

2nd ADF IX DONORS' MEETING
9-11 December 2003, Tokyo, Japan

CHAIRPERSON'S SUMMARY OF DISCUSSIONS

1. Representatives from thirty one members of the Asian Development Bank (ADB) met in Tokyo during the period 9 to 11 December 2003 for further discussions on the eighth replenishment of the Asian Development Fund (ADF IX).¹ Delegations came from ADF donor countries. Five ADF borrower representatives attended for the first time. President Chino, the two regional Vice Presidents, and ADB's Board of Executive Directors also attended. This note summarizes the main understandings reached at the meeting.
2. Representatives reaffirmed the central importance of the country strategies and programs (CSPs) linked to the Millennium Development Goals (MDGs) and national poverty reduction strategies, including PRSPs, for ADB's approach to managing for development results. Representatives requested that ADB move systematically towards finalizing the framework of managing for development results. This will support development effectiveness based on country ownership, will address capacity constraints in poor countries, and will define the contribution that ADB along with partners makes to national development. Representatives requested that ADB's time-bound action plan for managing for results' framework be provided at the next ADF meeting in Portugal.
3. Representatives reviewed the implementation of performance-based allocation (PBA) of ADF resources. Draft proposals to improve the policy and its implementation by ADB were considered. Representatives supported the establishment of a focal point for oversight of the PBA outside ADB's operations departments. Representatives expect that performance should play a strong role in the allocation of resources and requested consideration of how incentives could be strengthened. Allocations of ADF resources to blend borrowers should be carefully examined. Representatives requested ADB to develop a roadmap for full disclosure of PBA results and country ratings, recognizing the sensitivity for ADF borrower countries. In addition, it was requested that ADB consult closely with ADF borrowers on how to improve the policy and its implementation, and that ADB develop a strategic approach for increasing effectiveness for poor performers. An inter-agency comparison of PBA methodologies of multilateral development banks was supported. Donors requested that a further paper outlining specific revisions to the PBA system be presented at the next ADF meeting in Portugal.
4. Representatives discussed the use of ADF IX resources. They confirmed that a strong ADF is a necessary and effective instrument to respond to the development challenges prevailing in the region. They also agreed that the three pillars supporting the Poverty Reduction Strategy remain sound for guiding the use of ADF resources. Representatives recognized the importance of capacity building, post-conflict support, infrastructure, regional cooperation as well as cross cutting issues including gender, environment, governance and private sector development. Representatives proposed that the use of ADF resources be reflective of national priorities, and either directly or

¹ This was the second ADF IX Donors' Meeting. The first ADF IX meeting was held in Copenhagen, Denmark on 9-10 October 2003.

indirectly support the MDGs. It was requested that an information note on the disbursement performance of the current portfolio be prepared.

5. Donors accepted, in principle, that grants would be part of ADF IX. They requested further analysis of the financial impact of grants and increased loan concessionality and strongly emphasized that the financial integrity of the Fund be maintained. The need for simplicity in the context of the grant allocation framework in ADF IX was emphasized, recognizing the importance of country focus.
6. Representatives welcomed the opportunity for direct engagement between civil society and donors during the period of the 3rd ADF IX Meeting in Lisbon, Portugal.