



Chair's Summary of Meeting of the Board of Directors

25 April 2008

Policy Paper on Review of the 1998 Graduation Policy of the Asian Development Bank

1. The Board approved the policy. Directors expressed appreciation for the efforts to incorporate suggestions and recommendations following consideration of the W-paper. One Director abstained on behalf of a member. The Board generally appreciated the efforts to align ADB's graduation policy more closely with that of the World Bank.
2. Most Directors supported using the term "creditworthiness" instead of the current "debt repayment capacity". A few Directors expressed some reservation with respect to the use of the term "creditworthiness", since ADB's judgment on a country's creditworthiness could potentially have an impact on the country's access to the international capital market. Directors appreciated that creditworthiness information in the paper will not be made publicly available in accordance with ADB's Public Communications Policy. A few Directors recommended additional measures to ensure the confidentiality.
3. Most Directors supported the improved methodology for creditworthiness assessment, the establishment of a creditworthiness assessment committee, and its composition. Some Directors noted the importance of consultations with regional departments.
4. Most Directors supported the simplification of the country classification system, using three-tier grouping instead of four-tier one, and alignment with that of the World Bank. One Director expressed preference to retain the current four-tier country classification system.
5. Directors appreciated that the decisions on country classification will be submitted to the Board for approval, generally on a no-objection basis.