



Revised ADF-14 Financing Framework and Resource Allocation Scenarios

ADF-14 Third Replenishment Meeting


November 28 – 29, 2016
Luxembourg

AFD
ADF
Luxembourg 2016 **14**




ADF-14: An Instrument of Choice

Transform Lives of Most Vulnerable Africans



The diagram consists of three vertical panels. The left panel is orange and contains the logo for the 'ANNUAL CONFERENCE FINANCIAL DEVELOPMENT' (Addis Ababa). The middle panel is grey and contains the logo for 'THE GLOBAL GOALS Sustainable Development' (New York). The right panel is yellow and contains the logo for 'PARIS2015 UN CLIMATE CHANGE CONFERENCE COP21-C' (Paris). A large, light-colored double-headed arrow spans across the bottom of these three panels, indicating their interconnectedness.

ADF-14: A pillar of the global development agenda: FFD, SDGs, COP21



The icons are arranged in two rows. The top row has three icons: a green lightning bolt, a green leaf, and an orange factory. The bottom row has two icons: a blue mountain and a red circle containing a family silhouette.

Solid Strategic Anchor: TYS, the High 5s and the 4 golden threads



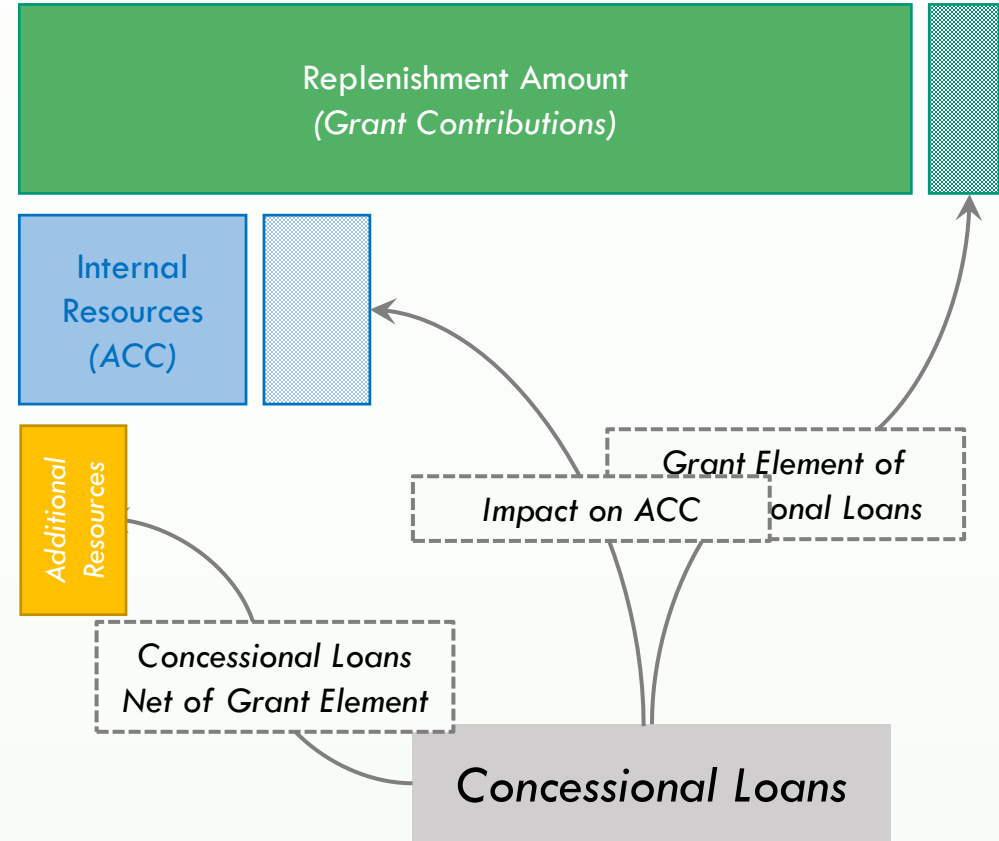
The icons are arranged in two rows. The top row has three icons: a purple handshake, a colorful globe, and a purple bar chart. The bottom row has two icons: a brown gear and a blue bar chart with an upward arrow.

