

# Abidjan 2010

## Resource Allocation

THIRD ADF 12  
REPLENISHMENT  
MEETING



AFRICAN  
DEVELOPMENT  
FUND

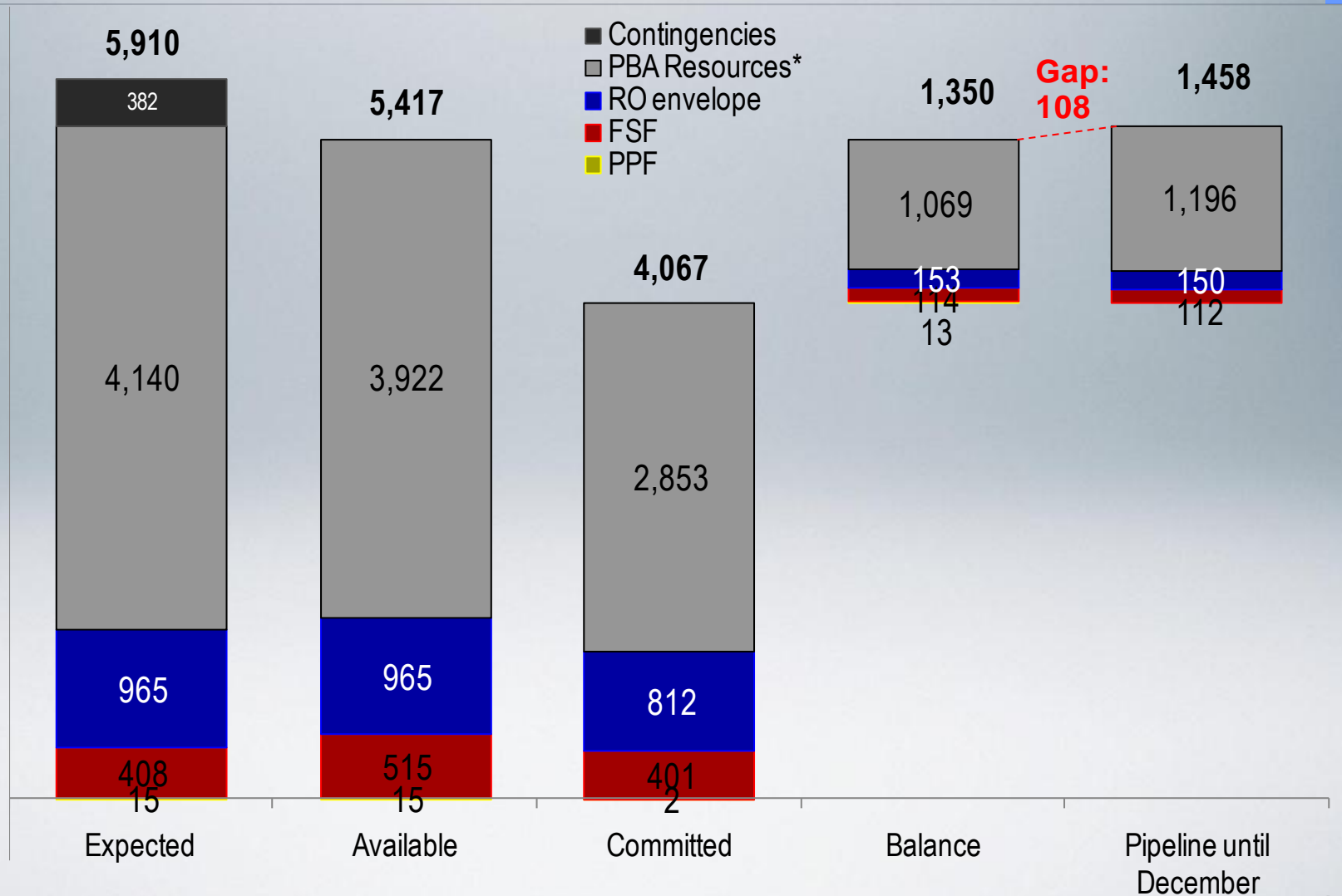
Aloysius ORDU, Vice President,  
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ABIDJAN  
MAY 26-27 2010

