



## Board of Directors

In keeping with ADB's ongoing and comprehensive reform agenda, the Board of Directors undertook a series of reviews that expanded ADB's capacity to assist member countries, and to do so more efficiently and with better results. It endorsed new country partnership strategies with several countries, and paid special attention to the situation and challenges facing the region's weakest and most vulnerable economies and societies.

The Board also supported revisions to ADB's grant framework linking a country's eligibility for grants to its debt status, and explored more appropriate and more reliable ways of assessing creditworthiness.

To strengthen ADB's internal capabilities and institutional effectiveness, the Board pressed on with reforms intended to bolster ADB's financial position, improve the capabilities of its staff, and enable ADB to operate more efficiently. These reforms were made even more urgent by the continuing growth in ADB's operations: the total loan portfolio approved by the Board in 2007 exceeded \$10 billion for the first time.

With the second medium-term strategy period drawing to a close and the new long-term strategic framework set to take effect in 2008, the Board was acutely aware of the need to realign ADB's policies and programs with the emerging new scenario in the Asia and Pacific region.

## Board Meetings

The Board meetings covered a broad range of policy, financial, and administrative concerns, among them, ADB's approach to engaging with weakly performing countries and to providing debt relief to heavily indebted poor countries.

The Board reviewed ADB's prudential exposure limits on nonsovereign operations, the 1998 graduation policy, and the loan charges and allocation of 2006 net income. It discussed possible revisions in the framework for Asian Development Fund (ADF) grants and the borrowing program for 2008.

The Board met on ADB's annual financial statements, its budget for 2008, its work program and budget framework (2008–2010), and the salaries and benefits for national officers and administrative staff at headquarters, as well as those for professional staff.

It reviewed the 3-year rolling work program for 2008–2010 and budget for 2008 of the Asian Development Bank Institute. It discussed a paper on the resources of ADB and recommended its consideration by the Board of Governors at the Fortieth Annual Meeting.

## Other Meetings

In September, a delegation from the World Bank's Board of Directors met with ADB's Board of Directors to discuss board effectiveness and other issues of mutual interest.

In October, the ADB Board held a retreat with Management to discuss the long-term strategic framework. The retreat proved helpful in getting early feedback on the framework.

Members of the Board also attended the first donors' meeting on the ninth replenishment of the

ADF (ADF X) in Sydney, Australia, in September, and the second meeting in Vientiane, Lao People's Democratic Republic, in November.

## Country Partnership Strategies

The country partnership strategy or CPS (formerly the country strategy and program) maps out the ways that ADB can best partner with its member countries over the time frame of the CPS (usually 5 years), given each country's situation, challenges, and priorities. The CPS also enables ADB to evaluate the country's development performance over the CPS period.

The Board endorsed three CPSs—for the Maldives (2007–2011), Thailand (2007–2011), and Tonga (2007–2012)—as well as a joint country support strategy for the Kyrgyz Republic (2007–2010).

## Board Group Visits

Members of the Board made two visits around the region to get a firsthand view of ADB projects and their impact, and to meet with government officials and other development stakeholders.

On 15–28 February, a team visited Papua New Guinea, Solomon Islands, and Vanuatu. Another team visited Uzbekistan and the Kyrgyz Republic on 16–26 June.

The visits strengthened ADB's relationship with its development partners and generated valuable feedback.

## BOARD COMMITTEES

The Board is supported in its work by standing committees on audit, budget review, compliance review, development effectiveness, and ethics.

### Audit Committee

The committee assists the Board in its oversight of ADB's financial reporting and audits, including internal controls.

Among the review and discussion topics taken up by the committee were the annual report of the Office of the Auditor General's Integrity Division, the audit recommendation and implementation report of the outside auditors (June and December), ADB's annual financial statements, the review of private fund activities and analysis of the performance of fund managers, the audit strategy memorandum, and the audit risk assessment methodology. The committee also reviewed ADB's risk management capability and the monitoring of progress in integrating risk management in ADB.

The committee monitored and reviewed key issues and actions, including financial management and

accounting standards, information technology issues affecting key financial and accounting systems, and travel-related cost-saving measures.

The committee met 10 times.

