

Thematic Evaluation Study

ADB's Support for Achieving the Millennium Development Goals



Independent
Evaluation



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NOTE

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

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Abbreviations

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
ANR	–	agriculture and natural resources
CO ₂	–	carbon dioxide
CPS	–	country partnership strategy
CSP	–	country strategy and program
DMC	–	developing member country
DMF	–	design and monitoring framework
ECD	–	early childhood development
ECLAC	–	Economic Commission for Latin America and the Caribbean
EFA	–	Education for All
EGM	–	effective gender mainstreaming
ERD	–	Economics and Research Department
FTI	–	Fast Track Initiative
GDP	–	gross domestic product
GEN	–	gender equity as a theme
GMS	–	Greater Mekong Subregion
GPE	–	Global Partnership for Education
HSP	–	health and social protection
IDG	–	International Development Goal
IED	–	Independent Evaluation Department
IMF	–	International Monetary Fund
JFPR	–	Japan Fund for Poverty Reduction
LAC	–	Latin America and the Caribbean
Lao PDR	–	Lao People’s Democratic Republic
LTSF	–	Long-Term Strategic Framework
MDG	–	Millennium Development Goal
MIC	–	middle-income country
MTS	–	medium-term strategy
NGO	–	nongovernment organization
NPRS	–	national poverty reduction strategy
OCR	–	ordinary capital resources
ODA	–	official development assistance
PCR	–	project completion report
PNG	–	Papua New Guinea
PRC	–	People’s Republic of China
PRS	–	poverty reduction strategy
PSM	–	public sector management
SMEs	–	small and medium-sized enterprises
TA	–	technical assistance
TVET	–	technical and vocational education and training
UN	–	United Nations
UNDP	–	United Nations Development Programme
WOMIS	–	water and other municipal infrastructure services
WSS	–	water supply and sanitation

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Foreword

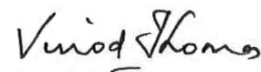
Asia and the Pacific led the world in economic growth and poverty reduction over the past thirty years. Also notable was the progress in universal primary education, gender equality, reducing ozone depletion, and rural provision of safe drinking water. Yet, the Region is also at the forefront in the magnitude of extreme poverty, number of underweight children, lack of basic sanitation, rise of CO₂ emissions and loss of forest cover. Of Asian Development Bank's (ADB) 12 Level 1 Millennium Development Goal (MDG) indicators, some 50% are off-track across the Region and 67% off-track in the less developed countries.

This report looks at progress in the MDG areas in Asia and the Pacific with a view to learning lessons from past experience and informing directions going forward. To be sure, the MDG outcomes are beyond what can be expected to be achieved within ADB's or any single organization's own resource envelope. At the same time, the institution's goals and operational directions, especially if taken in conjunction with the work of others, are highly relevant in several respects. In varying degrees, they leverage own efforts in individual countries, they impact specific sectors, and importantly they contribute to partnerships with others.

In this context, one question relates to the extent to which ADB's strategies advance the MDGs in the Region. A second question concerns the alignment of ADB's directions and the Region's gaps in a post-MDG era.

The findings of this work, taken in conjunction with all other evaluative evidence, suggest that continuing alone the pattern of economic growth in Asia and the Pacific will no longer be adequate to stem the Region's rising inequality and environmental degradation, which in turn threaten sustained economic growth. If so, the Region would need to give attention to a better balance between simultaneous efforts to support economic growth and to improve human development and environmental sustainability.

These observations call attention to the need for a judicious blending on the part of ADB of focus and selectivity on the one side with attention to linkages and partnerships on the other. In relation to the MDGs, efforts to get stronger results can be made within the current ADB strategy. Efforts to be considered beyond are key points for discussion in the context of a post-2015 MDG agenda.



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Executive Summary

The Millennium Development Goals (MDGs) have been seen as the world's greatest promise to help bring about socioeconomic development. As the deadline to achieve the MDGs approaches, governments, civil society organizations, and development institutions are looking back to learn from the MDG experience to inform their position in the post-2015 development context.

The MDGs, announced in 2001 as an outcome of the Millennium Summit in 2000, were highly relevant to the development circumstances of Asia, as the region was home to roughly two-thirds of the world's poor, and had recently emerged from the Asian financial crisis of 1997. Furthermore, human development indicators for the region were weak, and environmental sustainability had been largely ignored. Roughly a decade on, Asia has, on the aggregate, performed very well on the income poverty MDG. But the non-income human development and environmental sustainability MDGs are proceeding slowly and even regressing in some crucial respects.

The Asian Development Bank (ADB) announced its commitment to the MDGs in its 2002 Annual Report, stating that it would adopt the MDGs in its operations. It has supported the MDGs in many strategy documents since, has financed dedicated technical assistance, has worked with the United Nations Economic and Social Commission for Asia and the Pacific in partnership on the MDGs, and has reported progress on MDGs annually in flagship documents such as *Key Indicators for Asia and the Pacific 2012* and the *Development Effectiveness Review*.

Within this context, the objective of this study is to review the nature of ADB's support for the MDGs in relation to its relevance, responsiveness, and results obtained. Three interrelated, yet separable, questions shape the findings of this work: One is the issue of how Asia is doing in advancing the MDGs, which provides a context for the evaluation. A second is the consideration regarding ADB's direction and strategy in relation to the MDGs, which comes up especially as we look forward. Third is the more direct evaluative matter with respect to how ADB is doing in relation to the MDGs in implementing its currently approved strategy. While these are a hierarchy of considerations, this review's conclusions for action are more in the reverse order, which also aligns with the timeframe for action going from the short to the longer term.

The purpose of this evaluation is also to feed the lessons into actions going forward. With 2 years until the 2015 deadline, the MDG era is drawing to a close, but the process of defining the post-2015 agenda is in full-swing. To contribute to this process the study also assesses whether goal setting itself has made a difference in Asia and the Pacific, and how ADB might position itself to define and support a future framework of goals in the post-2015 era.

Context

Globally, progress in achieving the MDGs has been highly varied. On the positive side, poverty (referring in much of this report to extreme poverty measured in income terms) has been declining in many countries, and sharply in a few. Many of the poorest

countries have made major strides in access to basic education. Deaths from malaria have been reduced, associated with increased funding and control. Access to clean drinking water has been improving in every region.

But there are many serious gaps. Nutrition among the poorest children is a concern and continues to show very slow progress toward the target of reducing hunger. Opportunities for productive employment for women remain few. Children in the poorest households, those in rural areas, and girls in many countries are most likely to be out of school. Infant, child, and maternal mortality are not declining fast enough. Large numbers of rural people and those in urban slums lack access to sanitation. The environment and climate change threaten progress everywhere.

Africa's performance in achieving the MDGs has been weak and is not likely to achieve the MDGs by 2015. However, Africa started on its development path more recently than other parts of the world, and often from much worse initial conditions. Latin America and the Caribbean (LAC) started from better initial conditions, though its rate of progress toward the different goals has been highly uneven. LAC also has the highest level of urbanization in the developing world, and despite progress, high levels of inequality. LAC has met the target for hunger reduction, and is on track for meeting the child survival and gender equality targets. However, its progress in other areas—poverty reduction (particularly in the smaller Latin American countries and parts of the Caribbean), education, health, and environmental sustainability—has been slow. In LAC, the debate on MDGs has evolved to cover issues of social protection, social cohesion, and environmental sustainability; in Asia, the debate has centered on growth and income poverty. The LAC experience and the Asia and Pacific experience have much to offer to each other for the post-2015 framework.

In Asia and the Pacific, several of the MDG targets will not be met, and others will require significant commitment and effort to come close to attainment. Although Asia is routinely said to have achieved the signature goal of reducing poverty, there are instances of regression in Central Asia, slow progress in some large developing member countries (DMCs), and insufficient data in Afghanistan and all but two of the Pacific DMCs. The most on-track indicators are preservation of protected areas and consumption of ozone-depleting substances, with all countries, with the exception of Bhutan, showing on-track or early achievement.

According to ADB's *Key Indicators for Asia and the Pacific 2012*, on the other hand, the most off-track indicator is carbon dioxide (CO₂) emissions, regressing in approximately 90% of DMCs, followed by depletion of the broad forest cover (beyond protected areas), regressing in more than half of DMCs. Progress toward health targets related to under-5, infant, and maternal mortality is slow in all regions. Number of underweight children is also a poorly performing indicator, with slow progress across much of South and Southeast Asia, and regression in the Pacific.

Even as the levels of education indicators are comparatively better than health, South Asia and Southeast Asia show slow progress toward primary school completion. Reducing gender disparity, on the whole, is on track for primary and secondary education, with the exception of Afghanistan, Pakistan, and Papua New Guinea for primary schools. Gender parity in tertiary education is lagging, and is slow to improve in South Asia, with some regression in Central Asia and the Pacific.

ADB's Support

ADB's operations, in their focus on economic growth within the current strategy, could be viewed as contributing to the income poverty goal of the MDGs. Furthermore, ADB's contribution also comes in the form of partnerships and complementarity with others' programs. Even as the focus in reviewing MDGs is on the direct interventions designed and implemented to advance components of well-being (be it health or education or the environment), the important contribution of growth to poverty reduction and other attributes of well-being should be acknowledged.

This report understands the MDGs as a commitment to increase efforts toward specific development outcomes in areas of particular deficiencies and sees the need for and value of such intervention from public policy or public institutions. MDG 1 targets extreme poverty and hunger, and the study sheds light on the more direct support related to the three targets of MDG 1—halving the proportion of extreme poor and the proportion of people suffering from hunger, and achieving full and productive employment. Such support is seen in the direct targeting of poor households or poor areas and the gearing of productive investments supporting income or employment, as seen from ADB's project classification under MDG interventions to poor households (TIH) or poor geographical areas (TIG).

Similar was the case for the non-income MDGs, for which the study followed ADB's project classification guidelines for identifying targeted MDG operations. With these guidelines as a basis, the study found that more than 37% of ADB's financing over 2002–2011 was for direct support to MDGs. This is substantially more than is apparent from the institution's own official classification system, which also tags targeted interventions as supporting the MDGs but without reporting on them. Operations supporting MDGs directly are on average smaller than other operations, and the study found 55% of ADB operations supporting MDGs directly, and another 15% supporting MDGs in minor ways, sometimes through add-ons, such as small HIV/AIDS awareness components in road projects.

ADB's support for reducing (income) poverty and promoting environmental sustainability with respect to infrastructure operations has comprised the major share of *direct* MDG-related support. More than one-third of ADB's MDG-related financing has been for MDG 1, mainly for reduction in income poverty, which reflects ADB's pursuit of growth-mediated poverty reduction as a policy. Support for some aspects of MDG 7 on environmental sustainability has comprised half of all direct MDG support, and is increasing. To a large degree this is reflective of the compatibility between ADB's traditional emphasis on large-scale infrastructure projects and the environmental dimensions in energy, urban development, and water supply and sanitation projects. By contrast, the level of support for goals related to environmental aspects such as biodiversity and forest cover protection, as well as human development, has been low.

ADB's support for the MDGs is reflective of its corporate strategies. As ADB focused resources in fewer sectors over time, corporate strategies also became directly aligned with selected parts of the MDG agenda rather than as a whole. ADB does not use the MDGs as the main basis for strategies, does not have a policy on the MDGs as such, nor does it monitor MDG support per se. But there is a broad commitment expressed in strategies, overlap among the MDGs and ADB goals, and coverage of some of the MDG-related project outputs and outcomes within ADB's Results Framework.

ADB's Performance

In viewing the MDG framework as an effort to give operational meaning to basic dimensions of human development, it is the direct interventions in furthering these specific goals that are the main focus, recognizing, of course, that overall growth is a powerful, even if indirect, means to further the improvements. The potential value of more specifically targeted efforts under public policy and the work of international financial institutions, when well implemented, is brought out by various empirical works such as IED's and other organizations' annual evaluation reports. Evaluations also bring out the role of MDBs and governments in doing more than what markets and private financing would do on their own in reducing poverty and improving well-being.

The Long-Term Strategic Framework (LTSF) 2001–2015, like the 1999 Poverty Reduction Strategy (PRS I), was highly relevant to the International Development Goals (IDGs) and later the MDGs. Core strategic areas of the LTSF—sustainable economic growth and inclusive social development and environmental sustainability—aligned with the agenda of the IDGs.

The review of PRS I concluded that setting a target for poverty interventions was problematic. Having stated that ADB sees its comparative advantage in financing relatively large investments and related policy reform, to contribute to pro-poor economic growth...especially those in the transport and energy sectors where the success rate is consistently the highest, the review made the case for social development through infrastructure investments in water, roads, and energy. The implication, particularly for the non-income poverty MDGs, was a shift from a targeted approach.

Strategy 2020 maintained flexibility to claim support for many MDG targets, while its choices, supported by ADB's Board and shareholders, led to a weak alignment with some of the MDGs, which together represented a sizeable share of the agenda: MDGs 1C (hunger), 4 (infant mortality) (apart from water and sanitation-related mortality), 5 (maternal mortality), and 6 (HIV/AIDS). ADB's pursuit of partnerships is intended to compensate for reduced involvement in certain sectors, such as health.

ADB's results framework tracks some of the non-income MDGs, and selected indicators are included in the regional outcomes pursued. The annual development effectiveness review report (DEfR) reflects regional progress in achieving the MDG targets. ADB directly contributes to some of the targets reflected in its Level 1 indicators, and to some indirectly, though indicators reported as lagging in consecutive DEfRs have not so far drawn implications for ADB's program. Overall, Strategy 2020 remained broadly relevant to the MDGs in its pursuit of inclusive economic growth and environmental sustainability.

Responsiveness of ADB operations to the MDG agenda reflects what has been done within ADB's agreed-upon strategy as well as what could be considered beyond. On aggregate, some of ADB's operations, even as they did not form part of ADB's strategic thrust, are assessed as responsive, while on an individual basis, support for some MDGs was thin—noting that partnerships with others are also vital. ADB's support to MDG 1 (Eradicate Extreme Poverty and Hunger) was channeled during the decade through agriculture and natural resources, finance, and multisector operations. Much of the support sought to promote growth and generate income-earning opportunities,

particularly in agriculture. Few interventions targeted employment policies, nutrition, or child development.

Strategy 2020 identified education as a core area, but support to MDG 2 (Achieve Universal Primary Education) declined in the number of projects and their value during 2002–2010. MDG 3 (Promote Gender Equality and Empower Women) emphasizes the importance of education as the major instrument for bringing parity and empowering women in the region. This emphasis is in line with Strategy 2020, which highlights the role of education as a core operational area, and gender and development as a cross-cutting driver of change. Since support for the education sector has not grown over time as a proportion of total assistance, ADB support for female education has been patchy.

ADB's coverage of MDGs 4, 5, and 6 (Reduce Child Mortality; Improve Maternal Health; Combat HIV/AIDS, Malaria, and Other Diseases) declined in recent years. The gradually increasing official development assistance (ODA) for health at that time may have been a rationale for the reduction of ADB's support. However, ODA for MDGs 4 and 5 fell back afterwards, whereas the coverage of MDG 6 remains unclear after a drop in ODA in 2010.

The environment represents an area where even in aspects where efforts are considerable, the gaps in relation to what needs to be done have been expanding in Asia and the Pacific (as in the rest of the world). Environmental sustainability has been an integral part of ADB operations since the early 1970s. Four sectors stand out in the context of MDG 7 (Ensure Environmental Sustainability), both in terms of number of projects and amount of approval: (i) water and other municipal infrastructure services, (ii) agriculture and natural resources, (iii) energy, and (iv) multisector operations. Recently, energy operations have been increasingly directed towards energy efficiency and clean energy; the same is now happening with transport operations, with more climate proofing, more urban transport investment, and railways.

On the basis of the MDG 7 targets, the areas that represent the biggest challenges to DMCs and ADB are reduction in CO₂ emissions, sanitation, and forest cover. Only 51% of ADB's programmed sanitation outputs for 2009–2012 were expected to be delivered by end-2012, the lowest among Level 2 targeted outputs. Also, ADB has mostly withdrawn from operating in forestry since the early 2000s. Renewed country interest in the sector, inter alia due to climate change, puts a new light on its importance for the region and potentially ADB.

The results of operations that were directly MDG related are assessed as effective overall—although this conclusion is based on the success ratings of only 207 completed sovereign operations of the 878 approved since mid-2002 (until end-2011), when the MDGs were endorsed by ADB. Overall, the 138 operations supporting MDGs had a slightly higher success rate (75%) than the 69 ADB operations not directly associated with MDGs (71%), although less positive is that the rate of unsuccessful MDG operations is also higher (10%) than that for the other operations (3%). If Pakistan—with a country program that underwent a significant portfolio restructuring over 2007–2010—were excluded, the unsuccessful MDG projects would have been much lower. ADB's success rate for operations, at 73% over the period, is slightly lower than that of MDG operations. As far as these comparisons go, no trade-off would seem to be posed between interventions directly targeted to MDGs per se and project success rates.

The Impact of Goal Setting

An intriguing question is whether goal setting of MDGs made a difference to development results. A statistical analysis of goal setting showed that equal numbers of countries overperformed as underperformed relative to historical trends. This may appear to show a limited commitment to the MDG process by countries, but limited implementation capacity was perhaps more responsible for the inability of many DMCs to progress quickly enough. Also, the most recent data available often date back to 2010 or even before. Statistical modeling, nevertheless, shows that several key indicators performed better than projected from the historical trend in many countries—population below \$1.25 a day (however, this may be more linked to economic growth), school enrollment, gender parity in primary schools, antenatal care, maternal mortality, tuberculosis incidence, and access to improved drinking water.

The five case studies conducted in India, Kyrgyz Republic, Lao People's Democratic Republic, Mongolia, and Papua New Guinea indicated that some countries adjusted their policies because of the MDGs. This led in various cases to better performance on several indicators. Where the MDG initiative did make a positive difference was in the amount of ODA made available to countries for MDG attainment. Except for MDG 1, it went up significantly in all areas of the MDGs over the decade.

Two major concerns for Asia and the Pacific that emerged from the analysis of goal setting in the MDG era were the different starting points of countries, and the lack of data for setting baselines and measuring progress. Both issues must be addressed in any post-2015 framework. Three vital gaps represent areas of convergence between global issues and those for Asia and the Pacific: (i) inequality, (ii) access to quality basic services, and (iii) environmental sustainability. These concerns are linked to the mutually reinforcing MDG agenda of income poverty, human development, and environment. ADB's portfolio needs to reflect a more balanced pursuit of this agenda, as there are possibilities for achieving this within the provisions of Strategy 2020.

Among regions, the MDGs may have been particularly appropriate to Asia and the Pacific, with starting points not too far behind to make the goals unachievable, and not too far ahead to render the goals irrelevant. Nevertheless, the region's success in the MDG era is only partial. The MDGs remain an unfinished agenda for Asia. Within this context, and in line with the recently articulated ZEN Approach to the Post-2015 Framework, setting a minimum standard for meeting basic needs would make sense. ADB could also consider directing more of its concessional funds toward lagging MDGs, since Asian Development Fund countries lag furthest behind. The most recent DEFIR indicates that non-ADF countries have improved their status on the poverty and human development MDGs, while ADF countries remain off-track.

Conclusions

Since the review of Strategy 2020 takes place in 2014, concurrently with the deliberations of the post-2015 agenda, there is an opportunity to review how the lessons of the past decade could inform ADB's alignment with the MDGs going forward. ADB's corporate strategies have been relevant to the MDGs or to a subset of MDGs. In taking this relationship forward, the findings of this report call attention to an overarching principle supported in evaluative work: that focus and selectivity in strategy on the one side and linkages and complementarity on the other are not inconsistent, but rather mutually reinforcing attributes when it comes to delivering results on the ground.

There can be greater alignment of the infrastructure portfolio with human development and with certain vital aspects of sustainable development MDGs—particularly as indirect support may not address the most urgent and binding constraints to attainment. Better focus on basic infrastructure would support human development. Also, education as a core area can be supported more.

The findings of this report suggest that within the current ADB strategy, more can be done. ADB should consider using the provisions in Strategy 2020, within its current resources, to address lagging indicators, which threaten to undermine poverty reduction in Asia. Within Strategy 2020, more balance may be considered for education. Within infrastructure, better emphasis on basic infrastructure would support the human development MDGs, particularly as indirect support may not address the most urgent and binding constraints to attainment. The process towards making infrastructure investment more environmentally sustainable needs to be stepped up.

The MDG era has shown that continuing alone the pattern of Asia's past growth is not adequate to address rising inequality and lack of environmental sustainability. For relevance and impact, the post-2015 agenda requires the joint pursuit of growth, human development, and environmental dimensions. ADB's current focus on inclusive growth and environmental sustainability is in line with this in principle, though the crowding out of investment in various noncore areas important for MDGs by core area investment beyond 80% of financing should be addressed.

Regional departments have been supporting the MDGs to varying degree, but clearer direction is needed for factoring in MDGs in country programming within the current strategy, especially for those countries with slow to off-track achievement, and where there is unmet government demand for MDG support, beyond the existing efforts of donors.

In a post-2015 framework, a combination of moves in the direction of ADB-financed investments, connecting interlinked areas, and leveraging investments and partnerships with others would seem to have high payoffs. Within the core areas of Strategy 2020, ADB has the opportunity to set out its views on the relationship between its strategies and the MDGs and future sustainable development goals, and where it is intending to put its main effort. In that spirit, the following measures are suggested:

Within the Current Strategy

- (i) **Stretching the current priorities.** ADB has stressed its operations related to environmental sustainability. Continuing to steer its main investments in transport and energy in this direction would increase ADB's role in environmental sustainability in the region. ADB may also wish to consider reviewing the lower prioritization of key MDG targets for which need outstrips the current efforts of governments and development partners.
- (ii) **Achieving synergies.** To maximize synergies among goals, ADB could consider balancing its so far more substantial support for income generation (although it is also declining) with non-income human development goals such as education and health, also as this would develop the human capital base required for enhanced progress toward the income goal.

- (iii) **Building alliances.** Connectivity with the efforts of others is crucial to help bring about MDG outcomes. ADB should review its strategy of developing partnerships to support noncore sectors to see whether these are providing sufficient support, especially where off-track or slow MDGs are concerned.
- (iv) **Confronting the lagging indicators.** Targeting lagging indicators in the region, such as sanitation and CO₂ emission, would be in line with ADB's commitment to the MDGs and with Strategy 2020.

Ongoing Concerns

- (i) **Data and analysis.** The problem of data is substantial, with many DMCs not able to track their progress due to unavailability of data. ADB can make a bigger effort in this area. A second issue, particularly pertinent to the huge variation among Asian countries, is that goal setting needs to consider different starting points. ADB, through its knowledge agenda, could bring this into the discussion of the post-2015 agenda and make resources available to define baseline data for countries, and assist country-led processes of nationalization of the MDG targets.
- (ii) **Project classification.** ADB needs to ensure accurate application of the Project Classification System to facilitate better monitoring of MDG support and related outputs. More verification of classifications made by project officers ought to be organized. Training could be given to ensure that officers understand the parameters when classifying a project as a targeted or general intervention.

Post-2015

Setting a floor. In line with the recently articulated ZEN Approach for the Post-2015 Framework, a focus on the DMCs whose progress falls furthest below a minimum standard for basic goals could be warranted. ADB may consider using the allocation for noncore areas and more of its concessional ADF resources to support countries with the most need to achieve a minimum level for income, hunger, education, health, basic infrastructure, gender equality, and environmental protection. This may imply a different organizing principle for a portion of ADF, based less on a country's poverty status, and more on lagging MDGs or post-2015 goals.

CHAPTER 1

Introduction

1. The Millennium Summit of 18 September 2000 seized upon a symbolically powerful moment to focus the world's attention on the situation of the world's poor. The outcome of the Summit, the Millennium Declaration,¹ adopted by 189 world leaders, covered a broad set of development objectives, many of which emerged from the plethora of international summits and conferences during the 1990s, including the World Conference on Education for All (Jomtien) in 1990, the United Nations (UN) Conference on Environment and Development (Rio de Janeiro) in 1992, the World Summit for Social Development (Copenhagen) in 1995, and the Fourth World Conference on Women (Beijing) in 1995.

2. An Organization for Economic Co-operation and Development working group was given the task of developing a coherent list out of all the declarations made at the UN summits, which generated some debate about what should and should not be on the list. According to Hulme,² the debate centered around whether there should be one overarching goal aimed at income poverty reduction through economic growth, or a more comprehensive list of goals aimed at the multiple dimensions of poverty. The result was the latter but with reducing income poverty as the headline goal. This list became known as the International Development Goals (IDGs).³

3. The Millennium Development Goals (MDGs) emerged in 2001 as a compromise between the IDGs and the Millennium Declaration, with a view to avoiding separate development agendas. While the IDGs essentially became the basis for the MDGs, an important change was the omission of the goal on reproductive health.

4. The MDGs were endorsed by multilateral development banks, among others, at the International Conference on Financing for Development in Monterrey in March, 2002. The conference was attended by heads of state; finance ministers; private sector and civil society leaders; and intergovernmental financial, trade, economic, and monetary organizations. The World Bank, International Monetary Fund (IMF), World Trade Organization, and regional development banks were co-chairs of the conference roundtables. The Asian Development Bank (ADB) participated in the Monterrey Conference and joined the international community in endorsing the MDGs as a framework for measuring development progress. The MDGs then consisted of 8 goals,

¹ UN. 2000. United Nations Millennium Declaration. Resolution adopted by the General Assembly. A/Res/55/2. 8th plenary meeting. New York. 8 September.

² D. Hulme. 2009. The Millennium Development Goals: A Short History of the World's Biggest Promise. *BWPI Working Paper*. No. 100. Manchester: Brooks World Poverty Institute, University of Manchester.

³ IMF, OECD, UN, and World Bank. 2000. *A Better World for All: Progress towards the international development goals*. Paris: OECD. The seven IDGs are (i) reduce the proportion of people living in extreme poverty by half between 1990 and 2015; (ii) enroll all children in primary school by 2015; (iii) make progress towards gender equality and empowering women, by eliminating gender disparities in primary and secondary education by 2005; (iv) reduce infant and child mortality rates by two-thirds between 1990 and 2015; (v) reduce maternal mortality ratios by three-quarters between 1990 and 2015; (vi) provide access for all who need reproductive health services by 2015; and (vii) implement national strategies for sustainable development by 2005 so as to reverse the loss of environmental resources by 2015.

18 targets, and 48 indicators for eradicating extreme poverty and hunger; achieving universal primary education; promoting gender equality and empowering women; reducing child mortality; improving maternal health; combating HIV/AIDS, malaria, and other diseases; ensuring environmental sustainability; and developing a global partnership for development. ADB's Annual Report 2002 announced that it "formally adopted the MDGs in its operations."⁴ Effective 15 January 2008, the MDG list was revised to include the addition of four new targets by the UN General Assembly at the World Summit in 2005: full and productive employment (Target 1B), universal access to reproductive health services (Target 5B), universal access to HIV/AIDS treatment (Target 6B), and reducing biodiversity loss (Target 7B).

5. More than 10 years after this process began, it is evident that the Asia and Pacific region has contributed more than its share to global progress on the MDGs, particularly in reducing income poverty; however, there are still significant gaps in the region's contribution to ensuring primary school completion, reduction of hunger, infant and maternal health, basic sanitation, and environmental sustainability. The lead-up to 2015 has refocused interest on the MDGs, particularly the lessons learned to inform a potential second generation of MDGs.

