



Chair's Summary of Meeting of the Board of Directors

1 August 2019

Contingent Disaster Financing under Policy-Based Lending in Response to Natural Hazards

This document is being disclosed to the public in accordance with ADB's Access to Information Policy.

Asian Development Bank

1. On 1 August 2019, the Board of Directors of the Asian Development Bank (ADB) unanimously approved the proposed Contingent Disaster Financing (CDF) under Policy-Based Lending in Response to Natural Hazards.

2. Many directors acknowledged the role of CDF in strengthening ADB's tool kit to help developing member countries step up disaster preparedness and response. Many directors noted the proposal's alignment with the Independent Evaluation Department's evaluation on policy-based lending in 2018, ADB's Strategy 2030, and the Sendai Framework for Disaster Risk Reduction.¹

3. Many directors emphasized the importance of finalizing a new disaster and emergency assistance policy to redefine ADB's long-term strategy for disaster and emergency assistance. Within this revised policy, several directors highlighted the importance of ADB considering a full range of instruments to support disaster risk reduction including developing disaster risk insurance products. Many directors supported the inclusion of a post-program partnership framework into CDF operations.

4. Several directors requested the ADB Management to take proactive actions in monitoring the early implementation experience of CDF including uptake, additional demands placed on concessional resources, and whether the proposed bank-wide ceiling for CDF operations is adequate.

5. Some directors requested the ADB Management to consider options for strengthening the Board of Directors oversight of CDF operations given that they have a possible availability period of up to 15 years. Some directors noted that they will appreciate early engagement when preparing policy-based lending including CDF.

6. Several directors noted the importance of closely coordinating with other development partners during the preparation of CDF operations and encouraged staff to utilize joint-development partner policy matrixes, particularly in small Pacific island countries.

7. Some directors asked for clarification on the two options for resource commitment and pricing and why they were needed. Some directors observed the differences between CDF operations funded from regular ordinary capital resources and those from concessional resources and requested that these be considered during the upcoming Asian Development Fund discussions. A director noted the introduction of a deferred disbursement option at the conclusion of the loan availability period and requested clarification on why this was justified.

¹ Independent Evaluation Department. 2018. [Policy-Based Lending 2008–2017: Performance, Results, and Issues of Design](#). Manila: ADB; ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila; United Nations Office for Disaster Risk Reduction. [Sendai Framework for Disaster Risk Reduction](#).