

AFRICAN DEVELOPMENT FUND



ADF12 Long Term Financial sustainability of ADF

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Financial Sustainability of ADF

Contributions from Donors

- Subscriptions
- Compensation for MDRI
- Compensation for grants

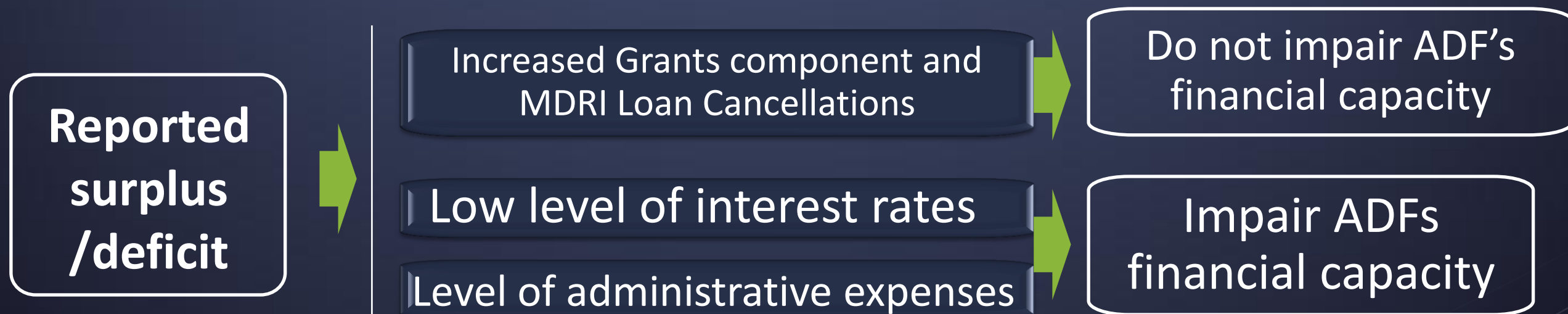
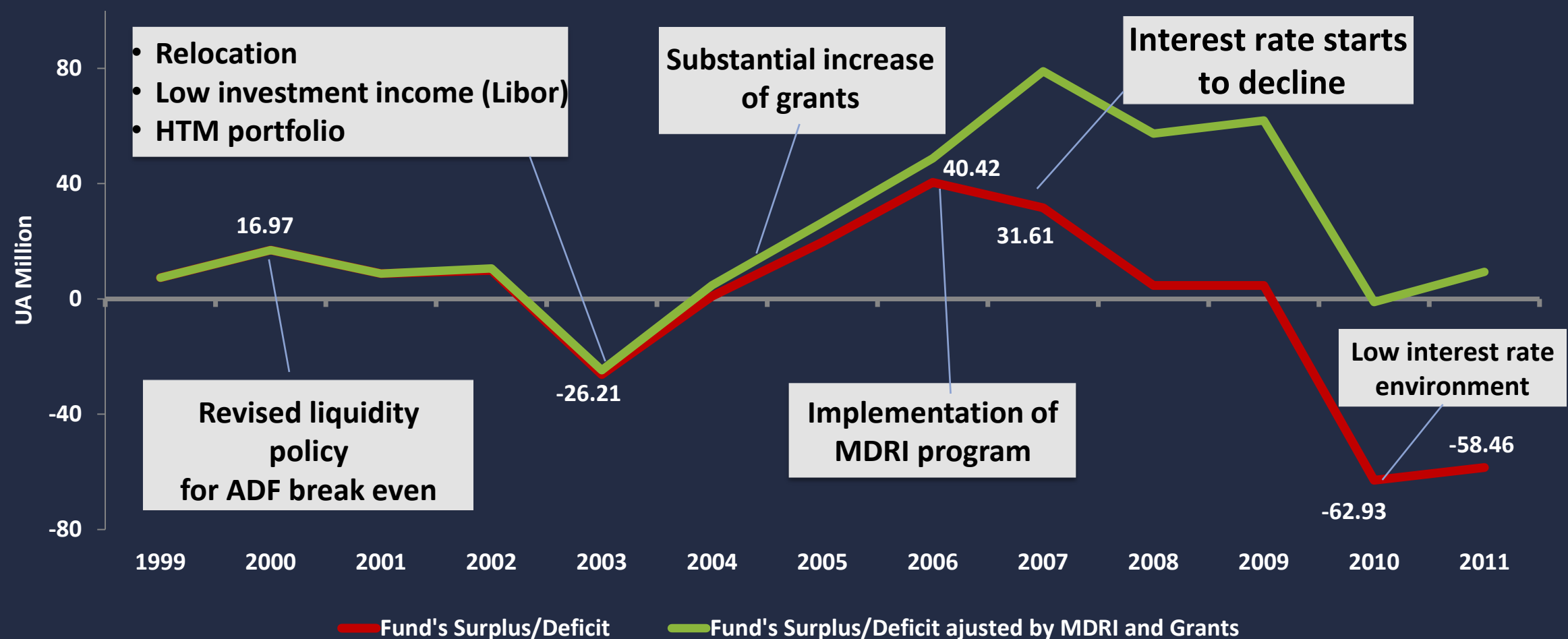


Internally Generated Resources

- Loan Reflows
- Net Income
- ADB Net Income allocation

Commitment Capacity

The financial basis of ADF remains sound



ADF 12: Protecting and maximizing commitment capacity

■ Prudent Investment Strategy

- Creation of a distinct portfolio to invest the proceeds from accelerated encashment

■ Mitigating currency translation losses

- Improved alignment of the Fund's net assets to the SDR

■ Cost controls and budgetary discipline

- Stabilization of Bank Group expenses since 2010 contributing to reduce the operational gap

Measures to strengthen financial capacity in ADF-13

- ▶ **Revising lending terms**
- ▶ **Differentiation of ADF-only countries**
- ▶ **Encouraging graduation**
- ▶ **Accelerated loan repayment**
 - Provisions in new loan agreements
 - Voluntary prepayment framework for existing loans
- ▶ **Revised framework for the accelerated encashment of promissory notes**

Leveraging financial capacity in ADF-13

New and Innovative Financing Instruments

Drawing on the Bank Group's experience with guarantee instruments

Continued dialogue with stakeholders, particularly with donors and RMCs

Concluding Remarks

- ▶ **Adjusted for MDRI and Grant effects, the ADF continues to break even**
- ▶ **Low interest rates have a dampening effect on maximizing internally generated resources**
- ▶ **Financial sustainability of the ADF still depends largely on support and assistance from Donors**
- ▶ **Innovative approaches may hold the key to meeting the huge and urgent development financing needs in a resource constrained environment**

Thank you.



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