A fit-for-purpose institution to deliver value for money and development results

Building Blocks of the Replenishment

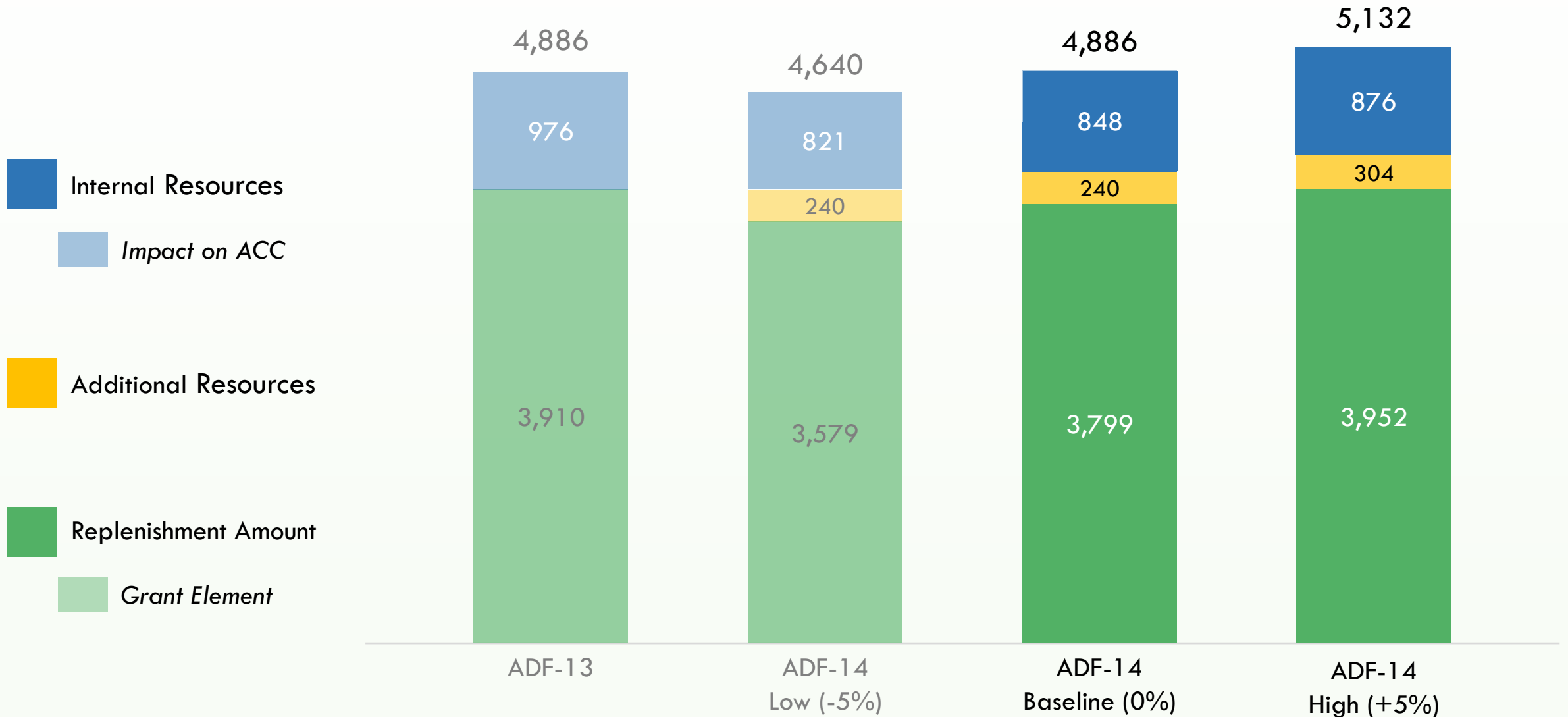


ADF-13



ADF-14

Refined Replenishment Scenarios *(UA Million)*



ADF-14 Allocation Framework

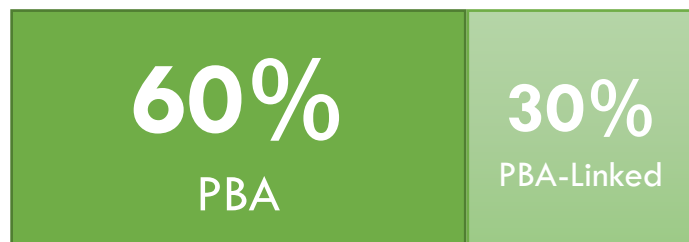
Agreed in the second ADF-14 meeting

Performance-Based Allocation System

Keep unchanged the **existing** PBA system

CPIA exercise every two years

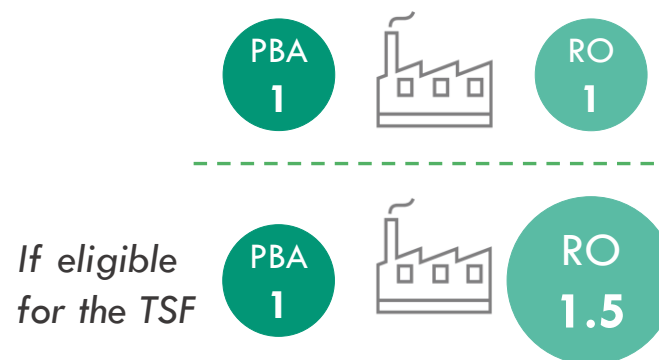
ADF-14 Resources



Regional Operations Envelope

Maintain the RO Envelope at 21% of resources available

RO Leveraging Ceiling

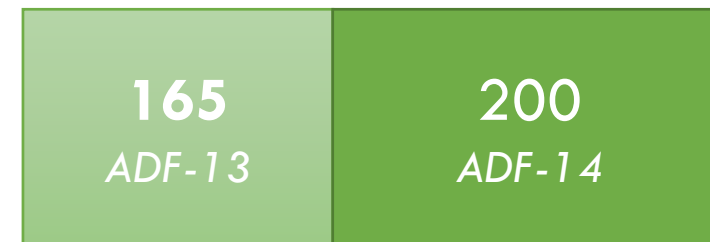


Private Sector Credit Enhancement Facility

