihood Improvement and Food Security Enhancement Programme	Ongoing	1.3	2008 2009
TIMOR-LESTE	214-611	Baucau Food Security and Nutrition Project 1365	Ongoing	1.1	
MYANMAR	164-039	""Community based food security project in Magway Township, Dry Zone, Burma/Myanmar""	Ongoing	1.4	
BANGLADESH	159-321	National Food Security Nutritional Surveillance Project	Ongoing	6.5	
BANGLADESH	159-355	Soil Fertility Component - PTF - Food Security 2006	Ongoing	8.2	
THAILAND	160-497	Durable Solutions to the Protracted Refugees Situation along the Thai/Myanmar Border	Ongoing	0.8	