



Chair's Summary of Meeting of the Board Directors

17 October 2005

Work Program and Budget Framework (2006 to 2008)

1. The Board of Directors discussed the Work Program and Budget Framework 2006 to 2008 (WPBF) and generally supported its main focus areas.
2. Many Directors raised the issue of the business process in place for preparing the WPBF. Some Directors felt that an updated version of the WPBF should be prepared to take into account Board views. Some Directors felt that the current process was satisfactory, and that Board views could be incorporated in the Budget document and other planning instruments as well as the next medium-term strategy. The Chair assured Directors that their views on WPBF would be considered and systematically addressed.
3. On the issue of lending projections, some Directors welcomed the introduction of a more conservative planning methodology. A few Directors felt, however, that the projections were unsatisfactory given the scale of the region's needs. Directors generally supported the need for scaling-up operations as articulated in the WPBF, with some Directors underscoring the need for geographical diversification of OCR operations. Some Directors voiced concern at stagnating levels of private sector operations, while some supported the WPBF's prudent position in anticipation of the development of a bank-wide private sector development strategy. Several Directors urged greater diversification in private sector operations, especially to Central Asia. On the issue of lending priorities, some Directors felt that the economic growth focus of OCR operations was appropriate. A few Directors felt that greater attention on the other pillars of the poverty reduction strategy—social development and governance—was required.
4. Many Directors welcomed proposed changes to more strategically apply and consolidate non-lending resources, and supported the greater linkages with the lending program. A few Directors stressed, however, the need for continued standalone TA, especially for Pacific DMCs. Some Directors stressed the need for more DMC ownership to improve quality and impact.
5. Many Directors welcome the stress placed on portfolio implementation in the WPBF, and the greater role of resident missions in this regard. The introduction of a results framework for the WPBF was also generally welcomed with many Directors stressing the priority that needed

to be placed on improved quality of operations for achieving development results, together with enhancement of ADB's knowledge-generating activities. Some Directors expressed support for greater operational application of ADB's research activities.

6. Many Directors commented on the sequence and relationship among Medium–Term Strategy II (MTS II), WPBF, and Budget. Some Directors indicated that there should be a stronger link of the 2006 Budget to the MTS II, as the logic for scale-up of development effectiveness without incremental resources is not strong. Some Directors also indicated that the 2006 Budget should be based on operational needs and not on a predetermined formula.

7. Many Directors welcomed the proposed zero-real term budget growth for 2006 as an important measure to drive efficiency in the organization and to promote consolidation after a modest increase of Professional staff positions during the past few years. Several other Directors expressed concern that the self-imposed constraint may ignore some of the needs of the DMCs as well as the recent trend of negative transfer of resources to the DMCs. Several Directors also welcomed the sequestration exercise, this together with the implementation of the enhanced separation program, as a way to improve staff skills mix in the organization.

8. A few Directors requested greater clarity in the budget framework, whereby demands for incremental resources as well as savings are enumerated and quantified.

9. IEI, recently approved by the Board, was acknowledged to be resource intensive at the initial stages. A few Directors noted that the resource requirements were not explicitly stated in the WPBF document and requested that these be highlighted in the 2006 Budget document.