Scale Up the PSF for ADF-14

Increase the PSF envelope with UA 200 million from ADF-14 resources

Contributions to PSF (UA Million)

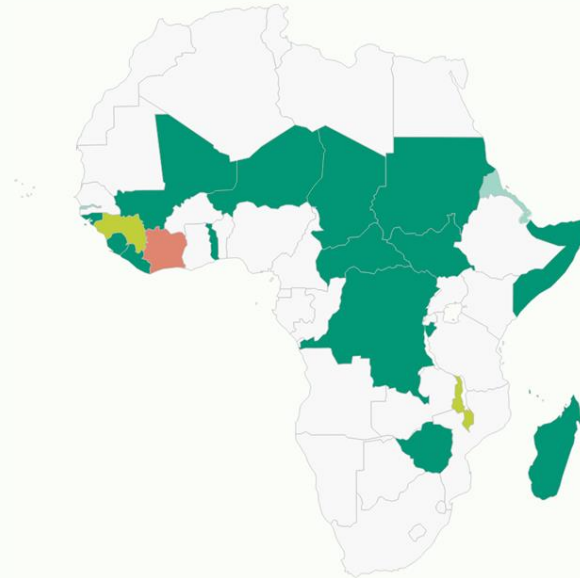


Transition Support Facility

Agreed in the second ADF-14 meeting

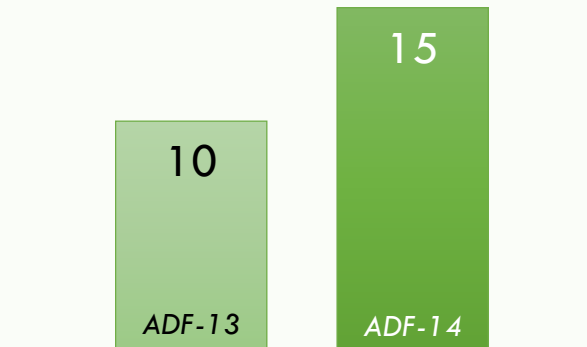
- Increase unallocated Pillar I reserve from 10 to 15%
- Allocate UA 20 million to Pillar II
- Roll-over unused ADF-13 Pillar II resources
- UA 60 million to Pillar III
- **Côte d'Ivoire exits**

Additional Proposals



18 countries eligible for the TSF

- 16 countries to access Pillar I (including Niger)
- Eligibility assessment for Guinea and Malawi during ADF-14



Pillar I Min. Allocation (UA Million)

