

# Foreword

The Asian Development Bank (ADB) has a long-standing commitment to law and policy reform in our developing member countries (DMCs) as a means of strengthening fair and equitable interactions between citizens, the private sector, and state institutions. This brochure summarizes ADB's law and policy reform efforts over the past decade, demonstrates how these interventions support poverty reduction in Asia and the Pacific, and points the way toward future initiatives to achieve development effectiveness.

In its efforts to empower the poor, ADB supports policies that emphasize social inclusion, government reforms to help increase institutional responsiveness to citizens' needs, and enhancement of the environment for private sector development. ADB believes that these initiatives, when in combination, work together to produce better results.

For example, legal empowerment has been used as a method to enhance the position of the poor in Cambodia by reforming the land registration system; in the province of Sindh, Pakistan, land tenure relationships have been redefined; and the relationship between legal proof of existence and access to resources, services, and opportunities is being explored in Bangladesh, Cambodia, East Timor, and Nepal.

In many of ADB's DMCs, courts do not have the institutional capacity to act as an effective, separate, and equal arm of the state. The justice sector is chronically underfunded and expenditures on justice and law and order have not been part of development priorities. As a result, the capacity of the judiciary is generally weak and courts are clogged with cases. Serious procedural delays in reaching decisions are frequent. Added to this are issues of judicial corruption and lack of accountability of the courts.

ADB has provided technical assistance to India and Pakistan to help counter delays in court procedures. In the North West Frontier Province of Pakistan some early results are impressive. For example, in Abottabad district, there is no criminal case pending for more than one year.

In the Philippines, ADB is supporting efforts to make the judiciary financially independent while increasing its transparency in the use of funds. ADB has also supported judicial training in several of its other DMCs, including Cambodia, the People's Republic of China (PRC), Mongolia, and Viet Nam.

ADB's private sector development has employed loans, equity investments, partial credit and political risk guarantees, and technical assistance to further enhance the capabilities of the private sector in its

DMCs to produce increased economic growth. For example, a recent rupee-denominated ADB bond issue will lead to further development of the commercial bond market in India.

ADB's work in insolvency and secured transactions has helped it articulate some core principles that underlie all well-functioning financial systems. Assistance to the PRC in its accession to the World Trade Organization (WTO) has taught ADB important lessons about substantive law reform, appropriate institutional reform, and the adoption of appropriate measures for judicial review, in connection with the implementation of WTO requirements.

It is important for ADB to prioritize its work to focus more on initiatives that are likely to bear fruit. ADB's experience in Asia and the Pacific, as indicated by this brochure, suggests that it can make a substantial contribution to development effectiveness by strengthening its own capacity and that of its DMCs.

This strengthening encompasses financial sector reform in selected areas such as insolvency, secured transactions, and capital markets law reform; regulatory reform in certain sectors such as electricity, gas, and water law reform; legal and administrative governance reform to promote transparency and accountability; and key emerging or strategic issues, such as anti-money laundering and the legal aspects of regional trade and economic arrangements.

Regardless of whether one places emphasis on economic growth, social development, or governance, it is important to recognize that law helps transform policy into reality on the ground. It is the "intellectual bridge" that supports all of ADB's activities, and should be seen as an integral part of ADB's development agenda.

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