



ADB's Future Strategy: Would It Really Matter to the Poor?

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NGO Forum on ADB
September 2007*

Introduction

The initial implementation review of and the multi-stakeholder consultations on the Asian Development Bank's Long Term Strategy Framework (LTSF) bear close scrutiny and watching for instructive insights on the accomplishments or failings of the Bank's anti-poverty agenda in the first five years. It is also important to carefully monitor and observe how the results of this review exercise would affect the Bank's poverty reduction directions, priorities and activities in the next 10 years.

The ADB says the basic premise for the LTSF review are attributable to the changing regional and global trends to wit: unprecedented high rates of growth, global capital flows into the region, the co-existence of high rates of savings along with the need for high investment rates, and significant adverse environmental implications associated with the high growth rates. The undertaking, therefore, should give pause to the Bank to assess whether its over-all prognosis of a poverty-free region by 2015 is indeed reachable and realistic.

This brings to fore the Report presented by a panel of Eminent Persons Group (EPG) during the recent Kyoto Annual Governors Meeting, which was met with vigorous criticisms from ADB Governors, civil society organizations, and other stakeholders for its overly-optimistic anti-poverty findings and forecasts. Released in April 2007, the EPG Report provides the basic inputs to the review.

Foremost among the Report's recommendations is for the ADB to include as an overarching goal "inclusive growth" to expand opportunities for the poor in Developing Member Countries. The EPG Report has suggested that *"ADB must change radically and adopt a new paradigm for development banking. The new ADB should help tackle issues critical to the further development of a new "middle-income" Asia, by offering a more balanced blend of knowledge and financial assistance. To address the remaining pockets of poverty, its primary emphasis would be on supporting higher and more inclusive growth rather than transferring external aid resources. Functioning as a financial intermediary, the Bank would connect together lenders and borrowers from within the region."*¹

How this strategy would actually matter to the poor citizens of Developing Members Countries (DMC) is the very question that needs to be concretely addressed by the Bank.

ADB's Long Term Strategy Framework (2001-2015)

Poverty reduction became the ADB's overarching goal in early 1999. The Board of Directors subsequently approved the poverty reduction strategy later that year. In 2000, the private sector development was approved to primarily support this effort through the promotion of growth. The LTSF, entitled "Moving the Poverty Reduction Agenda Forward in Asia and the Pacific" builds on these two strategies, takes into consideration ADB's other policies, such as that on governance, and is integrated with the International

¹ Toward a New Asian Development Bank in a New Asia, Report of the Eminent Persons Group to The President of the Asian Development Bank, March 2007

Development Goals, the series of aims and benchmarks agreed to by world conferences for tackling poverty worldwide by 2015.

Reducing poverty, in all its forms, is the greatest challenge for the international community according to ADB. *“Of the world’s 6.0 billion people, 1.2 billion live on less than \$1 a day and another 2.8 billion live on less than \$2 a day. Eight of every 100 infants do not live to see their fifth birthday; nine of every 100 boys and 14 of every 100 girls reach school age without enrolling in school. Poverty is also most visible among people who have no political representation or voice; those who have limited or no access to basic social services; and those who are vulnerable to ill health, economic dislocation, social injustice, and natural disasters.”*

“Following the agreements and resolutions of various world conferences organized by the United Nations in the first half of the 1990s, seven broad international development goals (IDGs) have been identified. Each IDG addresses one aspect of poverty, but they should all be seen as a whole in tackling the world’s poverty problems by 2015. The IDGs, which serve as benchmarks to the global effort to address the core causes of poverty are as follows:

- *Reduction in the incidence of extreme poverty by half between 1990 and 2015;*
- *100 percent primary school enrollment by 2015;*
- *Elimination of gender disparities in primary and secondary education by 2005;*
- *Reduction in infant and child mortality by two thirds between 1990 and 2015;*
- *Reduction in maternal mortality ratios by three quarters between 1990 and 2015;*
- *Access for all to reproductive health services by 2015;*
- *Implementation by all countries of a national sustainable development strategy by 2005; and*
- *Reversal of the loss of environmental resources by 2015.”*

“The Asia and Pacific region has made a lot of progress in achieving the IDGs. The progress has, however, been uneven. South Asia lags behind with respect to several key indicators, as shown in the accompanying table, and considerable concerted efforts will be required if the IDGs are to be achieved. For East Asia in aggregate, many of the goals—including reduction in the incidence of poverty—had almost been achieved by 1998. However, much still needs to be done to reach the targets for reductions in child mortality and increased access to reproductive health care. Also, environmental deterioration and degradation remain a major concern across the region.”²

LTSF has identified (i) sustainable growth; (ii) inclusive social development; and (iii) good governance for effective policies and institutions as the three core strategic thrusts for the Bank’s interventions. The crosscutting themes are the role of the private sector; and regional cooperation and integration for development, and environmental sustainability.