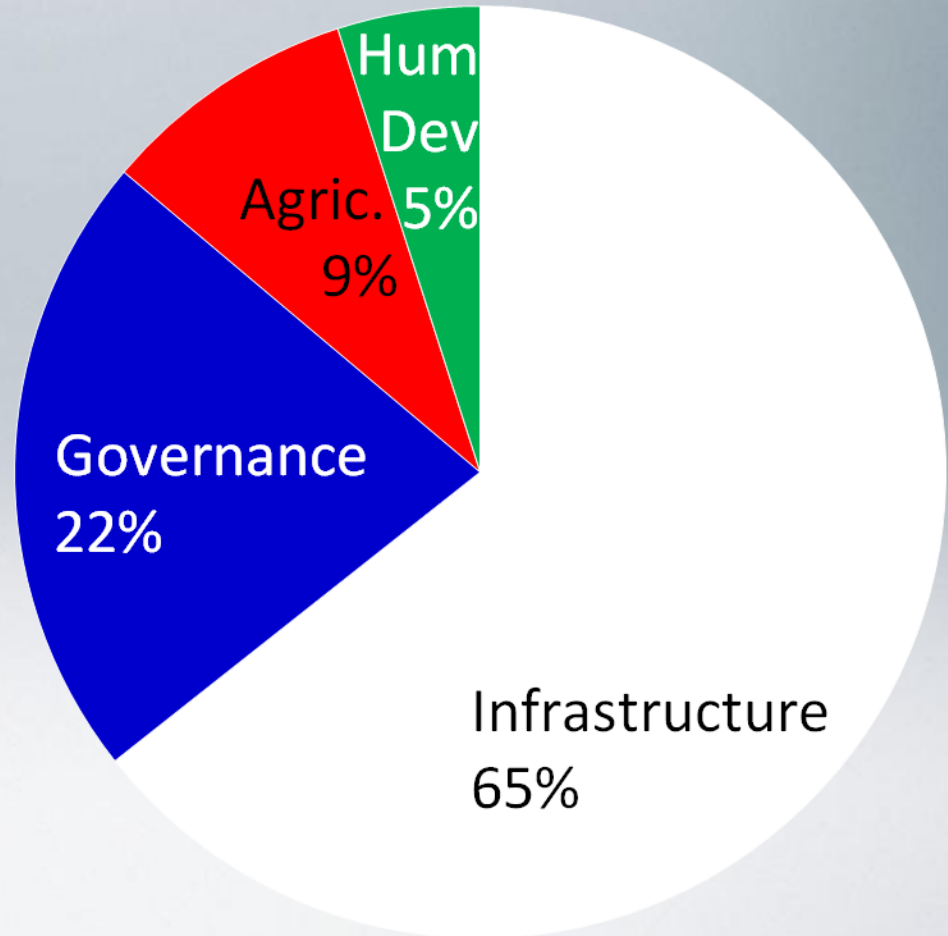
# Outline

- 1 ADF-12: consolidate and build on ADF-11**
- 2 Balance between PBA & set-asides
- 3 Proposed Policy Adjustments

## Status of ADF-11 resources



# ADF-11: allocated resources to stronger performers and key priorities



# Outline

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# Reinforcing the performance basis of the resource allocation framework

