

Abidjan 2010

ADF-12 FINANCING FRAMEWORK

THIRD ADF 12
REPLENISHMENT
MEETING



AFRICAN
DEVELOPMENT
FUND

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ABIDJAN
MAY 26-27 2010

ADF-12 FINANCING FRAMEWORK

- 1 Encashment of Subscriptions**
- 2 Grant Financing**
- 3 Revisiting the Advance Commitment Capacity**
- 4 ADF-12 Replenishment scenarios**
- 5 Recommendations**

Accelerated encashment

- Commercial Interest Reference Rate (CIRR) to determine the credit for Donors who opt for accelerated encashment
- CIRR applicable as of 15 April 2010 for credits up to 5 years and adjusted downwards by 100 basis points
- Encashment model revised to improve the management of accelerated encashment credit

Accelerated encashment: discount rates and credits

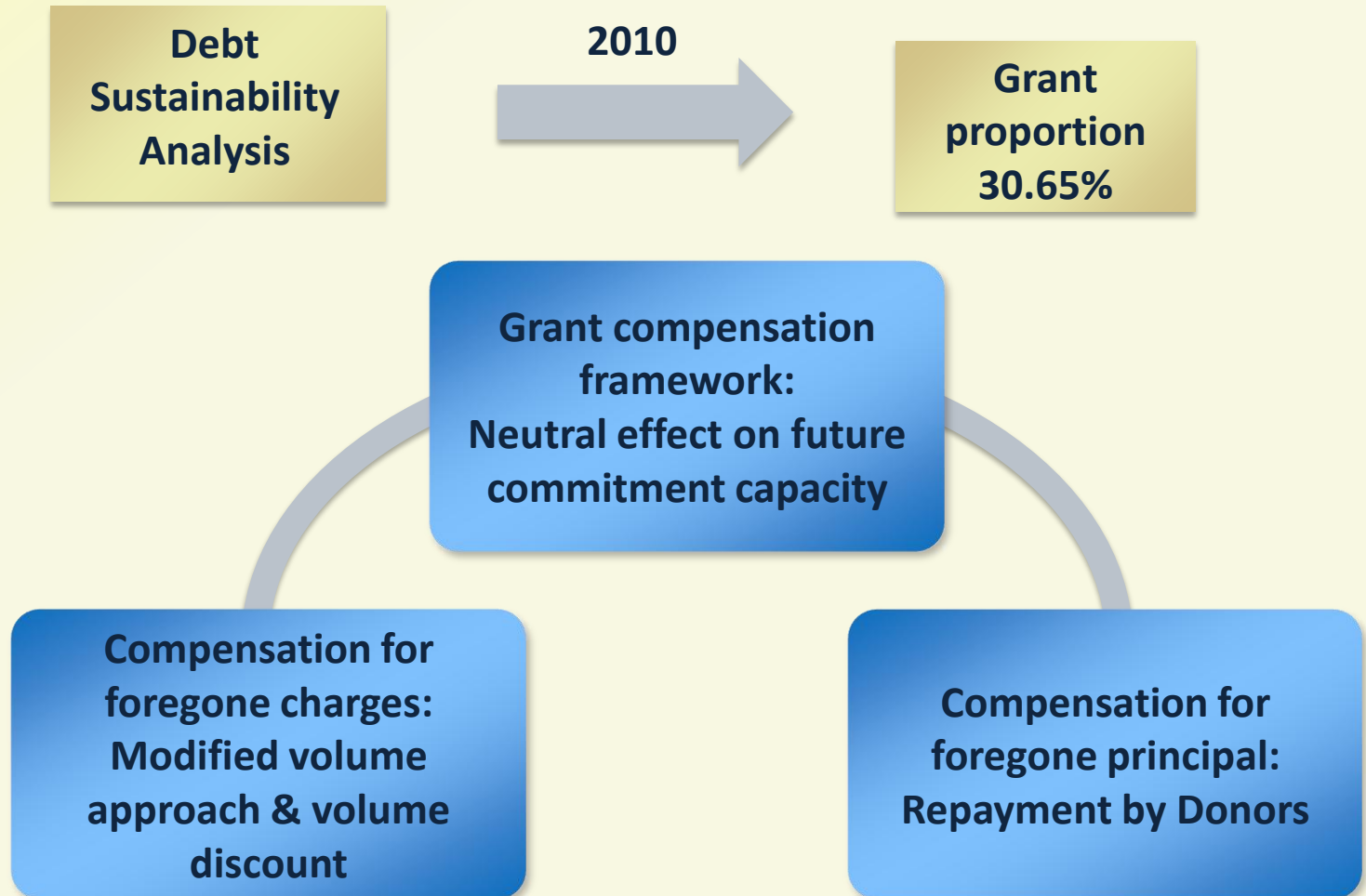
CAD CIRR 1.88% 3 yr: 5.56%	CHF CIRR 0.70% 3yr: 2.14%	DKK CIRR 0.78% 3 yr: 2.38%	
Euro CIRR 1.53% 3yr: 4.57%	GBP CIRR 1.79% 3yr: 5.31%	KRW CIRR 4.47% 3yr: 12.33%	SDR CIRR 1.38% 3yr: 4.13%
SEK CIRR 2.51% 3yr: 7.30%	USD CIRR 1.51% 3yr: 4.51%	Yen CIRR 0.23% 3yr: 0.71%	