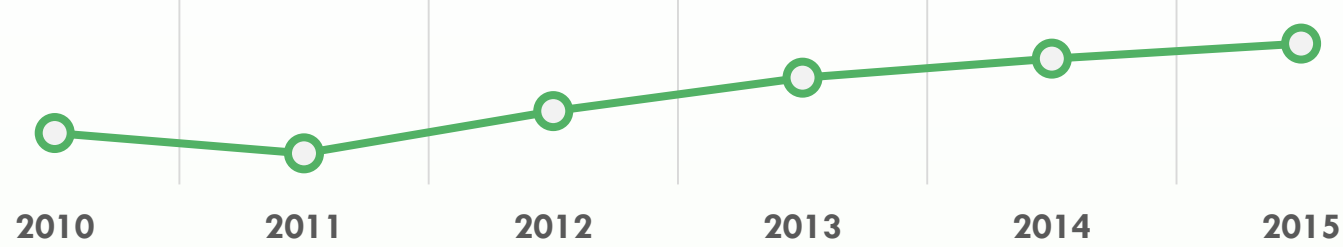
Pillar I minimum allocation from UA 10 million to UA 15 million

- 5 countries (out of 16) benefit from this increase

Côte d'Ivoire: A Successful Transition

2010 Overall CPIA
3.0

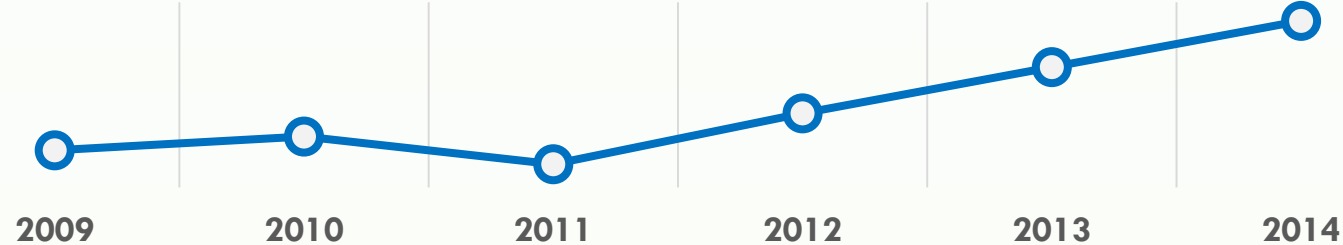
Country Policy and Institutional Assessment (score)



2015 Overall CPIA
3.7

2009 GNI/pc
\$1,180

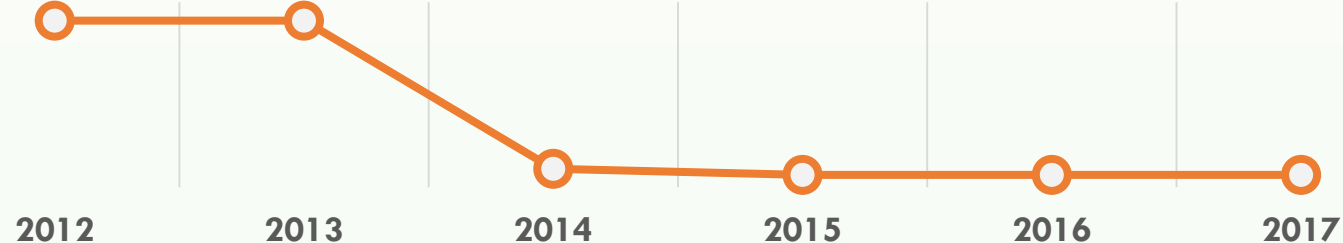
Gross National Income per Capita (USD)



