

The views expressed in this presentation are the views of the author/s and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use. The countries listed in this presentation do not imply any view on ADB's part as to sovereignty or independent status or necessarily conform to ADB's terminology.



Project Performance Management System



Results-focused Design of Policy-based Interventions

PPMS

Overview

- Policy-based lending is **one** development instrument
- Sector policy reform is ADB's main policy-based operation
- Addresses economy- or sector-wide causes of structural constraints and under-performance

MfDR

(1) Planning
(Defining desired results)

Inputs

Activities

Outputs

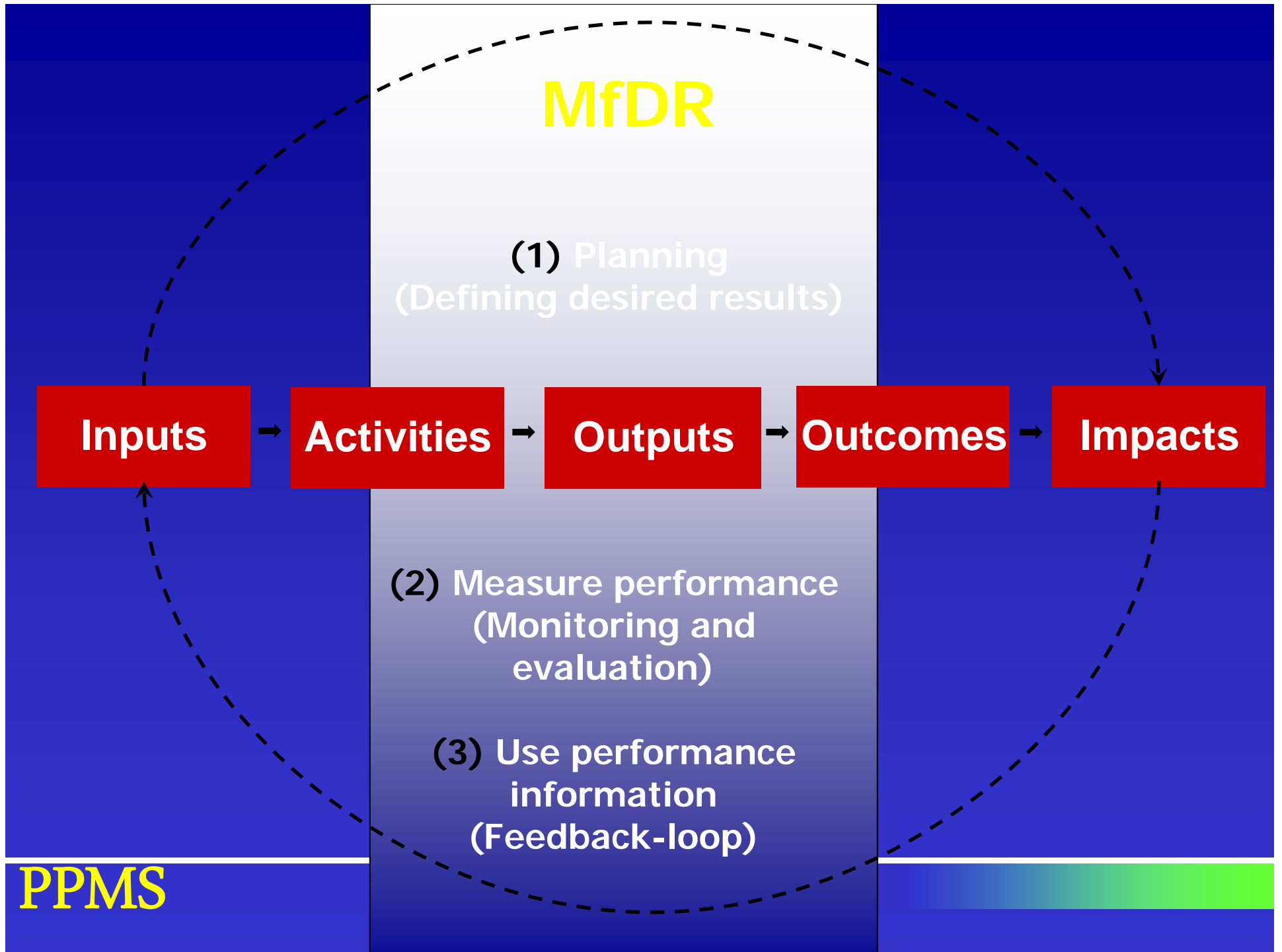
Outcomes

Impacts

(2) Measure performance
(Monitoring and evaluation)