The Bank has also two mid-term strategic frameworks, MTS I and MTS II, covering the periods 2001-05 and 2006-08, respectively. MTS II emphasizes six strategic priorities: (i) improving the investment climate; (ii) catalyzing private sector investment; (iii) ensuring the inclusiveness of growth, particularly through gainful employment; (iv) managing the environment; (v) promoting regional cooperation and integration; and (vi) assisting weak performing countries. Meantime, the sectoral priorities for core operational areas and expertise are education, transport and other connectivity infrastructure, energy, water, urban and rural infrastructure, and financial sector reform.

In June 2004, ADB Management adopted an internal Reform Agenda for Development Effectiveness. This reform was developed partly in response to the Asian Development Fund (ADF) IX negotiations. Under ADF IX, donors significantly increased their contributions based on the Bank’s commitment to

² Moving the Poverty Reduction Agenda Forward in Asia and the Pacific, The Long-Term Strategic Framework of the Asian Development Bank (2001-2015) March 2001

improve its institutional performance and results-focus through a series of reform measures, which are largely included in the Reform Agenda. The Bank is obligated to report the progress of the Reform in the ADF IX Mid-Term Review, in 2006.³ The reform covers five areas:

- Mainstreaming management for development results;
- Reinforcing knowledge management;
- Improving operational policies and strategies;
- Refining organizational processes and structure; and
- Improving human resource management and staff incentives.

Under the auspices of the reform, a new organizational structure was put in place in 2002 with the intention to better equip the Bank to meet its LTSF. Major structural changes consisted of the integration of programs and projects functions in regional departments (RDs), the mainstreaming of operational support for thematic issues in RDs, and the creation of the Regional Sustainable Development Department (RSDD). An independent assessment of the 2002 reorganization was conducted in 2004 to provide an analysis of the extent to which objectives have been met.

Eminent Persons Group Report

In 2006, the ADB commissioned a panel of eminent persons chaired by Dr. Supachai Panitchpakdi, United Nations Conference on Trade and Development (UNCTAD) head, to produce a report that will forecast ADB's future role in the Asia and the Pacific region. The EPG Report was based on five background papers namely: (i) *The Challenge of Employment Creation in Developing Asia*; (ii) *Financial Systems in Asia*; (iii) *Public-Private Partnerships: The Next Generation of Infrastructure Finance*; (iv) *Accelerating Rural Transformation in Asia*; and (v) *Prospects for Enhancing Regional Economic Cooperation and Integration in Asia*.

By 2020, the EPG envisages the Asia and the Pacific region as:

- Accounting for more than 25 percent of global GDP in nominal dollar terms and as much as 45 percent of global GDP in PPP terms
- Closer to Latin America in GDP per capita, in stark contrast to 1980 when Asia's per capita income was less than a fourth of Latin America's.
- Having an overwhelming majority of people living in middle-income countries, with perhaps only about 10 percent of Asians still in absolute poverty (\$1 a day).
- More urbanized, with the majority of people living in mega or medium size cities, raising new social and environmental issues.
- A "capital-surplus" region, with some countries having surplus savings while others require external (including regional) capital to achieve higher investment rates to fuel economic growth. Asia can be expected to continue to have large accumulated reserves.
- Increasing its intraregional trade and investment, even as integration advances with the global markets for goods, services, and capital. By 2020 the Asia and Pacific region could account for about one-third of world trade, compared with the U.S. share of about one-seventh.
- An even larger user of natural resources including energy, other minerals, and forest products. Human activities and economic policies in Asia will become more important for the global commons, including the environment.

Key barriers identified are: rising disparities, unfinished poverty agenda, environmental degradation, infrastructure bottlenecks, underdeveloped financial sector, regional and global integration, innovation and technological development, and transformation of institutions.

