

Chair's Summary of Meeting of the Board of Directors

30 May 2007

Achieving Development Effectiveness in Weakly Performing Countries (The Asian Development Bank's Approach to Engaging with Weakly Performing Countries)

1. This paper examines the experience of ADB working in weakly performing countries, or WPCs, and sets out a more strategic approach for identifying weak performance and for formulating development programs that will achieve greater effectiveness. The approach draws on lessons learned from ADB's experience with weakly performing countries, including those in conflict and post-conflict situations. The paper was presented to the Board for discussion.
2. Directors endorsed the paper and they generally appreciated the overall assessment and diagnosis of the challenges facing WPCs and ADB in difficult fragile situations; however, some Directors indicated the need for greater specificity in terms of actions and commitment by ADB in WPCs. Many Directors noted the need for an action plan and guidelines to "operationalize" the proposed approach and some Directors asked Management to take explicit corporate responsibility for implementation.
3. Several Directors noted that ADB should be more actively involved in international dialogue and emphasized the importance of enhancing coordination and partnership with other development partners. Many Directors stressed the need to harmonize the definitions and typology of WPCs and fragile states among development partners, and a few Directors felt that the performance-based allocation (PBA) system might not fully capture all dimensions underlying performance in WPCs, specifically the relative emphasis on governance versus economic growth. Several Directors noted the need for additional resources to maintain engagement in WPCs due to the need for consistent, long-term, labor-intensive efforts, while some Directors suggested raising this issue during the ADF X negotiations. Several Directors emphasized the role of public institutions in WPCs and the importance of Bank's assistance on capacity building for those institutions.
4. Several Directors recommended caution with the use of multi-donor trust funds (MDTFs), in particular to avoid the proliferation of MDTFs that could become an administrative and financial burden on ADB, and they emphasized the need to ensure that MDTFs will not undermine the PBA system. Many Directors agreed that staff incentives must be reoriented to reward staff working in WPCs, acknowledging that staff attitude and behavior are particularly important for working in WPCs. Some Directors pointed out that the incentive issue is applicable to other staff as well.
5. The Chair commented on the need for flexibility in definitions to properly reflect regional specificities. The Chair thanked the Board members for their constructive comments and for their support and general endorsement of the proposed strategic approach.