Performance  
Linked: 92%

Technical  
contingencies  
1%

Other: 7%



## RO envelope: Management favors an increase

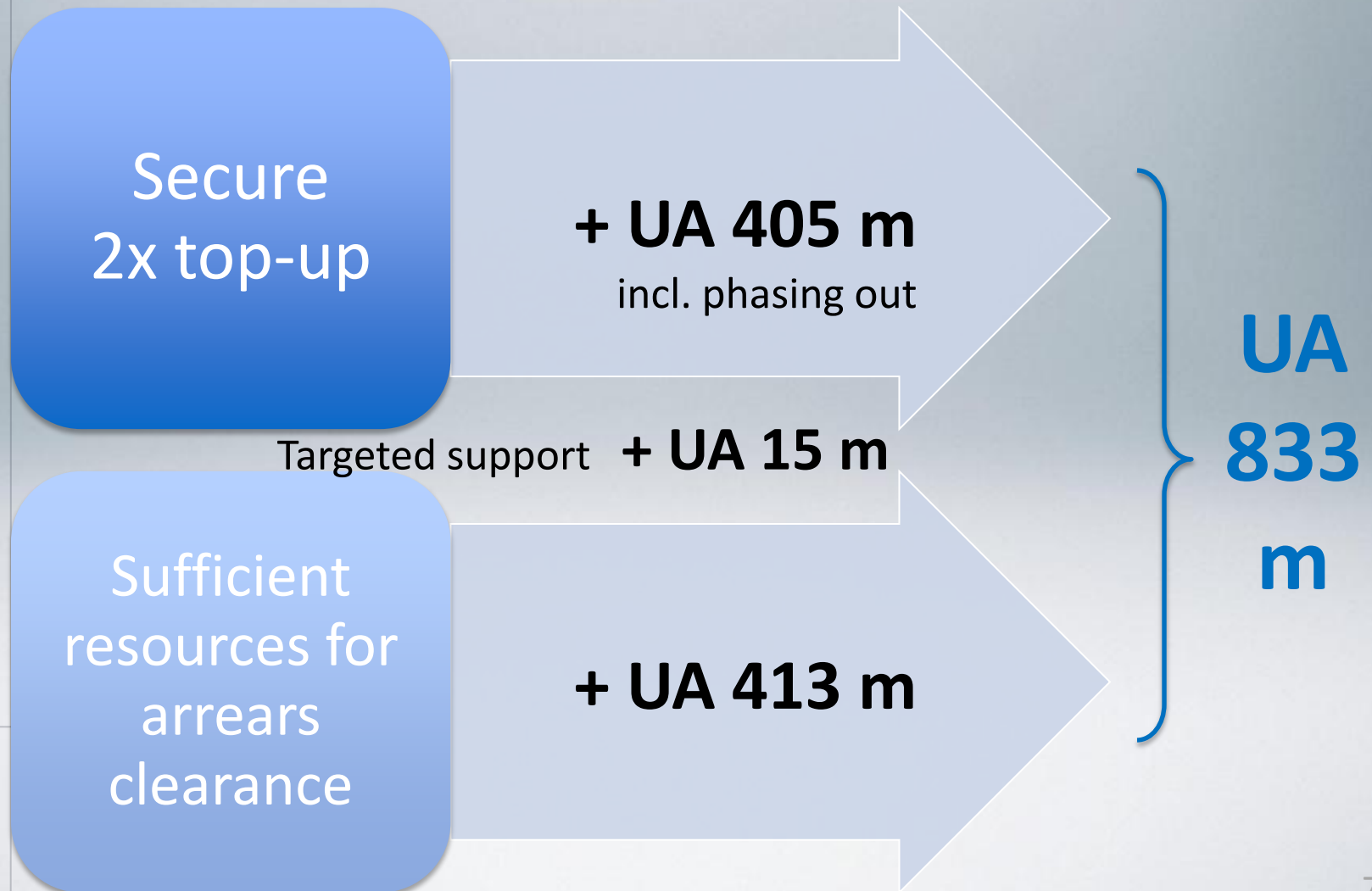
Strong  
demand  
fueled by

- Need to complete work initiated (phase 2 or 3)
- Recognized comparative advantage of the ADF

Link to  
performance  
and  
enhanced  
selectivity

- 33% cost sharing
- 15% cap on RPG
- Strict selection and prioritization process

# Ensure an FSF responsive to countries' needs...





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## Proposed policy adjustments

### Differentiated lending terms

- Blend, gap and graduating countries
- 30 yrs maturity, 8 yrs grace, 1% interest
- 41% concessionality (instead of 66%)

### Blend country regime

- Country specific cap (50% of regular PBA) to ensure that bulk of ADF resources benefit poorer countries

### Graduation Policy

- For countries transitioning to ADB-only
- Over 2 to 5 years, gradual phasing out
- Graduation program formulated in CSP

# Conclusion

## Building on ADF-11 momentum

- Reinforce performance-based allocation
- Maintain selectivity

## Balance between PBA and set-asides

- Increased resources for ROs with stronger link to performance
- Maintain strong support for Fragile States
- Arrears clearance

## Policy Adjustments

- Differentiated lending terms
- Country-specific caps for blend countries
- Graduation policy

