



ASIAN DEVELOPMENT FUND (ADF)
ADF IX MIDTERM REVIEW MEETING
4–5 December 2006 Frankfurt, Germany

Planning for ADF X

Asian Development Bank

November 2006

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
IDA	–	International Development Association

NOTE

In this report, "\$" refers to US dollars.

PLANNING FOR ADF X

1. The Asian Development Fund (ADF) has enhanced the Asian Development Bank's (ADB) ability to support its developing members' efforts to reduce poverty. The \$7.0 billion 4-year program agreed with the donors made ADF IX the largest replenishment to date. The agreed program included \$3.2 billion in new contributions both from long-time donors and new development partners. At the conclusion of negotiations, donors requested ADB to present an approach for planning the ADF X negotiations at the time of the ADF IX midterm review. This note responds to that request.
2. The Asia and Pacific region has made noteworthy advances toward the elimination of income poverty, yet the region still accounts for the majority of the poor in the world. Moreover, the non-income dimensions of poverty have proven more difficult to tackle than the income side. There are signs in many countries that progress to date has been insufficient to achieve the MDGs by 2015. This is particularly true in ADF countries. In addition, the levels of investment required to maintain the rapid growth needed to reduce poverty are enormous.
3. The demand for ADF from recipient countries will continue to be strong through ADF IX and beyond. ADB's work program and budget framework 2007–2009 indicates an operational program of \$6.85 billion for ADF IX, which slightly exceeds the level agreed at the conclusion of negotiations, net of transfer to the technical assistance special fund. For 2009, the work program indicates ADF loans and grants totaling \$1.65 billion. However, requests for ADF funding go well beyond these operational levels, particularly from blend countries. The addition of expected new ADB borrowing members such as Armenia and Palau will further bolster the demand for concessional funds. Moreover, as ADB adopts the International Development Association (IDA) 14 grant framework, debt constrained countries will be better placed to use their full ADF allocations. Harmonizing with IDA 14 will also reduce future reflows into the pool. The early indications thus suggest robust demand for ADF through the next replenishment period.
4. In the global development community, the emphasis has shifted from monitoring the amount and distribution of assistance to demonstrating genuine development impacts. To keep pace with this change, ADF donors and ADB agreed on a number of reform measures to be undertaken during ADF IX. ADB reiterates its commitment to complete the agreed reforms during ADF IX and to continue implementation of the revised policies.
5. To continue the dialogue on ADF IX and initiate steps toward ADF X, ADB suggests holding an informal meeting on the sidelines of the 40th Annual Meeting of the ADB Board of Governors to be held in Kyoto, Japan during 4–7 May 2007. The meeting might examine continuing progress on ADF IX implementation and, depending on donor views, consider plans for ADF X negotiations. In order to facilitate the meeting, ADB could prepare appropriate background documents as requested by donors.
6. Donors are requested to express their views on the following proposals.
 - (i) ADB to arrange an informal meeting to discuss further progress under ADF IX and an approach to ADF X on the sidelines of the 40th Annual Meeting of the ADB Board of Governors, which will be held in Kyoto, Japan in May 2007.

- (ii) To facilitate the meeting, ADB will prepare reports updating the use of ADF resources and expected ADF resource requirements, and other background documents as requested by donors.
- (iii) ADB will also provide the informal meeting with a tentative schedule of ADF X negotiation meetings and suggest possible topics for background papers to be prepared by ADB in advance of the first ADF X meeting.