A. Objectives

6. The objectives of this study are to (i) assess independently ADB's support to its developing member countries (DMCs) for achieving the MDGs; (ii) present some considerations as to the alignment of its corporate strategies with the MDGs; (iii) learn lessons from the MDG era, and whether setting such global targets has made a difference to DMCs in Asia and the Pacific; and (iv) assess emerging issues for the new development agenda post-2015, including ADB's positioning to continue support for the MDGs. The study's findings may feed into ADB's contribution to the post-2015 agenda. ADB's Independent Evaluation Department (IED) decided to conduct the study following a request from ADB's Board of Directors.

B. Scope

7. The study covers ADB's portfolio from the spring of 2002 to 2011. ADB's corporate strategies are covered from 1999 onwards.⁵ The study addresses MDGs 1–7. There is no separate section on MDG 8, mainly because this MDG does not have quantifiable targets, and because much of the focus is on bilateral assistance.⁶ For those aspects of the MDGs that have been the focus of recent IED studies, such as gender and development and environmental sustainability, the study refers to the findings of those studies.

C. Evaluation Criteria and Main Questions

8. **Relevance.** The study examines how ADB's strategies positioned themselves vis-à-vis the MDGs as broadly accepted by ADB since 1999 (IDGs being the forerunners of the MDGs). In examining strategies over a 10-year period, the study assesses whether strategic shifts over time may have affected ADB's support for MDGs. Similarly, the

⁴ ADB. 2003. *ADB Annual Report 2002*. Manila.

⁵ This period allows for analysis of Poverty Reduction Strategy I and Long Term Strategic Framework I, both pertinent to the IDGs.

⁶ The study looks at the partnership aspect of MDG 8 in the chapter on ADB's support for individual MDGs.

study examines ADB's sector policies and operational plans during the study period to determine ADB's sector alignment with the MDGs.

9. **Responsiveness.** The study examines the alignment of the ADB portfolio of approved operations with the MDGs. To this end, the study has developed a comprehensive list of approved lending and nonlending products categorized in terms of which MDGs they support and to what degree. It also examines a range of ADB country partnership and strategy (CPS) documents to determine whether they are aligned with national plans for attaining the MDGs. As well, the study looks at the findings of a questionnaire survey administered to resident missions to determine the demand for projects related to MDG attainment, and whether ADB has leveraged its support to increase DMC commitment to MDG attainment. The study also looks at partnerships ADB has formed related to MDGs.

10. **Results.** CPS results frameworks, project completion reports (PCRs), technical assistance completion reports, and IED's validations of PCRs as well as some project performance evaluation reports are used to determine the effectiveness of ADB's support for MDGs, contributions to intended outcomes, and lessons learned.

11. **Key evaluation questions.** The study focuses on the following key evaluation questions:

- (i) To what extent has ADB aligned its corporate strategies with the MDG agenda? How can ADB improve its alignment with the MDG agenda and the emerging global development architecture post-2015?
- (ii) To what extent does ADB country and sector programming focus on MDG attainment? How can ADB adjust its programming to be more responsive to MDG needs?
- (iii) How effective have ADB's targeted MDG interventions been?
- (iv) Has international agreement on global targets made a substantial difference to development outcomes in Asia?

D. Methodology

12. The study assessed relevance through document analysis of ADB's corporate strategies. Several methods were used to inform the analysis of responsiveness. Early during the study, it became apparent that ADB's classification system could not give an accurate representation of how much of the portfolio supported the MDGs, due to the debatable classification of many operations. The study, therefore, checked the classification of all operations approved during the study period, with the exception of nonsovereign operations and project preparatory assistance. The reclassification essentially shows the percentage of operations that directly support achievement of the MDGs.

13. In addition, in-depth case studies were conducted in five countries, chosen from ADB's five regional departments and incorporating cases from three country classifications: Kyrgyz Republic and Lao People's Democratic Republic (Lao PDR) (countries eligible only for Asian Development Fund [ADF]-funded operations); Mongolia and Papua New Guinea (PNG) (countries eligible for operations funded by both ADF and ordinary capital resources [OCR]), and India (a country eligible only for operations funded by OCR). Case studies have assessed government support for MDGs, as well as ADB's own support using interviews with government counterparts, development partners, civil society/nongovernment organizations (NGOs), and ADB resident missions.

14. Also, to probe responsiveness in terms of need and demand, a questionnaire was completed by all 29 resident missions of ADB. Furthermore, six additional DMCs were selected for an analysis of country program documents, with the aim of covering as much of ADB's portfolio as possible through selecting the largest DMCs by volume of approved operations: Bangladesh, People's Republic of China (PRC), Indonesia, Pakistan, Philippines, and Viet Nam (India was covered in a case study). The results of the reclassification, case studies, questionnaire, and CPS review are used to illustrate findings throughout the report and are also used in documents linked to this evaluation. In addition, the assessment of results is informed by the ratings in available PCRs of operations in the study's MDG database. In some instances the latter could be updated by the findings of IED's evaluation and validation reports.

15. To contribute to the current dialogue regarding what comes after the MDGs, the report also grappled with the question of whether goal setting made a difference, using statistical modeling to predict development trends had the MDGs not been introduced, and case study analysis to determine whether governments modified policies in accordance with the MDGs. This leads into an analysis of the convergence between emerging global issues and those with particular relevance for Asia and the Pacific. From this, an approach is suggested for making ADB's support more responsive to the nexus of economic, social, and environmental dimensions, which underpins the current MDGs and is likely to carry over into the post-2015 framework. The paper ends with the study's assessment and proposal of how ADB can contribute to a recent approach elaborated by ADB staff, called the ZEN Approach to the Post-2015 Framework,⁷ which promotes minimum standards for a set of basic goals for humanity. Main conclusions of the evaluation and suggested measures are taken up in the Executive Summary.

⁷ D. Brooks et al. 2013. A ZEN Approach to Post-2015: Addressing the Range of Perspectives across Asia and the Pacific. *ADB Economics Working Paper Series*. No. 327. Manila: ADB.

Comparative Global Perspective

16. Globally, the MDGs have focused the attention of governments, the UN, international institutions, donors, and other partners on critical development challenges. Regional experience with the MDGs has been varied, which shows not only different starting points, but also the different interplay between regions and goals, strength of commitment, capacity to implement, and readiness for change. This chapter reviews results across Asia and the Pacific, Africa, and Latin America and the Caribbean and brings out possible considerations for Asia and the Pacific based on the experience of others.

A. MDGs in Asia and the Pacific

17. The remarkable growth performance of Asia and the Pacific, particularly in the PRC and India—the worlds’ two fastest growing large economies—during the last three decades has had a dramatic effect on the MDG results to date. The growth-led changes in the region raise averages of achievements such as those related to reducing income poverty, but also mask disparities within subregions and countries, such as the persistent poverty challenges that remain.

18. **MDG 1 is on track.** The region has already met its target of MDG 1A to reduce extreme poverty by half, with much of the success coming from countries with large populations of poor. However, Asia and the Pacific continues to account for two-thirds of the world’s extreme poor,⁸ many of whom live in the South Asian subregion. Regarding MDG 1B, most countries in the region fall within a typical employment-to-population ratio range. Gains in employment had positive effects on poverty reduction. Also, many of the countries in the region reduced their numbers of working poor. Asia has made less progress in addressing MDG 1C of halving the proportion of people suffering from hunger by 2015.⁹ While income and hunger would appear to be linked, it is interesting to note that many countries in Asia and the Pacific have been able to reduce income poverty (from 55% to 24% from the early 1990s to the late 2000s in DMCs), but their progress toward reducing hunger, measured by the number of underweight children under 5 years of age, has been much slower (from 35% to 25%). This highlights the multidimensional nature of poverty in Asia.

19. **MDG 2 is on track, but progress on school completion is slow.** The region does well in terms of universal primary education enrollment, with 28 of the 45 countries found to be early achievers. However, almost half of the countries in the region were already well positioned to meet the target, given the existing high levels of

⁸ ADB. 2012. *Key Indicators for Asia and the Pacific 2012*. Manila.

⁹ MDG 1C is measured by a proxy indicator—the percentage of underweight children below 5 years of age.

enrollment.¹⁰ The challenge is to address enrollment in countries that have struggled and to sustain the progress for early achievers. Progress in completion of primary education is more uneven across countries. With only two thirds of DMCs expected to meet the target, quality of education is clearly an enduring problem for much of the region. Overall, the South Asian subregion lags behind other regions on this indicator.

20. **MDG 3 is on track.** The region has made progress in registering females at all three levels of school (primary, secondary, and tertiary). In many countries females are now doing better than males in acquiring lower levels of education, but they are lagging behind in senior schooling and tertiary education.

21. **MDG 4 and 5 are lagging.** These are the only goals for the region in which all indicators are progressing slowly. The region's inability to ensure the health of its infants and children is striking, and is clearly demonstrated by the under-5 mortality rate and the population of underweight children. Similar is the case with the region's failure to provide adequate maternal health care. Data suggest that the provision of antenatal care by itself is not sufficient to reduce maternal mortality rates.

22. **MDG 6 progress is varied.** With most countries having increased access to antiretroviral drugs for advanced HIV infection, the HIV trend began to decline after 2009 in many of the countries that posted high rates of HIV prevalence. However, recently, this trend seems to be reversing in several countries. Overall, the incidence and prevalence of tuberculosis has declined in the region, with some exceptions in Central and West Asia and the Pacific Islands. Death rates due to malaria have dropped in the region, due to the wider availability of diagnostic tests and therapies; however, the incidence of malaria is still high.

23. **MDG 7 shows some progress, but it is slow toward crucial targets.** In Asia and the Pacific, several indicators regularly monitored are not likely to reach the cutoff values by 2015. Reduction in carbon dioxide (CO₂) emissions is actually regressing, and sanitation in both rural and urban areas is slow or off-track.

24. **MDG performance across Asia and the Pacific.** The UN's MDG reports describe MDG achievements in terms of broad bands, viz., (i) early achievers—countries that have already achieved the target; (ii) on track—countries that are expected to meet the target by 2015; (iii) slow progress—countries that are expected to meet the target after 2015; (iv) no progress—countries exhibiting either a downward trend or no change in more recent years; and (v) regressing—countries that have actually slipped backward relative to 1990, or to the nearest available reference to 1990.

25. A simple method for aggregating these is to construct a five-point scale with values (3, 2, 1, 0, and -1) corresponding to each of the five-way classifications mentioned above.¹¹ The scores of individual countries can then be used to arrive at average scores for every country across MDGs or for every MDG across countries. The results can help to gauge the performance of 45 individual countries and 21 individual MDG targets. Table 1 aggregates the performance by ADB regions against the targets. The conclusion is broadly that the East Asia region (PRC and Mongolia) has performed the best on most indicators, and second is Southeast Asia. Other regions have many more weak areas.

¹⁰ If one uses the 90% level of enrollment as the cutoff rate in 1999, 23 of the total 45 countries already had good initial standings with regard to universal primary education. Globally, the cutoff rate of 95% achievement is being used as the criterion for having achieved MDG 2 in 2015.

¹¹ A drawback of the scoring system is that it does not differentiate for country population size.

Table 1: Performance Scores across MDG Targets, by Region

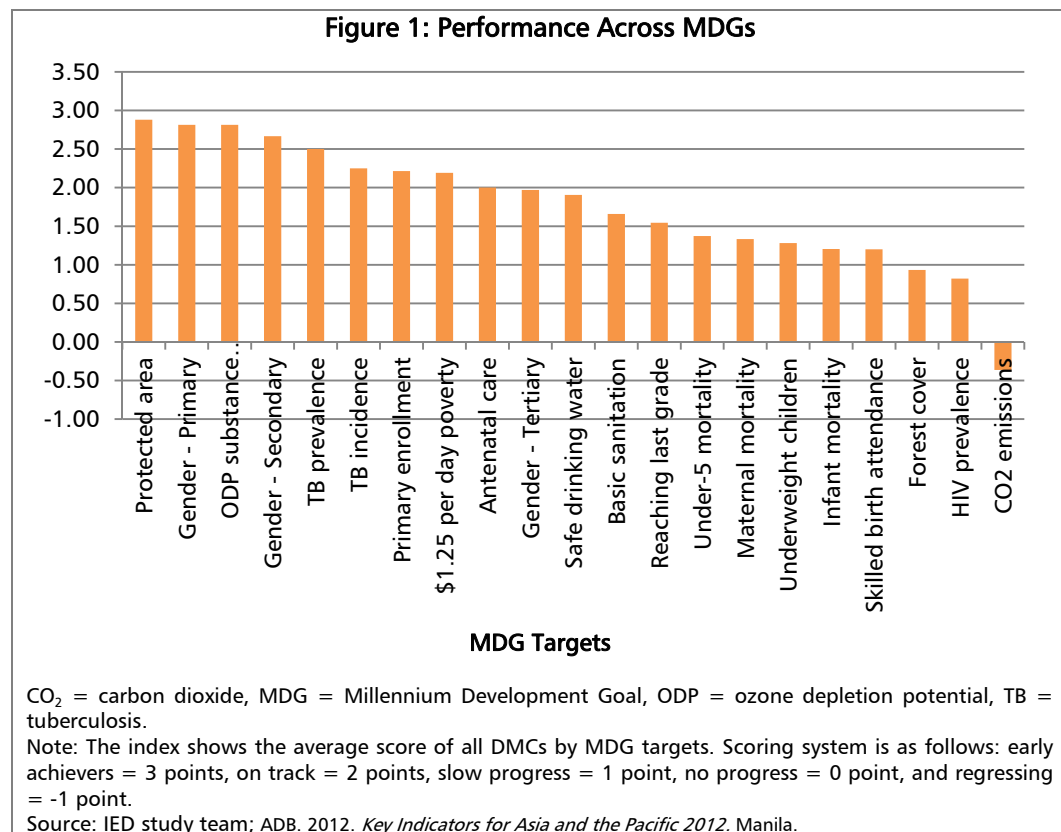
MDG Targets	Central and West Asia	East Asia	Pacific Islands	South Asia	Southeast Asia	All DMCs
MDG 1						
1. \$1.25 per day poverty	2.11	3.00	0.50	2.33	2.43	2.19
2. Underweight children	1.60	3.00	(0.40)	1.33	1.22	1.28
MDG 2						
3. Primary enrollment	2.00	3.00	2.36	1.67	2.11	2.21
4. Reaching last grade	2.50	2.75	0.00	1.40	1.63	1.55
MDG 3						
5. Gender—Primary	2.44	3.00	2.86	3.00	2.78	2.81
6. Gender—Secondary	2.33	3.00	2.85	2.67	2.67	2.67
7. Gender—Tertiary	1.67	2.60	1.40	1.67	2.56	1.97
MDG 4						
8. Under-5 mortality	1.00	2.00	1.07	1.83	1.60	1.37
9. Infant mortality	1.00	1.25	1.00	1.50	1.40	1.20
MDG 5						
10. Maternal mortality	0.90	1.00	1.25	2.17	1.30	1.33
11. Skilled birth attendance	1.50	3.00	0.17	1.33	1.44	1.20
12. Antenatal care	2.10	2.50	1.67	2.00	1.75	2.00
MDG 6						
13. HIV prevalence	(0.38)	2.00	0.00	1.83	1.00	0.82
14. TB incidence	0.70	3.00	2.57	2.50	2.70	2.25
15. TB prevalence	2.20	3.00	2.14	3.00	2.50	2.50
MDG 7						
16. Forest cover	0.80	1.00	1.64	0.83	0.10	0.93
17. Protected area	2.50	3.00	2.85	3.00	3.00	2.88
18. CO ₂ emissions	(0.10)	(1.00)	(0.08)	(1.00)	(0.20)	(0.36)
19. ODP substance consumption	2.70	3.00	2.71	2.33	3.00	2.81
20. Safe drinking water	1.20	3.00	1.36	2.67	2.44	1.90
21. Basic sanitation	1.60	2.33	1.00	1.67	2.33	1.66

() = negative, CO₂ = carbon dioxide, DMC = developing member country, MDG = Millennium Development Goal, ODP = ozone depletion potential, TB = tuberculosis.

Note: The index shows the average score of all DMCs for each region by MDG. Scoring system is as follows: early achievers = 3 points, on track = 2 points, slow progress = 1 point, no progress = 0 point, and regressing = (1) point.

Source: IED study team; ADB. 2012. *Key Indicators for Asia and the Pacific 2012*. Manila.

26. This rating system can also be used to assess results by MDGs in Asia and the Pacific as is done in Figure 1. The average scores of individual MDGs across ADB's DMCs vary from a high of 2.81 for gender—primary education to a low of -0.36 for CO₂ emissions. MDGs are given in the order of their scores. The two top scores across the region relate to protected areas and ozone-depleting substances.



27. **Interdependence of indicators in Asia and the Pacific.** The study carried out further explorations to see if data showed any interdependence among the different MDGs. In this context, the *inter se* relationship between income poverty and other MDGs is of particular interest. A subsample of 17 countries¹² that were early achievers in addressing income poverty was separated and compared with the remaining countries (i.e., non-early achievers). As expected there is a wide gap in income poverty between the two subsamples, but not much difference between the two sets of countries in terms of other MDGs. This implies that there is no automatic link between progress in income and human development and environmental indicators, suggesting the need for strong government or other societal action to achieve progress on such indicators, beyond efforts to achieve economic and income growth.

B. MDGs in Africa

28. As in Asia and the Pacific, MDGs have, in general, registered steady progress in Africa, especially since the mid-1990s.¹³ Most of the countries have contributed to this progress toward achieving MDGs with the exception of those caught up in socio-political upheavals. The human development progress in Africa has been distinctly faster since the MDGs were adopted. Nevertheless, the pace of progress is not

¹² Armenia, Azerbaijan, Bhutan, PRC, Indonesia, Kazakhstan, Kyrgyz Republic, Malaysia, Maldives, Mongolia, Nepal, Pakistan, Sri Lanka, Tajikistan, Thailand, Turkmenistan, and Viet Nam.

¹³ The description of MDGs in Africa is based on *MDG Report 2012: Assessing Progress in Africa toward the Millennium Development Goals. Emerging perspectives from Africa on the post-2015 development agenda*. This report was jointly prepared by the African Union Commission, African Development Bank Group, United Nations Development Programme, and United Nations Economic Commission for Africa.

adequate, which means that Africa is likely to miss achieving targets by 2015 across most MDGs (see Box).

Progress on MDGs in Africa

During the 1990–2008 period, head count poverty as per \$1.25 per capita per day declined from 56.5% to 47.5% (about 0.9% per annum), compared with a decline from 53.3% to 21.7% in Asia and the Pacific. Economic growth was of the enclave type, having fewer and weaker linkages with society as a whole. Rapid population growth (2.5% per annum) and growing inequalities impeded poverty reduction. Africa's growth poverty elasticity at -1.82% was the lowest across the globe.^a Much of the employment generated was in the informal sector, characterized by low productivity, low wages, and difficult working conditions. Women workers were particularly vulnerable. Youth unemployment required urgent attention. The largest poverty reduction took place in Egypt and Tunisia.

Education at the primary level (MDG 2), especially of girls, registered steady progress throughout the continent, as in Asia. Within MDGs, this was the best performer. However, school completion rates in primary education remained extremely low at around 33% in some countries, as in some regions in Asia. Dropout rates of girls were higher than those of boys. Africa has not been building its human capital at the rate required for participating in the rapidly globalizing world economy.

The gender situation in Africa remains severely constraining, and less progress has been made than in Asia. Schooling for girl pupils lags behind. The incidence of poverty is high among women. Women are not able to take care of their reproductive health due to limited access to contraceptives, making them vulnerable to HIV/AIDS. Due to ART (antiretroviral therapy), a slight reduction in the mother-to-child transmission of HIV/AIDS and also a decline in HIV/AIDS prevalence among young women have been registered.

Generally, poor maternal health is also reflected in the morbidity and mortality of infants and children. Measles, pneumonia, diarrhea, malaria, and HIV/AIDS upon birth are major diseases responsible for the high mortality of children. As a result, under-5 and infant mortality remain poor, as in Asia and the Pacific.

In terms of the environment, forest cover is declining rapidly as is the case with Asia, although many countries have ratified the Montreal protocol to stop using ozone-depleting substances, and some did increase forest cover. Progress in making safe drinking water available to the poor is globally on the rise; however, Africa has been moving slowly, registering only a 10% increase from 56% of its share of the population with access to safe drinking water. The level of improved sanitation is even lower at 40% of the population, compared with 56% in Asia and the Pacific.

^a A.K. Fosu. 2011. Growth, Inequality, and Poverty Reduction in Developing Countries: Recent Global Evidence. *UNU-WIDER Working Paper*. No. 2011/01. Helsinki: United Nations University-World Institute for Development Economics Research.

Source: Prepared by the IED study team based on AUC, UNECA, AfDB, and UNDP. 2012. *MDG Report 2012: Assessing Progress in Africa toward the Millennium Development Goals. Emerging perspectives from Africa on the post-2015 development agenda*. Addis Ababa: UNECA.

29. Africa's experience with the MDGs has attracted much commentary concerning whether they were suitable to the African context. In this regard, Easterly¹⁴ notes that MDG targets were fixed, while being oblivious to the specific realities of individual countries and regions. Now that Africa is being examined for its MDG achievements, Easterly finds it unfair to hold Africa responsible for its mixed performance.

30. Sala-i-Martin and Pinkovskiy,¹⁵ on the other hand, imply that a look at the long-term trends (1970–2010) of Africa shows that it is growing faster than is generally realized.¹⁶ Particularly, since the mid-1990s, Africa has shown faster progress towards

¹⁴ W. Easterly. 2007. How the Millennium Development Goals are Unfair to Africa. *Brookings Global Economy and Development Working Paper*. No. 14. Washington, DC: The Brookings Institution.

¹⁵ X. Sala-i-Martin and M. Pinkovskiy. 2010. African Poverty is Falling ... Much Faster than You Think! *NBER Working Paper*. No. 15775. Massachusetts: National Bureau of Economic Research.

¹⁶ That progress in individual African countries "was indeed strong" is also noted in D.S. Go and J. A. Quijada. 2011. Assessing the Odds of Achieving the MDGs. *World Bank Policy Research Working Paper*. No. 5825. Washington DC: WB. October.

meeting the MDGs. The problem is that Africa started on its development path only recently and from much worse initial conditions than the rest of the world; hence it is not yet comparable with other countries that had better initial conditions over a longer period of time. Sala-i-Martin and Pinkovskiy note, "Given African countries' comparatively unfavorable initial conditions in 2000, their performance over the last 12 years is commendable." The countries in northern Africa had an earlier start, which is perhaps responsible for the fact that they have generally performed better than the countries in the rest of the continent.

31. Country commitment to the MDGs in Africa is an important ingredient to making progress. The 2012 United Nations Development Programme (UNDP) report on MDG progress (footnote 13) highlights the policy innovations in Africa that are facilitating progress toward attainment of the MDGs. These innovations include new and expanded social protection programs, which were once thought to be unaffordable to most poor countries but are now embraced as important additional interventions to secure progress on key human development indicators. In addition, countries have used the MDGs as a framework for development planning, strengthening coordination, and cascading the MDGs to lower tiers of government.

C. MDGs in Latin America and the Caribbean

32. Latin America and the Caribbean's (LAC) progress toward the MDGs is somewhat different from that of other regions because of the higher starting point of economic development, compared with Asia and the Pacific and with Africa. LAC also has the highest level of urbanization in the developing world. In light of structural differences, LAC countries used a broader judgment for assessing the MDGs, modifying indicators, and emphasizing the spirit of the Millennium Declaration more.

33. The discussion here is based on the Economic Commission for Latin America and the Caribbean's (ECLAC) 2010 report, which is the latest available in English.¹⁷ The data generally are relevant up to 2008.¹⁸ The fact that the preceding six years, i.e., between 2003 and 2008, also marked the most vigorous and the longest growth¹⁹ in the region's history, not only reduced headcount poverty, but also changed LAC's self-assessment about its capability to continue achieving better social welfare for its population.

34. The region is on track with respect to child mortality (MDG 4) and safe drinking water and basic sanitation (MDG 7). However, hunger, primary education, gender parity in national parliaments, and maternal mortality targets are not likely to be achieved in some countries. While Latin America will achieve the target of halving the proportion of people living in extreme poverty, the region as a whole will not due to slow progress in the Caribbean.

¹⁷ UN. 2010. *Achieving the Millennium Development Goals with Equality in Latin America and the Caribbean: Progress and Challenges*. Santiago: UN. The preparation of this document was coordinated by ECLAC.

¹⁸ In the wake of the global economic and financial crisis, the outlook since 2008 has become more uncertain, on account of higher fuel and food prices, and the synchronous slowing down of industrialized economies and its impact on trade and finances. Thus, the report recommends caution in interpreting these 2003–2008 figures. The countries on track to achieve MDG targets may not do so because of uncertain and slower growth during the post-2008 period.

¹⁹ Footnote 17. The incidence of poverty fell by 11 percentage points from 44% to 33% between 2003 and 2008 (Chapter 1, p. 5). The growing participation of women in the labor force was an important factor in reducing the dependence rate. Overseas remittances also increased during the period. Consequently, per capita social spending increased by more than 6% per annum.

35. While much of the progress in LAC was made during the growth period of 2003–2008, the ECLAC report notes that to make further progress the main challenge for LAC is to steadily reduce total poverty, whose main cause is great inequality in the distribution of wealth and income, an area in which the need for concrete achievements in terms of narrowing existing gaps is especially clear, with particular emphasis on the empowerment and participation of marginalized groups. In line with this view, during the growth period some governments have improved income distribution, raised per capita social public expenditures and applied macroeconomic policies to address these concerns.

36. On the whole, barriers to attaining the MDGs in LAC remain (i) the region's least-developed countries such as Bolivia, El Salvador, Haiti, and Nicaragua, which have not participated in the region's growth, showing the persistence of the structural problems associated with inequality that have characterized the development of LAC; and (ii) the pockets of poverty within marginal groups (e.g., women and indigenous peoples) that remain in large countries, such as Brazil and Mexico, which have grown significantly and made strides in meeting the MDGs despite persistent inequality.

D. Considerations for Asia

37. The review of other regions, particularly of LAC brings out some interesting comparisons with Asia and the Pacific. First, inequalities and distributional issues are driving the debate. This has been a long-term theme in LAC, and the understanding is that the region's structural factors are responsible for the lack of improvement in distributional issues. The ECLAC report observes that "the economic system needs to be subordinated to broad, comprehensive social objectives that allow dynamic economic growth and trade to be reconciled with environmental sustainability and satisfactory levels of welfare and social cohesion for the whole population." In contrast, the emphasis in Asia and the Pacific is still on getting over the hump of absolute poverty. Although relative poverty pervades the region, it has not been central to the development debate so far.

38. Second, the MDGs are viewed in an integral manner in LAC, compared with Asia and the Pacific, where most of them are part of state-supported vertical programs. There could be many factors behind this difference. Foremost among them is the fact that in many Asian and Pacific countries, MDG-related social services are being provided for the first time—moving from a situation of no services to some services. In the LAC countries, the focus is on utilization, the effectiveness and efficiency of resources for the MDGs, and explicitly recognizing the relationship among MDG targets (with inequality as a driving factor).

39. Finally, in LAC there is an attempt to situate MDGs in the broader Millennium Declaration and in a discourse on social issues. In comparison, Asia and the Pacific's development agenda on social issues is a work in progress. Similarly, the regional development bank in LAC, the Inter-American Development Bank, has been closely involved in addressing the MDG challenges related to poverty, health, nutrition, and education through its support for social programs such as conditional cash transfers.

