



Broad strategies for reducing poverty in Asia and the Pacific

Macroeconomic policy and the role of
multilateral development institutions



Inaugural Address by Tadao Chino

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Distinguished participants, colleagues, ladies and gentlemen,

It gives me great pleasure to welcome you to the Asian Development Bank (ADB), and to inaugurate the Asia and Pacific Forum on Poverty. In my remarks this morning, in order to put this Forum in perspective and provide some context, let me briefly give you my personal views on: why the fight against poverty is so important, why the Asian and Pacific region is so important in the fight against global poverty, why ADB's focus is on reducing poverty, and why this gathering is so important.

Why the Fight against Poverty is Important

Let me start, then, with why the fight against poverty is so important for us. Your Excellencies, Ladies, and Gentlemen, every human being on this planet should live with dignity and hope. Poverty is an unacceptable human condition. Poverty is a deprivation of essential assets and opportunities to which every human being is entitled. The latter half of the 20th century saw impressive advances in science and technology. And the pace of this progress is accelerating. We now have the capacity to apply this knowledge and resources to rescue the destitute. Poverty in a world as knowledgeable and resourceful as ours is unacceptable, totally unacceptable. As income levels in developed countries rise further, as the size of the middle class in developing countries expands, the continued existence and increase in absolute poverty becomes harder and harder to accept. In addition, growing dissatisfaction with inequality threatens social and political cohesion, and casts doubts on the morality of economic reform, liberalization, and globalization. However, poverty is not immutable. Public policy and action can and must eliminate poverty. This is what development is all about. This is what we, all together, are all about.

Fortunately, the global community was alert to the danger of continuing poverty and increasing inequality, and called attention to it. In a remarkable demonstration of wisdom and solidarity in the early 1990s, the nations of the world adopted a series of commitments that have come to be known as the International Development Goals (IDGs). These targets are mostly to be achieved by the year 2015. They cover economic well-being, social development and environmental sustainability and regeneration. The best known of the IDGs is the call to halve the proportion of people in extreme poverty, over the 25-year period ending in 2015. Given the performance of the global economy so far, and that of

the Asian and Pacific region, this is a challenging, but not impossible goal. With the right approaches, strategies and policies, it can be achieved.

Why the Asian and Pacific Region is Important

Now let me turn to why poverty matters so much for the Asian and Pacific region. Because Asia is home to two thirds of the world's poor, the fight against global poverty must be won here in this region. We at ADB are dedicating ourselves to achieving our vision: a region free of poverty. This is no utopian dream. The Asian and Pacific region can be free of poverty. This will lead to a world free of poverty. If the world is to halve poverty by 2015, Asia and the Pacific must be the spearhead. Success in fighting Asian poverty will be crucial for the attainment of the IDGs. If this region does not meet the target, the world as a whole will have failed to do so. So for me, this Forum is set to tackle questions of truly global significance.

Why ADB's Focus is on Poverty Reduction

Next, let me outline briefly ADB's focus on poverty. In November 1999, new Poverty Reduction Strategy was approved unanimously by the Board of Directors, and poverty reduction is now the overarching goal of ADB.

Our poverty strategy has three conceptual pillars: promoting pro-poor sustainable economic growth, social development, and good governance.

Let me briefly elaborate on the thinking behind these three pillars. All around the world, experience has shown that growth is the most powerful weapon in the fight against poverty. Without sustainable economic growth, we can not achieve sustainable poverty reduction. Economic growth can reduce poverty by generating employment and income. Growth also expands public revenues that could be used for better basic infrastructure and social services, of which the poor are in desperate need. Growth can lift many more people out of poverty if it is pro-poor and sustainable.

But economic growth alone is not sufficient for poverty reduction. Growth can effectively reduce poverty only when accompanied by a comprehensive program for social development. For example, if the poor people have no access to basic education, how can they take

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advantage of the job and income opportunities created by economic growth? If there are gender discrimination and other forms of social exclusion, how can the discriminated and the excluded people take advantage of the ex-

panded economic activities and share the benefits of economic growth? Social development should accompany economic growth in order to reduce poverty effectively.