³ ADB Institutional Analysis, NGO Forum on ADB, April 2006

The Report cites that the most critical among the challenges and risks facing the region seem to be: (i) poverty and low levels of income and human development; (ii) the adverse impact of rapid economic progress on environment and natural resources; and (iii) the need for continued efficiency and regional integration into the global economy. Therefore, these approaches will be promoted through inclusive growth, environmentally sustainable growth, and regional cooperation and integration.⁴

The Bank conducted sub-regional, multi-stakeholder consultations recently to obtain diverse and wide-ranging views on this new vision and operational focuses for the ADB.

Rapid Economic Growth and Poverty-Free Asia

In the global context, the trends in the international development community show a more pronounced move towards common goals under the flagship of poverty reduction during the last decade. These increasingly integrated the dichotomy between the “macro economic and growth” and “distribution, equity, and social & environmental consideration” oriented approach to development. The adoption of Poverty Reduction Strategy (PRS) and Millennium Development Goals (MDGs) across all major international, regional and bilateral development agencies, and recipient countries, coupled with a sharper country focus and more effective and harmonized assistance centered on each country's national poverty reduction strategy as expressed in the Paris Declaration on Aid Effectiveness. These movements gradually directed the aid coordination away from “division of labor” based approach to more integrated approach across all donors, manifested in the adoption of common operational framework, joint programming and project financing, and harmonization⁵.

On the other hand, the EPG Report is quite confident and bullish about its projection of a fast growing Asia-Pacific region where most DMCs would eventually graduate to a middle income level. *“By 2020 we envision a dramatically transformed Asia. It will have conquered widespread absolute poverty in most countries, with more than 90 percent of its people living in “middle-income” countries. Tempering this overall positive picture is that some of the fastest growing countries will still have large numbers of poor people. Asia will continue to have many low-income or fragile economies with large development challenges.”* Current economic indicators in most DMCs, however, show that the economic cleavage between the rich and the poor in the region continues to widen. The rampant poverty situation in the region was also underscored by members of the Board of Governors during the Kyoto AGM. They called on the ADB to continue with its original mission of poverty alleviation as well as its primary focus of narrowing disparities between the rich and the poor until the overarching mission is *fully accomplished*. Some delegates even questioned the Bank's optimism on more than fulfilling the targets set in the Millennium Development Goal, arguing that the region remains home to about two thirds of the world's poor. Their concerns were even echoed by Governors from developed member economies, who contended that a number of countries still have high levels of poverty and inequality.⁶

Meanwhile, EPG's finding seems to be quite contrary to the findings contained in the Millennium Development Goals: Progress in Asia and the Pacific Report in 2006. According to the MDG Report, the region is making slower progress in terms of addressing grave problems related to basic health and sanitation, infant mortality, HIV incidence, and access to safe water. The Report actually cites that *“in many social indicators, including some of the MDGs, the Asia and Pacific region (mainly South Asia) lags behind its very impressive progress in meeting the income-poverty targets”*. Unfortunately, we were unable to find any reliable projections of the region's likely performance, specifically of low-income countries, in meeting MDG targets by 2020.⁷

⁴ A note to support the stakeholder consultation on the Review of ADB's Long Term Strategic Framework, 30 July 2007

⁵ ADB Institutional Analysis, NGO Forum on ADB, April 2006

⁶ Roundup: ADB Concludes Annual Meeting Amid Calls for Continued Help for Poor, People's Daily Online, May 8, 2007

⁷ Keeping Poverty Alive beyond 2020, Hemantha Withanage, Bankwatch Special Edition, April 2007

Rapid economic growth has been the buzzword for most International Financial Institutions (IFIs) over the past two decades. This was seen as the only solution for the increasing poverty incidence and magnitude in DMCs. While a handful of countries have become middle income countries, the rest of the low income countries were caught in a debt trap. Unsustainable economic growth, which was flimsy based on the assumption that there are adequate natural and manpower resources that can be converted into wealth, increased socio-economic inequalities in DMCs. Seeing that large-scale infrastructure was viewed as the major catalyst for growth and development, most IFIs lent their money to fund such infrastructure projects. However, resources depletion, environmental degradation on top of natural calamities and the climate change problem were not factored in the equation.

In most DMCs, poverty is due to the inequitable distribution of wealth that was the unwitting by-product of rapid growth. IFIs facilitated the entry of multinational companies and big corporations, through their so-called development paradigms espousing liberalization, deregulation and privatization. Resources in rural areas were taken away by big businesses without providing just and adequate compensation to affected communities. Moreover, these multinational companies have been known to exploit local workers (i.e. cheap labor, underemployment, poor working conditions). The poor were pushed into landlessness and were stripped of their traditional access to their natural environmental and resources.