2014 GNI/pc
\$1,460

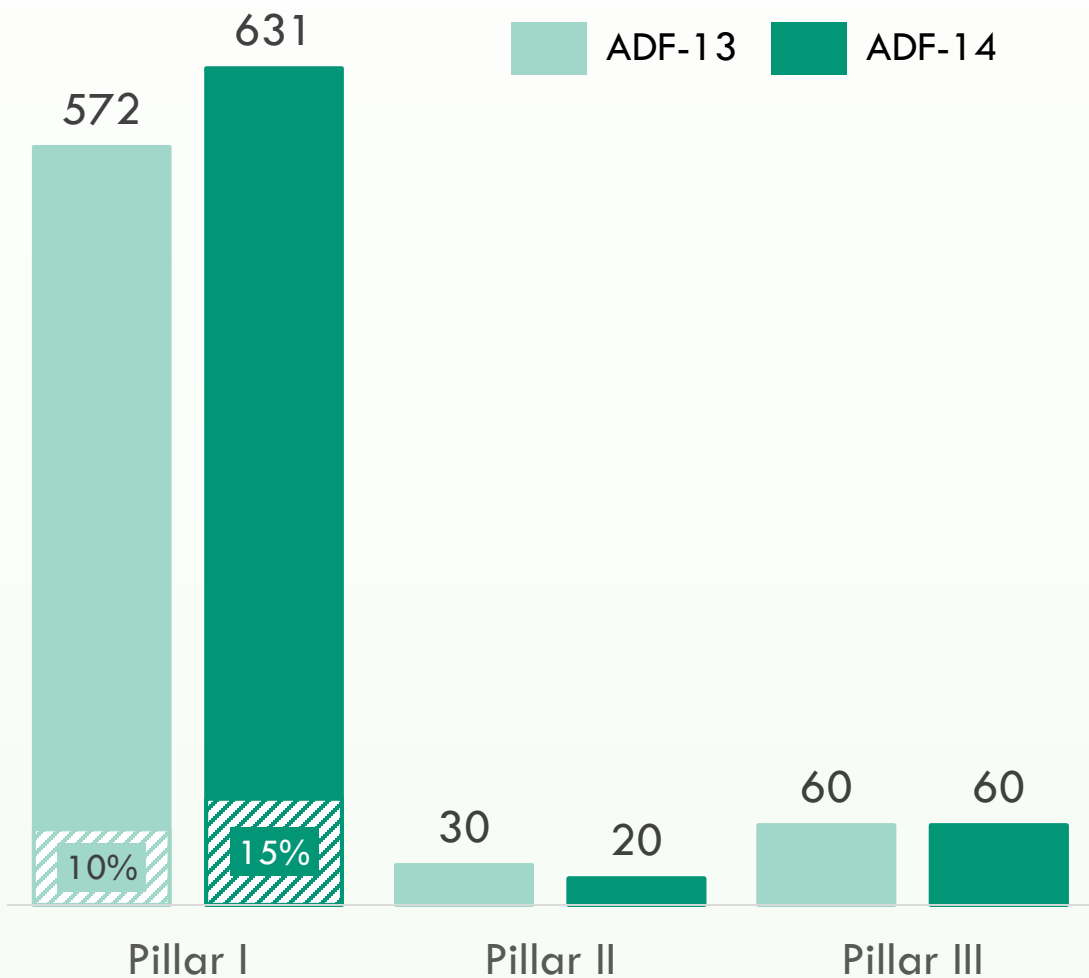
2012 SB T/M
32 days

Starting a Business Time/Men (days)



