

Chair's Summary of Meeting of the Board of Directors

15 December 2008

REVIEW OF THE ASIAN DEVELOPMENT BANK'S LENDING LIMITATION

1. The Board of Directors discussed the R-paper on the Review of the Asian Development Bank's Lending Limitation, and supported the adoption of the revised lending and borrowing limitation policies.
2. Many Directors supported the "disbursement interpretation" of lending headroom as it provides better use of ADB's developmental lending capacity, while ensuring that ADB's financials are prudently managed to retain its AAA rating. Many Directors were pleased to note that the revised lending and borrowing policies are proposed subsequent to significant enhancements in ADB's framework of financial policies, financial planning, and management. Some Directors asked Management to remain vigilant, cautious and transparent in its implementation. Some Directors noted the importance of early general capital increase discussions despite the adoption of the revised lending and borrowing limitation policies.
3. One Director indicated his concerns on the possible downside to developing member countries, and the consistency with previous interpretations of the relevant Charter provisions. A few Directors inquired on the possible impact on ADB's credit standing. Management clarified that the proposed policy (i) carries no downside to ADB's developing member countries, (ii) is fully consistent with the Charter, and (iii) does not have negative implications to ADB's credit standing.