Revised ADF-14 Financing Framework and Resource Allocation Scenarios

ADF-14 Third Replenishment Meeting

November 28 – 29, 2016
Luxembourg
ADF-14: An Instrument of Choice
Transform Lives of Most Vulnerable Africans

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

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

A fit-for-purpose institution to deliver value for money and development results
Building Blocks of the Replenishment

Replenishment Amount (Grant Contributions)

Internal Resources (ACC)

ADF-13

ADF-14

Replenishment Amount (Grant Contributions)

Internal Resources (ACC)

Additional Resources

Impact on ACC

Grant Element of Concessional Loans

Concessional Loans

Net of Grant Element

Refined Replenishment Scenarios (UA Million)

- **Internal Resources**
- **Impact on ACC**
- **Additional Resources**
- **Replenishment Amount**
- **Grant Element**

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Replenishment Amount</th>
<th>Grant Element</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADF-13</td>
<td>3,910</td>
<td></td>
</tr>
<tr>
<td>ADF-14 Low (-5%)</td>
<td>3,579</td>
<td>240</td>
</tr>
<tr>
<td>ADF-14 Baseline (0%)</td>
<td>3,799</td>
<td>240</td>
</tr>
<tr>
<td>ADF-14 High (+5%)</td>
<td>3,952</td>
<td>876</td>
</tr>
</tbody>
</table>

4,886 | 240 |

4,886 | 240 |

5,132 | 304 |
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

<table>
<thead>
<tr>
<th></th>
<th>60% PBA</th>
<th>30% PBA-Linked</th>
</tr>
</thead>
</table>

Regional Operations Envelope

Maintain the RO Envelope at 21% of resources available

RO Leveraging Ceiling

If eligible for the TSF

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)

<table>
<thead>
<tr>
<th></th>
<th>ADF-13</th>
<th>ADF-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>165</td>
<td></td>
<td>200</td>
</tr>
</tbody>
</table>
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

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

Additional Proposals

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

Country Policy and Institutional Assessment (score)

- 2010 Overall CPIA: 3.0
- 2015 Overall CPIA: 3.7

Gross National Income per Capita (USD)

- 2009 GNI/pc: $1,180
- 2014 GNI/pc: $1,460

Starting a Business Time/Men (days)

- 2012 SB T/M: 32 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

Pillar I
- ADF-13: 572
- ADF-14: 631

Pillar II
- ADF-13: 30
- ADF-14: 20

Pillar III
- ADF-13: 60
- ADF-14: 60

PBA + TSF Pillar I
(Baseline Scenario – UA Million)

Côte d’Ivoire

Guinea

1,384
1,548
<table>
<thead>
<tr>
<th>Scenario</th>
<th>PBA</th>
<th>RO</th>
<th>TSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADF-13</td>
<td>3,109</td>
<td>1,046</td>
<td>662</td>
</tr>
<tr>
<td>ADF-14 (Low)</td>
<td>2,860</td>
<td>952</td>
<td>711</td>
</tr>
<tr>
<td>ADF-14 (Baseline)</td>
<td>3,050</td>
<td>1,002</td>
<td>711</td>
</tr>
<tr>
<td>ADF-14 (High)</td>
<td>2,670</td>
<td>1,053</td>
<td>711</td>
</tr>
</tbody>
</table>
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