(3) Use performance
information
(Feedback-loop)

PPMS



Components of PPMS

**Policy-based Lending
Interventions**

Development

Outcome

DMF

**PIA
Matrix**

**Policy
Matrix**

Design

**Implemen-
tation**

Reporting

Evaluation

**Post
Evaluation**

RRP

PAM

PPR

PCR

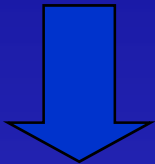
PPER

PPMS

The Process

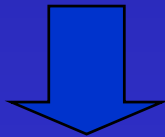
Situation Assessment

- Stakeholder Analysis
- Problem Analysis



Solution Development

- Objectives Analysis
- Alternatives Analysis
- Program Strategy



Key Characteristics of Policy Change

- Policy changes alter the underlying framework influencing stakeholders' behavior
- Removal of a policy-related constraint gives rise to another limitation or binding constraint

⇒ **Policy reform is a process of removing sequential binding constraints**

Dimensions of *ex-ante*

Sector Policy Analysis = Problem Analysis

- Sector role and features
- Government policy and strategies
- Markets, prices and incentive structures
- Public and private institutions
- Key stakeholders
- Political economy

Political Economy

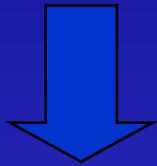
- Definition: “The study of the way in which government influences or organizes a nation’s wealth” (Collins Dictionary) Or “ the interrelationship between political and economic institutions” (George Abonyi, ERD working paper No. 14)
- The political economy context affects policy formulation, timing, reform, acceptance, and implementation.
- Full awareness is needed of: political environment, policy priorities, trade-offs, stance of affected stakeholders, and vested interests.

PPMS

The Process

Situation Assessment

- Stakeholder Analysis
- Problem Analysis



Problem Analysis

Public Infrastructure is in poor condition

Quality of Social Services is below standard

Debt Service is crowding out Public Spending

Starter Problem

Fiscal Budget Deficit excessive

Public Sector Wage and Salary absorb 70% of recurrent budget

Tax Revenues fall short of estimates

SOE receive subsidies

Government sees itself as main provider of public services

Income Tax Collection is weak and inefficient

Private Sector activities declining

SOEs run operating losses

CEOs are political appointees with no business background

Tax evasion is not prosecuted

Government regulations and red tape excessive

PPMS

Legislation provides loop holes for tax evaders

Key tools—*ex ante* analysis

1

Design and
Monitoring
Framework (DMF)

2

Poverty Impact
Assessment Matrix
(PIA)

3

Policy Matrix

- provide the basis for M& E
- help ensure design integrity
- serve a different purpose *but*
- need to be consistent as they share some information.

Key tools—*ex ante* analysis

- **PIA Matrix** = summary of reform effects on stakeholders (ex-ante distribution analysis tool)
- **Policy Matrix** = road map/operational plan sequencing specific policy outputs, actions and milestones (tranche conditions)
- **DMF** = overall program summary integrating PIA matrix, policy matrix and linking them with program outcome and impact with monitorable performance indicators.

Poverty Impact Assessment Matrix

Channel of Effect	Effects on the Poor			Effects on other Stakeholders	Mitigation of Enhancement Measures
	Direct Short Run	Indirect Short Run	Indirect Medium Run		
Access to Labor Markets and Wages	<div style="font-size: 4em; font-weight: bold; margin-bottom: 20px;">A</div> <p>Assumptions and Risks in the DMF</p>			<div style="font-size: 4em; font-weight: bold; margin-bottom: 20px;">B</div> <p>Activities and Inputs in the DMF</p>	
Access to Markets and Prices					
Access to Assets					
Access to Public Services					
Access to Transfers					
Net Impact					

Design and Monitoring Framework

Design Summary	Performance Targets & Indicators	Data Sources & Reporting Mechanisms	Assumptions & Risks
Impact			A'
Outcome			
Outputs C Policy Area			
Activities & Milestones	B' and C policy measures & tranche conditions		Inputs

Policy Matrix

Policy Area & Measures	Tranche 1 & Policy Actions	Tranche 2 & Policy Actions	Tranche 3 & Policy Actions
Policy Area 1			
C' Output in DMF			
Policy Measures			
Policy Area 2			
C' Output in DMF			
Policy Measures			
Policy Area 3			
C' Output in DMF			
Policy Measures			

Thank You

PPMS