CHAPTER 3

ADB's Corporate Strategies and the MDGs

40. This section provides an assessment of the degree of alignment between ADB's corporate strategies and the MDGs, starting with the Poverty Reduction Strategy I (PRS I) in 1999 up to Strategy 2020 in 2008. Although ADB adopted the MDGs only in 2002, the review begins with the PRS I because it was released during the time of the IDGs, and during the formulation stage of the MDGs. In determining the degree of alignment, the review considered whether the various strategies made specific reference to the IDGs/MDGs, whether the underlying direction of the strategies would lead to attainment of MDGs, and the degree to which the operational focus of the strategies was aligned with MDG-related sectors.

A. Poverty Reduction Strategy I

41. The issuance of ADB's PRS I in November 1999 (called the PRS I here, as it was later superseded by the Enhanced Poverty Reduction Strategy [PRS II]) marks a watershed in ADB's history. Whereas corporate strategy had always paid attention to poverty reduction in some form, the PRS I announced poverty reduction as ADB's overarching goal, to which other strategic objectives pursued hitherto—economic growth, human development, sound environmental management, and improving the status of women—would be subordinated. Of importance to this study was that the PRS I also indicated ADB's support for the IDGs or Strategy 21 Targets, which had been established in the 1990s through a series of world summits.

42. The PRS I adopted a multidimensional view of poverty encompassing economic, social, and environmental aspects, citing the experience of East Asia, in which growth reduced poverty by generating employment and income, but that growth would effectively reduce poverty only if accompanied by comprehensive development programs. Sustainable economic growth and social development were identified as the twin pillars of ADB's poverty reduction framework. Good governance, particularly for delivery of basic services, was identified as the third pillar. This expanded view of poverty set ADB on track for responding to the multidimensional development targets of the prevailing global development agenda.

43. Adopting poverty reduction as ADB's overarching goal had significant implications for the composition of ADB's operations. A minimum of 40% was set for targeted poverty interventions in its public sector lending, with sector priorities being agriculture and rural development, social sectors, infrastructure, and finance. All projects were to have poverty reduction as their main intended impact, and poverty reduction would have to be indicated as the intended impact in all project logical

frameworks.²⁰ Infrastructure projects were to favor the poor disproportionately by being situated in rural areas or serving poor households. The proportion of poor people served by poverty interventions was to be, in all cases, above 20%. The PRS I called for increasing support for human capital development to break intergenerational poverty, through education, health and population projects, social protection and urban development. Since most of Asia's poor lived in rural areas, the PRS I indicated that the shift toward urban development would be reversed through prioritized support for agriculture and rural development. Thus, the PRS I favored an approach directly targeting the poor wherever feasible, and thereby aligning in both letter and spirit with the forthcoming MDGs.

B. Long-Term Strategic Framework I

44. The PRS I laid the foundation for ADB's Long-Term Strategic Framework I, 2001–2015 (LTSF I), issued February 2001, soon after the MDG Declaration of September 2000 and preceding the finalization of the MDGs later that year. The LTSF I retained poverty reduction as ADB's overarching goal while responding to the requirements of the IDGs. Highlighting the lesson from the Asian crisis of 1997 that gains of rapid economic growth can be quickly eroded, the LTSF noted that "[t]he Asia Pacific region is thus central to the fight against global poverty, and more generally to the achievement by 2015 of the IDGs, which have been set by a broad consensus of the global community and to which ADB is firmly committed."²¹ Core strategic areas of intervention under the LTSF I, under the overarching goal of poverty reduction, remained sustainable economic growth, inclusive social development, and governance.

45. The strategic direction of the LTSF I was closely aligned with the content of the IDGs. The LTSF addressed income poverty through its sustainable growth pillar, under which both physical and social infrastructure, and rural and urban development were highlighted. Non-income poverty, particularly for women and girls, was highlighted under the inclusive social development pillar. Noting the region's persistently weak social indicators, the LTSF I stressed the importance of basic social services for the poor, adequate budgetary allocations for human development, reducing gender discrimination, and promoting human capital. Environmental sustainability, also part of the IDG agenda, was a crosscutting strategic theme of the LTSF I, meaning that it would feature across all ADB's operations. Observing that the effects of Asia's environmental degradation were disproportionately felt by the poor, the LTSF I underscored the link between environmental sustainability and poverty reduction.

46. The LTSF I highlighted the CSP as the main vehicle for promoting growth and development, thereby determining ADB's overall focus. Since ADB's DMCs varied considerably in their development needs, each CSP was to be based on a poverty assessment specific to the circumstances and requirements of its DMC. The CSP thus became the central document for operationalizing ADB's support for the IDGs: "[t]he CSP will address the ways in which ADB can contribute most effectively to achieving the

²⁰ ADB. 1999. *Fighting Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank*. Manila. "All ADB loans and technical assistance will be expected to contribute to the reduction of poverty. Accordingly, all proposals will contain a specific assessment of their poverty impact, and the logical framework that accompanies each proposal will commence with poverty reduction as its ultimate objective. Projects or programs may (i) be designed to accelerate pro-poor growth, or (ii) focus on poverty directly."

²¹ ADB. 2001. *Moving the Poverty Agenda Forward in Asia and the Pacific: The Long-Term Strategic Framework of the Asian Development Bank, 2001–2015*. Manila.

IDGs. IDG targets for each country will be reflected in partnership agreements signed with each DMC and in the respective CSPs".²²

47. This study concludes that the LTSF, like the PRS I, was highly aligned with the spirit of the targeted approach embodied in the IDGs and later the MDGs. Core strategic areas of the LTSF, sustainable economic growth and inclusive social development, and a major thematic area, environmental sustainability, aligned closely with the agenda of the IDGs. However, the degree to which the strategic areas of operation were mobilized in each DMC would depend on the poverty assessment in the CSP and the country's national poverty reduction strategy. ADB would need to be sufficiently flexible to respond to the diverse demands of its client countries, within the broad directions set out in the LTSF I.

C. Medium-Term Strategy I, 2001–2005

48. The LTSF was to be implemented over 15 years through three medium-term strategies, each covering a 5-year period. The Medium-Term Strategy I (MTS I), issued simultaneously with the LTSF I, operationalized ADB's long-term strategic agenda into medium-term priorities, which included rural and urban physical infrastructure for growth and environmental sustainability, social infrastructure, human development, agriculture and natural resources, financial infrastructure, private sector development, and governance (footnote 22).

49. The MTS I echoed the LTSF I in attaching great importance to the specific needs and conditions of the DMCs. Achieving the IDGs was again prioritized as a factor in determining ADB's support: "[t]he needs and priorities of each DMC for addressing poverty reduction and achieving the IDGs will help determine the choices that ADB makes in each country and for each subregion." The MTS I presented financing modalities and middle-income countries (MICs) as challenges to meeting the IDGs. MICs had made progress on poverty reduction and IDG attainment; however, economic instability threatened to reverse these gains. Priorities for ADB assistance included supporting poor regions, social protection, institutional and policy reforms, and private sector development.

50. This study concludes that the MTS I was relevant to the IDG agenda and, in fact, highlighted this agenda as one of the main challenges over its medium-term horizon. All three dimensions of the IDGs—income poverty, human development, and environmental sustainability—were covered under the MTS I's priority areas for ADB's engagement in the region. The MTS I typology showed that all three country groups—ADF-only, ADF-OCR blend, and OCR-only—required support for poverty reduction and achieving the IDGs. The remaining challenge for ADB was how to be responsive to those countries with limited or no access to concessional funds.

D. Review of the Poverty Reduction Strategy I

51. Four years after the PRS I was approved, ADB undertook a review of its implementation, a requirement of the PRS I itself.²³ The review concluded in June 2004 that adopting poverty reduction as ADB's overarching strategy in 1999 was appropriate, as Asia was home to the majority of the world's poor and because the

²² ADB. 2001. *Medium-Term Strategy, 2001–2005*. Manila.

²³ While not a corporate strategy, this review was critical in determining the shift from the previous corporate strategy to the next; hence it is included in this chapter.

region's economies had been badly hit by the Asian financial crisis of 1997. The review noted that Asia had undergone significant developments since 1999, foremost of which were its strong recovery from the crisis, and the announcement of the MDGs "as the benchmark for monitoring progress in global poverty reduction."

52. The review's assessment of poverty in Asia indicated that the region had performed well on reducing income poverty and was on track to meet the MDG income targets. It also noted, however, that Asia's significant reduction in poverty was due to the PRC and India, while the rest of developing Asia did not register a decline in the number of poor. Several countries would likely not meet MDG 1, whereas others would achieve it overall, but with significant pockets of poverty. The review also assessed poor progress toward the non-income MDGs, with significant problems in health, only moderate progress in education and gender, and a mixed picture on environment. Low-income countries in the region tended to underinvest in social sectors. Slow economic growth, weak service delivery, and poor targeting of the poor also contributed to poor performance on the non-income MDGs.

53. The review found that all three pillars of the PRS I were still relevant and closely aligned with requirements for meeting the MDGs. ADB's lending under two of these pillars—pro-poor sustainable economic growth and good governance—significantly increased during the implementation of the PRS I, but support for the social development pillar was stagnant. The pro-poor sustainable growth pillar consisted mainly of support for infrastructure projects, which, according to the review, may have reflected a strong preference among the DMCs for this type of support. The review also reported an increased share of support for transport, energy, and financial sector operations from 2000 to 2003, while the share of social infrastructure decreased from 28% to 16%. Despite the decline in social infrastructure support, the review indicated that the overall number of poverty intervention projects increased from 29% in 2001 to 41% in 2003, with ADF projects showing an even steeper incline. Thus, the review confirmed that ADB had met its PRS I target.

54. However, the sharp rise in the number of poverty interventions, beyond the target of 40%, was reported to have negative implications for ADB's operations. In the attempt to meet the target for poverty interventions, projects had often been designed with add-on poverty components, frequently without technical justification, thereby contributing to project complexity. The second issue reported was that the sector agencies in DMCs did not have the capacity to monitor poverty at the project level; hence the poverty initiatives became more difficult to implement. Lastly, the review indicated that the PRS I defined poverty interventions too narrowly, focusing only on household and individual poverty, which neglected non-income dimensions of poverty.

55. While the PRS I was a deliberate attempt to ensure a minimum threshold of support for poverty interventions, 4 years later, its review concluded that this had been problematic. As stated in an appendix of the review, "ADB sees its comparative advantage in financing relatively large investments and related policy reform, to contribute to pro-poor economic growth...especially those in the transport and energy sectors, where the success rate is consistently the highest." The review made the case for social development through infrastructure investments in water, roads, and energy.

E. Enhanced Poverty Reduction Strategy

56. Following from the recommendations of the review of the PRS I, ADB's Enhanced PRS, issued December 2004, retained the original three pillars of poverty

reduction as its framework: pro-poor, sustainable economic growth; inclusive social development; and good governance. Within this framework, the PRS II indicated that poverty reduction interventions could be "...short-term (such as those that sustain basic services to the poor); medium-term (such as targeted interventions); or long-term (such as those that build human resources, stimulate pro-poor growth, and encourage expansion of the private sector)."²⁴ ADB's main strengths, according to the PRS II, were financing larger scale investments for long-term poverty reduction, and conducting policy dialogue for indirect impact. The implication for human development MDGs, therefore, was indirect support through infrastructure and policy reform rather than direct support. Income- and environment-related MDGs still related to ADB's main strengths; hence continued support was implied for these.

57. The PRS II shifted to a stronger emphasis on poverty reduction at the country level by addressing it in individual country plans, particularly national poverty reduction strategies (NPRSs), which most DMCs had prepared since 2000. The focus at the country level would involve three key aspects: (i) a detailed country poverty analysis, which would include a review of MDG targets; (ii) collaboration and partnerships with NGOs and other donors, deemed essential for MDG attainment; and (iii) enhanced country programming, translating the NPRS into a program of loans and other support. The PRS II thus moved away from direct support for targeting the poor through individual interventions, and discontinued corporate targets for ADB's support for poverty reduction.

58. But the PRS II also created a space for MDG support within the individual country focus, provided that the NPRS was focused on MDG achievement. Given ADB's stated interest and comparative advantage in financing larger scale investments and related policy dialogue, it was not clear how much latitude country programming would have for responding to needs, which did not necessarily fit the mode of preferred financing for larger scale investment. The PRS II was still relevant to the MDG agenda, but with its greater emphasis on large-scale investment in specific sectors, it reduced the space for those MDGs that did not necessarily align with this description.

F. Medium-Term Strategy II, 2006–2008²⁵

59. The Medium-Term Strategy II (MTS II) indicated a mixed picture on the status of the MDGs, favorable on the income MDG but less so for non-income goals, particularly child nutrition, primary education enrollment, and infant and maternal mortality.²⁶ Achieving improved living standards for the poor, according to the MTS II, would not be achieved by reducing income poverty on its own, but rather by a balanced attack on both the income and non-income dimensions of poverty.

60. In an effort to build a critical mass of expertise in selected areas, the MTS II, for the first time in ADB's history, prioritized and deprioritized sectors for ADB's involvement. Group I consisted of ADB's core operational sectors: road transport, energy, urban infrastructure, rural infrastructure, education, and the financial sector. These sectors would directly support MDG 2 (education), MDG 3 (gender parity in education), MDG 7 (drinking water and sanitation, water resources, sustainable energy), and MDG 1 with financing for small and medium-sized enterprise (SME)

²⁴ ADB. 2004. *Enhancing the Fight Against Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank*. Manila.

²⁵ The shorter duration was in recognition of the need to review the LTSF in view of the changing environment.

²⁶ ADB. 2006. *Medium-Term Strategy II, 2006–2008*. Manila.

projects and poverty reduction. Group II consisted of sectors in which ADB wanted to retain expertise but on a limited basis, with a preference for support through partnerships.

61. Among MDG-related sectors, agriculture and natural resources (with direct impact on the hunger-related MDG 1 and environment MDG 7), and health (MDGs 4–6) were moved to this category. Category III consisted of those sectors from which ADB intended to exit. The MDGs that would lose support as a result were MDG 7 (fishery sector), MDG 8 (trade), and potentially MDG 1 (industry sector—of importance for employment). Also, while the MTS II indicated it would support maintenance of forest cover and biodiversity, these areas were not mentioned specifically in any of the three categories, though the intention may have been to address these under Category II (natural resources).

62. The MTS II was aligned with the MDGs, indicating that ADB's priorities needed to reflect international agreements reached at the United Nations Millennium+5 Summit. However, although the MTS II reported the region's less than favorable progress toward non-income goals, particularly child nutrition, primary education enrollment, and infant and maternal mortality, related sectors became second priority, namely agriculture, related to the hunger dimension of MDG 1; and health for MDGs 4, 5, and 6. Also, related sectors to MDG 7 targets for forest cover, fish stocks, and biodiversity shifted to a lower priority. Hence MTS II became less directly focused on several goals and targets of the MDG agenda.

G. Strategy 2020

63. Strategy 2020,²⁷ approved, in 2008 was informed by a review and independent evaluation of the LTSF I,²⁸ wide ranging consultations, and the input of a high-level panel.²⁹ It was strongly endorsed by the Board at the time. Poverty was identified as the central challenge for Asia—both the income and non-income dimensions. Particular mention was made of the 600 million people living on less than \$1 a day, and the 1.7 billion living on under \$2 a day, and that extensive malnutrition in the region was closely linked to income poverty. Also highlighted was the number of people, 1.9 billion, without access to basic sanitation. Environmental degradation, as a consequence of growth, was also emphasized as a major challenge for the region. Rising CO₂ emissions, depleting forests, water systems, wetlands, and marine ecosystems were cited as evidence of disproportionate suffering by the poor from the effects of environmental degradation. Of the nine major challenges facing Asia, MDGs 1–7 featured mainly under those related to poverty and environmental aspects of the strategy. Other challenges related to disparities, demographic changes, infrastructure, regional cooperation, financial systems, and technology.

64. Strategy 2020 was centered around three main development agendas: inclusive economic growth, environmentally sustainable growth, and regional integration. Strategy 2020 also named five drivers of change, through which it would increase its development impact in the region: (i) private sector development and private sector operations, (ii) good governance and capacity development, (iii) gender equity, (iv)

²⁷ ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asia Development Bank, 2008–2020*. Manila.

²⁸ IED. 2007. *Long-Term Strategic Framework: Lessons from Implementation, 2001–2006*. Manila: ADB.

²⁹ ADB. 2007. *Toward a New Asian Development Bank in a New Asia: Report of the Eminent Persons Group to The President of the Asian Development Bank*. Manila.

knowledge solutions, and (v) partnerships. There was a direct connection between MDG 3 (gender equity) and MDG 8 (global partnership for development) with the gender and partnership drivers. The gender equity driver emphasized that ADB would promote gender equity (directly—a return to the targeted approach) by delivering gender outcomes in its projects, in both social services and basic infrastructure. The partnership driver emphasized that, in order to achieve its agendas on development, ADB would have to expand its partnerships beyond official multilateral and bilateral institutions to include the private sector, NGOs, and foundations, which was in line with the premise of MDG 8.

65. Strategy 2020 defined five core areas of operations that would get a minimum of 80% of overall financing: (i) infrastructure, (ii) environment, (iii) regional cooperation and integration, (iv) financial sector development, and (v) education. The justification for focusing the number of areas was that ADB's resources were limited, so building up expertise in key areas of operation would lead to a more efficient, specialized, and effective development institution. ADB's Board and shareholders shared Management's view that ADB covered too many sectors in too many countries, and its expertise was in some sectors thinly spread, affecting its critical mass and effectiveness. Other areas of operation particularly mentioned were (i) health, (ii) agriculture, and (iii) disaster and emergency assistance. Core areas were chosen because they represented ADB's comparative advantage, a track record of achievement, and demand from DMCs.

66. As a consequence, MDGs for income, education, gender, and environment could be addressed under ADB's core areas. Both income and non-income poverty reduction were implied to be addressed by ADB's overall program of inclusive economic growth. They would be the indirect and direct outcomes of ADB work in both core areas (such as infrastructure) and noncore areas (such as health). Health outcomes were seen as benefiting also from water supply and sanitation efforts, clean water being especially linked to decreasing infant mortality. While the priority focus was on large sectors, as a positive list, the descriptions were flexible enough to accommodate subsectors for specific MDG targets; for example, the broad area of environment included reducing greenhouse gas emissions, arresting deforestation, and protection of biological diversity.

67. Under infrastructure, heavy emphasis was placed on water, sanitation, and waste management, all of which could contribute to public health improvement and bettering the lives of urban slum dwellers (MDG 7D). The financial sector, insofar as it creates an enabling environment for microfinance and SMEs, could support the MDG income, employment, and gender targets. Finally, under education, Strategy 2020 committed to continue ADB's assistance for basic and secondary education, which was in line with MDG 2 targets. The education focus also included the technical and vocational education and training (TVET) and tertiary education subsectors, which would also potentially contribute to MDG 3 (gender) if projects prioritized equality of access along gender lines.

68. The other areas of operation were comparable to the second-tier category of the MTS II. Both represented areas in which ADB would continue to work, but on a limited scale (within 20% of ADB's financing) and in partnership with other agencies. Although Strategy 2020 acknowledged the importance of health for multiple aspects of development, its justification for supporting the sector on a more limited basis was that it was adequately covered by many global health partnerships and that external financing and access to international products and services had expanded. ADB would continue to pursue health-related outcomes, but mainly through water supply and

sanitation projects, public expenditure management, and protecting against the spread of HIV in its transport and infrastructure projects. While these interventions would assist with aspects of health-related MDGs, including the provision of primary health care, they would not represent the most direct interventions to combat malnutrition; maternal mortality; and HIV/AIDS, malaria, and other major diseases. The exception was MDG 4 (under-5 mortality), which could be directly supported, among others, by improving drinking water and sanitation. However, protecting against the spread of HIV linked to its own interventions was more of a mitigation measure.

69. The justification for moving to limited support for the agriculture sector was that, during the economic transformation of Asia, the sector's contribution to economic growth was on the decline. Reduced priority mainly affected MDG 1 (hunger), and limited the potential for ADB's role in ensuring food security amid rising population growth in the region and escalating food prices. The food price crisis, which occurred at the time of issuance of Strategy 2020 in 2007–2008, prompted ADB to issue a Food Security Operation Plan.

70. Although Strategy 2020 maintained sufficient flexibility to allow and promote direct support for many MDG targets, its focus became less identifiable in the regional effort to achieve MDGs 1C (hunger); 4 (infant mortality), apart from water- and sanitation-related deaths; 5 (maternal mortality); and 6 (HIV/AIDS), which represent a sizeable share of the MDG agenda.

H. Summary

71. Before the MDGs were announced, ADB had already demonstrated its commitment to international goal setting through its clear support for the IDGs in its 1999 PRS I and the 2001 LTSF I. Support for the IDGs was maintained in the MTS I. The MDGs were later announced in 2001, and ADB expressed its commitment to the MDGs by officially adopting them in its operations in 2002. Two years later, the review of the PRS I was undertaken, which signified a shift in direct support for individual MDGs. In the absence of a minimum threshold of support for poverty interventions, and given ADB's stated preference for financing larger scale investments, it was not clear how much attention human development operations would be afforded at the country level. While the subsequent MTS II maintained its direct connection to some MDGs, it reduced it with respect to others, namely, agriculture, health, and biodiversity.

72. Strategy 2020 followed the direction of the MTS II in highlighting its support for certain MDGs, while supporting others indirectly. Also, while its results framework incorporates selected MDGs in its level 1 indicators, these track the progress of Asia as a whole toward the MDGs, rather than ADB's support for achieving the MDGs. This may reflect ADB's strategy to move toward the next phase of MDGs (as with its shift in emphasis toward higher levels of education), though there is a risk of leaving an important part of the MDG agenda unfinished. The decision to focus ADB's operations to gain efficiency in core areas meant that it could not remain fully aligned with the broad MDG agenda. Its mix of core operations indicated that ADB was pursuing a path toward inclusive economic growth, which would reduce the number of poor as a result, rather than direct targeting of the poor through a wider range of sector interventions.

CHAPTER 4

Alignment of ADB Operations with the MDGs

73. ADB endorsed the MDGs in 2002, though it does not publish information about how many of its operations support the MDGs. ADB's results framework includes several of the MDG indicators, the progress of which is annually reported at the aggregate Asia and the Pacific level, and some MDG-related outputs are tracked as part of Level 2 indicators. Individual ADB regional departments have tagged their operations since 2004 for support of the MDGs, but the study found many instances in which operations had not been classified in accordance with the guidelines; hence these data were deemed unreliable.

74. This study therefore reinvestigated what ADB had done, to what degree (i.e., were operations (i) fully or significantly supporting the MDGs directly, or (ii) only to a minor extent supporting the MDGs directly, or (iii) not supporting MDGs [or only more indirectly]), in which DMCs, and lastly how successfully. The methodology used in reclassifying all of ADB's public sector loan, grant, and Japan Fund for Poverty Reduction (JFPR)-funded operations since the MDGs were adopted in mid-2002 is explained in the Appendix. The study took a basic decision that was in the spirit of ADB's own project classification system³⁰ but that has been debated within ADB, which is that only those operations were classified as directly supporting MDG 1 that could be characterized as supporting the specific targets of MDG 1. This included productivity, income generation or employment of the extreme poor either as an identifiable target group or in a particularly area, notably covering most agriculture operations, SME or microfinance operations, and broad area development operations with a productive focus. ADB staff have indicated that they see economic growth-related operations with a more indirect effect on poverty reduction, such as power plant or highway construction and financial sector operations, as also supporting MDG 1. This view has its merits but would have also meant that all operations would have had to count towards MDG 1, with loss of some specificity in the level of directness of support provided.

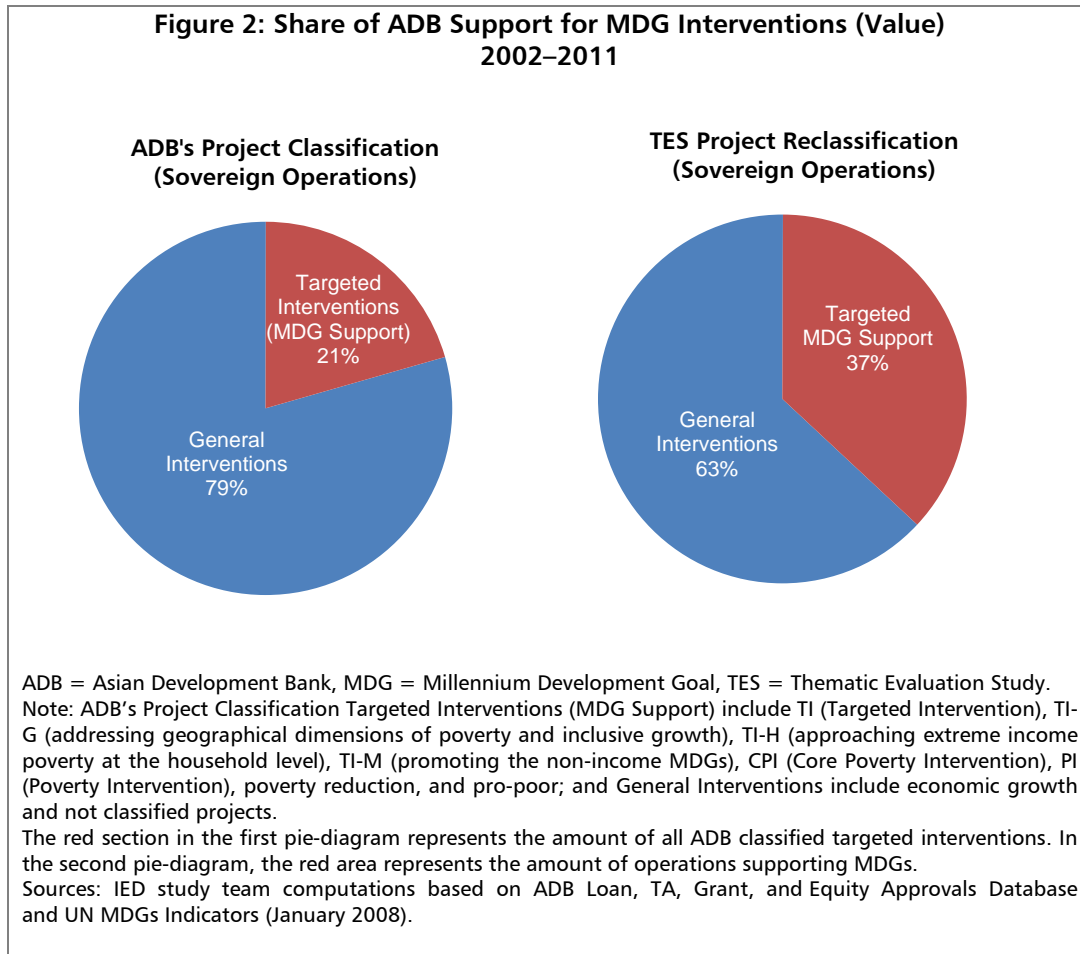
75. Base tables generated are in Supplementary Appendix 1. Most information presented here concerns sovereign operations. Section E provides information for nonsovereign operations in the private sector.