### Budget Review Committee

The committee discussed the President's planning directions in preparation for the drafting of the work program and budget framework (2008–2010). Later in the year, the committee met with the vice presidents and exchanged views on the draft highlights of the work program and budget framework. The committee also promoted a demand-driven approach to knowledge management, value addition to clients, and a clear strategic direction in ADB's knowledge products to achieve better results.

The committee discussed the 2008 draft budget, and noted the continuing efforts of regional departments to boost portfolio performance by improving disbursements and reducing at-risk projects. The committee noted that the growth in the work program was paralleled by the departments' efforts to improve efficiency, skills mix, and staff redeployment. The committee confirmed that the draft budget for 2008 was

consistent with the work plans and appropriate for consideration by the Board.

The committee met 10 times.

### Compliance Review Committee

Set up under ADB's accountability mechanism, the committee clears the Compliance Review Panel's proposed terms of reference and time frame for compliance reviews. The committee also comments on the draft monitoring reports of the panel on the implementation of remedial actions approved by the Board.

**The committee confirmed that the draft budget for 2008 was consistent with the work plans and appropriate for consideration by the Board**



Board members visit Papua New Guinea to support skills development



Board members visit Gold Ridge Mine, Solomon Islands

The committee reviewed the draft monitoring reports of the panel on the implementation of the Board-approved remedial actions in the Southern Transport Development Project in Sri Lanka and the Chashma Right Bank Irrigation Project (Stage III) in Pakistan. The monitoring reports are posted on the panel's website ([www.compliance.adb.org](http://www.compliance.adb.org)). The committee also informally discussed the compliance review process with the panel members.

The committee met twice.

### Development Effectiveness Committee

The committee was created in 2001 to help the Board ensure the development effectiveness of ADB programs and operations.

The committee reviewed and discussed 12 evaluation reports prepared by the Operations Evaluation Department, and three Management reports on the implementation of the poverty reduction strategy and progress in managing for development results. The committee also deliberated administrative issues.

The four country assistance program evaluations reviewed and discussed by the committee were those for the People's Republic of China, India, Pakistan, and Sri Lanka. The five special evaluation studies covered the performance of technical assistance, indigenous peoples

safeguards, private sector development and operations, the energy policy 2000 review, and the Global Environment Facility. Two annual reports were taken up: the annual report on the performance of the 2006 portfolio and the annual evaluation review in 2007.

While taking note of the general progress made, the committee recommended improvements in ADB's performance in its programs and operations.

The committee met 13 times.

### Ethics Committee

The Board established the committee to address matters of ethics that may arise under the Code of Conduct adopted by the Board in September 2006. The code provisions apply to all Board members (directors, alternate directors, and temporary alternate directors) and to the President.

The committee advises the directors, alternate directors, or the President on actual or potential conflicts of interest or other ethical issues concerning themselves. The committee also considers allegations of misconduct against directors, alternate directors, or the President that relate to the performance of their duties, and it recommends appropriate action to the Board.

The committee met several times to discuss policies and procedures.

# Board of Directors

## EXECUTIVE DIRECTORS



Masaki Omura



Marita  
Magpili-Jimenez



Patrick Pillon



Md. Saad Hashim



Phil Bowen



Wencai Zhang



Curtis S. Chin

## ALTERNATE EXECUTIVE DIRECTORS



Richard Stanley



Nima Wangdi



Atsushi Mizuno



Sibtain Fazal Halim



Paul W. Curry



Siew Juan Aw



João Simões de  
Almeida

## PRESIDENT AND CHAIRMAN OF THE BOARD OF DIRECTORS

Haruhiko Kuroda



Sebastian Paust



Ceppie K.  
Sumadilaga



Howard Brown



Ashok K. Lahiri



Kyung-Hoh Kim



Tsuen-Hua Shih



Fangyu Liu



Uğur Salih Uçar



Dereck Rookens-  
Smith



Patrick Brandt

## MANAGEMENT



Rajat M. Nag



Ursula Schaefer-  
Preuss



Bindu N. Lohani



Liqun Jin



C. Lawrence  
Greenwood, Jr.



Shyam P. Bajpai