2017 SB T/M
7 days

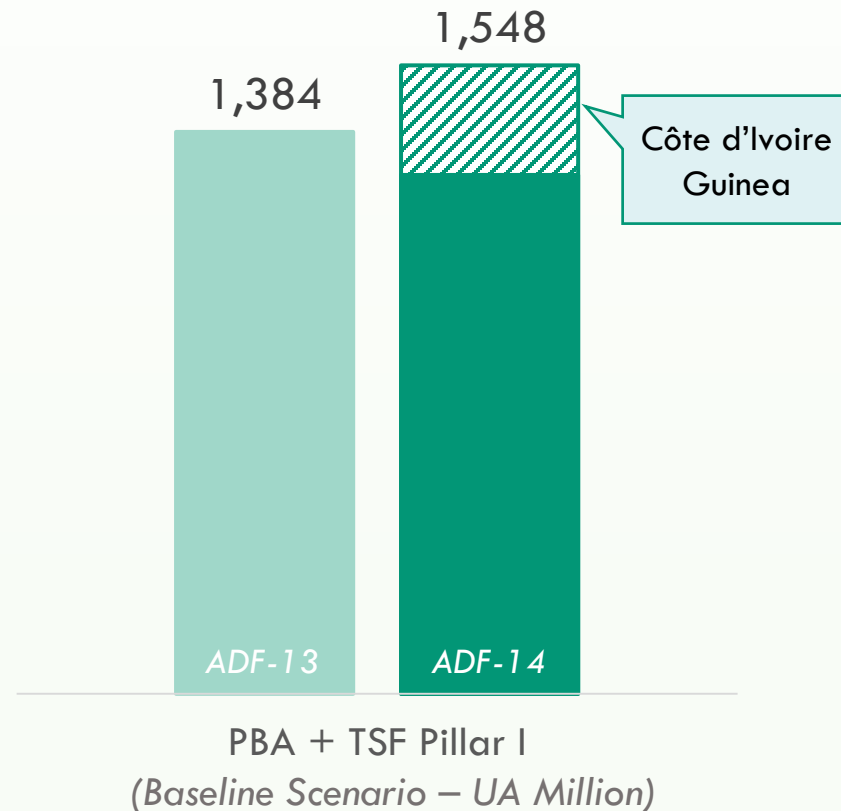
Revised TSF Pillars



Impact of Proposed Adjustments on Pillar I

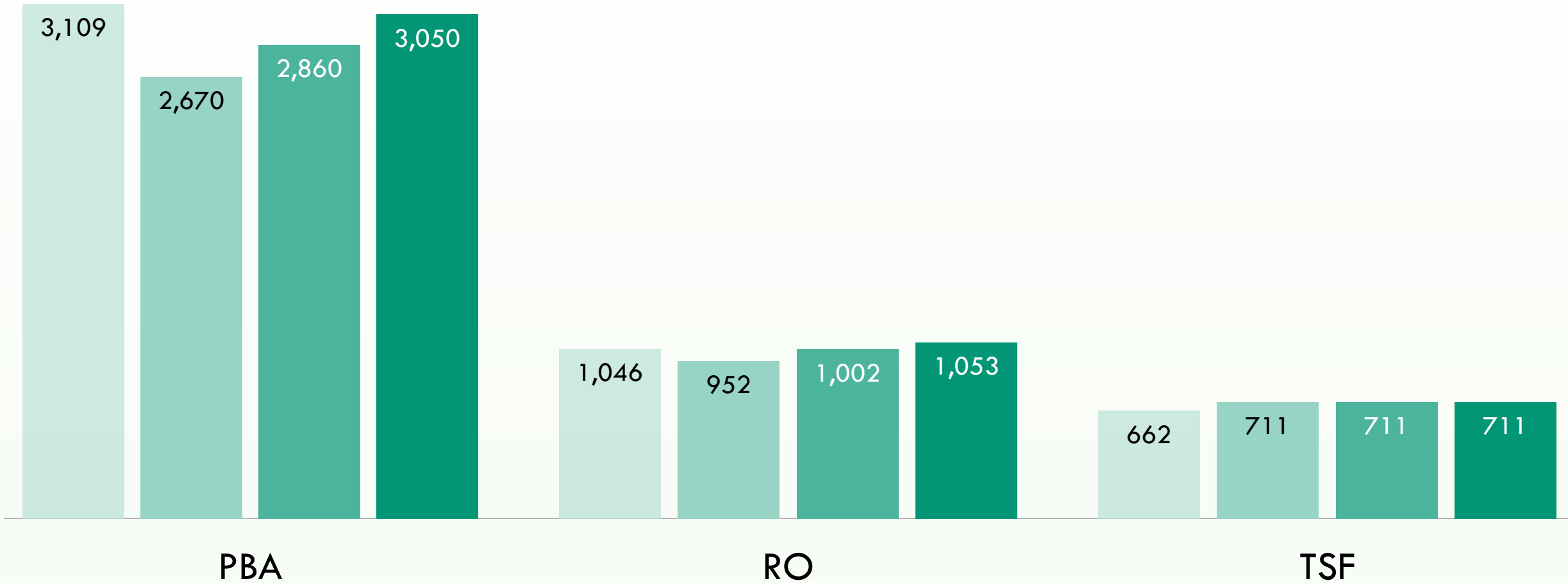
Increase of the unallocated reserve and the min. Allocation

+12%
Total resources (PBA+TSF) to fragility



Resource Allocation Scenarios (UA Million)

ADF-13 ADF-14 (Low) ADF-14 (Baseline) ADF-14 (High)



Recommendations

- **Keep the Buy-Down Mechanism on hold**
- **Roll-over unused ADF-13 resources**
→ *Pillar II roll-over*
- **Add Niger to countries eligible for Pillar I of the TSF**
- **Increase the minimum supplemental allocation of the TSF Pillar I from UA 10 million to UA 15 million**
- **Keep unchanged the differentiated lending terms**
- **Support the high financing scenario**
→ *Allow ADF to deliver on its various ambitions*
→ *Preserve the ADF allocation performance principle*