SDR discount rate applied for currencies not listed

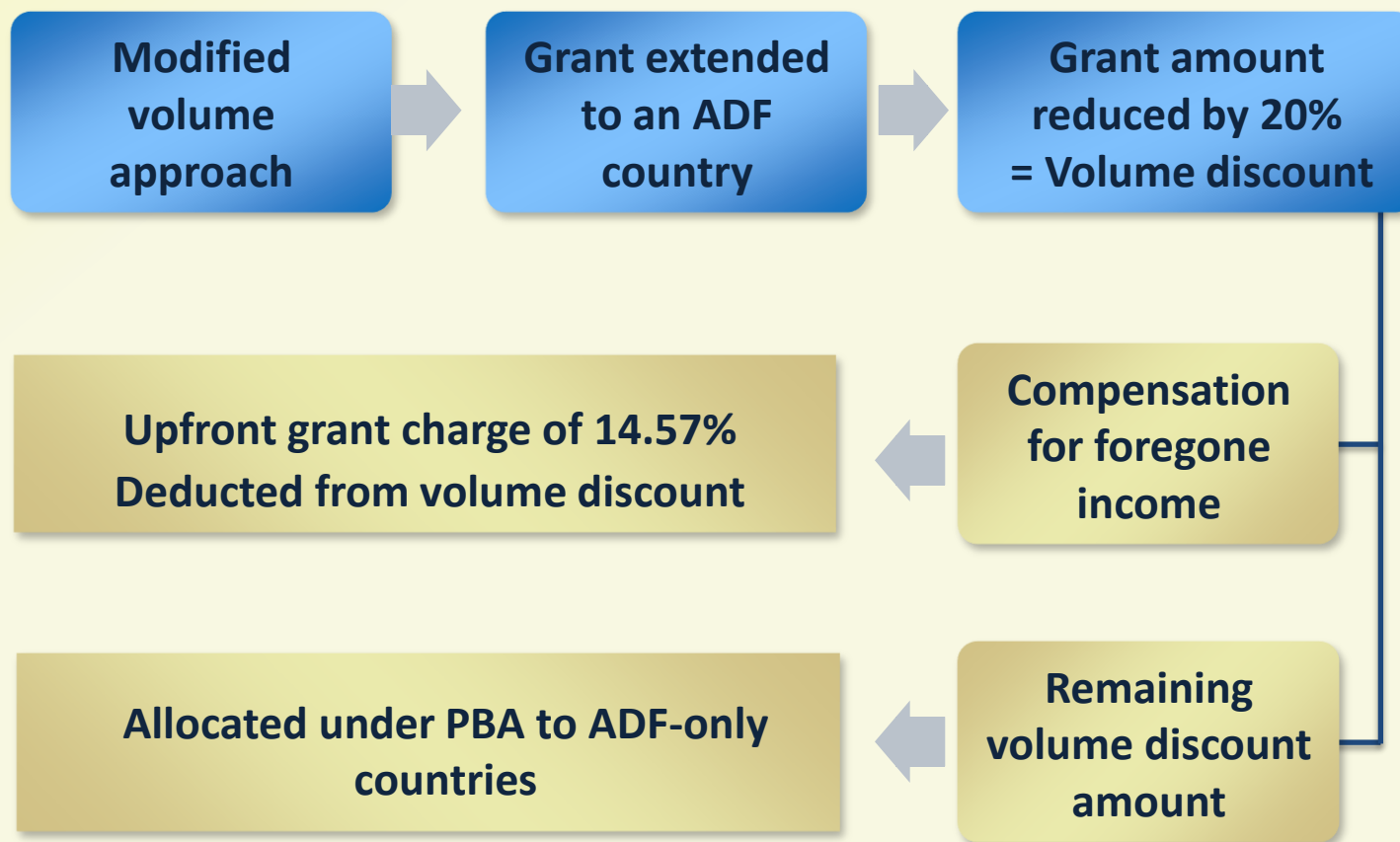
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ADF-12 Grant Financing Framework



