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Quick Updates on ADB's PRS

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Following the emerging trend at the World Bank to redefine its main objective as poverty reduction as opposed to mere economic development, in November 1999 the Asian Development Bank (ADB) approved its Poverty Reduction Strategy (PRS) which it likewise declared as its over-arching goal. The strategy aims to drastically reduce poverty in Asia through promoting three main objectives: i) pro-poor sustainable economic growth, ii) social development, and iii) good governance. (For the strategy and other information on ADB's PR initiative please go to: http://www.adb.org/Poverty/default.asp.

Based on poverty assessments in its developing member countries (DMCs), the ADB works together with national governments to develop a national strategy for reducing poverty. Using this document, the Bank will set its own priorities for its Country Strategy and Program (CSP) that will be part of a Partnership Agreement (PA) with respective countries. The CSP now includes two previously separate documents, the Country Operational Strategy (CAS) and the Country Assistance Plan (CAP). The unit in charge of implementing the PRS is the Poverty Reduction and Social Development Department (PRSDD) which is lodged under the Regional and Sustainable Development Department (RSDD). Prior to the ADB's re-organization, which became effective in January 2002, the Poverty Reduction Unit (PRU) fell under the Strategy and Policy Department (SPD).

The PRU/PRSDD produced action plans for 2000 and 2001, according to which Partnership Agreements should have been signed with 14 countries in 2001 and 13 countries for 2002. As of September 2002, the following fourteen (14) countries have signed Partnership Agreements with the ADB -- Bangladesh, Bhutan, Cambodia, Federated States of Micronesia, Indonesia, Maldives, Mongolia, Nepal, Pakistan, Philippines, Marshall Islands, Sri Lanka, and Vietnam.

Partnership Agreements include short term, mid-term and long-term targets with reduction of the proportion of the population living under the poverty line by a specific percentage. Concrete actions tend to include all or some of the following: increasing access of the poor to health services, education, safe water and sanitation, promoting agricultural development, improvements in transportation networks, private sector development, strengthening governance, and promoting women and ethnic minorities' concerns.

Private Sector Development and Microfinance as Tools for Poverty Reduction

ADB connects its Poverty Reduction Strategy closely with its Private Sector Development Strategy (approved March 2000) claiming that it "is widely accepted that the private sector is needed and better suited for sustaining rapid growth. And the Asian experience shows that growth is the most powerful weapon in the fight against poverty". In the Bank's view, promoting private sector development will result in poverty reduction. (http:/www.adb.org/Documents/Policies/Private_Sector/default.adp)

The Bank's Microfinance Development Strategy approved in June 2000, is also intended as a key tool in poverty reduction. It is aimed at ensuring permanent access to institutional financial services for most poor people and their small businesses in Asia and the Pacific. Microfinance includes a broad range of services such as deposits, loans, money transfers, and insurance to poor and low-income households and their microenterprises.

Critique

ADB's Poverty Reduction Strategy was received with skepticism by the NGO community The main points of criticism are that the new strategy is a merely a new type of structural adjustment lending in disguise and that the emphasis on private sector development will in reality hurt the poor rather then benefiting them.

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* The NGO FORUM ON ADB (FORUM) is a network of diverse non-governmental organizations (NGOs), peoples' organizations (POs), community-based organizations and other public interest groups with advocacy and campaigns relating to the Asian Development Bank (ADB). The Manila-based Secretariat can be reached at: Room 402, 107-A Kalayaan Avenue, Diliman, 1101 Quezon City, Philippines; Telefax: +632 9297987; E-mail: forum@pacific.net.ph.