Likewise, good governance is essential for poverty reduction. It improves the formulation and implementation of policies as well as sound macroeconomic management, thereby



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contributing to the first pillar of pro-poor sustainable economic growth. Good governance also contributes to social development, the second pillar of our strategy, because it ensures the transparent use of public funds; and promotes effective delivery of public services; and addresses public sector inefficiencies, corruption, and waste, which leave insufficient resources to reach the poor and the vulnerable.

This is why ADB is pursuing poverty reduction through these three conceptual pillars.

In each borrowing member country, we—in cooperation with others in the donor community—will use poverty analysis to encourage the government and other stakeholders to develop or refine a national strategy for reducing poverty. This will help us identify the priorities for ADB’s own country strategy and program, to be highlighted in a partnership agreement with the government. Two such partnership agreements were signed in 2000, and most of the other agreements will follow this year. Simultaneously, we are trying to improve the design of investment projects and policy-based programs, and the techniques of poverty targeting.

For successful implementation of ADB’s Poverty Reduction Strategy, we also need to learn from many others who work in this field, and share experiences with them. This brings me to the present Forum, the first of a series we plan to organize once every three years.

Why the Forum is Important

Over the last few years, particularly since the Asian financial crisis has added to the number of the poor in this region, poverty issues have come to invite increasing attention. Given the magnitude of the challenge, I take it as a welcome sign that able minds are concentrating on this important subject and seeking to extend our knowledge and understanding. That is certainly true of this Forum, which brings together senior government officials, distinguished academics, representatives of civil society and the business community, and colleagues from bilateral and multilateral agencies.

We are honored today by the presence of many distinguished guests and representatives from our member Governments, including Mr. Dante Canlas of Philippine National Economic Development Agency and Director General Roger Ehrhardt of Canadian International Development Agency. We are honored by the participation of Nobel Laureate Robert Mundell and Professors Michael Lipton, Sanjaya Lall, Graham Pyatt and Kaushik Basu, and President Roy Culppeper of the North South Institute. From civil society we look forward to hearing the views of many distinguished guests, including Dr. Mechai Viravaidya of Thailand, Bruce Moore of the Popular Coalition for the Eradication of Hunger and

Poverty, and Mr. Noriyuki Suzuki, General Secretary of the International Confederation of Free Trade Unions-Asian and Pacific Regional Office. I am also grateful for the high-level support extended by sister institutions in the aid provider community, including President Wolfensohn, Prof. Masahiro Kawai, and Director Vinay Bhargava of the World Bank; Chairman Jean-Claude Faure of Development Assistance Committee of the Organisation for Economic Cooperation and Development; Mr. Hafiz Pasha, Assistant Administrator, and Mr. Terrence Jones of United Nations Development Programme, and Mr. Masood Ahmed, Deputy Director of the International Monetary Fund, to name a few.

The objective of the Forum is to highlight ways in which better policies can make economic growth more beneficial for the poor and improve the quality of life of all people in the region. It is to help us all to identify and carry out the reforms of policies and institutions so that the cause of the poor becomes ever uppermost in the minds of governments. To this end, the Forum is organized around three central themes:

- First, forming consensus for poverty reduction—how to ensure that the different stakeholders involved pull together, and how to obtain support for antipoverty initiatives;
- Second, the ingredients of pro-poor growth—how to promote it, measure it and evaluate it; and
- Third, tackling vulnerability—how to help those who may be bypassed by the growth, and how to provide social protection.

I am confident that we can gain enormously from this Forum. First and foremost, we wish to showcase your research, insights, and experiences and those of our staff. We trust this exchange and exposure will lead to fruitful learning on all sides. Second, we believe that the different stakeholders represented here—government, civil society, academia, business and donors—can recognize a commonality of interest and be persuaded to revisit their respective roles in that light. Each has a part to play while collaborating mutually.

ADB has created a web page for the Forum. We hope very much that the discussion at the Forum will continue through the web page for a long time to come.

Conclusion

Ladies and gentlemen, ADB is truly committed to reducing poverty in the Asian and Pacific region. ADB wishes earnestly to be your partner in poverty reduction. I am confident that this Forum will contribute to advancing our understanding of poverty, and enhancing cooperation among the partners towards realization of our shared vision: the region, and hence the world, free of poverty, where all people can live with dignity and hope.

I wish you all successful, productive and joyful participation in the Asia and Pacific Forum on Poverty.

Thank you.