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ADF 12 foregone principal compensation amount will be known in 2014

Donors' compensation for ADF-9 foregone principal scheduled to start at end of ADF-12, with UA 83,060 due in 2013

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Revisiting the ACC

ADB transfers

- Doubled from ADF-10 to ADF-11
- 75% increase from ADF-11 to ADF-12

Administrative expenses

- Review of cost sharing formula
- ADF share of administrative expenses expected to decrease

MDRI

- Coverage ratio assumed at 90%

Accelerated encashment

- 20% of subscriptions assumed to be accelerated

Grant level

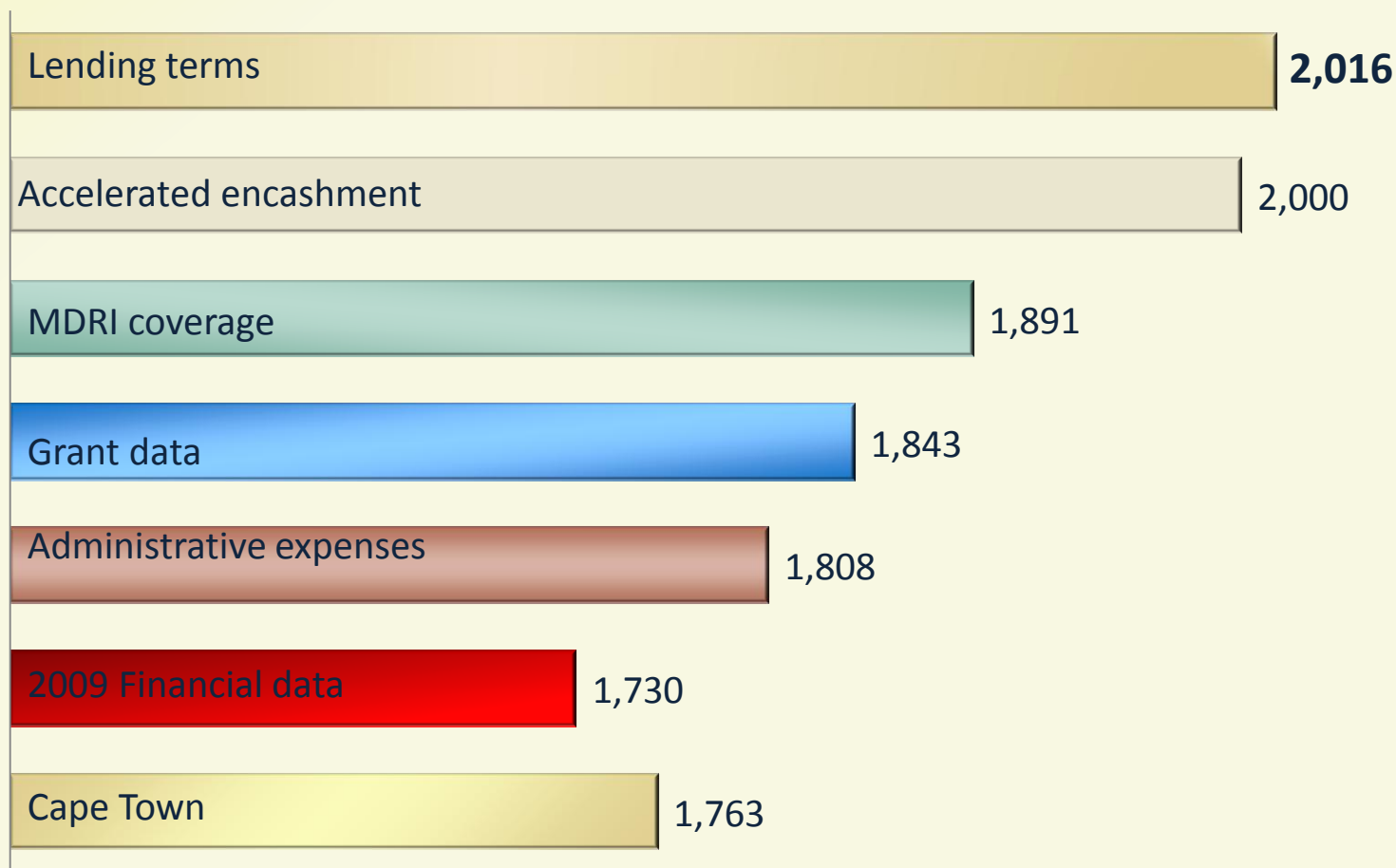
- Grant surcharge set at 14.57% vs. 10.12% for ADF-11