A. Sovereign MDG Support versus Other Support, and Trend

76. From mid-2002 to the end of 2011, ADB approved 878 sovereign (public sector) operations for a total of \$87.14 billion. Based on the methodology described in the Appendix, 37% of total sovereign financing or \$32.16 billion directly supported MDG attainment. This amount funded a total of 489 operations (56%) with significant

³⁰ ADB's classification has the following categories: TI (Targeted Intervention), TI-G (addressing geographical dimensions of poverty and inclusive growth), TI-H (approaching extreme income poverty at the household level), TI-M (promoting the non-income MDGs, i.e., MDGs 1B up to 7).

MDG support and 126 operations (14%) with minor MDG support. The two findings taken together mean that MDG operations were generally smaller in size than non-MDG operations. The 37% proportion is significantly higher than the approximately 21% of financing that can be calculated based on ADB’s own classification of MDG support, but significantly lower than the 63% for indirect support for MDGs, and the two percentages can be held to represent ADB’s preferred mix of targeted and nontargeted support (Figure 2).



77. Whether 37% of financing should be assessed as a major effort towards achievement of the MDGs depends in part on the interpretation of what the initiative understood as counting as support toward MDG 1—the headline income poverty reduction goal. MDG 1 focuses on extreme deprivation, and the study has therefore used ADB’s classification system as a guideline, tagging those projects that demonstrate a focus on the poorest, whether by targeting a location with higher poverty, or extreme poverty at the household level. However, operations that effectively address economic growth (for example through infrastructure provision) or governance (for example through public sector management) can also be viewed as addressing MDG 1, if more indirectly. And if that is the case, then a larger portion of ADB’s operations could be counted as supportive of MDG1. At the same time, the targeted and special effort that this study views as the core of the MDG initiative directs the assessment to the sufficiency of ADB’s support for the MDGs in terms of the level of

support for non-income and environmental sustainability MDGs, in addition to support for the poor to improve their income generation, employment, and nutrition.

78. The 63% of financing that was not classified as directly supporting MDGs was consumed by interventions mainly in the following sectors and subsectors:

- (i) Energy subsectors: electricity transmission and distribution (unless explicitly supporting poor areas), energy sector development
- (ii) Finance subsectors: finance sector development, banking systems, money and capital markets, insurance and contractual saving
- (iii) Multisector: projects responding to emergency/disaster, infrastructure development (but not area development projects with a clear poverty focus)
- (iv) Public sector management subsectors: economic and public affairs management, public expenditure and fiscal management, public administration
- (v) Transport: road transport (unless rural roads in area development projects focusing on poverty), air transport, urban transport

79. Clearly these sectors play a part in assisting the achievement of the MDGs. It is clear, for example, that rural health units require electricity to run equipment, lights, and fans. Roads surely make it easier for children to get to school, or people to get to hospitals. However, it may also be argued that if there are no qualified staff to run the rural health units in the first place, then neither electrification of nor improved transport to the health center addresses the most significant binding constraint to MDG achievement. Focusing predominantly on road and energy projects may be less crucial to lift the achievement of health, education, and gender development MDGs. The MDGs were designed from the perspective that a specially targeted effort was required beyond the usual attention of governments and aid agencies for these and other sectors. Given also the fact that operations, in the 1990s at least, addressed human development more frequently, this study assesses ADB's efforts in later years of the decade as broadly responsive but not as highly responsive as in the early years under the holistic MDG commitment. More justification for this assessment will be provided below.

80. ADB has approved higher amounts over the years for direct MDG support, due partly to the approval in 2009 of ADB's fifth General Capital Increase (Figure 3 blue line, and Supplementary Appendix 1 Table SA1.2). The trend in MDG support relative to overall ADB financing of operations is not consistently upward since 2002 but does indicate a higher proportion addressing MDGs directly in 2006 and 2011 (Figure 3, red line). The 2006 spike was the result of a few larger than average operations supporting MDG 1, including a large rural cooperative project in India, worth \$1 billion, and an agriculture multitranches financing facility supporting both MDGs 1 and 7 in Pakistan, worth \$500 million (Table 2). Since 2009, MDG support as a proportion of ADB's overall portfolio has increased, due in most part to a steady increase in support for MDG 7. MDG 7 is coming up due to ADB's recently stepped-up efforts in the areas of (i) clean energy and energy efficiency, which are classified as operations addressing environmental sustainability; (ii) water supply and sanitation and urban development, which are growth areas in ADB; and (iii) transport operations that meet the requirements of ADB's 2010 Sustainable Transport Initiative (e.g., more support for railways, metros, urban transport, inland waterways, and climate-proofing of roads).

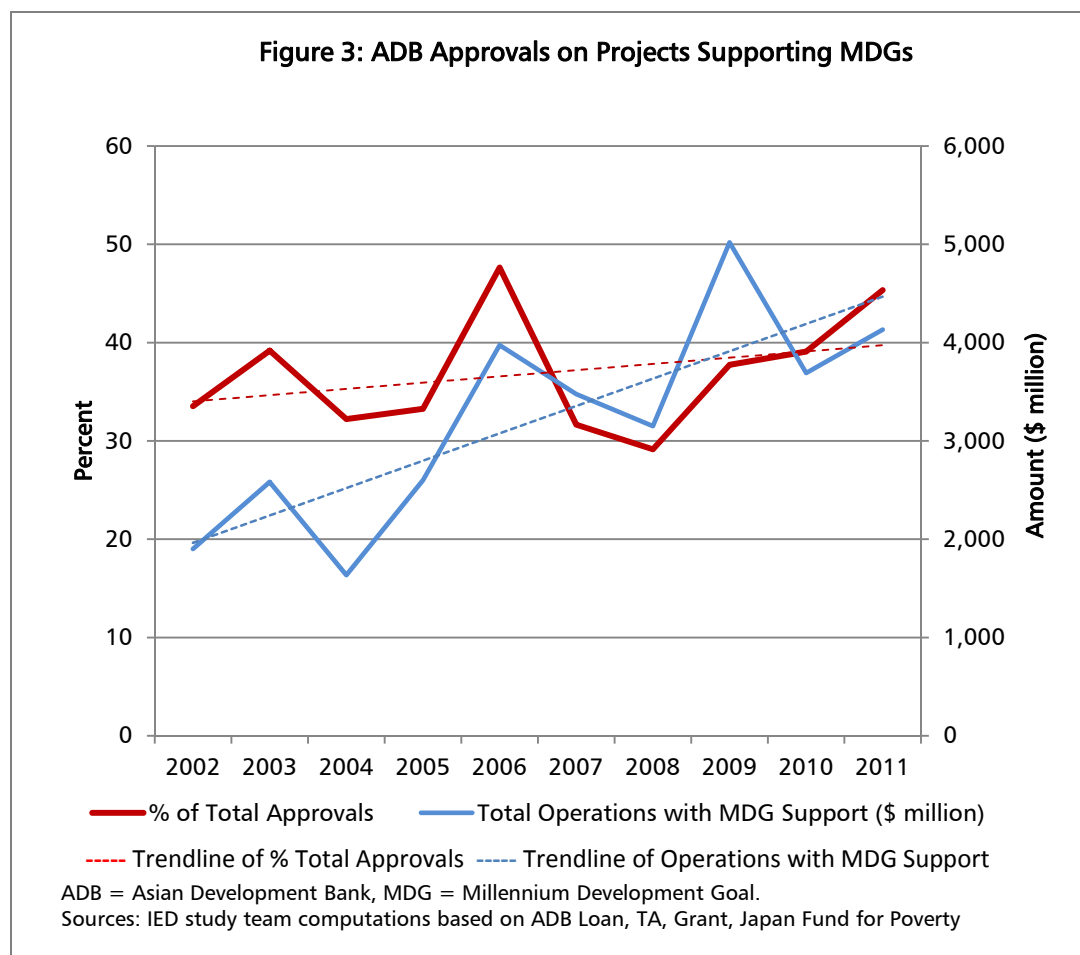


Table 2: Percentage of MDG Operations out of Total ADB Approvals, by Value per year

MDG Indicator	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total ^a
MDG 1	12.7	7.1	7.5	10.1	28.5	11.7	8.8	10.5	14.1	4.0	11.5
MDG 2	3.6	9.0	3.7	2.5	1.4	1.6	0.3	1.3	0.8	4.3	2.5
MDG 3	6.3	10.5	6.3	4.3	1.5	1.1	2.7	3.6	3.6	6.1	4.2
MDGs 4–5	0.6	2.9	6.8	3.8	0.1	1.2	1.7	1.1	3.1	0.7	1.9
MDG 6	0.1	0.1	0.2	0.7	0.8	0.9	0.1	0.0	0.6	0.0	0.4
MDG 7 All	11.0	16.5	10.2	14.7	21.6	18.0	18.3	23.6	21.5	33.3	19.9
MDG 7A	3.0	0.9	5.7	1.0	10.1	9.4	10.4	11.1	13.0	21.8	9.5
MDG 7B	0.8	0.0	0.0	0.3	0.0	0.4	1.0	0.3	1.3	0.4	0.5
MDG 7C	4.4	13.6	4.5	13.3	9.1	8.5	8.3	12.5	7.0	11.2	9.6
MDG 7D	0.1	2.3	0.0	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.2

ADB = Asian Development Bank, MDG = Millennium Development Goal, MDG 1 = extreme poverty and hunger; MDG 2 = education; MDG 3 = gender; MDGs 4 and 5 = maternal/infant mortality; MDG 6 = HIV/AIDS and other diseases; MDG 7 = environmental sustainability; MDG 7A = sustainable development; MDG 7B = reduce biodiversity loss; MDG 7C = water supply and sanitation; MDG 7D = slum improvement.

^aPercentage of total support (significant and minor) for the MDG out of total ADB approvals for the period 2002–2011.

Source: IED study team.

B. Sovereign MDG Support to Different Regions

81. The regional picture shows that South Asia, Southeast Asia, and Central and West Asia are all in the range of the ADB average in terms of significant directly targeted support for MDGs in various areas; however, East Asia is at the high end at 46%, while the Pacific, at 29%, is at the low end (Table 3). East Asia's ranking is due to a preponderance of large infrastructure related operations supporting MDG 7, mainly related to reducing CO₂ emissions in the energy sector. While the Pacific does get some MDG-related operations, the amounts are small compared with transport operations, which have made up the bulk of the Pacific Department's portfolio value since 2002. Recent climate-proofing of roads in the Pacific will lead to the classification of road projects as supporting environmental sustainability.

Table 3: Total Value of ADB Support for MDGs, by Region (2002–2011)

Region	Total Amount Approved (\$ million)	Total Value of Projects with MDG Support (\$ million)	% of Total Amount Approved
Central and West Asia	21,036	7,216	34
East Asia	14,268	6,541	46
Pacific	1,655	476	29
Regional operations	32	30	92
South Asia	26,886	9,504	35
Southeast Asia	23,265	8,395	36
Total	87,142	32,162	37

ADB = Asian Development Bank, MDG = Millennium Development Goal.

Note: Approvals cover ADB loans and grants (including Japan Fund for Poverty Reduction [JFPR]).

Sources: IED study team computations based on ADB Loan, Technical Assistance, Grant, JFPR and Equity Approvals Database and UN Millennium Development Goals Indicators (January 2008).

82. By regional departments, East Asia has had a pattern of MDG support that was most selective, with 87% of MDG operations addressing the environment, whether as global public goods (CO₂ emission reduction) or as local public goods (water supply and sanitation) (Table 4), and 13% of its MDG support was devoted to other MDGs, which mainly reflected the PRC's rapid progress. Mongolia's smaller portfolio, however, was more varied in its support for MDGs, with a substantial number of health interventions, education, agriculture, and some environmental sustainability support. Much of this support was in the shape of ADF grants before Mongolia graduated to a new country classification.

83. ADB's direct support to MDGs in Mekong countries is heavily focused on agriculture and human development (education and health). Also, much of the minor support for MDG 6 related to HIV/AIDS comes from Greater Mekong Subregion transport projects.

84. ADB's direct MDG support in Central Asian countries was directed mainly to MDG 1 (agriculture), MDG 2 (education), as well as MDG 7C—water supply and sanitation (WSS) (mainly Uzbekistan). Environmental projects do not feature prominently in these countries, with only two renewable energy projects. Support for MDGs in the Caucasus is directed mainly to WSS. Pakistan, though plagued by project implementation issues in the past, has directed a considerable amount of support for a range of MDGs, particularly MDG 1 (agriculture), education, health, and a substantial amount in multisector program lending for human development and WSS.

85. In South Asia, India, which is ineligible for ADF, has typically not used ADB's OCR funds to support education and health MDGs, as it prefers to fund these from its own revenue and to direct OCR toward other sectors. However, in 2013, ADB's Board will consider the approval of an OCR loan for an education and skills development project for India, which would be a breakthrough. Most of ADB's direct support for MDGs in India has gone toward MDG 1, through agriculture and SME/microfinance projects, and for MDG 7 in WSS, particularly urban and some slum development. India has received much indirect support in the energy and transport sectors from OCR. ADB's direct support for MDGs in Sri Lanka, which generally comes out more favorably on human development indicators than its subregion, was more toward MDG 7 (WSS), and its support for the education sector went to higher levels of education, assisting MDG 1 (full employment) and MDG 3 (gender parity in all levels of education).

86. ADB's direct support for MDGs to the small Pacific Island countries (minus PNG) was channeled mainly to MDG 7 (WSS) and also, to a smaller extent, to education and health.

Table 4: Focus of MDG Support in Each Subregion and Country Grouping, 2002–2011
(% of Total Amount Approved for MDGs)

Region/Grouping	MDG 1	MDG 2	MDG 3	MDGs 4 and 5	MDG 6	MDG 7
Region						
Central and West Asia	41.2	6.4	7.9	6.7	0.2	37.6
East Asia	8.9	0.9	1.9	0.8	0.2	87.3
Pacific	13.0	7.3	1.0	13.4	7.1	58.3
South Asia	28.9	9.5	18.3	0.9	0.8	41.6
Southeast Asia	32.5	5.6	9.4	10.7	1.4	40.3
Country Groupings						
ADF-only	35.0	11.4	16.6	4.1	0.2	32.7
ADF-OCR blend	28.7	8.7	13.6	5.9	0.9	42.2
OCR-only	26.3	0.8	4.1	2.9	0.2	65.6
Regional	2.5	0.0	0.7	26.2	36.5	34.1
Total	28.3	6.1	10.2	4.8	0.9	49.7

MDG = Millennium Development Goal.

Note: Due to their small size (\$30 million), regional operations in MDGs have not been included in the table. Approvals cover ADB loans and grants (including Japan Fund for Poverty Reduction [JFPR]).

Sources: IED study team computations based on ADB Loan, TA, Grant, JFPR and Equity Approvals Database.

C. Sovereign MDG Support by Country Classification Groups

87. Direct MDG support to ADF-OCR blend countries represents the largest share of ADB approvals by amount, followed by support to OCR countries and then ADF-only countries. Approximately 40% of financial support to blend countries and 34% of assistance to OCR-only countries supports MDG attainment in a direct way. Blend country assistance is much more varied in its support of MDGs, while support to OCR countries is mainly MDG 7 related (energy, urban/WSS, and some transport) with some support for MDG 1 (although not in the PRC). Only 40% of ADB's support to ADF-only countries is directed toward MDGs (see Supplementary Appendix 2 for trends in ADF), despite the comparatively low status of MDG attainment in these countries, and given that support for MDGs is a perennial theme in ADF replenishment meetings. On the

other hand, given higher poverty, the study finds it appropriate that a relatively larger share of direct MDG support went to MDG 1 (Table 4).

D. Sovereign MDG Support by Country

88. The main feature of the distribution of MDG support by country is its high variability. The highest percentages of ADB's MDG support goes to Nepal and Lao PDR, both ADF-only countries, at 75% and 66%, respectively (Table 5). ADB also directs much of the portfolios of some of the smaller Pacific Island DMCs to MDGs, though with very few operations a year; some show 100% MDG-related portfolios. ADB directs the portfolios of several blend countries, such as Bangladesh and Mongolia (approximately 50%), to address significant MDG attainment challenges. OCR countries are somewhat varied in the MDG support received, with India having 25% of its OCR portfolio directed toward MDGs, despite significant gaps in MDG attainment, while ADB directs 45% of the PRC's OCR portfolio to MDGs, mainly for MDGs 7A, 7B, and 7C.

89. Some ADF countries stand out for having very low MDG attainment, yet have very little of their ADB portfolios directed toward MDGs. Afghanistan and PNG are the most striking examples. These DMCs are the poorest MDG performers in their respective subregions, if not in all of Asia, only 14% and 18% of their portfolios, respectively, support MDG attainment. For both countries, very large donors or donor consortia complement ADB's infrastructure-focused program with social sector programs, and country programming often reflects earlier agreements made about donors in specific sectors. While Australian Aid is heavily involved in the social sectors in PNG, and the World Bank and others in Afghanistan, nevertheless, the state of human development in these DMCs indicates that a greater push is needed beyond the current mix of direct and indirect support. Where weak absorption capacity limits the uptake of assistance, coordinated technical assistance to address the constraints is required alongside operational support. The issue of the appropriateness of ADB support, given need or lagging MDGs, is explored further in the next chapter, which is about individual MDG progress.

Table 5: Total Value of ADB Projects with MDG Support by Country, 2002–2011 (from High to Low)

Country	Total Amount Approved (\$ million)	Total Value of Projects with MDG Support (\$ million)	% of Total
Fiji	113	95	84.4
Nepal	1,615	1,213	75.1
Lao PDR	716	470	65.7
Mongolia	526	302	57.4
Uzbekistan	2,264	1,243	54.9
Viet Nam	8,000	3,856	48.2
Bangladesh	7,138	3,258	45.6
People's Republic of China	13,742	6,240	45.4
Cambodia	949	428	45.1

Country	Total Amount Approved (\$ million)	Total Value of Projects with MDG Support (\$ million)	% of Total
Pacific—Other islands	320	142	44.4
Sri Lanka	2,823	1,193	42.3
Samoa	122	48	39.5
Kazakhstan	1,763	689	39.1
Georgia	894	335	37.5
Armenia	443	165	37.2
Pakistan	10,402	3,694	35.5
Azerbaijan	1,327	439	33.1
Tajikistan	599	95	32.6
Bhutan	287	92	31.9
Philippines	4,513	1,225	27.1
Indonesia	8,339	2,237	26.8
India	14,656	3,716	25.4
Regional	970	229	23.6
Kyrgyz Republic	464	107	23.2
Maldives	89	21	23.0
Papua New Guinea	986	175	17.8
Afghanistan	2,473	349	14.1
Solomon Islands	102	4	4.2
Thailand	382	2	0.6
Turkmenistan	125	0	0.0
Total	87,142	32,162	36.9

ADB = Asian Development Bank; Lao PDR = Lao People's Democratic Republic; MDG = Millennium Development Goal; Pacific—Other islands = Cook Islands, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Palau, Timor-Leste, Tonga, Tuvalu, and Vanuatu

Note: Approvals cover ADB loans and grants (including Japan Fund for Poverty Reduction [JFPR]).

Sources: IED study team computations based on ADB Loan, TA, Grant, JFPR and Equity Approvals Database and UN Millennium Development Goals Indicators (January 2008).

E. ADB's Support for MDGs through Nonsovereign Operations

90. The study conducted a more limited investigation into the support ADB provided for the MDGs through nonsovereign operations in the private sector (Supplementary Appendix 3). Again, from one perspective, all nonsovereign operations can be linked on one level as supporting the MDGs at least indirectly, as most such operations support the finance sector and infrastructure provision—both address binding constraints to economic growth. Over 2002–2011, ADB approved 147 nonsovereign operations in the private sector, and this study linked 43 directly to MDG achievement (29%), for a total value of \$5,355 million (44% of total approved value of \$12,082 million). Sixty-nine percent of the total amount approved was classified as supporting MDG 7; the remaining 31% supported MDG 1. Most of the MDG 7 support concerned renewable energy operations in East Asia and South Asia that addressed CO₂ emission issues. MDG 1 support was mainly for credit facilities for SMEs, thus supporting employment generation. Private sector operations have not so far directly supported non-income MDGs such as education or health.

91. Private sector operations have grown rapidly over the past decade, and constituted 12% of ADB's overall loan and grant operations. MDG support through nonsovereign operations increased ADB's support by 17%. Combining the two types, ADB support stood at \$37.5 billion (38%) of the total of \$99.2 billion approved over the decade from 2002 to 2011.

F. ADB's Support for MDGs through Technical Assistance

92. The study also conducted an analysis of ADB's support for MDGs provided through technical assistance (TA) (Supplementary Appendix 4). Over 2002–2011, ADB approved 1,947 TA operations, of which this study could link 588 directly to MDGs (30%), for a total value of \$683 million (37% of total value approved). Like nonsovereign operations, most of the TA operations supporting the MDGs went to MDG 7 (20% of the total TA amount approved). Other MDGs were supported to a more limited extent, and the proportions showed significant differences with those of loan and project grant operations. Thus, ADB can be viewed as compensating for its choices in loan and grant operations by promoting a somewhat different selection of the type of TA operations it undertakes.

93. MDG 1 support constituted 8% of the total TA amount approved, which is a third less than the support provided to MDG 1 through lending and project grant operations. MDG 2 TA support for education was more robust, double the support of lending and grant operations at 5%. Health-related MDGs 4, 5, and 6 received relatively more support at 6%, compared with MDG-related health operations funded by loans and project grants, which were around 2% of the total. Hence, education-related TA support (\$97 million) and health-related TA support (\$110 million) compensated to some extent for the relatively small support provided through lending and grant operations (\$2.2 billion for education and around \$2 billion for health). TA support for gender development (MDG 3) (\$86 million) was 3%, which was equivalent in proportion to gender operations funded through loans and project grants (\$3.6 billion).

94. A crosscutting area of interest to the MDGs is ADB's support for statistics capacity development in the region, crucial for baseline establishment, target setting, and monitoring of the MDGs. This has been taken up mainly by ADB's Economics and Research Department (ERD), which has been helping to strengthen DMCs' statistical capacity on various topics through TA operations. Between 2002 and 2011, ADB approved 18 TA activities for a total of almost \$15 million with elements of statistical capacity development in the DMCs.³¹ This includes two TA operations for Afghanistan amounting to nearly \$4.5 million. While ERD's TA activities, with the exception of one,³² were not directly aimed at improving statistics for MDGs, many will have contributed directly or indirectly to statistics development needed for the MDGs.

³¹ As per information supplied by ERD, this compares with nearly \$50 million for statistics capacity development by the African Development Bank over 2004–2011, and more than \$600 million approved by the World Bank under its various trust funds.

³² A regional technical assistance named Improving Administrative Data Sources for Monitoring of MDG indicators was completed in 2011. Among the TA's outputs is the *Administrative Data Sources for Compiling Millennium Development Goals and Related Indicators: A Reference Handbook on Using Data from Education, Health, and Vital Registration Systems Featuring Practices and Experiences from Selected Countries*.

95. Regional departments have been providing some TA for statistical needs based on government requests. Regional and Sustainable Development Department's three-phase regional TA aimed at supporting the tripartite ADB–United Nations Economic and Social Commission for Asia and the Pacific–UNDP partnership on MDG monitoring in the region, and its Phase III (ongoing) also has a small component to improve the reliability and availability of data for monitoring MDGs in DMCs.

96. The post-2015 development agenda may result in additional and newer data demands on the DMCs, and many will need further support to produce timely and quality data for monitoring progress. This study supports ERD in requesting the development of a long-term approach to sustainable statistical capacity in the DMCs. ADB does not have a dedicated statistics department, unlike other MDBs.

97. IED does not evaluate and rate a representative sample of completed TA activities. Operations departments rated 81% of their completed TA activities successful; 18%, less than successful; and less than 1%, unsuccessful. This was very similar to the overall success rate for TA operations over the period (80%).

G. Alignment of ADB Support with Regional Needs

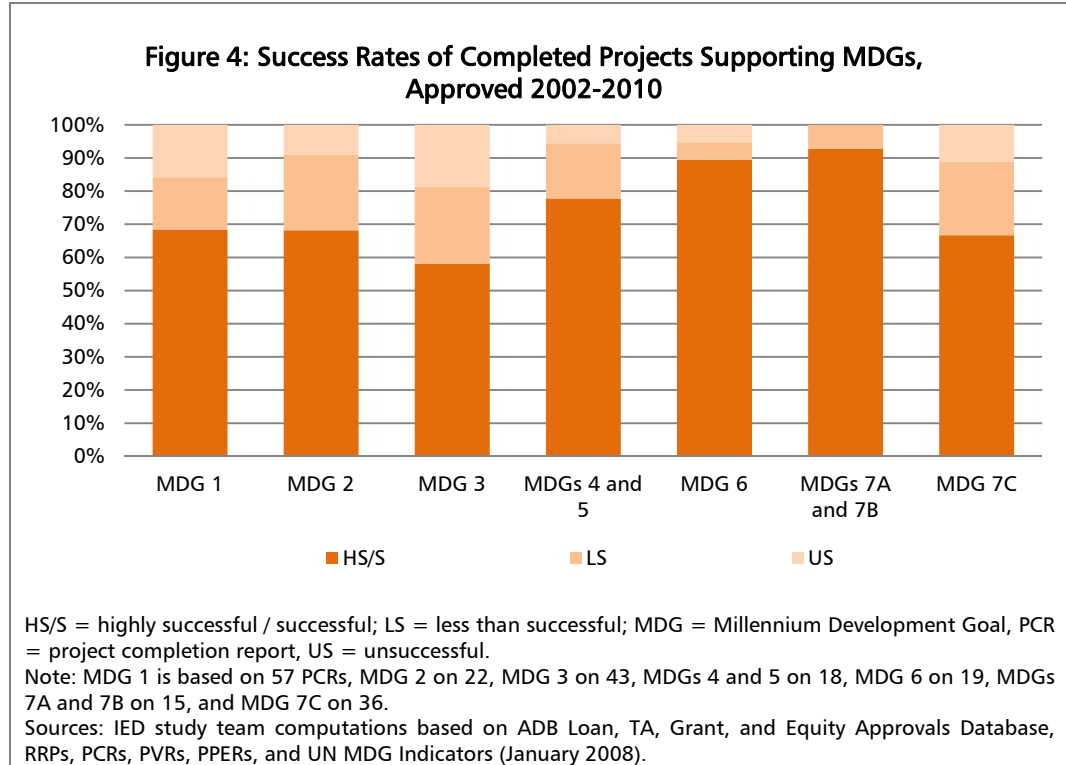
98. When comparing ADB's support with the subregional statistics on MDGs as described in Chapter 2, some misalignment is apparent, particularly with respect to human development targets and some environmental sustainability targets. It could be argued that other development partners have focused on such MDGs and thereby attempted to fill these gaps, and ADB could have taken a backseat in coordination with such partners. If other partners did indeed do more in the lagging areas, they have, however, not been successful yet.

99. Southeast Asia and South Asia have not performed well on reducing the number of underweight children. Although ADB did make allocations toward MDG 1 in these subregions, going forward more of this support should perhaps be directed specifically to the area of nutrition, often more associated with the health sector. Pacific countries are significantly lagging with respect to primary education completion, yet ADB's portfolio amount for MDG 2 was 2.1% of its overall portfolio for the Pacific. Primary enrollment in South Asia lags behind all other subregions. While the percentage of ADB's South Asia portfolio, by value, is higher than in other subregions, at 3.9%, it still may not be adequate for the significant need. ADB's recent expansion of OCR operations in India in the education sector is an encouraging development in this respect. Under-5 mortality, infant mortality, and maternal mortality are seriously lagging in Central and West Asia; however, the portfolio share for MDGs 4 and 5 is low at 2.6%. ADB did not participate in a health sector-wide approach in the Kyrgyz Republic, for instance, in spite of requests by other donors to join. Also, both HIV prevalence and tuberculosis incidence are lagging indicators in Central and West Asian countries, yet the share of ADB's portfolio for MDG 6 is only 0.1%. In general, although gains have been made in the subregion toward reducing infant and maternal mortality, progress remains slow; yet ADB's portfolio share for MDGs 4 and 5 is low.

