

The Role of Law and Policy Reform in Poverty Reduction

ADB's law and policy reform activities include judicial and police reform and interventions that create a more enabling environment for private sector growth, enhance bureaucratic responsiveness to public demands, promote greater transparency in public institutions, and curb corruption



Landscapes, an art historian once noted, are often deceptive: they can hide more than they actually show. So it is with attempts to define poverty just as a function of income. True, without income, there is no escape from poverty. But to understand the predicament of the poor and their prospects for overcoming poverty, one must go beyond the metric of “dollar-a-day” existence. Poverty and its deprivations must be seen in all their bareness: lack of education, health care, nutrition, clean water, safe sanitation, income, and—ultimately—the passage of premature death. Alongside these deprivations, one must also take cognizance of citizens’ rights that are denied, the opportunities that are bypassed, the entitlements that are wasted, the public services that are not rendered, the liberties that are seized, the public resources that are plundered, the terror of vulnerability that is inflicted, and the sense of dignity that is devoured. Indeed, in articulating its 1999 Poverty Reduction Strategy, ADB acknowledged a move away from income as the sole measure of poverty and recognized these intangibles stemming from powerlessness and despair as a part of the accounting of the perniciousness of poverty.

An appreciation of the severe institutional and other factors contributing to the persistence of widespread poverty in Asia and the Pacific has led ADB to adopt a broad definition of poverty. This definition underscores the importance of three factors. First, interventions that promote pro-poor, sustainable economic growth are

important. Second, interventions that promote social development and expand human capability—both those that are instrumental to achieving growth and those that are of intrinsic value to human aspirations—are important. And third, interventions that promote good governance are vital to sustainable development. Institutions, including legal institutions, weigh heavily in determining the outcomes of each of these interventions. Thus, while the three factors or interventions articulated above are rather straightforward—they will yield the expected results only when applied with full understanding of the particular context and a deep appreciation of local knowledge.

ADB’s law and policy reform activities have been aimed at addressing the institutional and structural impediments to fighting poverty. They focus on a range of fundamental issues such as reforming judicial systems (including the police), creating a more enabling environment for the private sector to effectively compete and prosper, enhancing bureaucratic responsiveness to public demands, promoting greater transparency in public institutions through access to information, curbing corruption, extending legal protection against exploitative practices such as bonded labor, and introducing new laws for registration of land that permit use of such assets for collateral financing. ADB’s activities over the last decade in these areas have included about 400 technical assistance and loan projects spanning virtually all of ADB’s DMCs.