The '\$1 per day' and '\$2 per day' pegs are two frequently used economic yardsticks to determine or even define poverty. On the basis of the World Bank's data, 45 percent of the world's population or around 2.8 billion people live below the '\$2 per day' poverty line; and more than 1.1 billion – more than the total population of the developed world – below half of this income level.

Inclusive growth

Multilateral banks like the ADB have long peddled the fallacy that rapid economic growth is the very means by which to reduce poverty in the region. The EPG Report's 2020 projection of most DMCs graduating to middle-income status supports the Bank's assertion. It suggests three major approaches for the ADB to wit: (i) promote inclusive growth; (ii) facilitating environmentally sustainable growth; and (iii) promoting regional (and global) integration. Ironically, at least 700 million people in Asia will be still below the '\$1-a day' poverty line by 2020.

The Policy Brief Series No. 48 prepared by the Economic and Research Department⁸ defines the Bank's view of "inclusive growth". It states that while the poverty incidence is falling, there is a growing inequality in most countries. *"The multidimensionality of equity requires the reduction in inequality in the access to opportunities, access to public goods and services and access to social safety nets (World Bank 2006a). Equity encompasses pro-poor growth with its one-dimensional focus on income inequality. On the other hand, pro-poor growth encompasses poverty reduction, which focuses solely on the impact of growth on poverty reduction regardless of income inequality"*.

"Expansion of opportunities can occur only through sustainable growth that is efficient and environmentally sustainable. In order to avoid the danger of equating equity with redistributive policies that in the past have neither generated growth nor equity, equity as defined in this section is termed inclusive growth".⁹ This means equity provides greater access to opportunities, especially for the poor and the less well-off. However, this could only be attained through sustainable growth and the correction of market, political and institutional failures. The Briefer has termed equity as inclusive growth to differentiate it from the previous redistributive policies of the ADB that has failed to generate economic growth and promote equity.

⁸ May 2007

⁹ Policy Brief Series No 48 prepared by the Economic and Research Department of the ADB, May 2007

A report published by the New Economic Foundation (NEF)¹⁰ states that *“new analysis indicates that global economic growth is an extremely inefficient way of achieving poverty reduction – particularly MDG1 – and is becoming even less effective. Between 1990 and 2001, for every \$100 worth of growth in the world’s income per person, just \$0.60 found its target and contributed to reducing poverty below the \$1-a-day line. To achieve every single \$1 of poverty reduction therefore requires \$166 of additional global production and consumption, with all its associated environmental impacts. This approach is both economically and ecologically inefficient. It will be highly improbable to reconcile the objectives of poverty reduction and environmental sustainability if global growth remains the principal economic strategy. The scale of growth this model demands would generate unsupportable environmental costs; and the costs would fall disproportionately, and counter-productively, on the poorest – the very people the growth is meant to benefit.”*

True to form, when IFIs found out that the poor are still mired in poverty despite the rising Gross Domestic Product (GDP) in DMCs, they responded by shifting the language to ‘pro-poor growth’ to address the distributional problems. However, poverty incidence level has worsened due the same approach/strategy that was implemented and adopted by these IFIs. The kind of pro-poor growth approach that is supposed to promote the reduction of inequality as well as the increase of income level has never materialized.

The Risks and Challenges in the Region

Clearly, the widening rich-poor disparity compounded by environmental degradation and disasters pose the main risks to developing economies in Asia and the Pacific. Both problems can be likened to time bombs that could explode anytime unless sound macro-economic policies that genuinely support sustainable and pro-poor growth are put in place by IFIs like the ADB.

The EPG Report cites other discrepancies: *“Rising disparities are not unusual during periods of rapid growth and major structural changes, and most people are benefiting from growth. But unless the rising disparities between and within countries are addressed urgently, they could ultimately threaten the political stability and social cohesion of the fast-growing countries. This in turn could result in a political backlash, bringing to power political leaders opposed to economic liberalization. Were this to happen, economic growth rates and flows of private capital to the Asia and Pacific region would suffer major setbacks”.*

Indeed, the inequitable wealth distribution and income disparity are major issues bedeviling low income and even middle income countries. It goes to show how unsuitable the market principles and fundamentals that all these economies are following at present. While the ADB should not push for the opening up of market economies across the region, it should also develop alternative development models that would be congruent to the socio-economic needs and priorities of DMCs.