H. Success of Completed Operations Supporting MDGs

100. Since the study looks at projects approved in mid-2002 and after, many operations are not yet completed and do not yet have completion reports—roughly 76%; 207 projects with such completion reports (a quarter with IED validation reports or project performance evaluation reports), or 24% of the total approvals during the

study period are used in this assessment of success rates (Supplementary Appendix 5 and Figure 4). Of these, 138 supported MDGs directly in either significant or minor ways; the success rate of those was 75%. Of the other 69 operations approved and completed over the same period 71% were rated successful. Both types of operations are more successful than ADB's historical success rate of 63% over 1968–2011, although part of the difference could be due to the more recent group having been less validated by IED on average.³³



101. Nineteen completed operations addressing MDG 6 (HIV/AIDS and other diseases) and 16 operations addressing MDG 7A (sustainable development including CO₂ emission reduction) and 7B (biodiversity conservation) have the highest success rates (86% and 94%), though for the former, all but one are for operations with minor support, which were infrastructure operations with small HIV/AIDS components. For MDGs 7A and B, the satisfactory or higher ratings are mainly from significant MDG operations (12 out of 16), which are those dedicated solely to achievement of MDGs 7A and B. MDG 3 (gender) operations (43) are least successful (58%), followed by 57 MDG 1 operations and 22 MDG 2 operations at 68%. MDGs 1B (unemployment) and 1C (hunger) in particular have low success rates at 59% (17 operations) and 60% (15 operations) and also account for the highest proportion of unsuccessful operations (around 25%). ADB continues to approve a large number of operations for MDG 7C (WSS), though its track record has been less than the average success rate since 2002 at 67% (for 36 completed operations). Overall, ADB operations supporting MDG 7 were 75% successful, equal to the overall MDG operations' success rate. The health MDG operations all achieved the highest levels of success over the period (84% for 37 MDG operations), though ADB has scaled back its support for the sector.

³³ Based on a 12–14% historical rate of downgrade of PCR ratings through evaluations and PCR validations, it may well be that the 75% success rate for MDG operations will become around 69% after further validations and evaluations take place.

102. Overall, the operations supporting MDGs had a somewhat higher success rate than other operations had over the same period, which is a comforting finding although less positive is that the rate of unsuccessful MDG operations is also higher (10%) than the rate for other operations (3%). Unsuccessful MDG operations were mostly due to complex design and incapability (or lack of capacity) of the executing agency to implement the project/program. Of the 16 unsuccessful operations in the MDG portfolio, 10 were from Pakistan. The Pakistan portfolio, in general, has performed poorly over much of the study period, and many projects were terminated before completion. If the Pakistan portfolio, which had an extensive restructuring over 2007–2010, were excluded, the unsuccessful MDG projects would have been lower than the ADB average.

I. Summary

103. ADB has provided more direct support for MDG attainment than is apparent from its own classification system. Given ADB's 2002 commitment to implement the MDGs in its operations, the estimated 38% direct support could be increased. ADB's indirect support also assists the MDGs, although this is very difficult to measure in terms of its dimensions (let alone effectiveness in connecting to MDG goals), especially as these development results are neither indicated nor tracked as outputs or outcomes. The nature of ADB's commitment to the MDGs should have been set out better at the outset, to give more operational guidance. ADB's direct support for reducing income poverty and for promoting some aspects of environmental sustainability has been more robust than for non-income poverty. However, MDG 1 support seems to be on the decline (agriculture and microfinance operations), non-income poverty support is somewhat stagnant, and some parts of MDG 7 support are rising significantly – especially parts that can be made compatible with large infrastructure projects in energy, urban development and WSS. Even in roads, support for MDG 7 can be built in, by climate proofing, but ADB has not yet advanced much in that direction.³⁴

104. Direct MDG 1 support tends to be delivered by agriculture and natural resources (ANR) projects, SME projects, area development projects, and program lending. Approvals by number also indicate that support for MDG 1 and MDG 7, individually, account for more than MDGs 2, 3, 4, 5, and 6 combined. ADB's approach, therefore, is one of selectivity about its support for MDGs. While large-scale support for MDG 7 is warranted because the most off-track indicator for the region is CO₂ emission reduction and access to sanitation is lagging, the region has performed well on the income goal, due to high rates of economic growth. However, given the region's status on the human development MDGs, ADB's level of support for these might be better aligned with the region's needs and ADB's commitment to helping achieve MDGs in the region.

³⁴ ADB released an operational plan related to its Sustainable Transport Initiative in 2010, which elaborates the plans in this field. ADB. 2010. *Sustainable Transport Initiative Operational Plan*. Manila. July.

CHAPTER 5

ADB's Support to Individual MDGs

105. While Asia and the Pacific has performed well on the income-related MDG target (namely MDG 1A), its performance against non-income (human development targets) MDGs 1C–6 has been less robust. Progress with MDG 7 has been strong in a few areas, but weak in most others. Table 6 shows overall progress that ADB reports by country in its annual flagship report, *Key Indicators for Asia and the Pacific 2012*. It highlights the varied performance of Asian countries and MDG indicators. When weighing the progress of individual countries by the size of their population and then aggregating it and comparing it with the regional targets, the targets of 14 MDG indicators can be projected to be achieved by 2015, and for another 10 the progress can be projected by 2015 as still falling short (Supplementary Appendix 6).

106. This chapter is concerned with the region's performance against individual MDGs and the support provided by ADB to these. The chapter does not intend to attribute country performances to ADB support, but assesses responsiveness and results of ADB's direct support to each MDG.

A. Income and Non-Income MDGs

107. ADB's support can be divided into assistance for income MDGs and for non-income MDGs. MDG 1A, reducing extreme poverty, is seen as the income poverty target, while MDGs 1B–6 can be classified as non-income poverty (or human development). MDG 7 can be split between non-income poverty targets (human development—basic infrastructure) and environmental sustainability targets. MDG targets 7C and D therefore relate to WSS and slum improvement as directed to non-income poverty (local public goods), and MDGs 7A and B to environmental sustainability of global public goods, such as CO₂ and biodiversity. The results by grouped MDGs are reflected in Table 7; trends in ADB support for individual MDGs are shown in Figure 5. Only direct support is shown, not indirect support. A summary of ADB's support to each of these areas is provided in five sections below.

Table 6: Millennium Development Goals Progress Tracking

Goal	1	2	3	4	5	6	7														
Developing Member Economies	\$1.25 per day poverty	Underweight children	Primary enrolment	Reaching last grade	Gender Primary	Gender Secondary	Gender Tertiary	Under-5 mortality	Infant Mortality	Maternal Mortality	Skilled birth attendance	Antenatal care (≥ 1 visit)	HIV prevalence	TB incidence	TB prevalence	Forest cover	Protected area	CO ₂ emissions	ODP substance consumption	Safe drinking water	Basic sanitation
Central and West Asia																					
Afghanistan	▶	▶	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Armenia	◻	◻	◻	◻	◻	◻	◻	▶	▶	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Azerbaijan	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Georgia	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Kazakhstan	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Kyrgyz Republic	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Pakistan	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Tajikistan	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Turkmenistan	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Uzbekistan	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
East Asia																					
China, People's Rep. of	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶
Hong Kong, China	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Korea, Rep. of	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Mongolia	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶
Taipei, China	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
South Asia																					
Bangladesh	◻	▶	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶
Bhutan	◻	◻	▶	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶
India	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Maldives	◻	▶	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶
Nepal	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Sri Lanka	◻	◻	▶	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Southeast Asia																					
Brunei Darussalam ^a	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Cambodia	▶	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Indonesia	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Lao PDR	▶	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Malaysia	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Myanmar	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Philippines	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Singapore	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Thailand	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Viet Nam	◻	▶	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
The Pacific																					
Cook Islands	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Fiji	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Kiribati	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Marshall Islands	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Micronesia, Fed. States of	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Nauru	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Palau	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Papua New Guinea	▶	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Samoa	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Solomon Islands	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Timor-Leste	▶	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Tonga	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Tuvalu	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶
Vanuatu	◻	▶	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	◻	▶	▶	▶	▶	▶	▶	▶	▶

● = Early Achiever ▶ = On track ◻ = Slow ◆ = No progress ◀ = Regressing

Lao PDR = Lao People's Democratic Republic.
^a Brunei Darussalam is a regional member of ADB, but it is not classified as a developing member.
 Source: ADB. 2012. *Key Indicators for Asia and the Pacific 2012*. Manila.

Table 7: Total Value of Direct ADB Support (Sovereign) for Each MDG

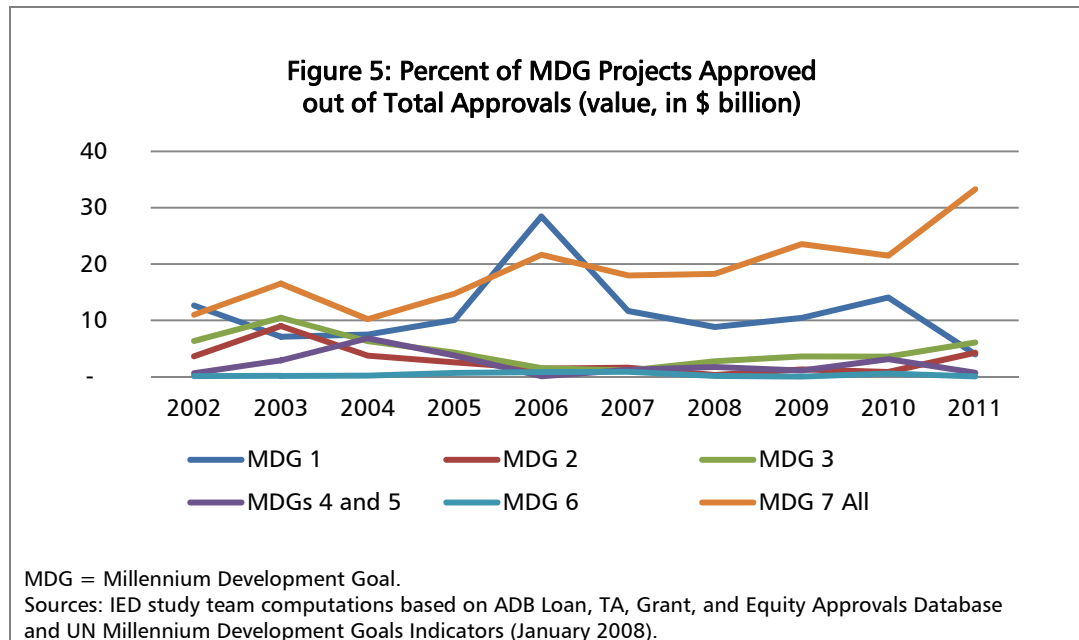
Millennium Development Goal	Total Value of Operations with Significant Support (\$ million) (A)	% of Total Amount Approved	Total Value of Operations with Minor Support (\$ million) (B)	% of Total Amount Approved	Total (A + B)	% of Total Amount Approved
INCOME POVERTY						
MDG 1A: Income Poverty	8,324	9.6	647	0.7	8,971	10.3
MDG 1B: Unemployment	1,449	1.7	1	0.0	1,450	1.7
NON-INCOME POVERTY						
Human Development						
MDG 1C: Hunger ^a	769	0.9			769	0.9
MDG 2: Education	1,697	1.9	453	0.5	2,150	2.5
MDG 3: Gender	2,643	3.0	975	1.1	3,618	4.2
MDGs 4 & 5: Maternal/infant mortality	1,214	1.4	484	0.6	1,698	1.9
MDG 6: HIV/AIDS and other diseases	240	0.3	69	0.1	309	0.4
ENVIRONMENTAL SUSTAINABILITY						
Global Public Goods						
MDG 7A: Sustainable Development	8,106	9.3	187	0.2	8,293	9.5
CO ₂ emission reduction	6,087	7.0	137	0.2	6,224	7.1
MDG 7B: Biodiversity conservation	422	0.5	1	0.0	423	0.5
MDG 7: Others	996	1.1	22	0.0	1,018	1.2
Local Public Goods						
MDG 7C: Water Supply and Sanitation	7,651	8.8	691	0.8	8,342	9.6
MDG 7D: Slums	137	0.2	56	0.1	193	0.2
TOTAL MDGs	30,793	35.3	1,368	1.6	32,162	36.9

CO₂ = carbon dioxide, MDG = Millennium Development Goal.

^a As measured by child malnutrition.

Note: CO₂ emission reduction is one of the indicators under Target 7A: Sustainable Development. MDG 7: Others include support for land degradation reversal, flood management, and climate adaptation. Approvals cover ADB loans and grants (including Japan Fund for Poverty Reduction [JFPR]) during the study period.

Sources: IED study team computations based on ADB Loan, TA, Grant, JFPR and Equity Approvals Database and UN Millennium Development Goals Indicators (January 2008).



B. MDG 1: Eradicate Extreme Poverty and Hunger

108. Asia and the Pacific has done well in registering rapid economic growth over the last two decades, especially since the introduction of the MDGs. The resultant income-earning opportunities have reduced the proportion of the population below the poverty line, and many countries are on track to achieve the MDG 1A target of halving the population living below the headcount poverty ratio of \$1.25 per day by 2015. Although the 2008 global economic and financial crisis has dampened growth rates in the region somewhat, the region-wide pace in the range of 5.5%–7.5% is capable of continued reduction in head-count poverty, if income distribution is kept in check. Lifting millions of poor out of poverty at such a rate is historically unprecedented and is itself an engine of continuing future growth, if sustainable policy regimes are pursued.

109. Yet, despite the region's remarkable growth performance during the last three decades, it is a matter of concern for ADB that Asia and the Pacific continues to account for two-thirds of the world's extreme poor, many of whom live in the South Asian subregion. There are growing concerns about jobless growth and the quality of employment in Asia and the Pacific. Also, rising unemployment among youth is a concern for the region.

110. While many countries in Asia and the Pacific have been able to reduce income poverty, their progress in addressing hunger, measured by the number of underweight children under-5 years of age, has been weak. ADB's portfolio does not indicate focused support for hunger eradication in Asia and the Pacific, although MDG 1C is lagging in a considerable number of DMCs. This is not only a technical issue related to agricultural production but is also contingent on income, gender, and other factors interacting with chronic poverty.

111. ADB has provided some TA-based support and knowledge products on the subject, but has not been actively engaged.³⁵ Country strategies, especially after the 1990s, have not focused on hunger eradication, although following the food price rises of 2007 and subsequent fluctuations in food prices worldwide (as a result of boom in commodities and fuel prices) ADB is positioning itself to support food security by strengthening its role in rural infrastructure, water management and agriculture.³⁶

112. Since increased income does not automatically lead to hunger eradication, additional and direct measures are required to achieve progress toward this target. However, ADB's support for reducing extreme poverty and hunger fell from 2010 to 2011, probably due to the dwindling attention for agriculture investments and microfinance operations, both of which have a focus on income and employment-generating opportunities for the poor.

113. ADB consistently supported productive MDG 1-related operations targeted directly at the poor or poor areas from 2002 to 2010. The distribution of approvals of MDG 1-related operations during 2002–2010 was stable and uniform across the years—around 25 sovereign operations every year.³⁷ India and Pakistan received the bulk of such MDG 1 support by amount, while several of ADB's Southeast Asia countries received the most support for MDG 1 projects by number, but for lesser amounts.

114. Confining the discussion here to targeted MDG 1 operations addressing the poor's income and employment situation directly, a majority was found in the ANR sector, and were distributed across Central and West Asia, Southeast Asia, and South Asia departments. Programs in the PRC and a number of Pacific island countries were less focused on investments to boost incomes or employment of the poor directly, with East Asia and the Pacific having the most limited share of such operations. There were generally few interventions directly targeted at employment policies, nutrition, or child development per se. Based on ADB's strong support for the income poverty aspect of MDG 1 (direct and indirect), its performance is assessed as *responsive*, although more attention could be directed to Targets 1B (achieve full and productive employment for all) and 1C (eradication of extreme hunger). On the former point concerning ADB's support for providing employment, it is encouraging that ADB's new results framework for 2013–2016 contains two indicators related to inclusive growth, which seek to monitor the percentage of operations that create or broaden access to jobs and opportunities.

115. Fifty-seven of all completed MDG 1 initiatives, in the sense of directly targeting the poor to increase their incomes and employment, were rated as follows: 68% *successful*, 16% *less than successful*, and 16% *unsuccessful*. This performance is assessed as *borderline satisfactory*.

C. MDG 2: Achieve Universal Primary Education

116. Significant progress has been made towards achievement of universal primary education in the region. ADB has played a role in this regard, but more so in the

³⁵ Nutrition appears to have been an example where, despite the existence of a clear target under MDG 1, little donor focus has been evident. Manning, Richard. 2010. "The Impact and Design of the MDGs: Some Reflections" *The MDGs and Beyond*. IDS Bulletin, 41 (1) January.

³⁶ ADB. 2009. *Operational Plan for Sustainable Food Security in Asia and the Pacific*. Manila. December.

³⁷ Eight nonsovereign operations approved over 2002–2011 added \$1,634 million for support of MDGs. All were dealing with credit for SMEs.

decades before the 2000s. During 2002–2010, ADB's assistance to MDG 2 steadily declined, in terms of both the number of projects and their value. This is despite Strategy 2020, which identifies education as a core sector for ADB operations. The completion rate in primary education is low, with pupils enrolling but failing to continue, which points to quality concerns, among others.

117. The decline in lending to the education sector also concentrated support in a few countries, albeit those with serious deficiencies. Other countries with serious deficiencies were not borrowing from ADB for education, e.g., India and PNG.

118. One reason for the decline in ADB support is that MDG 2 focuses on primary schooling, whereas ADB's support has moved toward higher levels of education, including TVET and tertiary education, such as in Mongolia. Nevertheless, the share of MDG 2 in overall MDG support has been low. It did, however, rise sharply from 2010 to 2011 due to incentives offered to the regional departments to process more education projects. An education operational plan approved in 2010 aims to expand ADB's investment in the sector on a sustainable basis, first to 4% in 2012, and to higher levels afterwards.³⁸

119. Analysis of the portfolio shows that a number of MDG 2-related projects were approved by ADB over 2002–2011, but that these accounted for proportionately lower support than in the period before the MDGs. Sixty-four of the 878 operations approved (7.3%) were related to MDG 2, whether in a significant or minor way. The percentage share of significant projects approved declined from more than 6% in 2002 to about 1% in 2010 before bouncing up to a little more than 2% in 2011. It was this weak performance that led to the establishment of the 2010 operational plan. The current repositioning of education is encouraging; however, during the study period, ADB's share of support for MDG 2 remained relatively low. Hence its support is assessed as less than responsive.

120. After the transport and energy sectors, the education sector received the third highest proportion of ADB cofinancing from 2007 to 2011 (29% or \$1 billion in 2011), which was mainly for the Bangladesh Third Education Primary Project.³⁹ This offsets to some extent ADB's limited realization of investment in the sector. ADB has consistently aligned its support to basic education in the DMCs with national Education for All (EFA) plans and MDGs. While this has applied to individual projects, success stories can also be found, particularly in sector-wide approaches, implemented in partnership with a range of multilateral and bilateral development partners (e.g., Bangladesh, Cambodia, Nepal, Samoa). ADB, through the EFA initiative, has engaged in aid coordination, and has tended not to support basic education where others are involved, particularly with grant money, which increased over the last decade.

121. ADB has coordinated at the country level with the global Fast Track Initiative (FTI), which has a special mandate to accelerate financing and joint resources to support EFA/MDGs in education. For example, this support helped Mongolia to prepare a master plan for basic education, which was also appraised and approved by FTI for its financing together with ADB financing. While FTI initially focused mainly on Africa, it is expanding more to Asia, and was 2 years ago rebranded as the Global Partnership for Education (GPE). It has grown to a partnership of a wide range of multilaterals, bilaterals, private sector organization and foundations, and international NGOs. Starting in 2012, ADB was invited to join the Board of GPE. While ADB may not put

³⁸ ADB. 2010. *Education by 2010: A Sector Operations Plan*. Manila.

³⁹ ADB. 2012. *Partnering for Development: Donor Report 2011*. Manila.

money into the GPE pool, GPE is looking more for a knowledge and strategic partnership with ADB, including with regard to the post-2015 scenarios in basic education in Asia and the Pacific.

122. ADB's Education Community of Practice held consultation workshops in 2012 with interested partners (consisting of some bilaterals, foundations, and private sector organizations) on a possible Regional Partnership for Innovation in Education in Asia-Pacific. Some cofinancing sources are available to help start and expand this partnership through an initial phase of 2 years. The partnership is designed as a knowledge partnership first and foremost.

123. The performance of MDG 2 projects has been average. Of the 64 MDG 2-related operations discussed in this section, around one-third (22) have been completed and evaluated by operations staff in PCRs. Of these, 10 supported MDG 2 significantly, while 12 supported MDG 2 with minor components. One of them was assessed to be highly successful, while another nine were assessed as successful. Five were assessed as less than successful, and two as unsuccessful. The level of performance of these MDG education projects (68%) is above the historical success rate of ADB projects (63% in the satisfactory range for 1973–2011), but is lower than the historical sector-wide performance of the education sector (71% for 1973–2011).⁴⁰ In terms of results ADB support for MDG 2 is assessed as *borderline satisfactory*.

D. MDG 3: Promote Gender Equality and Empower Women

124. Overall progress on gender equality is measured by three indicators. The first, access to better wage employment in the non-agriculture sector, captures women's entry into wage employment in the organized sector as a proxy for increased empowerment in the economic sphere. Second, women's enhanced representation in national parliaments, serves as a proxy indicator for elected women and representation of women's issues. Female involvement in education at all levels is the target for ensuring enhanced gender equality and empowerment.

125. ADB support for MDG 3 (gender) receives the highest share (4.2% of total value approved) among the human development MDGs (Table 7), falling off in 2006–2007 but on the rise since then. Gender is one of two MDGs that feature prominently in the minor support category, because ADB's policy on gender has introduced effective gender mainstreaming (EGM) as one of the categories for indicating to what degree gender has been incorporated in a project. The EGM category often results in small additional components added to infrastructure projects, for example. While it is difficult to attach a value to these minor components, they do represent a significant part of the MDG 3 portfolio, next to projects with a gender theme, which are automatically counted as providing significant support. Operations with direct and substantial support for increasing women's wage employment, and for greater representation in national parliaments, have been few.

126. MDG 3 emphasizes the importance of education as the major instrument for bringing parity and empowering women in the region. This emphasis is in line with Strategy 2020, which highlights the role of education as a core operational area, and gender and development as a cross-cutting driver of change, to be pursued across ADB operations. Despite the clear mandate under Strategy 2020, however, ADB operations in the education sector have not grown over time, and as a result, ADB support for

⁴⁰ ADB. 2012. *Annual Report 2011*. Manila.

female education was similarly low. On the other hand, the proportion of operations supporting gender mainstreaming went up from 35% in 2004–2006 to 41% in 2011 due, among other things, to an incentive scheme for operations departments. In view of the foregoing, ADB's response to the need for gender equality and women's empowerment in Asia and the Pacific is assessed as *borderline responsive*.

127. A recent document issued by the Evaluation Cooperation Group notes that the ADB evaluation [of the crisis] fails to assess "the gender dimensions of social and poverty impact."⁴¹ ADB's own capacity in relation to gender and development has several limitations. Some of these were identified in IED's special evaluation study on gender in 2009.⁴² Likewise, Part II of that study identified the limited gender development-related capacity of many agencies with which ADB collaborates as a constraint.⁴³

128. In terms of the results of ADB operations, it is assessed that so far ADB has had limited achievements in the face of the enormity and pervasiveness of gender inequities. Of the 43 operations rated, 25 (58%) were rated successful, and 8 were rated *unsuccessful* (19%). In view of the foregoing, ADB's MDG 3 (gender equality) results are assessed as *less than satisfactory*.

E. MDGs 4, 5, and 6: Child Mortality; Maternal Health; HIV/AIDS, Malaria, and Other Diseases

129. The close link between health and poverty is well known. Illness and death, through catastrophic medical expenses and/or their effect on earning capacity, can push a family to poverty. Ill health and poverty form a vicious cycle in which many in the developing world are trapped. Furthermore, poor health, illness, and disease negatively affect economic development. For these reasons the international community placed health firmly in the middle of the MDGs.⁴⁴ Goals 4, 5, and 6 all pertain to health.⁴⁵

130. Yet, at less than 3 years left before the target date, in Asia and the Pacific where many of the world's poor reside, MDGs 4 and 5 are clearly lagging.⁴⁶ MDGs 4 and 5 in some countries are regressing from the target of halting the spread of HIV/AIDS (MDG 6).

131. ADB's relevance to the international health MDG agenda was less pronounced after the introduction of Strategy 2020. As part of a strategic decision to focus its operational support around fewer core sectors, ADB limited its support for the health

⁴¹ Evaluation Cooperation Group. 2012. *Synthesis Report on Multilateral Agency Evaluations and Gender Equality*. First Draft. March. para. 69.

⁴² IED. 2009. *Special Evaluation Study on The Asian Development Bank's Support to Gender and Development—Phase I: Relevance, Responsiveness, and Results to Date*. Manila: ADB.

⁴³ IED. 2010. *Special Evaluation Study on Asian Development Bank Support for Gender and Development—Phase II: Results from Country Case Studies*. Manila: ADB.

⁴⁴ A. Wagstaff and M. Claeson. 2004. *The Millennium Development Goals for Health: Rising to the Challenges*. Washington, DC: World Bank.

⁴⁵ The Lancet estimated that six countries account for 50% of global under-5 mortality, including PRC, India, and Pakistan. Similarly, global maternal mortality is concentrated in 11 countries including Afghanistan, Bangladesh, India, Indonesia, and Pakistan. Hogan, M.C., et al. 2010. Maternal Mortality for 181 countries, 1980–2008: A systematic analysis of progress towards MDGs, *The Lancet*, 375 (9726), 8–14 May. See also Sumner, A. 2010. Global Poverty and the New Bottom Billion: What if Three-quarters of the World's Poor Live in Middle-income Countries? Brighton (UK) IDS Working Paper No. 349.

⁴⁶ "The yearly decline of the global maternal mortality rate since 1990 was 1.3%..." in the Lancet (footnote 45).

sector to public sector management and access to improved water supply. While both of these are important reforms for the health sector, discussions with social sector staff indicate that ADB's response to the full MDG health agenda has been limited by reluctance within country programming to include health projects.

132. When the MDGs were adopted by the international community in 2001, operations in ADB's health sector were guided by the 1999 Policy for the Health Sector (hereafter, the Policy).⁴⁷ The emphasis of the Policy was provision of primary health care services with a focus on the poor, women, children, and indigenous peoples. In 2008, a few months after the inception of Strategy 2020, ADB issued a health operational plan.⁴⁸ The plan assumed that the 20% of financing allowed to areas such as agriculture, health, and disaster management would allow it to continue a program in many countries if need dictated such, but the reality is that there has been a crowding out effect apparent in these areas, from the strong direction given to focus on five core operational areas.

