

ADF-14's Financing Framework II

Discussion Paper

ADF-14 Second Replenishment Meeting

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Abidjan, Côte d'Ivoire



AFRICAN DEVELOPMENT FUND

Executive Summary

- 1.1. During the first ADF-14 consultation meetings held in Abidjan in March 2016, Management presented to Deputies an initial iteration of the replenishment's financing framework. This framework document described the main financial variables affecting the volume of the Fund's resources for 2017-2019.
- 1.2. During the meeting, Deputies agreed that (i) the replenishment's exchange rates would be determined using the 6 month average for a synthetic Special Drawing Rights (SDR) basket over the period ending 3 October 2016, (ii) the 10 year encashment schedule should remain in place with a provision for voluntary accelerated payments, and that (iii) the fully hedged accelerated encashment framework used in ADF-13 should be retained in ADF-14. Deputies also agreed that the technical gap would be discussed closer to the final replenishment meeting.
- 1.3. Finally, Deputies made several requests for clarification which are addressed in this follow-up paper, notably with regards to (i) the computation of the replenishment's standard encashment schedule, (ii) the accelerated encashment framework, (iii) grant financing and the impact of innovative financing instruments on grant compensation, (iv) reviews and a sensitivity analysis of the core assumptions and variables underpinning the Advance Commitment Capacity (ACC) model.
- 1.4. Deputies invited to (i) approve ADF-14's accelerated encashment framework, and to (ii) take note of the revised estimates of ACC and the revised financing scenarios for ADF-14.

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Abbreviations

ACC – Advance Commitment Capacity

ADF – African Development Fund

ADF-13 – Thirteenth General Replenishment of the African Development Fund

ADF-14 – Fourteenth General Replenishment of the African Development Fund

ADF-15 – Fifteenth General Replenishment of the African Development Fund

AfDB – African Development Bank

BDM – Buy-Down Mechanism

BL – Bridge Loan

CDL – Concessional Donor Loans

DSA – Debt Sustainability Analysis

DSF – Debt Sustainability Framework

MDRI – Multilateral Debt Relief Initiative

OIS – Overnight Index Swap

PBA – Performance Based Allocation

RMC – Regional Member Country

SDR – Special Drawing Rights

UA – Unit of Account

1. INTRODUCTION

- 1.1. During the first ADF-14 consultation meetings held in Abidjan in March 2016, Management presented to Deputies the replenishment's financing framework. The paper described the main financial variables that would determine the size of the resources of the Fund for 2017-2019. It also provided detailed information on the sources of financing for ADF-14, namely the replenishment amount (subscriptions from donors including the technical gap), internal resources of the Fund (based on the Advance Commitment Capacity- ACC), funds carried over from previous replenishments as well as, potentially, resources made available to the replenishment by the introduction of innovative financing instruments.
- 1.2. This paper builds on the previous document, conveys further information on ADF-14's financing framework and addresses requests made by Deputies during the first meeting. It provides details on the computation of the replenishment's standard encashment schedule, presents the accelerated encashment framework in full details, discusses grant financing and the impact of innovative financing instruments on grant compensation, reviews the ACC model factoring in new information on some of its core assumptions, performs a sensitivity analysis on selected variables of the ACC model, and finally, presents ADF-14's financing framework.

2. ENCASHMENT SCHEDULE

Standard encashment

- 2.1. The ADF's standard encashment schedule is derived from the expected disbursement profiles of loans and grants taking into account the Fund's liquidity policy and requirements. The encashment schedule for ADF-14 has a weighted average maturity of 4.3 years (versus 4.6 years in ADF-13) reflecting the updated disbursement profile of the Fund's operations, including the impact of fast disbursing initiatives (such as the Transition Support Facility) on ADF replenishments. Annex 1 provides further details on the computation of the weighted average maturity.