On the other hand, the deterioration of the environment due to rapid industrialization is evident in fast-growing economies such as China and India. Citizens of these two countries along with those of neighboring countries are exposed to environmental risks and hazards. Other densely populated countries like Pakistan, Bangladesh, the Philippines, and Indonesia have to resolve the growing problems on exploitation of resources, pollution of waterways, landlessness, air pollution, desertification, and diminishing forest cover among others. Furthermore, poor communities are now seen most likely to be most vulnerable to climate and natural disasters.

Privatization efforts for both public utilities and management of natural resources are likewise serious risks that face the poor all over Asia and the Pacific today. Under the guise of private sector participation

¹⁰ Growth Isn't Working, David Woodward and Andrew Simms, January 2007

or public-private partnership, privatization has denied the poor rightful access to public services and natural resources.

The issue of growing debt for many small economies is another huge burden to the poor since the latter suffer the brunt of the debt repayment. With debt appropriation high on most DMC's economic agenda, the national budget for basic social services usually gets cut. Unless the ADB devise a mechanism that would release these countries from the debt trap, the poor will never benefit from any Bank-aided social development project. Conducting a comprehensive debt audit or a restructuring of loan terms that would be favorable to low income and middle income countries would pave way for the prioritization of delivery of basic goods and services to their respective citizenries over debt repayment.

Role of the ADB and Balancing Acts

As a multilaterally-tasks and governed institution, the Bank has to refocus its banking role since it is one of the root causes of the socio-economic disparities and resources depletion problems that are occurring in most DMCs. A delicate balancing act between "banking" and "development," calls for a major change in attitude and mindset in the ADB. Perhaps the Bank can start by adopting a more emphatic term like "improving the quality of life of the poor" instead of using the hackneyed term "poverty alleviation."

But more than semantics, the Bank should realize that ensuring "sustainable livelihood for the poor" is the best way to attack the poverty problem. In particular, rural development should be planned according to existing local situations/conditions and with the meaningful participation/involvement of communities. Based from documented case studies and previous experiences, the ADB has been found as not serious enough in ensuring the meaningful participation of stakeholders, especially the poor, marginalized, and vulnerable groups, both in the formulation of national development strategies and in the implementation of its programs and projects. It is warranted, therefore, for the Bank to improve its current consultation processes by crafting a guiding policy or stringent implementing guidelines that would ensure the participation of affected communities, civil society organizations and other relevant stakeholders to an honest, no-nonsense, no-holds-barred, robust, and structured project-based or policy-related consultations.

Going back to the findings of the 2006 MDG Report, most Asia and the Pacific countries are behind meeting the MDGs. Therefore, the Bank needs to realign its soft loans in consonance with the MDGs. Furthermore, it also needs to align its soft funds vis-à-vis global commitments that were made in international summits/conferences like the Kyoto Protocol, the Education for All 2015 and the 2002 World Summit for Sustainable Development Johannesburg Plan of Implementation.

Moreover, the Bank should end conditionalities, particularly in the areas of political and macroeconomic policies; and put a stop to the practice of tying development aid to the hiring of foreign consultants, purchase of goods, and the like. Further, the soft loans should be progressively increased to support the improvement of social services delivery and pro-poor infrastructure development programs for health, agriculture, education sectors among others. The poorest regions of DMCs should be given priority when it comes to aid.

The infrastructure programs of the Bank are driven not for the very purpose of poverty alleviation but for industrialization. Thus, the ADB should assist governments to adopt a rights-based approach to providing aid. This can be done by respecting social development principles to guide Bank operations in all sectors; at the same time upholding the human rights of the poor, especially those whose voices are at risk of being silenced or marginalized vis-à-vis aid: women, children, youth, Indigenous Peoples, ethnic minorities, and even non-citizens like migrant workers.

In matters concerning the health sector, the Bank should honor affordable health care and services as an uncompromised right of every citizen of developing nations. The ADB should not promote any policy that

would lead to the privatization of the health care systems in DMCs, but instead support projects that would genuinely enhance health services for the poor.

Concerning free education, it is the only way out for the rural poor of the poverty quagmire. Again, the Bank should not advocate privatization of this sector. It should support provisions for modern educational facilities in formal and informal education sectors in both urban and rural areas.