133. Support for MDG 4 (child mortality) and MDG 5 (maternal mortality) has always comprised a relatively small portion of ADB's support, and a similarly small portion of ADB's MDG support. In 5 out of 10 years, support for MDGs 4 and 5 accounted for less than 1% of ADB's total lending. In terms of the number of projects, MDGs 4 and 5 fare better, accounting for more than 5% of total projects approved, although many have minor MDG components. Certainly in terms of amount, support for MDGs 4 and 5 is a lower priority in ADB's overall portfolio. MDG 6 operations (HIV/AIDS), like gender operations, also figure prominently in the minor support category, because additional HIV components are often added to transport projects to ameliorate the potential spread of HIV/AIDS due to transport interventions. The number of MDG 6 projects is much higher, therefore, than the percentage of total amount because the additional components are usually of small financial value.

134. Findings from the portfolio review, and the questionnaire survey of resident missions undertaken for this study (Supplementary Appendix 6) suggest that ADB has been less responsive to DMC needs for health MDGs. In the 2009 Perceptions Survey, health came out very low on the list in relation to how clients viewed ADB's prioritization of operational areas and ADB's performance in these areas.⁴⁹ ADB could use its lending in other sectors to leverage more demand for health, but the responses from the resident mission survey (Supplementary Appendix 7) indicate that this has not been the case. Deemphasizing health in both policy discussions and project portfolios may send the wrong signal to DMCs and ADB country teams that health is less important for development, and in particular for economic growth, which may reinforce chronic underfinancing of the health sector. Overall, ADB's portfolio for MDGs 4, 5, and 6 is very small at 2% (4–5) and 0.4% (6) of total ADB approvals, respectively. ADB's responsiveness is in line with the lower priority given in its strategies to health operations since 2006.

135. In an effort to make efficient use of funds and cover a wider scope, and given ADB's comparative advantage in public financial management, the usual approach in improving health systems and outcomes is through policy-based lending rather than

⁴⁷ ADB. 1999. *Policy for the Health Sector*. Manila.

⁴⁸ ADB. 2008. *An Operational Plan for Improving Health Access and Outcomes Under Strategy 2020*. Manila. October.

⁴⁹ ADB. 2010. *2009 ADB Perceptions Survey: Multinational Survey of Stakeholders*. Manila. May.

investment projects.⁵⁰ Such projects, however, consist of several components and activities and are not always targeted specifically to MDG health outcomes. Hence, unless these projects are designed with the MDG targets as performance indicators (especially for MDGs 4 and 5), it may be difficult to establish whether project results do translate into a reduction in child and maternal mortality and in HIV/AIDS prevalence.

136. ADB's response is also weak at the regional level. The *2011 Development Effectiveness Review* recognized the "urgency of accelerating efforts to achieve MDG human development targets by 2015."⁵¹ The report also noted that, "although child mortality fell from 57 deaths per 1,000 live births in 2005 to 49 per 1,000 in 2010, the target of 29 per 1,000 in 2015 is out of reach." This is reinforced by *Key Indicators for Asia and the Pacific 2012*, which reports that by 2010 only 4 of 43 economies had reduced their child mortality rates to one-third of their 1990 values, and 28 economies are not expected to meet the MDG target by 2015. The situation is the same in terms of the maternal mortality ratio. *Key Indicators for Asia and the Pacific 2012* reports that, among 33 developing economies with available data, 24 are not expected to achieve MDG 5 until after 2015. Though ADB has supported the health MDGs in individual DMCs, overall, the small share of ADB's portfolio devoted to the health MDGs is not commensurate with the needs of the region, indicated by the slow progress across health indicators throughout Asia and the Pacific. It is also unfortunate, given the relatively high unmet government demand from donors, particularly for MDG 6-related operations. As reported in the resident mission survey, 12 of 29 countries, many of which are large borrowers, indicated unmet demand for MDG 6 (Supplementary Appendix 7, question 10). For MDGs 4 and 5 operations, resident missions reported demand unmet by donors for 11 countries. ADB's performance is assessed as *less than responsive*.

137. Strategy 2020's reliance on ADB's continued engagement in the health sector, through stepped-up cofinancing and partnerships with other development agencies, has led to modest results so far, hampered in part by insufficient specialist staff in ADB and lending portfolios in only a few countries. From 2007 to 2011, the percentage of cofinancing for health was small, at 1% of total cofinancing approved, while there have been some active partnerships with other development agencies. ADB has maintained informal regional and more formal country-level partnerships with traditional health development partners (e.g., World Health Organization, World Bank Health Nutrition and Population, and bilateral agencies). However, these relationships are shrinking as the levels of ADB staff and funding in the health sector are reduced. The space previously occupied by ADB as a financial institution and development bank in the health sector has been ceded in some cases to other partners, e.g., the World Bank, or value has simply been lost to the sector by ADB not participating more robustly in financing, innovation, and broad policy dialogue in the health sector.

138. In HIV/AIDS, successful regional partnerships have been developed with UNAIDS, the United Nations Children's Fund, and the GMS, with ADB providing financial support for joint activities through the Cooperation Fund for HIV and AIDS (Swedish International Development Cooperation Agency financing). ADB brings added value to the partnerships in its strong regional and transboundary emphases and

⁵⁰ Beyond more financing and a better functioning health system, which are needed in any case to address children's and women's morbidity and mortality, a Lancet study draws attention to the role played by the burden of noncommunicable diseases and HIV/AIDS as an important factor in determining slow health outcomes. D. Stuckler et al. 2010. Drivers of Inequality in Millennium Development Goal Progress: A statistical analysis. *PLOS Med* 7(3): Journal of P-med 100241, March.

⁵¹ ADB. 2012. *Development Effectiveness Review 2011 Report*. Manila.

attention to financial and economic considerations. However, these partnerships—and attention to regional issues—are at risk with the projected completion of the Cooperation Fund in 2015. ADB also participates in knowledge partnerships, such as aidsdatahub.org, together with specialized UN health agencies and WHO

139. In maternal and child health, ADB has been part of the Maternal, Newborn and Child Health (MNCH) Network and has worked with governments to strengthen health systems with traditional bilateral and multilateral partners at the country and subregional levels (e.g., AusAID cofinancing in Rural Primary Health Care in PNG, United Kingdom Department for International Development [DfID] cofinancing for Urban Health Services in Bangladesh, Central Asia Regional Economic Cooperation and GMS partnerships for combating infectious diseases). However, many of the health MDG-related organizations were single disease oriented (e.g., President's Emergency Plan for AIDS Relief, Global Fund, President's Malaria Initiative), rather than oriented to the strengthening of health systems. Philanthropic partners tend to preset their agendas, and have generally worked only on a few diseases. Opportunities for partnering on broader health reforms are more limited, though much needed, even in the MICs.

140. From January 2009 through to December 2011, ADB approved projects with official cofinancing in health and social protection amounting to \$174 million (ADB financing), leveraging total cofinancing of \$153 million (non-ADB financing). Official cofinancing in the health sector remains a very small percentage of overall cofinancing. The future of cofinancing for health is uncertain, given that many aid agencies are pulling out of the Asian region, particularly from the MICs, and channeling these funds to Africa.

141. In terms of results on the ground, the 18 completed operations supporting MDGs 4 and 5, and another 19 supporting MDG 6, had high success rates: 78% and 89%, respectively, or a combined success rate of 84%. ADB's performance is assessed as *highly satisfactory*.

F. MDG 7: Ensure Environmental Sustainability

142. There is a growing recognition that rapid economic growth in Asia and the Pacific has been at the cost of environmental degradation. The consequences are observed in various forms, including poor air quality, land degradation, threats to biodiversity and marine and mountain ecosystems, depletion of natural resources, and pollution of land and waterways. It is also felt that the countries in the region cannot attain sustainable development unless environmental concerns are urgently addressed. Ensuring environmental sustainability (MDG 7), pursued since 2001, is at the heart of ADB's sustainable development agenda. As a crosscutting theme it requires attention in operations in various sectors and by different kinds of actors. In ADB operations, it cuts across at least five sectors.

143. Progress toward MDG 7 varies across ADB's regions, though performance on specific indicators is slow in a majority of DMCs. In Asia and the Pacific, half of the eight indicators regularly monitored are not likely to meet their cutoff value, including reduction in CO₂ emissions, population accessing improved water sources in urban areas, and sanitation in both rural and urban areas. The reduction in CO₂ emissions is actually regressing, and progress in increasing access to WSS (both rural and urban) has been slow.

144. An IED evaluation in 2007⁵² noted that, while the LTSF I addressed several environmental challenges, ADB did not adequately focus on ensuring environmental sustainability. There was judged to be insufficient operational emphasis on internalizing environmental considerations at the primary decision level, especially in infrastructure investments. In some earlier projects, environmental concerns had been secondary. The evaluation also found that, while sustainable growth reflected then-current thinking, it was not operationalized in the LTSF I. It pointed out challenging issues in water resources, land degradation, and air pollution. It emphasized that environmental sustainability needs to assume strategic importance in ADB's development agenda through CPSs and regional cooperation initiatives. ADB advocated both stopping and reversing the enormous costly degradation of and damage to the environment, but did not provide clear operational guidance on wider environmental issues, beyond project-level compliance.

145. ADB's support for MDG 7C-related operations in addressing access to improved drinking water and sanitation is the most visible under MDG 7. The past focus has been largely on the provision of water supply, and only more recently has sanitation emerged as a viable operation, particularly in OCR and blend countries. MDG 7C operations (WSS) represented approximately 54% of the MDG 7-related operations (48% in terms of approval amount). In October 2011, ADB issued a Water Operational Plan to respond to the challenges, also given the relatively low success rates registered for then recently completed water operations.⁵³ Among other things, the plan includes a study on the future of water in Asia; a series of improved country water assessments; and significantly expanded investments in wastewater management and reuse, allied with the cleanup of polluted surface water and groundwater.

146. ADB's support for MDG 7A-related operations was driven by the approvals for renewable and clean energy, sustainable transport initiatives, and water resources development and management. Of those operations associated with MDG 7C, 18 had some element of slum development (MDG 7D target), mostly in terms of preferential provision of WSS (including toilet) facilities. The rapid pace of urbanization as a result of rural to urban migration has exerted additional pressure on urban infrastructure and increased the number of slum dwellers. While the global target was unrealistically low (100 million people) and has been achieved, the need for the provision of housing, energy, and other needs for slum dwellers remains a major challenge.

147. The largest financial portion of MDG 7 support goes to 7A, in particular, projects that aim to reduce CO₂ emissions. Investments in energy and transport reflected due consideration given to CO₂ emission reduction in particular. ADB has taken up the MDG 7-related challenge to improve the environmental sustainability of operations in its largest sectors, energy and transport, by approving a new energy policy in 2009 and the already mentioned Sustainable Transport Initiative Operations Plan in 2010 (footnote 34). These can be seen as important attempts to integrate MDG concerns and wider environmental sustainability concerns into ADB's strategies and operations. The financing for CO₂-related operations as a proportion of ADB's total financing, in particular, has grown dramatically from 3% in 2002, to approximately 22% in 2011.

148. Support for MDG 7 accounts for a sizeable 20% of ADB's portfolio, and ADB defines its environmental sustainability agenda as wider than that of MDG 7. But

⁵² IED. 2007. Long-Term Strategic Framework: Lessons from Implementation (2001–2006). *Working Paper 7: Long-Term Strategic Framework's Focus on Environmental Sustainability*. Manila (draft).

⁵³ ADB. 2011. *Water Operational Plan 2011-2020*. Manila.

specific support for MDG 7B, biodiversity loss, is comparatively low at an average of 0.5% since 2002. ADB has not supported any operation aimed at reducing ozone-depleting substances, as the target has been achieved by all countries as a result of their commitment to the Montreal Protocol. ADB provided limited support for fish stock management within a broader framework of natural resource management, some of which was through multilateral subregional initiatives. The concern for water-resource use was addressed by supporting initiatives relevant to integrated river basin management and water resource management. ADB's support for MDG 7B (reducing biodiversity loss) was largely in the form of subregional multilateral natural resource management and environmental initiatives.⁵⁴ Limited support for crucial environmental targets has serious implications, as lags or reversals in progress cause irreversible losses.

149. In all sectors except water and other municipal infrastructure and services, ADB needs to expand environmental sustainability operations, as part of its commitment to address MDG 7 as well as Strategy 2020's strategic agenda. Based on its continued strong support for water supply, and its rapidly increasing support for reducing CO₂ emissions, ADB's support for MDG 7 is rated *responsive* with the caveat that much more could be done for other aspects of environmental sustainability. The survey of resident missions indicated the highest unmet government demand for WSS operations—15 of 29 resident missions reported this (52%).

150. Results on the ground for sovereign MDG 7 operations were rated in 53 cases; 40 were rated successful or highly successful (75%). This good overall rate was achieved in spite of the lower rating of 24 WSS operations (67%) classified under MDG 7C. Fourteen of 16 operations under MDGs 7A and 7B were successful, along with 4 of 5 slum improvement operations. This makes the results of global public good operations under MDG 7 *satisfactory*, and those of WSS operations related to local public goods *borderline satisfactory*.

⁵⁴ ADB has made efforts in regional cooperation on sound management of transboundary ecosystems through such programs as the Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security (CTI-CFF), the GMS Core Environment Program and Biodiversity Corridors Initiative (GMS CEP-BCI), and the Heart of Borneo Initiative, in partnership with the World Wildlife Fund, Global Environment Facility, and others. All helped mobilize significant support, with a focus on both biodiversity conservation and reducing greenhouse gas emissions from deforestation and forest degradation. This includes mobilization of new resources from the JFPR, GEF, and the Forest Investment Program. Beyond ADB's support for programs and projects, it also plays a role in policy dialogue and knowledge generation and sharing on biodiversity issues. For example, the ADB/WWF publication on "Ecological Footprint and Investment in Natural Capital" and linked knowledge events have promoted recognition of the value of biodiversity conservation. Partnership development in this area has been given increasing focus, with ADB serving as an Agency of the GEF, and active implementation of memorandums of understanding with WWF and the International Union for Conservation of Nature.

Did International Goal Setting Work in Asia?

151. Has the MDG initiative made a difference to countries in Asia and the Pacific? This chapter first examines the core question based on evidence from five country case studies, with a view to assessing whether and how countries took on board the MDGs. The chapter then turns to a consideration of what would have happened in Asia and the Pacific if there had been no MDGs by using statistical modeling of MDG data at the Asia and Pacific regional level to assess whether the initiative made a difference beyond the historically expected trends.

A. Country Case Studies

152. Case studies prepared for this report and field visits undertaken in 2012 pertained to India, Kyrgyz Republic, Lao PDR, Mongolia, and PNG. The analysis was concerned with the following questions:

- (i) Did governments bring in new or revised policies and programs to achieve the MDGs?
- (ii) Were requisite institutional developments and implementation arrangements ensured in preparation for program implementation?
- (iii) Were adequate financial resources (domestic and international) available, and were allocations made?
- (iv) Were MDG gains registered and discernible?

1. Papua New Guinea

153. When the MDGs were adopted, the initial conditions in PNG were perhaps the most adverse as compared with other DMCs. About 90% of the population was living in isolated, remote forest areas disconnected from each other for want of infrastructure. The new Organic Law that had been passed in 1998 was yet to be fully implemented, as provincial- and district-level administrative capacities were all but absent. Although PNG had tremendous potential wealth in the form of its natural resources (timber, gas, gold, and minerals), it lacked a functioning public financial management system for these to benefit its population.

154. The government agreed to implement the MDGs and took stock of the situation in its 2004 report.⁵⁵ Among others, the report recognized that PNG was reeling under a rapidly growing population, experiencing an increasing incidence of HIV/AIDS, and burdened by a gender culture that placed women at a disadvantage.

⁵⁵ Government of Papua New Guinea, National Executive Council, Department of National Planning and Rural Development. 2004. *Millennium Development Goals Progress Report 2004*. Port Moresby.

Public finances were under stress due to heavy public debt and shrinking government resources. The standards for public services were declining.

155. Demonstrating initial commitment to the MDGs, the government decided to tailor them to suit PNG's unique situation. Of all the MDGs, the target of halving the poor with incomes of less than \$1.25 per capita per day was perceived to be particularly ill-suited. Modified MDGs were first envisaged to be implemented under the 2005–2010 medium-term development strategy, and subsequently under the 2011–2015 medium-term development plan. While implementing these plans has been difficult and progress slow, the debates about the suitability of MDGs have continued to distract decision-making.

156. More recently, on the back of extractive industries (especially gas and mining), the economic situation of PNG has turned more positive. Financial resources have increased, and the external debt has been reduced. However, PNG is expected to achieve few, if any, MDGs. With the easing of financial constraints, if anything public financial management risks "may have worsened since 2006, partly because of the effects of resource-related windfall revenues."⁵⁶

157. Unlike the situation of many other developing countries, it is not the lack of funds but PNG's weak governance ability that impedes the country's advancement. ADB's current country partnership strategy⁵⁷ observes that "Better governance will ensure more effective and efficient utilization of public finance for service delivery, and infrastructure provision will be critical in the context of the anticipated windfall revenues from gas and other major projects."

158. Although the MDGs remain highly relevant to PNG, consensus on policy reforms and capacity development is needed first—especially in regard to public finance management, decentralization, and governance in general. To implement the MDGs, it is essential that a clear commitment on the part of the administrative agencies is combined with a functioning decentralized public administration system. These remain deficient in PNG. This case shows that international goal setting may not work well in countries facing severe challenges without provision of adequate technical and implementation support.

2. Mongolia

159. Another extractive industries-dominated country, Mongolia also showed its commitment to the MDGs by reviewing and adapting them in 2005 in the context of its own socioeconomic conditions. The revised MDGs were then woven into the Comprehensive National Development Strategy, a 14-year development plan. The first part of this plan (2007–2015) focuses on the MDGs, and the progress is to be reported and reviewed in Parliament. Thus, the government's policies are fairly well aligned with the spirit of the MDGs. Overall, Mongolia is on track to meet 66% of its MDG targets by 2015. Lagging indicators identified by both the government and the UN are associated with MDGs on poverty, gender equality, and the environment. However, even for those MDGs on track, significant disparities persist, including male-female and urban-rural.

160. Headcount poverty, as per the latest estimates, declined from 38.7% in 2009 to 29.6% in 2012.⁵⁸ The IMF noted in 2012 that the growth rate of the Mongolian

⁵⁶ ADB. 2009. *Country Strategy and Program Midterm Review, 2006–2010*. Manila.

⁵⁷ ADB. 2010. *Country Partnership Strategy, 2011–2015*. Manila

⁵⁸ Based on the IED study team's case study on Mongolia.

economy had been 8% per annum during the preceding decade. Employment opportunities, however, continue to be difficult to create, especially for young entrants and women workers, who usually receive lower wages. To some extent, the poor conditions in the job market are reflective of the usual pattern of extractive industry-induced growth, which has weak backward linkages.

161. As per information gleaned from *World Development Indicators*, the financial allocations for social services like education and health have increased over time, showing formal adherence to the spirit of the human development MDGs.⁵⁹ The government adopted the Social Welfare Law in early 2012, and has created a Human Development Fund. The law introduces a means-tested benefit that would reach the poorest households and replace costly untargeted cash transfers. The IMF in its Article IV Consultations Mission notes that this will enable Mongolia to fight poverty efficiently.⁶⁰ The Human Development Fund, which draws a preset amount of mineral royalties each year, should ensure that the country's mining revenues are more equitably shared across the population. It is expected to provide pension, health, housing, and educational benefits as well as cash payouts, particularly when the state budget is under pressure as a result of volatility in commodity prices, as was the case in 2009. As a result, aid partners have noted that substantial progress has also been made in regard to MDGs.⁶¹ Mongolia is thus on track to achieve many MDGs, although access to improved drinking water and sanitation in the rural areas needs further support.

162. Although both Mongolia and PNG are resource-rich countries, Mongolia has chosen a route different from PNG's, with better results for the MDGs. Mongolia demonstrates a more genuine drive to implement social welfare programs, and thereby a more effective commitment to the MDGs, than PNG. On the other hand, it was easier for Mongolia, as it benefitted in its social indicators from the influence of socialist policies in the past, which may have led to better implementation capacity in the social sectors than exists in PNG.

3. Lao PDR

163. Lao PDR made its 2003 National Growth and Poverty Eradication Strategy consistent with the MDGs, and the sixth 5-year National Socio-Economic Development Plan for 2006–2010 set specific targets and indicators in line with the MDGs. In 2010, public spending on education, both as a proportion of GDP (3.3%) and as a share of total government expenditure (13.2%), increased as a result. Likewise, public health expenditure as a proportion of gross domestic product (GDP) was 4.5% in 2010.⁶²

164. Lao PDR has registered a fairly high real GDP growth rate in the range of 6%–7% in recent years, largely on account of mining and a hydropower project. This may have contributed to the notable decline in extreme poverty in recent years. With headcount poverty having declined from 46% to 30%, and expected to reach 24% by 2015, the country is on track in halving extreme poverty. Access to primary education has also improved. Net primary enrollment rose from 58% in 1991 to 84% in 2005. The country is also on track to reduce under-5 child mortality; reverse the spread of HIV/AIDS, tuberculosis, and malaria; and provide WSS in the urban areas.

⁵⁹ For the latest years, public spending on education (2011) as a share of gross domestic product (GDP) was 5.6%, and the public health expenditure (2010) as a share of GDP was 5.4% as per World Bank data. <http://data.worldbank.org> (accessed 28 January 2013).

⁶⁰ IMF. Mongolia—2012 Article IV Consultation Preliminary Conclusions of the IMF Mission. <http://www.imf.org/external/np/ms/2012/092512.htm>

⁶¹ World Bank. Mongolia Overview. <http://www.worldbank.org/en/country/mongolia/overview>

⁶² World Bank Data. <http://data.worldbank.org> (accessed 28 January 2013).

165. However, some non-income MDGs continue to lag. The country is off-track in reducing child malnutrition, eliminating gender disparities, reducing maternal mortality, reversing the loss of environmental resources, and providing water and sanitation in the rural areas. Access to and the quality of health services vary significantly by location and among income groups. Lao PDR's forest cover is declining. The case study found that the good policy response to the MDG agenda, some additional resources from mining and hydropower, and significant external support had not been able to overcome the lack of implementation capacity in some sectors and areas, and therefore performance in achieving the MDGs has remained highly fractious. The impression is also that, although Lao PDR increased investment in education and health, this was yet not commensurate with need, and it could have dedicated more to these sectors. Thus, although the country progressed, the conclusion is that more could have been done to achieve the MDGs by 2015.

4. Kyrgyz Republic

166. Before independence, the Kyrgyz Republic's social indicators, inclusive of those on equality of gender, were acceptable. However, like other central Asian countries, the Kyrgyz Republic not only faced shrinking resources after independence, but also realized that the structure and scale of social services needed drastic reorientation to match the more limited resources available. The challenge of achieving the MDGs in the country was in fact the need to avert a complete breakdown of service delivery and a consequent increase in poverty during the transition to a market economic system.

167. Anticipating this, ADB, in the late 1990s, helped the Kyrgyz Republic draw up long-term development plans for its comprehensive transition. Market-oriented policy packages, as well as institutional arrangements, were identified. Funding agencies selected the Kyrgyz Republic as one of their pilot countries for enhancing aid effectiveness through harmonized development assistance. This resulted in assured and steady support, although this was found to be hardly adequate to ensure a smooth transition.

168. By the time the MDGs were adopted, the Kyrgyz Republic had accumulated a substantial debt burden, making IMF support necessary. The IMF, in turn, insisted on reducing public expenditure, including much needed investments in development projects. This delayed restructuring and prolonged the transition, which had severe implications on the population's welfare, especially in the rural areas, as well as on the poor, women, and children. The resulting popular discontent added to governance problems and contributed to a series of political upheavals starting in 2005.

169. While development partners rallied actively to support the transition process, governance issues impeded the implementation of the MDGs in the country. Nevertheless, the Kyrgyz Republic has been an early achiever in terms of halving extreme poverty, reducing the number of underweight children, and achieving universal primary education. Some of these achievements were assisted by favorable initial conditions. IED's evaluation of the country assistance program notes a reduction in headcount poverty from 50% (2003) to 34% (2010), a decline in the Gini Index from 0.45 (2000) to 0.37 (2010), and improvements in the human development index from 0.58 (2000) to 0.61 (2010).⁶³

⁶³ IED. 2012. *Country Assistance Program Evaluation: Kyrgyz Republic—Evolving Transition to a Market Economy*. Manila: ADB.

170. However, more progress could have been achieved on the health indicators. The Kyrgyz Republic has been regressing in terms of skilled-birth attendance, and disease burden related to HIV and tuberculosis. Nevertheless, by rallying for MDGs, aid agencies including ADB were able to cushion the transition in the country and helped in restoring service delivery, especially in the education and health sectors. A number of vital reforms await implementation. Thus, the case of the Kyrgyz Republic shows that external support and a reasonably good government response in the education and health sectors have been vital in averting a widespread social crisis and achieving some success with the MDGs.

5. India

171. India also showed commitment to the international MDG initiative by dovetailing the Goals with its 5-year plans, especially its Tenth Five-Year Plan (2002–2007) and Eleventh Five-Year Plan (2007–2012). To facilitate monitoring of targets, it identified 26 variables related to poverty, education, health, women and children, infrastructure, and the environment. These 5-year plans registered all-time high GDP growth rates of 7.7% per annum in the Tenth Plan and 7.9% in the Eleventh Plan. Although the hard data are still awaited, the relatively good economic performance over the decade 2002–2011, combined with the focus of these plans on the MDGs, is expected to have helped India move closer toward achieving the Goals. More importantly, given India's openness, the MDGs have helped increase public awareness of, and the legitimacy of policies related to, inclusiveness, empowerment, and entitlement, especially since the Tenth Plan.

172. The headcount ratio of poverty has been steadily declining at the rate of about 1% per annum and, perhaps, faster during the Eleventh Plan. India is expected to be on track in halving headcount poverty by 2015, although it would still be home to about 400 million poor.⁶⁴ In terms of hunger and malnutrition, progress toward the goal has been slow, which is not surprising, as the per capita food availability declined from 510 grams per capita per day in 1991 to 439 grams in 2007.⁶⁵ The target of primary education enrollment (MDG 2) has been achieved, but the survival rate of pupils in primary education is lagging. Gender equality in primary education is on track, but is lagging at the tertiary level. The share of women in wage employment in the non-agriculture sector is growing, albeit slowly. Broader issues about gender equality and the empowerment of women, however, present a much more varied picture. The social issues related to violence against women are alarming. The performance of MDGs 4, 5, and 6 is a source of concern, as India's progress is slow for all.

173. The proportion of the population with sustainable access to safe drinking water has steadily increased to the extent that India has already achieved the 2015 target; however, it is lagging behind in terms of providing improved sanitation. Given its size and the varying level of economic development across the country, building a consensus on policy reforms and implementing them without distractions are emerging as major constraints.⁶⁶

⁶⁴ Footnote 8. As per the international poverty line of \$1.25 per capita per day, 32.7% of the total population (1.2 billion) was poor as of 2010.

⁶⁵ Government of India, Ministry of Finance. 2012. *Economic Survey 2011-12*. New Delhi: Oxford University Press.