ADF-14's Accelerated Encashment Framework

- 2.2. The accelerated encashment framework allows the Fund to accrue investment income for the benefit of donors willing to front-load and/or re-profile their subscriptions' encashment schedule relative to the standard encashment schedule. The objective of the framework is to ensure that the ADF remains financially indifferent between (i) receiving a given set of payments over the 10-year standard encashment schedule, and (ii) receiving the equivalent amount (in present value terms) over a shorter period.
- 2.3. For ADF-13, Deputies agreed to a new fully hedged framework ensuring that the Fund protects its development resources from the risk of interest rate related losses. Deputies expressed their support for ADF-13's fully hedged accelerated encashment framework. It will be retained for ADF-14 with a minor modification: restricting the minimum eligible amount for acceleration to UA 25 million

equivalent. This aims to ensure the feasibility and effectiveness of the hedging strategy. Smaller subscription amounts shall be considered only on a best efforts basis. The main features of the ADF-14 framework are summarized in table 1.

Table 1: ADF-14’s accelerated encashment framework

Accelerated Encashment Framework Details	
Eligible Currencies:	<ul style="list-style-type: none"> • USD, EUR, GBP, JPY and CAD
Reference Discount Rates:	<ul style="list-style-type: none"> • Currency specific Overnight Index Swap (OIS) rates¹
Minimum amount for eligibility	<ul style="list-style-type: none"> • UA 25 million equivalent (in subscription currency). Smaller subscription amounts will be considered on a best efforts basis².
Timing of Discount Rate Setting:	<ul style="list-style-type: none"> • Rate set when the donor irrevocably commits to a specific, pre-agreed accelerated encashment schedule
Irrevocability:	<ul style="list-style-type: none"> • Election of the accelerated payment scheme will be irrevocable as of the date that the Fund and relevant donor agree on the accelerated encashment schedule • All costs arising from payment delays will be borne by the donor, including the cost of ADF unwinding its hedge
Process:	<ul style="list-style-type: none"> • Management and the donor country agree on a date for determining the applicable ADF-14 discount rate (fixing date). • First accelerated encashment amount should be received within 30 calendar days of the fixing date. • The Fund will execute the hedge in the market³ on the fixing date and communicate to the donor the final irrevocable discount rate obtained on the hedge

2.4. From a donor’s perspective, the benefits of the accelerated encashment framework include the possibility of using the income so generated to (i) increase its subscription and burden share in a given replenishment, (ii) pay a discounted amount on its subscription while maintaining its burden share), (iii) offer to reduce the replenishment’s technical gap, (iv) pay for other ADF commitments (Grant or MDRI compensation) and (v) to meet past due payments on past replenishments.

¹ Overnight indexed swap (OIS) is an interest rate swap where the periodic floating payment is generally based on a return calculated from a daily compound interest investment. The reference for a daily compounded rate is an overnight rate (or overnight index rate) and the exact averaging formula depends on the type of such rate. The index rate is typically the rate for overnight unsecured lending between banks, for example the Federal funds rate for US dollars, Eonia for Euros or Sonia for sterling. The fixed rate of OIS is typically an interest rate considered less risky than the corresponding interbank rate (LIBOR) because there is limited counterparty risk.

² Smaller subscription amounts are more difficult to hedge in the market as the swap notional on some of the encashment years would be less than UA 0.85 million (about USD 1 million), typically the minimum amount interest rate dealers will consider from counterparties when quoting and trading derivative transactions.

³ In some instances, should the OIS market not be liquid enough to execute the hedging strategy using OIS rates, the Fund may use regular interest rate swaps, with the fixed discount rate being adjusted downwards by a spread representing the basis to the OIS rate. In case a donor’s accelerated schedule consists only of a single instalment, the Fund may also consider hedging the subscription in the cash bond market, rather than using OIS.

2.5. Table 2 presents sample ADF-14 accelerated encashment discounts and credits for periods ranging from 1 to 4 years based on interest rates as of 31 May 2016.

Table 2: Indicative ADF-14 Accelerated Encashment Discounts and Credits

Currency	1 Year		2 Year		3 Year		4 Year	
	Discount	Credit	Discount	Credit	Discount	Credit	Discount	Credit
USD	5.08%	5.35%	4.66%	4.89%	4.17%	4.36%	3.64%	3.78%
GBP	4.05%	4.21%	3.77%	3.92%	3.44%	3.56%	3.04%	3.14%

2.6. In the coming replenishment, it may not be financially efficient for some donors to opt for the accelerated encashment framework for currencies experiencing negative rates. This is the case today for both the EUR and JPY. Sample accelerated encashment schedules are provided in Annex 2.

