

ASIAN DEVELOPMENT BANK

R45-86
9 May 1986

REPLENISHMENT OF THE ASIAN DEVELOPMENT FUND AND THE TECHNICAL ASSISTANCE SPECIAL FUND

1. In Resolution No. 172, adopted on 2 May 1985, the Board of Governors noted with approval that the Board of Directors had commenced an examination of the need for a further replenishment of the Asian Development Fund (ADF) and requested the Board of Directors to complete such examination as soon as possible and to submit the replenishment arrangements eventually agreed upon, together with its findings and recommendations, to the Board of Governors for consideration and action.

2. The Bank's initial proposals for the replenishment were outlined in Doc. Working Paper 3-85, "Fourth Replenishment of Asian Development Fund (ADF V)", dated 18 February 1985. The Working Paper was discussed by the Board on 19 March 1985 and, after revision in the light of that discussion, was circulated to the ADF donor countries and reissued to the Board as Doc. Sec.M41-85 dated 30 April 1985.

3. Meetings of representatives of the ADF donor countries were held in Rome (17-18 June 1985), Tokyo (14-15 October 1985), Vancouver (11-12 February 1986) and Manila (28-30 April 1986) to discuss and negotiate the replenishment arrangements. At these meetings donors reaffirmed their strong support for ADF. Various matters relating to the replenishment were discussed including a number of important policy issues. The Board has been informed of the outcome of these discussions.

4. The replenishment arrangements as finally agreed upon at the Manila meeting involve an ADF V total of \$3.602 billion to be provided by the developed member countries and by Indonesia, Republic of Korea and other developing member countries (DMCs).^{1/} Although this replenishment total is lower than that initially sought by the Bank, it is considered the highest amount which donors could support on the basis of acceptable burden-sharing arrangements in the prevailing circumstances.

5. It was agreed at the Manila meeting that \$72 million of ADF V contributions would be set aside and allocated to the Technical Assistance Special Fund (TASF) for technical assistance to poorer DMCs and for regional technical assistance.^{2/} To accommodate this arrangement, it would be necessary to amend Section 1.02(a) of the ADF Regulations by adding at the end of that Section the words "unless the relevant authorizing Resolution of the Board of Governors provides otherwise." It is proposed that the ADF Regulations be amended accordingly.

6. Attached is a draft Report of the Board of Directors to the Board of Governors, together with a draft Resolution of the Governors, concerning the proposed replenishment. The draft Report explains the main features of the replenishment arrangements and outlines the policy issues referred to above, while the draft Resolution sets out the terms and conditions of the proposed replenishment. The draft Resolution was reviewed by the donor countries and accepted at the Manila meeting.

7. It is recommended that the Board of Directors agree to submit the attached Report and draft Resolution for consideration and adoption by the Board of Governors. It is also recommended that this matter be submitted to

1/ It is hoped to be able to specify the names of other DMC donors by the time of Board consideration of the attached draft Report.

2/ An understanding was reached during the replenishment negotiations that the TASF portion of the Belgian contribution would be used for technical assistance only on a loan basis in accordance with Section 3.03(b)(ii) of the TASF Regulations.

the Board of Governors under the special procedure provided in Section 3 of the By-Laws, with a request for a vote by cable within thirty-five days of the date of such request.

8. It is further recommended that the Board approve the proposed amendment to Section 1.02(a) of the ADF Regulations referred to in paragraph 5 above