⁶⁶ Go and Quijada (footnote 16) provide statistical evidence that improvements in the policy and institutional arrangements also contribute to MDG progress.

6. Country Case Studies—A Synthesized Assessment

174. The evidence provided by the country case studies shows differences in responses to the MDGs, baseline positions on various indicators, implementation capacities, commitment, and performance. Of the five cases, PNG's response to the MDGs has been the most limited, due to a combination of lack of consensus on policy choices (for example, unresolved debates on the appropriateness of the monetary poverty line, or on expediting the implementation of the Organic Law to promote decentralized development) and low implementation capacity. India, Kyrgyz Republic, and Lao PDR responded with more vigor to the MDGs, although only limited gains could be registered in the data as yet, due mostly to limited budgets and implementation capacity deficits. The Lao PDR has been slow to invest in education, health, and environmental sustainability, despite enhanced revenues from hydropower and mining. The Kyrgyz Republic made good initial progress in restoring education and health, but future developments are contingent on improvements in governance, which is not directly addressed by the MDGs. Despite India's good growth performance during the last decade, the development challenges continue to be daunting, especially in generating consensus on deeper policy reforms and their implementation. Mongolia both responded satisfactorily to the initiative and showed good results at the aggregate national level, although disparities persist at the subnational level.

175. The aforementioned findings are but broad conclusions, however. The five case studies conducted, as well as a number of UNDP-sponsored MDG-related studies at the national and subnational levels, including some with the assistance of civil society organizations, suggest that the MDG initiative did have a positive impact on various indicators across countries in Asia and the Pacific.⁶⁷ Countries have generally responded by at least nominally aligning their development programs with the MDGs, and defining or redefining their national targets.⁶⁸ They have allowed some refocusing of official development assistance (ODA) within their countries. Even in the case of PNG, where the MDGs are still to translate into any results, the MDGs have led to intense debate and introspection among policymakers and legislators. This may hopefully eventually contribute to progress in the implementation of the MDGs in the country. The differing impact of the MDG initiative within the five country case studies is summarized in Table 8.

Table 8: Effectiveness of Adoption and Implementation of the MDGs in Five Case Study Countries

Issues	Papua New Guinea	Mongolia	Lao PDR	Kyrgyz Republic	India
Necessary policies enunciated and programs put in place	NE / Unknown	E ^a	LTE	E	E
Institutional developments and implementation arrangements ensured for MDG implementation	NE / Unknown	E	E	LTE	LTE

⁶⁷ An historical assessment of the effectiveness of UN goal setting during the last few decades has been made in Jolly, R., Louis Emmerij, and Thomas G. Weiss. 2009. *UN Ideas that Changed the World*. Bloomington: Indiana University Press. See also Jolly, R. 2010. "The MDGs in Historical Perspective" in *IDS Bulletin*, 41, 1, January.

⁶⁸ "In a UNDP study of 30 countries, no fewer than 25 countries had expanded or modified indicators and 10 had added local goals" in A. Sumner and T. Lawo. 2010. *The MDGs and Beyond: Pro-Poor Policy in a Changing World*. *EADI Policy Paper Series*. Bonn: European Association of Development Research and Training Institutes. March.

Issues	Papua New Guinea	Mongolia	Lao PDR	Kyrgyz Republic	India
Financial resources available and adequate allocations made	LTE	E	E	LTE	LTE
MDG gains registered and discernible	NE / Unknown	E	LTE	E	LTE
Overall effectiveness	NE	E	LTE	LTE	LTE

E = effective, Lao PDR = Lao People's Democratic Republic, LTE = less than effective, MDG = Millennium Development Goal, NE = not effective.

^a Effective, although cash transfers have remained untargeted, and social protection measures are still deficient.

Source: IED study team.

B. Statistical Analysis of MDGs⁶⁹

176. An inventory of country data available on MDG indicators in Asia and the Pacific is available in ADB's *Key Indicators for Asia and the Pacific 2012*. It shows first of all the lack of data points and the irregularity of data collection in the countries. Another issue to contend with is the lack of comparability of the MDG data across countries, and even within countries, due to differences in methodologies and data collection instruments.⁷⁰ Some of the MDG indicators are sourced from sample surveys (e.g., poverty rate), while others are from administrative-based reporting systems (e.g., primary school participation rate, mortality rates). Different countries also collect the data in different years, and for some countries, the most recent data available are more than 4 years old. Thus, there are limitations to making projections using the data.

177. This section follows the approach taken by some researchers,⁷¹ who have examined the historical trends of selected MDG indicators prior to the Millennium Summit. The main objective of the exercise is to identify the expected levels of these indicators, and compare the projections from the historical trends with the actual performance of the countries, mostly up to 2010 as per data available, and sometimes before that year. Toward answering the main question in this chapter on whether the MDGs have mattered, the study projects the trajectory of each MDG indicator during the pre-MDG decade (1990–2000) to the current period (see Supplementary Appendix 8 for a note on the project methodology used).⁷²

178. The projection exercise focused on selected MDG indicators for 45 ADB DMCs.⁷³ The choice of the MDG indicators was largely based on their importance to the particular MDG being monitored, as well as on data availability. A summary of the performance of 44 DMCs in relation to expected trajectories is given in Table 9 for the years with the most recently available data.

⁶⁹ Based on J.R. Albert. 2012 "Does international goal setting work at the Asia and country level? Examining Actual and Expected Performance in MDG indicators". IED. Unpublished.

⁷⁰ For example, an examination of data from the Philippines on net enrollment ratios, a critical indicator for tracking MDG 2 on Universal Participation in Education, suggests that the Department of Education may have inaccurately estimated the indicator based on wrong school age population projections required for the denominator of the indicator. D. Maligalig and S. Cuevas. 2010. Is the Net Enrollment Rate Estimate of the Philippines Accurate? *ADB Briefs*. No. 2. Manila: ADB. June.

⁷¹ C. Kenny and A. Sumner. 2011. More Money or More Development: What Have the MDGs Achieved? *Center for Global Development Working Paper*. No. 278. Washington, DC: Center for Global Development. December; S. Klasen and S. Lange. 2011. Getting Progress Right: Measuring Progress Towards the MDGs Against Historical Trends. *Courant Research Centre Poverty, Equity and Growth Discussion Paper*. No. 87. Göttingen: Courant Research Centre.

⁷² The method used here is based on the Holt-Winters forecasting technique for obtaining the estimated trajectories of the MDG indicators for an individual country.

⁷³ Brunei Darussalam is a regional member of ADB, and it is not classified as a developing member; but it is part of the 45 countries studied here.

Table 9: Performance of Countries in Asia and the Pacific on Selected MDG Indicators in Relation to Projected Levels as per Historical Trend, 1990–2000, Sorted High to Low

MDG Indicators		Actual Performance vs. Expected Levels according to Historical Trend			
		Less than Expected ^a (% of countries)	Nearly Same as Expected ^b (% of countries)	Better than Expected ^c (% of countries)	Responding Countries (No.)
1.1	Proportion of population below \$1 (PPP) per day	14.3	0.0	85.7 ^c	14
5.5A	Antenatal care coverage, at least one visit (% of women aged 15–49)	25.0	0.0	75.0	8
3.1A	Gender Parity Index in primary level enrollment	39.3	0.0	60.7	28
6.9B	Tuberculosis prevalence rate	40.9	2.3	56.8	44
2.1	School enrollment, net primary	34.8	8.7	56.5	23
2.1b	School enrollment, net primary, male	38.9	5.6	55.6	18
7.8A	Population using improved drinking water sources (%)	24.3	27.0	48.6 ^c	37
6.9A	Tuberculosis incidence rate	22.7	29.5	47.7 ^c	44
1.5	Employment-to-population ratio	41.2	14.7	44.1	34
5.1	Mortality, maternal, per 100,000 live births	26.5	29.4	44.1	34
7.2A	Carbon dioxide emissions	56.1	0.0	43.9	41
1.8	Underweight children under 5 years old (%)	50.0	10.0	40.0	10
7.9A	Proportion of the population using improved sanitation facilities, total	38.9	22.2	38.9	36
3.1B	Gender Parity Index in secondary level enrollment	62.9	0.0	37.1	35
3.1C	Gender Parity Index in tertiary level enrollment	60.0	8.0	32.0	25
6.1	HIV prevalence among population aged 15–49 years	0.0	80.0	20.0	10
5.2	Births attended by skilled health personnel	77.8	5.6	16.7 ^c	18
7.6	Proportion of terrestrial and marine areas protected	28.6	57.1	14.3	42
2.2A	Boys starting grade 1 who reach last grade of primary (%)	86.4	4.5	9.1 ^c	22
2.2	Pupils starting grade 1 who reach last grade of primary (%)	83.3	12.5	4.2 ^c	24
4.1	Mortality, under-5 per thousand live births	0.0	97.7	2.3	43
2.2B	Girls starting grade 1 who reach last grade of primary (%)	85.7	14.3	0.0 ^c	21
4.2	Mortality, infant (0–1), per thousand live births	0.0	100.0	0.0	42
Overall (weighted average)		33.3	33.3	33.3	16

HIV = Human immunodeficiency virus, MDG = Millennium Development Goal, No. = number, PPP = purchasing power parity.

^a For rates of rare events such as mortality rates by at least 5 per 10,000 people from expected; for other rates and proportions, e.g., poverty rate, by at least 0.5 percentage points from expected; for other indicators, by at least 0.5 units from expected.

^b For rates of rare events such as mortality rates within 5 per 10,000 people from expected; for other rates and proportions, e.g., poverty rate, within 0.5 percentage points from expected; for other indicators, by at least 0.5 units from expected.

^c Number of *better than expected* values is significantly different from the number of *less than expected* values in a statistical sense.

Note: Green area: more than 50% of countries with data had better than expected performance. Purple: 20% or less countries had better than expected performance.

Source: IED study team.

179. The table once again shows that reduction in income poverty has been the best performer. International financial institutions have pressed on the headline MDG, their mandate often being poverty reduction. The progress was to serve as a foundation for progress in other MDGs.

180. More than 50% of the responding countries did better than expected in relation to a decline in extreme poverty (MDG 1), improvement in antenatal care coverage (MDG 5), gender parity in primary enrollment (MDG 3), decline in tuberculosis prevalence (MDG 6), and primary level enrollment of girls and boys (MDG 2) (note the green area in Table 9).

181. However, the table also shows that 80% or more of the countries did worse than expected in achieving the following: reducing infant mortality and under-5 child mortality, completion of primary schooling—for both girls and boys, protecting terrestrial and marine area, ensuring birth-attendance by skilled personnel, and reducing HIV prevalence (note the purple area in Table 9).

182. And it is important to recall that some MDG indicators are not in the table due to lack of adequate data, e.g., eradication of hunger. Only four of the eight quantifiable indicators for MDG 7 are in the table. In this sense, it is an incomplete portrayal.

183. Also notable is the fact that many indicators are found on both ends of an MDG, i.e., some are performing better than the historical trend, and others worse. For example, income poverty has declined but eradication of hunger is not keeping pace. In primary education, boys and girls have been enrolled in schools, but both groups are finding it difficult to complete the primary cycle. Likewise, antenatal care coverage has improved, but lack of skilled personnel at the time of birth is a serious constraint. Also in health, tuberculosis is under control, but HIV/AIDS is not. Several MDGs have very different effects in different countries, i.e., some are better performing than the historical trend in some countries and worse performing in others.

184. The limited evidence on which the table is based (as many of the data are old and sometimes only 10 countries or fewer have data at all) suggests that progress in achieving the MDGs remains limited. It reinforces the idea of connecting the dots and promoting convergence of different vertical programs onto the target groups together to generate synergy. It is possible that with more recent data, a more wholesome account of the progress would emerge.

185. In summary, while the joint impact of the MDGs on development outcomes cannot be established in the aggregate, the case study evidence suggests that goal setting may have had positive effects on the performance of several individual MDG indicators. This would then mean that some of the MDG indicators may be more effectively influenced by global target setting than others.

186. Trends in progress toward the MDGs may have been negatively affected by a number of crises (e.g., global financial crisis, price hikes, natural disasters, and conflicts). Disentangling these effects is not simple in the absence of appropriate data. As mentioned, underperforming indicators may also be attributed to low/high starting points, depending on whether the MDG indicator is positive/negative.⁷⁴ For future goals

⁷⁴ S. Klasen and S. Lange. 2011. Getting Progress Right: Measuring Progress Towards the MDGs Against Historical Trends. *Courant Research Centre Poverty, Equity and Growth Discussion Paper*. No. 87. Göttingen: Courant Research Centre.

it would be better if countries determine their own baselines and then set their targets more meaningfully.⁷⁵ For the new post-2015 goals, guidance can be given about expected and desired growth rates for indicators, so that a target can be set based on a given baseline and a realistic yet aspirational growth rate. More realistic targets linked to existing baseline conditions and historical trends would be an improvement over the previous targets set. As the MDG performance of countries often depends on the subregions to which these countries belong, setting regional and even subregional targets would allow for more realistic and meaningful targets.

C. MDGs and Official Development Assistance

187. The MDG initiative has succeeded in making a case for more inclusive development in many countries. It has drawn the attention of policymakers to income-generating opportunities, human development, and environmental issues. Many countries in Asia and the Pacific have addressed the MDGs in some form in their policies and development plans, e.g., the Tenth and Eleventh plans of India. This has often gone beyond lip service, with increased allocation of resources to the MDGs, although at times insufficient to reach them in time. Sometimes more was invested in the tracking of MDG progress as well. Importantly, ODA to all the MDGs has increased steadily during the decade (see Supplementary Appendix 9 for graphs for individual MDGs, and Figure 6 for the combined ODA support).⁷⁶ However, the more recent evidence shows that the protracted global economic and financial crisis is beginning to affect ODA adversely.⁷⁷

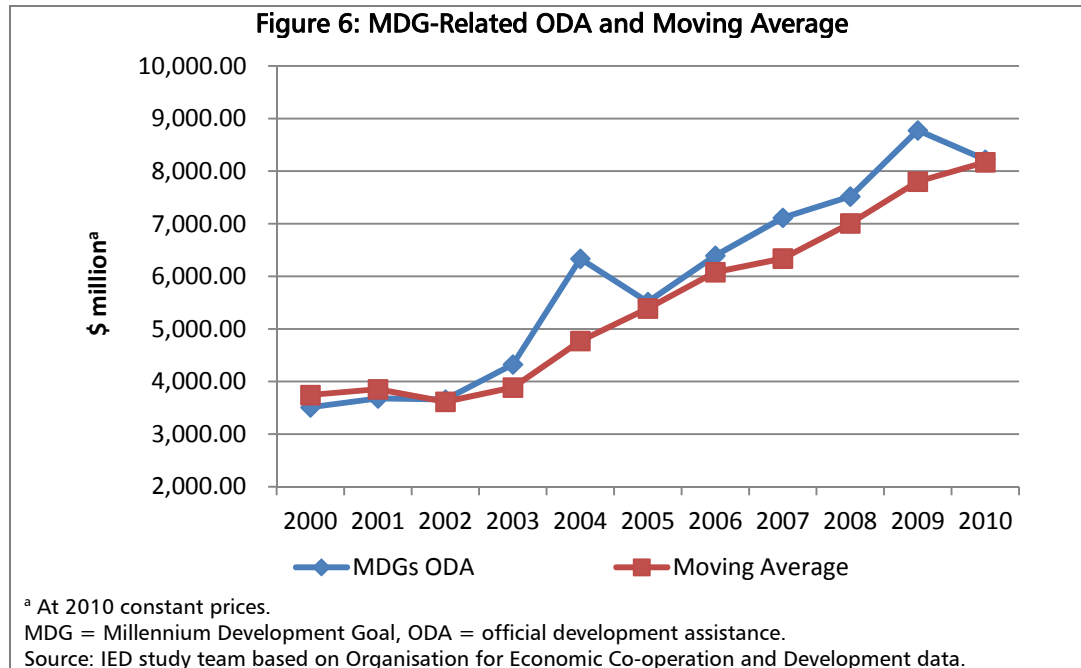
188. A detailed breakdown of ODA per individual MDGs shows that, after the MDGs were introduced, financial support for all individual MDGs grew significantly. MDG 7 garnered most support, with MDG 2 a distant second (Supplementary Appendix 9, Figure SA9.7). ODA for health-related MDGs 4–6 grew as well—a sector for which ADB since 2006 relied more on partnerships. But the total amounts available for progress on the lagging indicators for the three MDGs are smaller than for the education sector. When ADB issued Strategy 2020 in 2008, the gradually increasing ODA for health up to that time may have been reason to reduce its own support. However, after 2008, ODA for MDGs 4 and 5 fell back, whereas the ODA situation for MDG 6 also remains unclear after a drop in 2010.

189. The growth pattern was yet more inconsistent for MDG 1, as it displayed a decline between 2002 and 2006. This could have been caused by a diversion of historically more prevalent external support for income poverty reduction (MDG 1) to MDGs for non-income poverty and environmental sustainability between 2002 and 2006. If so, ODA can be seen to be responding positively to the intent of the MDGs. However, support for MDG 1 itself recovered as well, registering a consistent increase from 2007 onwards.

⁷⁵ “Rather than global goals being a neat set of goals in a UN document, global goals would be the totality of national development goals knitted together through their commitment to multiple ways of tackling destitution.” In: Hulme, David and Rorden Wilkinson. 2012. *Brave New World: Global Development Goals after 2015*. University of Manchester. May.

⁷⁶ OECD. Development Co-operation Directorate (DCD-DAC). <http://www.oecd.org/dac/>

⁷⁷ United Nations. 2012. *The Global Partnership for Development—Making Rhetoric a Reality*. MDG GAP Taskforce Report 2012. New York:



D. Summary

190. Evidence on balance supports the positive effects of goal setting, though not overwhelmingly so from statistical analysis of aggregate performance across all indicators. The analysis showed that equal numbers of countries overperformed as underperformed in the MDG era relative to their pre MDG historical trends. The study did not do a counterfactual analysis to see how the pre and post MDG performance was or would have been with and without the guidance of the MDG mechanism. Several key indicators have performed better than projected as per the historical trend in many countries, notably population below \$1.25 a day (although this feat may be more due to economic growth having accelerated over the period in many countries), school enrollment, gender parity in primary schools, antenatal care, maternal mortality, tuberculosis incidence, and population using improved drinking water. The five case studies conducted in India, Kyrgyz Republic, Lao PDR, Mongolia, and PNG indicated that some countries adjusted their policies in association with the MDGs. This contributed in various cases to better performance on several indicators, although it is less clear, owing to incomplete budget data, whether the policy shifts generated sufficient additional budget to achieve all the targets by 2015.⁷⁸ Where the MDG initiative did make a positive difference was in the amount of ODA made available to countries for MDG attainment.

⁷⁸ Sumner and Lawo, however, find that “there is good evidence of MDG impacts on social sector budget allocation” (footnote 68).

The Post-2015 MDG Agenda for Asia and for ADB

191. In 2010, the High Level Plenary Meeting of the UN General Assembly emphasized the need to achieve the MDGs by 2015 and requested the UN Secretary General to make recommendations to advance the United Nations Development Agenda beyond 2015.⁷⁹ The UN Secretary General established the UN System Task Team on the Post-2015 UN Development Agenda. As the technical input to the process of developing the Agenda beyond 2015, the UN Task Team published in July 2012 the document, *Realizing the Future We Want for All: Report to the Secretary General*.⁸⁰ In parallel, the Rio+20 Conference of June 2012 led to an Outcome Document⁸¹ reflecting consensus among the member states about the vision, political commitments, thematic areas, sustainable development goals, and follow-up intergovernmental process related to the determination and modalities of post-2015 Development Agenda.⁸²

A. Emerging Trends and Issues for the Global Post-2015 Agenda

192. The post-2015 framework is expected to identify an agenda that reflects emerging global development challenges and trends. Strong economic growth in developing countries, the expansion of trade and investment, and advancement in information and communication technologies over the past decade have all contributed to poverty reduction. To accelerate poverty reduction and the promotion of human development, certain global trends and issues are commonly mentioned in the post-2015 discourse. These include the following:

- (i) **Rising inequality** threatens to undermine progress in reducing poverty, even in those regions that have achieved the income poverty goal. The Gini coefficient has increased from 39% to 46% over the past 20 years. If the Gini coefficient had not increased, another 240 million people would have escaped poverty in Asia.⁸³ Furthermore, inequality extends beyond income poverty, such that the poor are more likely to die in infancy, less likely to attend secondary school, and much less likely to attend university. Inequality can also have negative social and political consequences including social tensions, violence, and political

⁷⁹ UN. 2010. Keeping the promise: united to achieve the Millennium Development Goals. Resolution adopted by the General Assembly A/RES/65/1. 9th Plenary Meeting. New York. 22 September.

⁸⁰ UN System Task Team on the Post-2015 UN Development Agenda. 2012. *Realizing the Future We Want for All: Report to the Secretary General*. New York: UNDP. June 2012.

⁸¹ UN. 2012. The Future We Want. Rio+20 United Nations Conference on Sustainable Development Outcome Document. Rio de Janeiro. 20–22 June.

⁸² UN. 2012. Draft resolution submitted by the President of the General Assembly for the endorsement of the outcome document of Rio+20 entitled "The future we want." A/66/L.56. New York. 26 July.

⁸³ C. Rhee. 2012. Inequality Threatens Asia Growth Miracle. *Financial Times*. 7 May.

instabilities, which destabilize economies, making the poor more vulnerable.

- (ii) **Demographic shifts** have major implications for post-2015 development. Demographic transition (notably a rapidly growing segment of elderly) is likely to increase the dependency ratio in the region and will lead to an increase in demand for health and para-medical services in particular. **Rapid urbanization** resulting from population growth and rural to urban migration is likely to tax urban infrastructure and urban services to their limit. **Access to basic urban services** needs to be one of the priorities of the post-2015 development agenda to ensure that cities and towns continue to serve as engines of growth, innovation, and technology to promote national development.
- (iii) Widespread use of natural resources to meet the demands of the expanding population has led to **environmental degradation**, including deforestation, depletion of groundwater, energy shortages, and increased CO₂ emissions. **Natural disasters** have increased in number and intensity due to the combined effects of increasing population in disaster-prone areas, environmental degradation, insufficient preparedness and resilience, and climate change. The post-2015 agenda needs to prioritize global, regional, and country-level responses to strengthen national and local capacities to improve the quality of the environment. Of equal importance is adequate capacity at the national and local levels to effectively respond to natural disasters.
- (iv) **Peace and security** are also key to reducing poverty and promoting human development. The past few decades show that maintenance and promotion of peace and security have become serious challenges, that affect efforts to achieve the MDGs. Experience suggests that fragile countries characterized by violence, political instability, and insecurity have been poor performers in achieving the MDGs. Furthermore, some of the same countries have the highest incidence of poverty and social exclusion and thus need more support from development partners.
- (v) **Governance and accountability deficits** at the international, national, and local levels impede the design and implementation of policies and programs to cope with such challenges as climate change, rising migration, energy and food shortages, and economic crises. Civil service reforms, coordination mechanisms in government, and decentralization of power and resources to different levels of government administration would enable faster progress toward post-2015 goals.

B. Emerging Trends for Asia and the Pacific

193. While the global trends are pertinent to all regions, as Chapter 2 indicates, Asia and the Pacific also has specific development challenges and needs, many of which overlap with global trends, but it is worth mentioning some of these issues here to chart a course toward alignment.

194. An ADB economics working paper, released at the time of writing this report, indicated four longer term challenges for emerging Asia. Despite Asia's impressive growth relative to other regions, an extraordinary number of people there still live in extreme poverty, which makes poverty reduction Asia's foremost development challenge beyond 2015. The second challenge, very much linked to the first and to the global issues above, is Asia's rising inequality. Inequality increased in approximately half of the region's economies with comparable data. Asia's inequality, like the global picture, is not limited to income poverty, as much of the region suffers from disparity of access to quality basic services. The third challenge is that the region's growth has been linked to rapid environmental degradation and is no longer sustainable. The fourth challenge is Asia's high vulnerability to flooding as a result of climate change.

195. From the two sets of emerging issues laid out above, the areas of convergence are inequality, access to quality basic services, and environmental sustainability. From the global agenda, peace and security and governance and accountability are prominent themes, the former likely pursued in its own right by relevant organizations and civil society, and the latter, more widely, both on its own and in relation to all other goals. Both are also longer term issues for Asia and the Pacific. From the set of emerging issues for Asia, the fourth, vulnerability to flooding, is part of the environmental sustainability issue, relating to climate change. Rapid urbanization can also be grouped under the environmental sustainability issue, though this also has significant implications for jobs and access to basic services.

196. The converging themes of inequality, access to quality basic services, and environmental sustainability are underpinned by the same nexus that underpins the current MDGs: economic, social, and environmental. Recent consultations among ADB, governments, and civil society across Asia and the Pacific point out that these themes are prominent among the concerns articulated. To be sure, the consultation process has brought out new themes, particularly relevant to today's circumstances, including information technology, migration, and societal happiness. These issues may be taken on board in some fashion under the new framework; however, this chapter explores how ADB can position itself to be more relevant to the likely economic, social, and environmental backbone of the post-2015 framework.

197. The recent approach proposed by ADB staff (footnote 7) is helpful in conceptualizing a possible ADB approach to the post-2015 framework. Within the ZEN approach proposed, the "Z" refers to zero extreme poverty, or an absolute minimum standard that all countries should adhere to by a certain date. This minimum floor would apply to basic goals for humanity, including income, hunger, education, health, infrastructure, and gender equality. Since Z refers to basic goals for humanity, this study would suggest basic infrastructure is more appropriate.

198. The "E" refers to epsilon goals, which would consist of targets set above the minimum standard Z goals. Epsilon goals would be set by individual countries according to their specific circumstances and development aspirations. The epsilon goals are particularly pertinent for Asia's middle-income countries.

199. Finally, "N" refers to environment goals. These can be applicable to the epsilon level, though the authors designate N as a critical component of the Z level, meaning that they relate to basic human standards. Countries are, of course, free to set epsilon environmental goals above the minimum standard.

200. The paper does well to articulate a workable approach to post-2015, however, while the ZEN approach is being shared as ADB's current position on the post-2015 framework, it does not indicate the role ADB should play in it. In this regard, this study proposes using the findings of this evaluation as a basis for determining how ADB could position itself to support this approach.

201. In the absence of finalized goals for post-2015, this study uses the current MDGs as a basis, although the agenda is likely to broaden to include new themes as mentioned above. However, since so many of the MDGs are yet to be fully achieved, and all fall within an economic-social-environmental nexus, the current MDGs will likely carry over in some form to the new Framework.

202. This study proposes that one way to envisage minimum standards for basic goals would be to look at those areas where there is the greatest commonality in need for Asia. To do so, we use progress toward the MDG targets as a proxy for need, lack of progress implying high need. Based on ADB's *Key Indicators for Asia and the Pacific 2012*, the targets that are slowest, most off-track, or regressing across a majority of DMCs are the following:

- (i) CO₂ emissions, total, per capita and per \$1 GDP (PPP);
- (ii) proportion of land area covered by forest;
- (iii) proportion of population using an improved sanitation facility;
- (iv) proportion of births attended by skilled health personnel;
- (v) maternal mortality ratio;
- (vi) infant mortality rate;
- (vii) under-5 mortality rate;
- (viii) HIV prevalence;
- (ix) completion of a full course of primary schooling; and
- (x) proportion of people who suffer from hunger.