3. GRANT FINANCING IN ADF-14

3.1. Since ADF-10, the International Monetary Fund / World Bank Debt Sustainability Framework (DSF) and Debt Sustainability Analysis (DSA) for low-income countries guides the determination of the proportion of ADF resources to extend as grants. More specifically, the DSF determines each country's risk of debt distress and its financing terms with regard to the Performance Based Allocations (PBA) and the Regional Operations envelope, particularly its eligibility for grants. Under the DSF, debt sustainability analyses are conducted regularly consisting of (i) an analysis of the country's projected debt burden over the next 20 years and its vulnerability to external and policy shocks, (ii) an assessment of the risk of external debt distress in that time based on indicative debt burden thresholds that depend on the quality of the country's policies and institutions; and (iii) recommendations for a borrowing (and lending) strategy that limits the risk of debt distress. Based on this analysis, countries are classified as recipients of loans only, recipients of grants only, or recipients of a 50/50 combination of loans/grants.

Expected Level of Grants in ADF-14

3.2. The expected level of grants in ADF-14 is currently estimated at 36.44 percent, based on the level of grant financing projected for the full ADF-13 replenishment cycle. This method of estimating the level of grants produces more stable and accurate outcomes than using the latest available results of the IMF/ World Bank Debt Sustainability Analysis, since the DSA status of countries can and does change from year to year, affecting the loan and grant mix of their allocations. The actual amount of grants allocated under ADF-14 will continue to evolve depending on annual DSAs.

Grant Compensation Framework

3.3. The Fund has been using the Modified Volume Approach on grants to address the costs related to increased grant financing, and to protect the Fund's financial

integrity. Under this two-pronged compensation scheme, income foregone because of grant approvals is compensated by an upfront charge on grants, while foregone loan principal reflows above 7.5 percent are compensated by donors. In effect, since ADF-9 donors have agreed to compensate the Fund for foregone reflows above 7.5 percent of a replenishment amount to mitigate the negative impact of decreasing future reflows. Hence, increases in grant financing have a relatively neutral effect on the Fund’s future commitment capacity. Management proposes that donors adopt the same grant compensation framework for ADF-14.

Foregone income

- 3.4. The Modified Volume Approach reduces a grant-eligible country’s allocation by 20 percent- this is the modified volume discount⁴. The volume discount on grants has two components: i) a charges-related component to offset foregone charges on ADF grants, and (ii) an incentives-related component to help preserve the strength of the incentives of the Fund’s Performance-Based Allocation system.
- 3.5. In other words, part of the volume discount will be used to compensate the Fund for foregone income through an upfront grant charge, and the remaining portion will be allocated to ADF-only countries using the Performance-Based Allocation system. As per previous replenishments, Management proposes that grant resources allocated and disbursed from the Transition Support Facility continue to be exempt from the application of the incentives-related component, and thus only be subjected to the charges-related component of the Modified Volume Approach.
- 3.6. The upfront grant charge for ADF-14 is computed based on the assumption that the overall grant level for the three years of the replenishment will be equal to the level established under the ADF-13, i.e., 36.44 percent. A 10-year SDR discount rate of 1.04 percent built from OIS rates served as the base for the computations⁵. Table 3 presents the upfront grant charge which will be applicable for this replenishment.

Table 3: Upfront Grant Charge to Compensate Foregone Income

Grant Level	SDR Discount Rate	Upfront Grant Charge
36.44%	1.04%	13.33%

- 3.7. The level of the upfront grant charge has been determined through an iterative process equates the present value of the upfront grant charges levied at disbursement, with the present value of the foregone income flows. This charge will be deducted from each grant allocation⁶, with the remaining amount, 6.67 percent, being allocated to ADF-only countries under the Performance Based Allocation system.