# Abidjan 2010

**RESERVE**

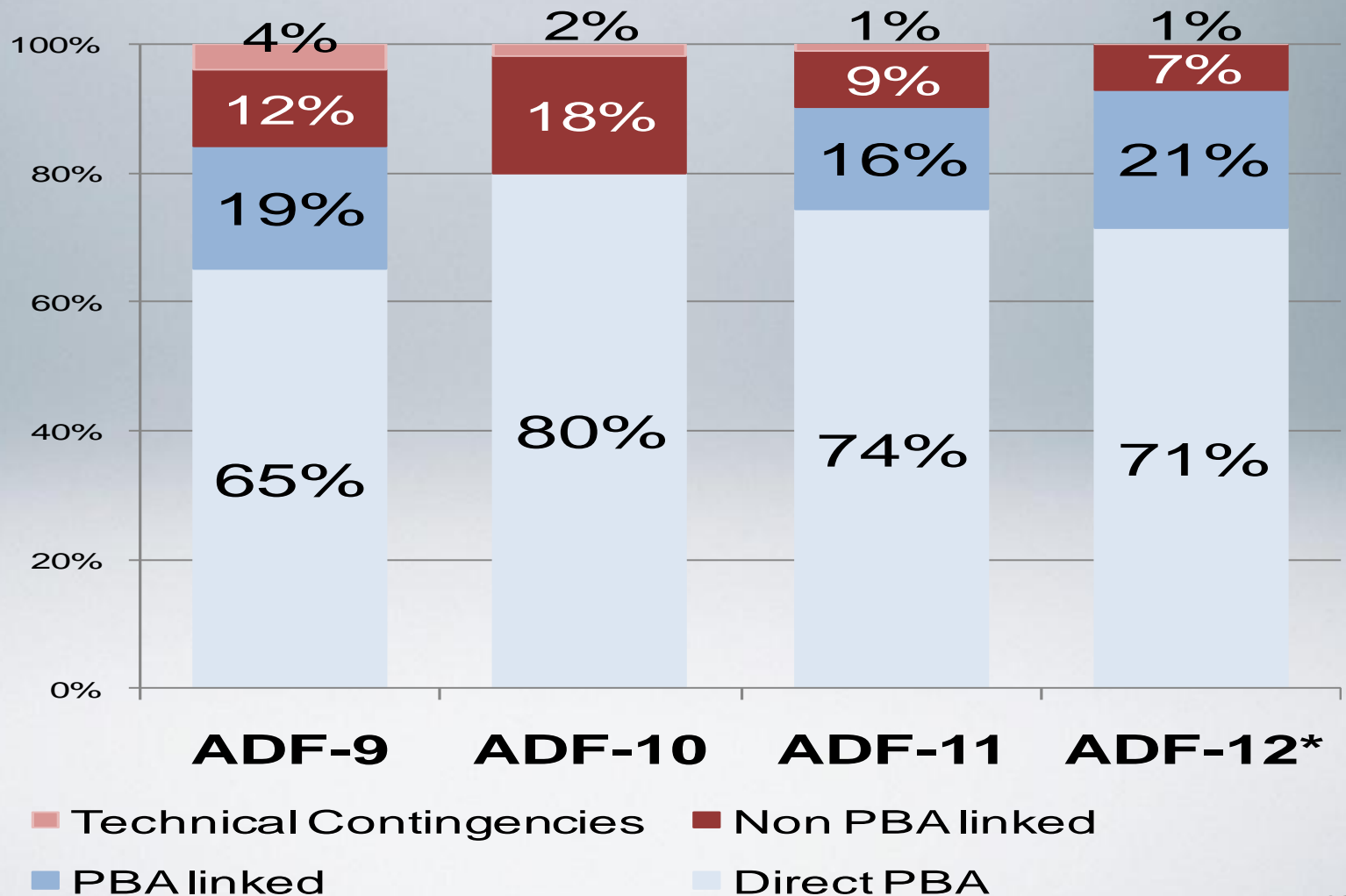
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## Performance-Based Resource Allocation