In terms of core labor standards, the ADB has not sufficiently addressed this issue. The continuous enhancement and upgrading of skills as well as the protection of and respect for the rights of workers in ADB-funded operations in DMCs should be paramount in the Bank's priorities.

Regarding the problem of corruption, the ADB should not just stop at denouncing all its forms and types, but should consistently see to it that the guilty or erring parties are given out stiff penalties and punitive actions. This would demonstrate the earnestness on the Bank's part to weed out corrupt practices in all its activities and operations.

For gender justice and empowerment concerns, the ADB needs to assist countries to formulate an alternative framework that would give utmost protection to the rights of women in all aspects of development, as well as identify a set of indicators that would comprehensively measure the impacts of its operations on the welfare and well-being of women.

ADB Services and Competencies

The EPG Report has high hopes that the ADB would reinvent itself as a knowledge bank in the next decade. Whether the Bank would be able to develop the necessary expertise, competencies and skills set in time to achieve this vision is not the more urgent issue. Before the ADB fully entertains the lofty thought, it must assess first whether some of its staffmembers actually possess the right abilities, proper values, and depth of experience to handle highly sensitive and contentious undertakings. For example, the on-going Energy Policy/Strategy review has drawn flak from the civil society for the flawed review and consultation process. The Draft Paper, which was the basis of the sub-regional consultations, itself, has received major criticisms from different stakeholders for being poorly written and lacking in substance. On the other hand, the Safeguards Policy Update Team that is tasked to prepare the preliminary omnibus Safeguards Policy Statement, has been by rocked by the recent resignations of core members who protested the alterations done by the Management to their work. This matter has also revealed the issue of lack of due process and transparency in the on-going Safeguards review.¹¹

As regards the rosy prognosis for the ADB by 2020, the jury is still out whether the Bank would be able to complete its mission of eradicating poverty in Asia and the Pacific. But if current trends and indicators in DMCs are to be factored in, it would be safe to assume that the institution would not be done with its mission yet. Therefore, it would not be prudent and realistic for the Bank to change the present overarching goal in the next few decades.

Over the past 40 years, the ADB has gained acceptance as a broker among financial agencies operating in the region. Most of the prescribed financial mechanisms and approaches of these agencies do not carry enough or are devoid of any social and environmental safeguards. As a publicly-funded entity, the Bank should set the benchmark among financial institutions in the effective implementation of policies that protect the environment, affected peoples and Indigenous Peoples.

¹¹ ADB 'Safeguards' Review Sparks Resignation, Allan Beattie, Financial Times, September 13, 2007

Conclusion

Absolute freedom from the oppressive shackles of poverty is a dream of every poor person. It's a paramount right of every individual that should be recognized and ensured by governments of developing economies and most especially by the Asian Development Bank. As a multilateral bank that depends on public funds, the Bank should not gamble away the future of the poor citizens of Asia and the Pacific region to profit-oriented financial entities with little regard for the preservation of the environment, conservation of natural resources, and the protection of the rights of affected communities, minorities, and vulnerable groups.

Rather than promoting economic growth, the ADB should adopt "sustainable livelihood" as a main principle to its poverty reduction efforts in the region. It is imperative that it focus more on locally-acceptable but successful development models in DMCs. It should stop imposing on DMCs to open up their economies in order to produce goods and services for the benefit of both the national elites and developed nations.

Tasking ADB with non regional services is not a wise option. Instead of abandoning its role as a development bank, ADB should continue to strive in providing services assistance to the poor to alleviate them from poverty. As studies have shown, poverty incidence has not changed; hence, assuming that poverty will be resolved by 2020 is not only realistic but dangerous as well. Such presumptions would only lead to further neglect of the poor, who, in the first place, should be the beneficiaries of development aid. More so, the Bank should continue to promote the rights and welfare of the poor and marginalized groups against globalization. Without appropriate mechanism and sound policies in place, economic growth could become a catalyst to further impede the rights of the poor, which in the long run would only worsen the growing income disparity.

As such, the Bank should include the poor and the marginalized in its economic development models in order to fully realize its socialized poverty-free Asia. However, defending and promoting the environmental and social rights of the poor remain a big challenge to the ADB.

The ADB should not abandon its overarching goal, which is poverty reduction. Instead of transforming itself into a knowledge-based institution which runs counter to its development mandate, the ADB should continue to provide assistance to DMCs to bridge the continuously rising income disparity between the rich and the poor in the Asia and the Pacific region.

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