

Chair's Summary of Meeting of the Board of Directors

7 December 2007

REVIEW OF THE FINANCIAL FRAMEWORK OF THE ASIAN DEVELOPMENT FUND

1. The Board of Directors discussed the R-paper on the Review of the Financial Framework of the Asian Development Fund (ADF) and unanimously supported the recommendations of the R-paper.
2. Directors were pleased that the R-paper incorporates most of the comments and suggestions made during the Working Paper discussion. They welcomed the higher internal resources made possible under this framework.
3. No major issues were raised regarding the technical aspects of the R-paper. Some Directors touched upon a few ADF X replenishment-related issues, including the drawdown of usable liquidity for ADF X, the necessity of obtaining particular commitment of donors for additional resources as in the International Development Association (IDA) to meet reflow shortfalls due to the grant framework and debt relief, and ordinary capital resources (OCR) net income transfer to ADF. Several Directors recognized the importance of the Long-Term Strategic Framework and noted that it could affect the strategic directions of ADB including ADF.
4. One Director supported a review of the implementation of the new financial framework as part of the ADF X Mid-Term Review. One Director suggested that a potential review of ADF's loan terms be considered.
5. Staff responded to the issues raised by the Directors and further confirmed that the ADF loan term review was not envisaged at this juncture.