# Performance-Based Resource Allocation

Performance  
Linked: 92%

Other: 7%

FSF Pillar 1:  
5%

Cost Shared  
ROs: 16%

PBA: 71%

Private Sector:  
1%

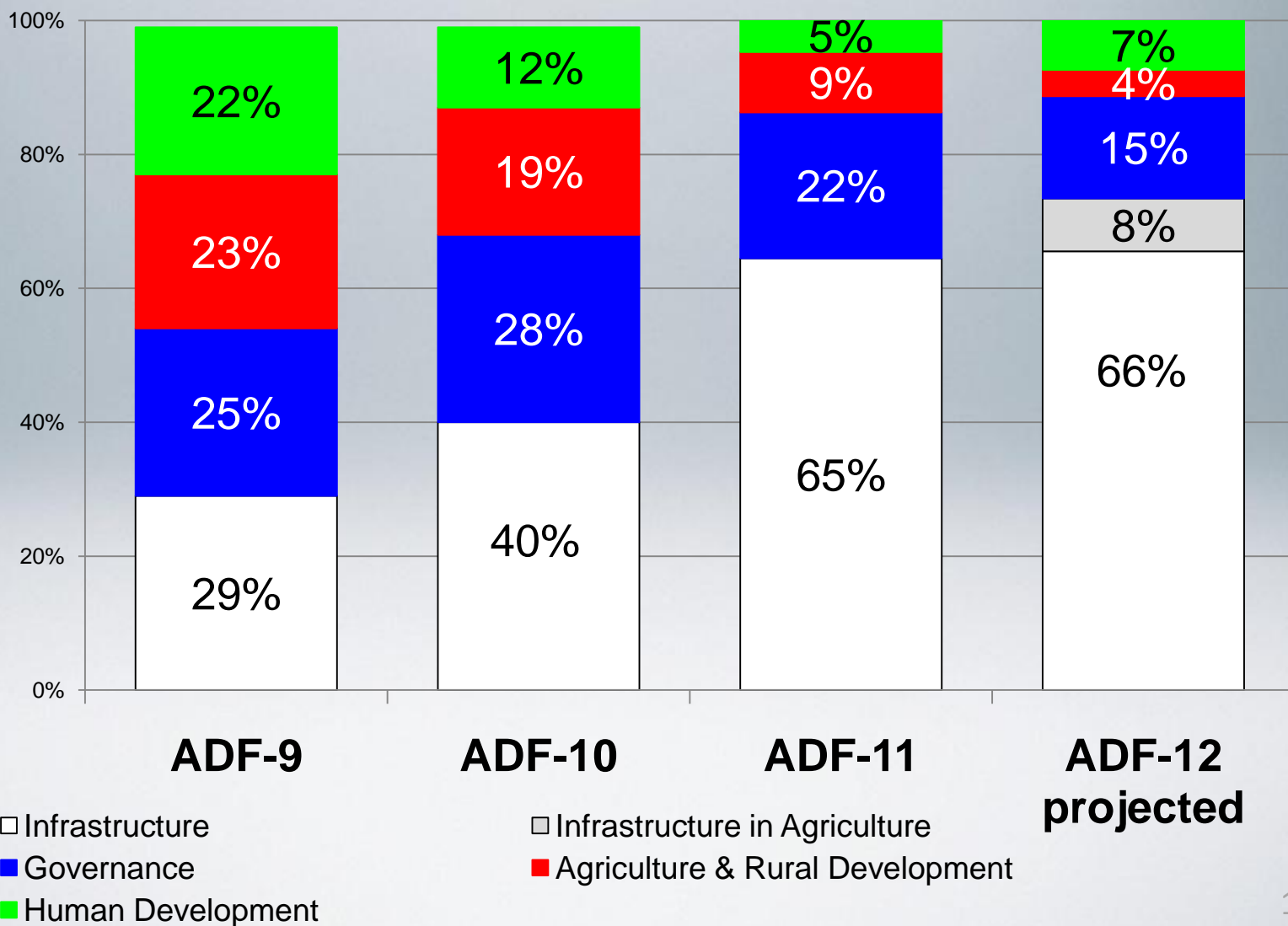
RPGs: 3%

Arrears: 3%

*RO set aside = 20%*  
*FSF = 7.5%*



## Strategic selectivity



# The ADF-11 framework effectively allocates resources to stronger performing countries and key policy priorities

## PBA

- 68% to top performers (top 2 quintiles)
- DSF and MDRI adjustments

## Set-asides

- RO set-aside increased (17.5%)
- FSF created (7.5%)

## Link to performance

- PBA cost-sharing for ROs
- FSF top-up based on ADF-10 PBA