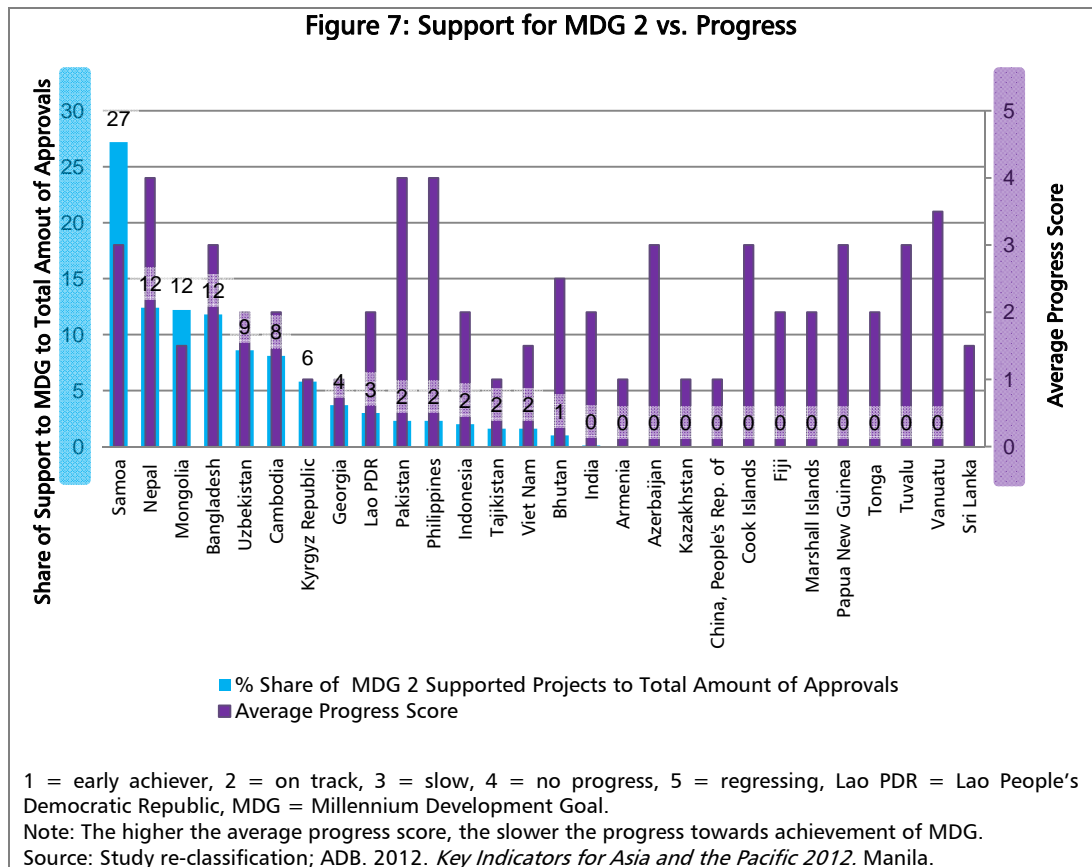
203. Of these, CO₂ emissions and forest cover would be N goals or targets, commencing at a Z or minimum level for all countries, in addition to E goals for those countries having reached the minimum but wanting to fast-track environmental sustainability. The remaining eight targets would be Z goals, as they relate to minimum basic services. Again, for those countries having met the minimum standard, E goals could be in related subsectors, e.g., tertiary education or tertiary healthcare. The income goal has been met, yet there are at least six countries in the region showing regression or slow progress toward the goal. Furthermore, as previously noted, Asia is home to 65.3% of the world's extreme poor. This indicates that Asia's achievement of the income goal was more of an aggregate success. For these reasons, an income goal, or its equivalent will still be very relevant for Asia in the post-2015 context.

204. Achieving consensus on the minimum standards for goals will be a significant challenge, especially for targets involving CO₂ emissions and forest cover, which are often bound up with a country's economic growth. Regarding CO₂ emissions, this is clearly evident in PRC and India, which account for the region's highest growth, but also the region's highest levels of CO₂ emissions.⁸⁴ Nevertheless, DMCs are much less willing to sign up for meeting standards a second time around when they see little evidence of developed countries being similarly bound; hence a new approach is surely required. For the purpose of the following analysis, however, this study assumes that consensus can be reached and minimum standards have been set across the range of goals listed above.

⁸⁴ PRC: 7,687,114 metric tons of CO₂ emissions; India: 1,979,425 tons (source: footnote 8).

C. Alignment of ADB's Support with the ZEN Approach to Post-2015

205. One way to better align ADB's support with minimum standards would be to focus on those countries that fall furthest below the minimum. To get an idea of how ADB has done over the MDG period in this regard, this study compares country status on selected country indicators with ADB's support for the related MDG as a percentage of the overall country portfolio. Starting with MDG 2, Figure 7 indicates that nine countries show the greatest need, as they fall in the range from slow to no progress toward MDG 2. Of these nine, Nepal, Pakistan, and Philippines show the lowest achievement toward the Goal. For each country the share of support directed to MDG 2 in relation to the country's overall portfolio has been calculated: Nepal, 12%; Pakistan, 2%; and Philippines, 2%. For the next six countries in the slow-to-no progress range, only one, Bangladesh, shows a share of its portfolio directed to education, at 12%. The five remaining countries do not have support for MDG 2 in their portfolios.



206. Adapting this analysis more to a minimum standard approach, the study focuses on one of the indicators for MDG 2, completion of a full course of primary schooling. Of 37 DMCs, in the majority of countries, more than 90% of children who start grade 1 complete a full course of primary schooling, and three-quarters of countries have achieved at least 70% completion. A minority of countries fall below the 70% completion rate. Based on these figures, 70% can be assigned as the Z goal, or minimum standard. Again, this figure is only illustrative, and used to show how the ZEN approach might implemented. Based on a minimum standard of 70%, eight

countries fall below—to which the study proposes to add Afghanistan, although it has no reliable data.⁸⁵ Table 10 lists the nine countries in order of distance away from the minimum standard.

Table 10: Countries Falling Below MDG 2 Minimum Standard

Rank	Country	Proportion of Pupils Starting Grade 1 who Complete a Full Course of Primary Education	% of ADB Support as a Proportion of Overall Country Portfolio
1	Afghanistan*	45.0%	0%
2	Cambodia	54.5%	8%
3	Papua New Guinea	56.9%	0%
4	Pakistan	61.5%	2%
5	Nepal	61.7%	12%
6	India	65.8%	0%
7	Bangladesh	66.2%	12%
8	Timor-Leste	66.6%	0%
9	Lao PDR	67.0%	3%

Lao PDR = Lao People's Democratic Republic, MDG = Millennium Development Goal.

* Data from UNDP (<http://www.undp.org.af/MDGs/goal2.htm>)

Source: ADB. 2012. *Key Indicators for Asia and the Pacific 2012*. Manila.

207. This study found that three portfolios respond to the task of reaching a minimum standard (Bangladesh, Cambodia, and Nepal), two show a weak response (Lao PDR and Pakistan), and four are completely unresponsive to need (Afghanistan, India, PNG, and Timor-Leste). Chapter 4 drew attention to the frequent apparent mismatch between need and response across MDGs. Afghanistan and PNG stood out as having the poorest MDG achievements and a comparatively small proportion of portfolios directed toward the MDGs. With the exception of India, all of the countries furthest from the minimum standard for primary school completion are ADF recipients, with four being ADF-only countries and four blend (ADF/OCR) countries. Forty percent of ADB's support to ADF-only countries was directed toward MDGs during the study period, and approximately 40% of support for blend countries supported MDGs.

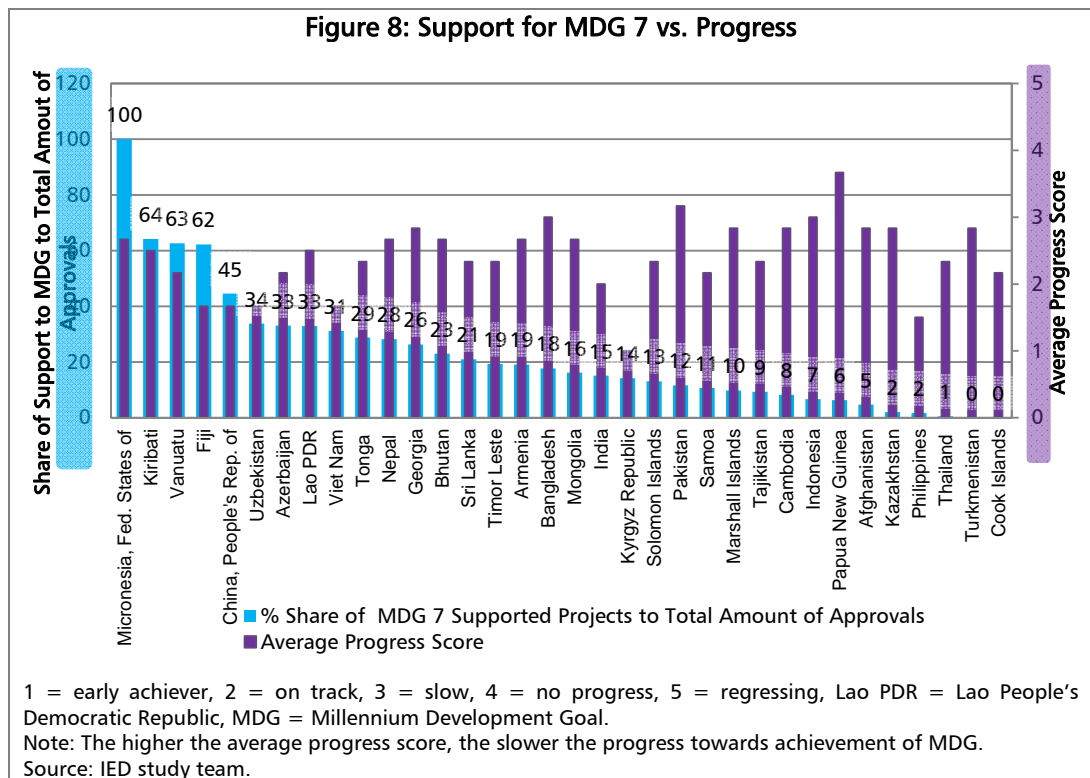
208. In light of this, one way to better align ADB's support toward proposed minimum standards would be for CPSs, in consultation with governments, to direct more of ADF's resources toward achieving minimum standards across goals. ADF funds should allow ADB more flexibility to ensure an allocation for support during the CPS negotiations. Most respondents to the questionnaire distributed to resident missions responded that ADB does not use its support for other sectors, e.g., infrastructure, to leverage agreement for directing more of a country's portfolio to the MDGs. While ADB cannot maintain a critical mass of expertise in all areas, it might be able to maintain sufficient expertise to support those DMCs falling below a minimum standard. In the case of primary school completion, ADB already provides adequate support to three of nine countries; hence the extra effort required would be in opening or increasing pipelines of assistance for six remaining countries. India, however, would not be served through ADF resources; hence new modalities would be required. Though other partners may be active, their effort, plus that of the government, has not yet realized sufficient gains.

209. Epsilon goals are particularly appropriate for certain medium-income countries or transition economies that have surpassed the Z goal. In Asia, this is the case for

⁸⁵ Afghanistan should be added to the list, although there are no data for this particular indicator. Judging from Afghanistan showing the lowest literacy rate of all DMCs, 34% (latest data), it is fair to assume that the primary completion rate falls below 70%.

several countries influenced by the Soviet era. An example would be Mongolia, which had more of a tradition of gender parity. In its adaptation of the MDGs, it promoted two indicators to the level of goals: gender equality in the workforce and women's participation in politics and decision making. Furthermore, it increased the threshold for a reduction in hunger/malnutrition from a reduction of one-half to a reduction of six times. With these goals, there is more flexibility to reach the target above the minimum, because they are self-imposed goals, which could become part of ADB's country program.

210. The environment goals, since they form part of the Z level, would also have predetermined minimum targets. As mentioned, these may be the most difficult goals in terms of gaining international consensus. Figure 8 shows that ADB is providing support for environment goals in all but two countries. However, on the right-hand side of the chart are several large DMCs showing slow progress toward MDG 7 but with relatively smaller shares in their portfolios. Also, the portfolio analysis indicated that overall support for MDG 7 may account for the largest proportion of the overall MDG portfolio, but support for reaching specific targets may have been low. One of the examples given was the target of increasing the proportion of the population using an improved sanitation facility. From a list of 40 DMCs, 11 countries⁸⁶ showed that less than 50% of the population were using improved sanitation facilities (footnote 8). If the minimum standard were set at 50%, then, as with the education example above, ADB country teams preparing CPSs should consider discussing ways of prioritizing better access to sanitation with country governments. Ten of the 11 countries are ADF countries, with the exception of India, so the point made above regarding the use of ADF funds for achieving minimum standards also applies here.



⁸⁶ These countries are Afghanistan, Bhutan, Cambodia, India, Kiribati, Micronesia, Nepal, Pakistan, Papua New Guinea, Solomon Islands, and Timor-Leste.

211. There are still many uncertainties about the post-2015 framework, but this study acknowledges ADB's engagement in the process of consultation with both government and civil society to discuss the merits and mistakes of the MDG era, and to ensure that any new goals are relevant to all its DMCs. In this regard, in these consultations, ADB is discussing the ZEN Approach as a possible way forward for the post-2015 agenda. While we feel the Approach has its merits, it does not spell out what ADB's role might be in supporting it. This chapter, based on findings from the study, begins to chart a path for ADB's positioning in the post-2015 era.

APPENDIX

METHODOLOGY FOR THE RECLASSIFICATION

1. The Asian Development Bank's (ADB) internal classification system should be able to show how much of its portfolio addresses the binding constraints to achieving the Millennium Development Goals (MDGs), as a particular tag on this is to be attached to every operation since 2004; but this study found that so many operations have been misclassified that the numbers could not be used as an accurate account of what ADB has done to support the MDGs.
2. For this report to provide an analysis of ADB's support for the MDGs, it was necessary to reinvestigate what ADB had done, to what degree (i.e., were operations fully covering the MDGs or only to a minor extent?), in which developing member countries, and lastly how successfully. For this study, operations include sovereign loans, Asian Development Fund grants, and Japan Fund for Poverty Reduction operations. The technical assistance (TA) activities covered do not include those that are project preparatory, but only those that develop capacity or do policy analysis or research. Finally, although nonsovereign operations also support MDGs, particularly MDGs 1 and 7, these are not included in the study.¹ This is not meant to diminish the importance of nonsovereign support for the MDGs, but rather was intended to manage the scope of the study, and hopefully to achieve a comprehensive analysis of sovereign operations, with the expectation that nonsovereign support for the MDGs may be covered in a separate study.
3. ADB's new project classification system of 2004 includes a category specific for MDG interventions (tagged as TI-M).² To qualify under this classification, a project should clearly demonstrate how it addresses the binding constraints to the relevant MDG. In the outcome statement of the project's design and monitoring framework (DMF), the MDGs to be addressed should be clearly specified, as well as the indicators and targets to be used. The operations departments have not applied this classification sufficiently consistently, in the Independent Evaluation Department's (IED) view, for it to be used as a basis for the analysis here. However, using the same definition as a guide, the study team revisited all operations approved since July 2002 and manually identified all MDG-related projects and TA to cover the study period from July 2002 to December 2011.
4. Due to the variable quality of DMFs, using them as the main reference for identification of MDG operations proved to be insufficient. More often than not, goals or targets were not specified in the DMF, although the study team deemed the project outcomes to be clearly addressing a constraint to the attainment of the MDGs. Conversely, there were also cases where MDGs were indicated, but they were not supported by any of the stated outcomes or project activities. Ultimately, the study team set the parameters based on MDG indicators and targets as a guide for what would qualify as MDG support.
5. Operations contributing to MDG 2 on primary education; MDG 4 on child mortality; MDG 5 on maternal mortality; MDG 6 on HIV/AIDS, malaria, tuberculosis, and other infectious diseases; and MDG 7C on water and sanitation were relatively straightforward in terms of classification, as these MDGs are captured principally under specific sectors (MDG 2 under the education sector; MDGs 4, 5, and 6 under the health and social protection (HSP) sector; and MDG 7C under the water and other municipal infrastructure services [WOMIS] sector). However, identifying projects supporting MDGs 1A/B on income poverty/employment, MDG 3 on gender, and MDGs 7A/B and 7D on environmental sustainability was less straightforward. While the thematic classification applied by ADB allowed the filtering of projects that address gender and environmental sustainability, the study team found that the sets of projects captured under these themes did not always correspond to the respective targets and indicators for MDGs 3 and 7. Nevertheless, the study used projects tagged by ADB's Regional and

¹ Indicative findings suggest that 50% of nonsovereign operations support MDGs 1 and 7, 35% of which goes to MDG 7-related investments, mainly clean energy (solar, wind, hydro).

² ADB. 2009. Revised Project Classification System. *Compendium of Staff Instructions*. Manila.

Sustainable Development Department (RSDD) under these thematic classifications as the basis for the identification of projects addressing MDGs 3 and 7. Some projects classified by RSDD were nevertheless not accepted by the study team. The study needed to take its own decisions in identifying projects addressing MDGs 1A/B, as they were not directly captured under any prior ADB sector or thematic classification.

6. Another complication in the identification exercise was that around 30% of all projects and programs addressed more than one MDG, especially—but not limited to— agriculture and natural resources (ANR), education, and multisector. Moreover, not all these projects exclusively addressed one or more MDGs. In particular, transport and energy infrastructure projects sometimes had only an add-on component that could be considered relevant to the MDGs.³

7. To address these issues, the projects identified as contributing to the MDGs were further subdivided into those with significant or minor MDG support. Significant MDG support means that the project was predominantly focused or aimed at addressing one or more particular MDGs, while minor means that MDG support was not the main or the only objective of the project, but it had a component that directly supported the MDGs.⁴ Where identifiable, a 50% threshold was applied to the project cost related to the MDG to be considered significant.⁵ For the derivation of the aggregate numbers and amounts of projects that supported MDGs, projects tagged for multiple MDGs were counted only once. The support for individual MDGs, however, would contain double counting when summed and therefore cannot be aggregated to arrive at the total number of projects, or the total amount supported by ADB. Due to lack of budget information, the study team could not assess in all cases the budget assigned to one MDG and to another in the same project.

8. Operations tagged under multiple MDGs and further classified as either significant or minor posed some issues not only in the count of projects but more so in the value of projects in the individual MDG portfolio. Of the projects identified as significant, the total value was counted as MDG support for the aggregate. For projects with minor MDG support, the value was approximated using the cost tables in the RRP or was apportioned based on dividing the value by the number of MDGs supported.⁶ A conservative approach taken to the estimates ensured a probably lower than actual amount apportioned. The value of support for individual MDGs, on the other hand, was much less accurate and therefore should be considered only as an approximation, because the projects counted as significant were not always qualified quantitatively (basing on costs or outcomes). Also, in cases where support to a relevant MDG was not 100% but still considered significant based on the 50% threshold, the value of support reported for that MDG will necessarily be overstated. The study nevertheless believes that the aggregates approximate the true support ADB has provided.

9. **MDG 1: Eradicate extreme poverty and hunger.** While all projects are designed to impact on poverty reduction and employment creation, this study considered a project to support MDG 1 if (i) its outcome stated a clear focus on increasing income-generation opportunities for the poor, and improving their employability; and (ii) it directly enhanced productivity in sectors of the economy that are likely to employ the poor (e.g., agriculture, industry, trade, microfinance, or small and medium enterprise development) and/or are located in geographical areas with high levels of poverty. Skills

³ The IED study team also included these projects as an attempt to fully capture all MDG-related interventions in nonsocial sectors such as transport or energy.

⁴ There are cases where a project is simultaneously considered as significant support for one MDG and minor for another or significant under more than one MDG. It is also possible for a project to be tagged as minor support under several MDGs and considered either significant or minor overall.

⁵ This threshold is applicable only to a limited number of projects, as the project costs in the report and recommendation of the President (RRP) are often not presented in enough detail to enable extraction of the cost appropriated to the MDG-related component or activity.

⁶ For example, based on a sample of projects, HIV support in infrastructure projects was determined to be about 0.5% of total project cost. Similarly, water supply components averaged about 30% in disaster rehabilitation projects. In case of the programs where costs are often not reported, total program value was divided into the components. If there is only one component identified as related to the MDGs, then this share was further divided by the number of MDGs supported.

development projects (technical and vocational education and training) were included in the MDG 1 portfolio on account of their objective, which is generally to improve the employability of the poor. Higher education projects were not counted, because they are not necessarily targeted at the poor, although they can be argued to improve access to the labor market.

10. Postconflict or disaster-related rehabilitation and restoration projects with interventions for generating employment, improving income by restoring or diversifying livelihoods, and reducing poverty through policy and program conditions were included, as well as microcredit or income-generation components added to a few grant projects in the energy and WOMIS sectors. In the transport sector, projects featuring cash-for-work schemes as in the community-based rural roads maintenance initiatives were included. For rural roads projects, although they are acknowledged to improve access of the poor to markets and income-generation opportunities, only selected cases were counted as MDG 1 support. Such projects were classified as supporting MDG 1 if they were designed specifically to complement productive sectors or productivity-enhancing initiatives such as in area development projects. Similarly, in the energy sector, only those projects directly targeting the poor or supporting livelihood development were counted as supporting MDG 1 (for example a grant project in the Republic of the Marshall Islands: Improved Energy Supply for Poor Households). Not included were general infrastructure or public social service-oriented projects, or public sector management programs, even if they could lead to the employment of public sector employees either temporarily or permanently.

11. **MDG 2: Achieve universal primary education.** Counted as supporting MDG 2 were primarily education sector projects dealing with basic and nonformal education, as well as education sector development projects where the stated goals included improving enrollment in primary education, completion of primary education, and literacy of 15–24 year olds. Operations classified by ADB as multisector dealt with social assistance, social protection, and community restoration-rehabilitation. Poverty reduction and public sector management (PSM) programs specifically geared to poverty reduction, and devolved social services programs with policy components addressing universal primary education and literacy, were likewise included.

12. All projects with add-on components with indicators on primary education coverage and literacy improvement in the project area were also included as well as early childhood development (ECD) projects under HSP. All education sector projects and ECD projects under HSP were considered significant support, and the rest as minor support for MDG 2.

13. **MDG 3: Promote gender equality and empower women.** The projects identified as supporting MDG 3 were derived from the list of projects classified by RSDD's gender division under gender mainstreaming category I (gender equity as a theme [GEN]) and category II (effective gender mainstreaming [EGM]). For better alignment with MDG 3 indicators, the list was narrowed down to capture only those aimed at (i) eliminating gender disparity in education, (ii) increasing the share of women in wage employment, and (iii) promoting women's participation in decision-making processes and structures.

14. From the list, the projects retained and labeled as support for MDG 3 were (i) projects in the education sector; (ii) projects in ANR, industry, finance, and some disaster rehabilitation projects identified as having livelihood or employment support;⁷ and (iii) multisector and PSM programs as well as rural community water sector projects with components geared towards increasing female participation in decision-making processes. Operations in HSP, energy, and transport in the RSDD list were excluded from the MDG 3 portfolio, as they did not correspond with any of the MDG 3 goals.

15. The study team classified a project as significant support for MDG 3 only if targeting of women was clearly stated in the project's outcome statement and if relevant measures were included in the

⁷ These projects were initially cross-checked with projects previously identified as supporting employment generation and tagged under MDG 1, and were then validated for targeting of women.

design to ensure women's participation in or their benefiting from the project. While these criteria generally paralleled RSDD's definition of a GEN project, not all GEN projects were considered as significant in the report by the criteria set out above. A number of projects tagged as GEN did not demonstrate that they were mainly addressing the binding constraints for achieving MDG 3; hence they were classified only as minor support. Meanwhile, all projects previously categorized as EGM were tagged in the study as minor support.

16. **MDG 4: Reduce child mortality and MDG 5: Improve maternal health.** Counted as supporting MDGs 4 and 5 were HSP projects and a few sector programs aimed at improving health indicators including reducing child and maternal mortality. Also included were PSM and multisector programs on development policy support, support for social services, and poverty reduction with social development components focusing on health (i.e., policy conditions relating to health financing).

17. As well, projects with small add-on components targeted at improving access to social services with indicators related to child mortality reduction (and maternal mortality reduction) were counted. A couple of WOMIS projects on water and sanitation with related health indicators were likewise counted. All HSP projects were considered significant support, and the rest as having minor support for MDGs 4 and 5.

18. **MDG 6 (Targets A/B and C): Combat HIV/AIDS, malaria, and other diseases.** Counted as supporting MDG 6 were nine HSP projects, three of which were HIV-focused; two regional projects on communicable diseases; one grant for prevention and control of avian flu; and four with an HIV prevention component. They were considered as significant support. Operations with HIV prevention interventions as add-on components to infrastructure projects in transport, energy, WOMIS, multisector, and ANR were counted as minor support, as well as PSM programs on devolved social services and poverty reduction with an HIV prevention indicator.

19. **MDG 7: Ensure environmental sustainability.** The projects identified as supporting MDG 7 comprised those classified by RSDD and operations departments under the environmental sustainability theme⁸ and projects with water supply and sanitation (WSS) components (mostly under WOMIS and multisector) that were not tagged under the theme.

20. Energy projects and programs with indicators on carbon dioxide (CO₂) emissions and ozone-depleting substances were included (including those with measures used prior to 2004, such as maintenance of air quality standards and reduction in air particulates). The significant support comprised mostly hydropower, thermal, natural gas (including biomass), and other clean or renewable energy projects as well as projects aimed at enhancing energy efficiency and conservation, including improvements in distribution and energy utility services. Electricity transmission expansion or pipeline projects, on the other hand, were included only as minor support for MDG 7, and the decision was contingent on whether they were connected to hydropower, thermal energy, or natural gas sources.

21. In ANR, projects were included as supporting MDG 7 when they had indicators on (i) terrestrial and marine areas protected, (ii) species threatened with extinction, (iii) conservation of water resources, (iv) protection of fish stocks, or (v) proportion of land area covered by forest. These projects were generally in water-based natural resources management (but not irrigation projects), flood protection, land-based natural resources management, fisheries, forestry, and alternative/sustainable livelihood development in environmentally critical areas, and were all considered as having significant support for MDG 7.

⁸ It is sometimes not very apparent in the RRP why these projects were tagged as contributing to environmental sustainability. Operations were therefore reclassified as minor if relevance to MDG 7 was not evident, or in a few cases they were taken out of the MDG 7 portfolio.

22. Disaster or postconflict rehabilitation projects were counted as supporting MDG 7 if there were provisions for WSS. Support was considered minor if less than 50% of costs or project outcomes were earmarked for WSS. Meanwhile, all WOMIS projects excluding two were considered significant for the attainment of MDG 7C.

23. A number of programs on devolved social services and poverty reduction strategy implementation under the multisector and PSM sectors were likewise counted as minor support for MDG 7 to account for the components directed at the development and/or adoption of programs and policies that integrate the principles of sustainable development.

24. In the transport sector, rail projects as well as urban transport projects (which include metro rail, bus, and mass rapid transit) were included as having significant support for MDG 7 because of their direct contribution to lowering CO₂ emissions. Urban projects focused primarily on roads were not counted; neither were highways, nor other road projects, except in a few cases where structural measures to combat land erosion were integrated into the design (e.g., Loan 2736-IND: Madhya Pradesh State Roads III). Such projects were classified as having minor support for MDG 7.