Lending terms

- Lower concessionality for blend and gap countries

Indicative ACC for ADF-12

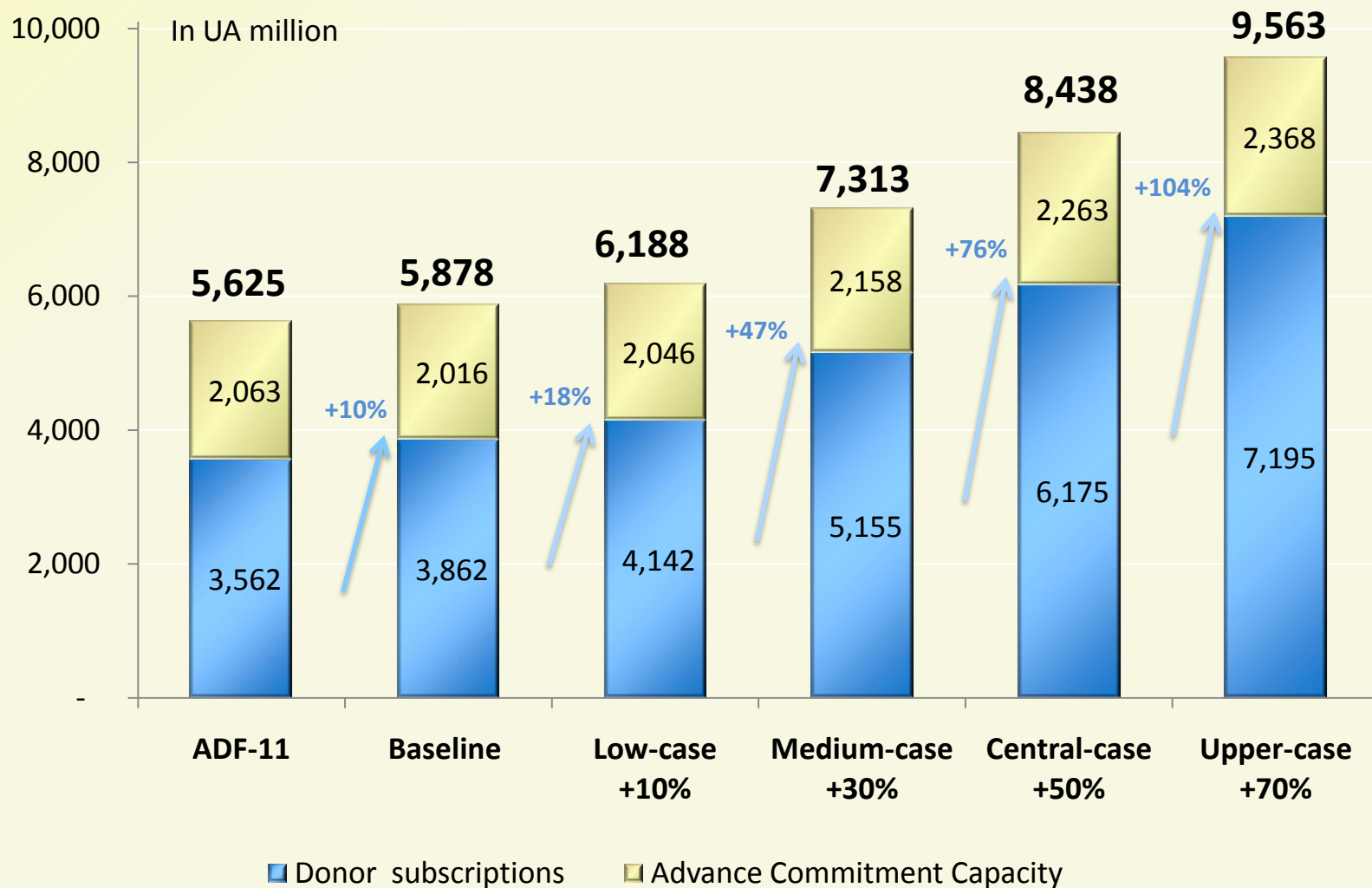
In UA million



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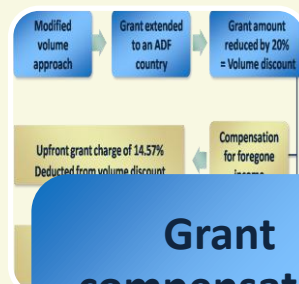
ADF-12 Indicative scenarios



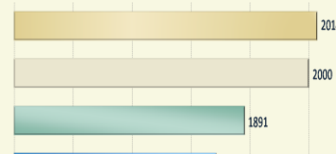
Deputies are invited to approve

Eligible Currency	Adjusted CIRR as of 15Apr10	Credit from 3-year acceleration
Canadian Dollar	1.88%	5.56%
Danish Krone	0.78%	2.38%
Euro	1.53%	4.57%
Japanese Yen	0.23%	0.71%
Korean Won	4.47%	12.33%
Norwegian Krone	3.13%	8.95%
Swedish Krona		
Swiss Franc		
UK Pound		
US Dollar		
South African Rand		

Accelerated encashment model



Grant compensation framework
ADF-12 Upfront grant surcharge of 14.57%



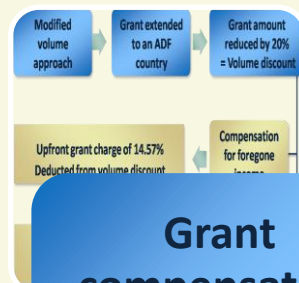
Core assumptions underlying the ACC for ADF-12

A replenishment scenario that will support the Fund's mission in Africa

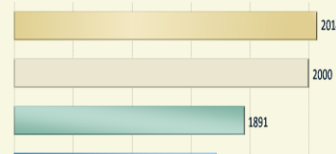
Thank You

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Swedish Krona		
Swiss Franc		
UK Pound		
US Dollar		
Yen		

Accelerated encashment model



Grant compensation framework
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