

ADB's Poverty Reduction Strategy

ADB's long-term vision is an Asia and Pacific region free of poverty

In 1999, the Asian Development Bank (ADB) adopted poverty reduction as its overarching goal and announced its Poverty Reduction Strategy (PRS)¹ to achieve this end. The strategy rested on three mutually reinforcing pillars of pro-poor, sustainable economic growth; inclusive social development; and good governance. It also included crosscutting priorities of environmental sustainability, gender equity, private sector development, and regional cooperation.

In 2004, ADB reviewed and enhanced its PRS to take into account the Millennium Development Goals (MDGs) and to better support the poverty reduction efforts of its developing member countries. It adopted a broader, comprehensive approach to poverty reduction, clarifying that all ADB operational and knowledge work contributes to poverty reduction, either indirectly or directly. The enhanced PRS emphasizes a greater country focus to better align ADB operations with a country's own poverty reduction strategy, and the fostering of partnerships around the strategy. It also puts increased emphasis on managing for development results and capacity development.

Strategy 2020

In recent decades, the Asia and Pacific region has made remarkable progress in eliminating poverty. Strong economic growth has raised per capita incomes in most countries. The absolute number of poor fell—from 900 million in 1990 to about 600 million today. This is an impressive

achievement and one that translates into more education, better health, longer lives, and greater opportunities for tens of millions of Asians.

But an estimated 1.7 billion people (more than half of developing Asia's population) still live on less than \$2 a day, and the Asia and Pacific region remains home to two thirds of the world's poor. Growth in the region has often been inequitable, threatening social harmony, and has put pressure on the environment. Nevertheless, the region's rapid economic and social development, and increasing regional cooperation and integration—if properly harnessed—can help to further cut poverty levels.

In response to these challenges and opportunities, ADB's new Long-Term Strategic Framework for 2008–2020 (Strategy 2020) confirms poverty reduction—in tandem with improving living conditions and quality of life—as ADB's central mission. Strategy 2020's long-term vision is an Asia and Pacific region free of poverty by 2020. It aims to achieve this by promoting growth that is inclusive, that is environmentally sustainable, and that draws on the region's increasing levels of cooperation and integration.

While the economies of the Asia and Pacific region are expected to continue their rapid expansion through to 2020, many people, countries, and even subregions may miss out on the full benefits because of inequalities in incomes and living standards. Should economic disparities widen, the task of poverty reduction becomes more difficult.

To ensure that the benefits of growth and

The enhanced poverty reduction strategy emphasizes that all ADB operations contribute to poverty reduction, either directly or indirectly, and it stresses the importance of achieving the Millennium Development Goals

¹ Available online at www.adb.org/Documents/Policies/Poverty_Reduction/Poverty_Policy.pdf.

Strategy 2020 gives clarity to ADB'S agenda of promoting poverty reduction through inclusive growth, environmental sustainability, and regional integration

social development are made inclusive, Strategy 2020 focuses on programs that promote economic opportunities for all. It emphasizes infrastructure development, liveable cities, climate change adaptation and mitigation, education, a sound financial sector, and increased regional cooperation as key operational areas for the future.

Monitoring Progress

To monitor progress on its Strategy 2020 priorities, ADB will prepare annual Development Effectiveness Reviews. These reviews will show ADB's contribution to the development results of partner countries and the region, in relation to the MDGs and other strategic development goals. They will also detail the physical achievements of ADB's operational work and how it is benefiting people. The effectiveness of overall operations, in relation to portfolio performance, finance mobilization, knowledge development and partnerships, will be assessed. Lastly, ADB's effectiveness in handling human and budgetary resources, as well as its business processes, will be evaluated.

A new project classification system, and biannual thematic and sector reports, will also help ADB closely monitor the impacts of its development programs. ■

References

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