
Chapter 3: ADB's Approach to Poverty Reduction and Related Objectives

ADB has realized that poverty in all its many dimensions is the primary deterrent to the growth and well being of its developing member countries and their people. Since 1999, ADB has followed a poverty reduction strategy that has been the “driving force for ADB’s Long-Term Strategic Framework” for Asia.⁵⁸ Poverty reduction became the lynchpin around which other strategic objectives of economic growth, human development, sound environmental management, and improving the status of women were to be pursued.⁵⁹ Combining a focus on poverty with strategic objectives represents a broader view of development and how to achieve it. ADB remains committed to promoting economic development, but the change in emphasis signifies recognition that economic development by itself will not promote sustained growth.

In the past, ADB, “...relied heavily on income level as the basic measure of poverty.” However, in its current iteration, poverty is perceived as, “...a deprivation of essential assets and opportunities to which every human is entitled.”⁶⁰ Assets and opportunities include basic education and health care, the right to sustain life through people’s labor, and the right of individuals to participate in making the decisions that shape their lives.⁶¹ While in practice poverty will likely continue to be, “...measured in terms of the adequate consumption of food and other essentials, it is recognized that more inclusive measures include basic education, health care, nutrition, water and sanitation, income, employment, and wages.”⁶² It is this commitment to addressing dimensions of poverty beyond economic growth that has developed ADB’s emphasis on poverty reduction. ADB and other major donors have accepted the Millennium Development Goals (MDGs) to promote more inclusive development.

ADB has a three-pillar approach to reducing poverty: pro-poor, sustainable economic growth; good governance; and inclusive social development. The link among the three pillars is quite clear. Poverty cannot be treated solely as an economic problem. There must be inclusive social development and good governance to ensure the participation of the poor, of women, and of the disadvantaged in transparent processes of making decisions that affect their lives. This suggests that poverty is best fought at the grassroots level as the majority of the poor live in rural areas and in urban slums.

Reducing poverty requires considerable efforts to improve the participation of women and of the poor in local governance and resource mobilization and to increase the effectiveness of public sector service delivery to them. Effort is also required to enhance the social development of those most likely to be in need of assistance. This includes providing access by the poorest of the poor to social safety nets and income earning opportunities, providing capacity building opportunities for women newly incorporated into local government bodies, and encouraging poor people to be included in village conflict mediation. Each pillar is considered in turn.

⁵⁸ ADB. 1999a.

⁵⁹ Ibid.

⁶⁰ Ibid.

⁶¹ Ibid.

⁶² Ibid.

Good Governance

Good governance is defined by ADB to be “the manner in which power is exercised in the management of a country’s social and economic resources for development.”⁶³ Elements of good governance include, among others, accountability, transparency, predictability, and participation.⁶⁴ Governance is a critical feature of any poverty reduction activity, as poverty reduction cannot occur where governance is corrupt, obscure, exclusive, and unpredictable. In other words, development resources are likely to be ill used if they are not properly allocated in responsible, transparent ways to meet the real needs of the people. Moreover, government policies and programs are likely to be ineffective if the people aren’t involved in defining priorities and in influencing decisions that affect their lives.

ADB’s experience in promoting economic growth where strong governance was lacking provided the impetus for redefining its efforts to make governance a top priority in the Asia and Pacific region.⁶⁵ Good governance is to be incorporated into ADB development activities by, “...encouraging legal system reform, institutional development, and capacity building leading to improved service delivery and improving public accountability and by strengthening the participation of local people in ADB project work.”⁶⁶

Governance and gender are the centerpieces of the project. Capacity building for elected female officials, establishing local and regional forums for them, and encouraging local government officers to work with women representatives are all means by which local government can improve the transparency of its processes and the effectiveness of its delivery systems.

Inclusive Social Development

Inclusive social development mirrors many of the objectives of the MDGs established by the United Nations including provision of basic services such as education and health care, reduced child and maternal mortality, and gender issues.⁶⁷ Of these, gender has been highlighted as one of the main cross-cutting themes of ADB’s poverty reduction strategy. This stems from the realization that women represent about 60% of the global poor and that their participation in political processes and mainstream development has been either lacking or subject to systematic discrimination.

Since the 1970s, ADB has responded to the need to improve the status and condition of women in Asia by transforming its approach from WID to GAD. The current strategic emphasis focuses on women’s empowerment and increased participation in development. Its purpose is to, “...support measures that empower women to contribute to setting development agendas, and to challenge the socioeconomic groups that place them at a relative disadvantage to men.”⁶⁸ The GAD strategy also places women in a broad sociocultural environment and redefines them as active instead of passive, as participants and not only recipients, and as decision makers instead of victims in the events and processes that structure their lives.

The project incorporates a GAD approach by directly addressing gender issues in capacity building for elected women representatives and in gender sensitivity training for male counterparts. In addition, the women’s forums are indicative of the care taken to build sustainable support networks

⁶³ ADB. 2000a. *Promoting Good Governance: ADB’s Medium-term Agenda and Action Plan*. Manila.

⁶⁴ ADB. 1999a.

⁶⁵ ADB. 2000a.

⁶⁶ *ibid.*

⁶⁷ *Ibid.*

⁶⁸ ADB. 2000b. *Policy on Gender and Development*. Manila

after the completion of the project. Participation in local government committees and village conflict mediation meetings is another way women members represent the interests of their constituents.

Pro-Poor, Sustainable Economic Development

ADB has a broad approach to poverty reduction that recognizes the central role to be played by developing member countries with the support of the donor community. The ADB approach links neo-liberal economic policies and support for the private sector with programs, "...aimed at increasing employment and income generating opportunities for women and other groups that may be outside the formal labor force."⁶⁹ Other programs and country plans for reducing poverty focus on targeting interventions to the rural poor or urban unemployed to provide access to key services and opportunities for self-employment.⁷⁰ Additionally, efforts to promote greater access to education, health, and related social services are conducive to a more productive labor force, to improving the employment chances of women, to reducing population growth, and to reducing the number of people living in poverty.

As part of this strategy, ADB emphasizes the need for environmental programs dealing with industrial and water pollution, deforestation, and the depletion of land and natural resources. The focus is on the medium and long term with interventions that, "...help address structural issues affecting delivery of basic services and other targeted poverty interventions" (medium-term) or those that, "...stimulate pro-poor growth and encourage expansion of the private sector."⁷¹ ADB summarizes its approach by saying it will, "...adopt a systematic approach to poverty reduction by promoting policy reforms, assisting the development of physical and institutional capacity, and designing projects/programs to better target poverty."⁷²

The key to the effectiveness of this poverty reduction strategy depends on the integration of the three pillars. Pro-poor, sustainable economic growth will not occur if inclusive social development does not occur in areas such as education and health. In addition, without good governance to allocate, deliver, and monitor resources, poverty reduction will not occur.

In this project, women representatives link government resources such as employment opportunities, training programs, and social programs with the most needy of their constituents. This combats past practices in which friends and relatives of local representatives often received those resources. Encouraging government officers to attend monthly village forums also increases their visibility and encourages them to soundly manage the resources they control. This creates a positive view of government among the villagers and provides an opportunity for local people to hold officials accountable for their actions. Just as important, however, is the fact that delivering resources to those most in need of them improves the economic well being of the poor and reduces poverty.

⁶⁹ ADB. 1999a.

⁷⁰ Ibid.

⁷¹ Ibid.

⁷² Ibid.

