

立法會 *Legislative Council*

LC Paper No. CB(1)486/08-09

Ref: CB1/PL/FA

Panel on Financial Affairs

Meeting on 5 January 2009

Background Brief on Hong Kong's contribution to the 9th replenishment of the Asian Development Fund

Purpose

This paper sets out the background of the Administration's proposal for Hong Kong to contribute to the 9th replenishment of the Asian Development Fund (ADF) (i.e. ADF X), and summaries the major concerns expressed by Members at meetings of the Panel on Financial Affairs (FA Panel) and the Finance Committee (FC) on the proposal for Hong Kong to contribute to the 8th replenishment of ADF (i.e. ADF IX) in 2004.

Background

2. ADF, established in 1973, is the concessional lending window of the Asian Development Bank (ADB) to its most needy members in the Asia and Pacific region to support poverty reduction and improve the quality of life. Developing member countries including Bangladesh, Pakistan, Sri Lanka, Vietnam and Nepal which are eligible for ADF resources are by far the largest beneficiaries of ADF. ADF is replenished once every four to five years and contributions by ADB members are on a voluntary basis.

3. Hong Kong joined ADB in 1969 and has been a donor of ADF since 1983. Details of Hong Kong's contributions to the last six ADF replenishments are as follows –

	<u>Date approved by Finance Committee</u>	<u>Amount (US\$ million)</u>
ADF IV	13 October 1982	1.0
ADF V	11 March 1987	1.0
ADF VI	12 June 1992	3.0
ADF VII	19 September 1997	15.39
ADF VIII	15 December 2000	16.28
ADF IX	17 December 2004	19.19

4. Unlike the token donations in ADF IV to VI, Hong Kong has made contributions according to the consensus burden sharing formula agreed amongst the donors^{Note} since ADF VII in 1997. According to the formula, Hong Kong's burden sharing ratio is 0.57% of the target size of contributions by donors.

Major concerns expressed by Members on the proposal for Hong Kong to contribute to ADF IX

5. The Administration consulted FA Panel on the proposal for Hong Kong to contribute US\$19.19 million for ADF IX on 6 December 2004 before seeking FC's funding approval on 17 December 2004. Members generally supported the proposal given that Hong Kong had benefited from ADB operations in the past and it was Hong Kong's international obligation to support ADF activities in principle. Some Members however expressed the following concerns:

- (a) The Administration should explore with ADB measures to facilitate the participation of Hong Kong firms and professionals in ADB sponsored projects.
- (b) The rights and obligations of Hong Kong as a shareholder of ADB and the extent to which it could participate in the decision-making process of ADB, including allocation of ADF.

Hong Kong's contribution to the 9th replenishment of ADF

6. The Administration will consult the FA Panel at the meeting on 5 January 2009 on the proposal for Hong Kong to contribute US\$26.25 million to ADF X of ADB in accordance with the consensus burden sharing formula over a 9-year period. The Administration plans to submit the funding proposal to FC on 13 February 2009.

Relevant papers

7. A list of relevant papers is at **Appendix**.

Council Business Division 1
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29 December 2008

Note

The burden sharing formula is based on donor member's per capita Gross National Product (which reflects the member's financial strength) and adjusted for its shareholding in ADB.

**Hong Kong's contribution to the 9th replenishment
of the Asian Development Fund**

List of relevant papers

Committee	Paper	LC Paper No.
Meeting of the Panel on Financial Affairs on 6 December 2004	✧ LegCo Brief on "Asian Development Bank - Hong Kong's Contribution to the 8th Replenishment of the Asian development Fund" (File Ref: A2/5C(2004)) http://www.legco.gov.hk/yr04-05/english/panels/fa/papers/fa1206-a2-5c2004-e.pdf	---
	✧ Background Brief on the proposal for Hong Kong to contribute to the 8th replenishment of the Asian Development Fund http://www.legco.gov.hk/yr04-05/english/panels/fa/papers/fa1206cb1-365-6e.pdf	CB(1)365/04-05(06)
	✧ Minutes of meeting (paragraphs 48 to 53) http://www.legco.gov.hk/yr04-05/english/panels/fa/minutes/fa041206.pdf	CB(1)741/04-05
	✧ The Administration's response dated 22 January 2005 to Hon Abraham SHEK on proposal for contribution to the 8th replenishment of the Asian Development Fund http://www.legco.gov.hk/yr04-05/english/panels/fa/papers/fa1206cb1-815-1e.pdf	CB(1)815/04-05(01)