⁴ The volume discount on grants is divided in two components: (i) an incentives-related portion to help preserve the strength of the incentives of the Fund’s Performance-Based Allocation system, and (ii) a charges-related portion to offset foregone charges on ADF grants. Fragile states are only subject to the charges-related volume discount.

⁵ Calculated as the weighted average of each SDR component currency 10-year OIS swap rates as of 21 April 2016, and includes the RMB.

⁶ The upfront grant charge will be subtracted from the 20 percent volume discount and applied to the Fund’s liquidity.

Foregone principal repayments

3.8. Since ADF-9, donors compensate the Fund for foregone reflows above 7.5 percent of the replenishment amount, as the reflows arise, using the “pay-as-you-go” approach, based on their normalized burden share for the corresponding replenishment. Annex 3 presents updated donors grant compensation schedules for ADF-9 through to ADF-13 while annex 4 shows the consolidated grant schedules across replenishments by donors. The total grant amount expected to be compensated for during the ADF-14 replenishment period is UA 49.55 million.

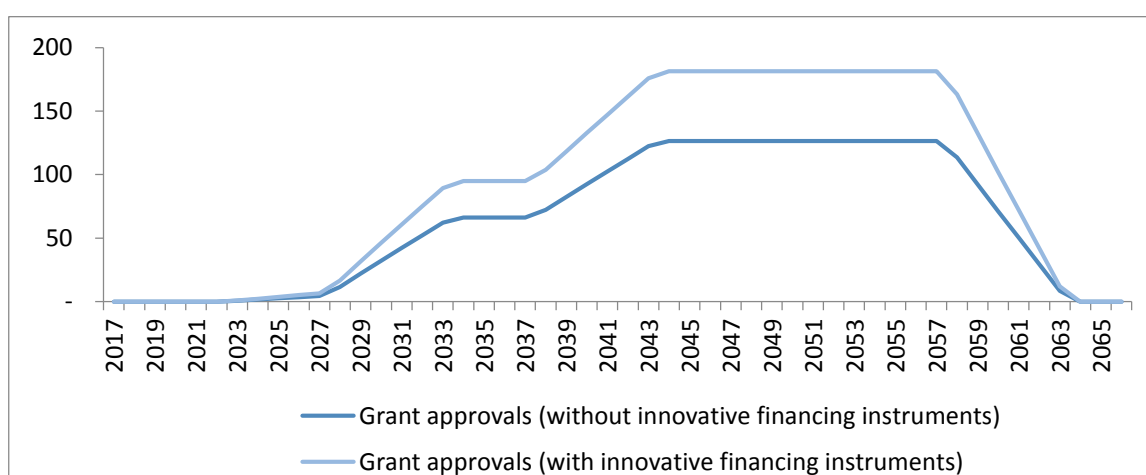
Voting rights

3.9. At the request of Deputies and similarly to compensation received under the Multilateral Debt Relief Initiative (MDRI), Management has agreed to consider the cumulative compensation for grants received from donors in the computation of the ADF voting rights. The voting rights will be allocated when ADF-14 is adopted by the Board of Governors.

Long-term impact of innovative financing instruments on grant compensation

3.10. During the first replenishment meeting, Deputies requested Management to analyze the long term impact of introducing Concessional Donor Loans (CDLs) and Bridge Loans (BLs) in the ADF-14 financing framework, on grant approvals and grant compensation. Chart 1 shows that introducing CDLs and BL in ADF-14 and ADF-15⁷, up to Fund’s debt limit amount (UA 5.4 billion) would increase the amount of grants approved in the two replenishments – an increase of UA 1,402 million – with the corresponding compensation being due from donors on a “pay-as-you-go” basis over the 2023 to 2063 period. The difference between the two compensation schedules (with and without innovative financing instruments) peaks at UA 55.07 million per year from 2044 through to 2057.

Chart 1: Impact of innovative financing instruments on ADF-14’s grant compensation (UA million)



3.11. Introducing the Buy-Down mechanism (BDM) in ADF-14 and future

⁷ Reference for calculation is ADF-14’s “Baseline scenario”, which is replicated for ADF-15 adjusting for the Fund’s expected graduation and transition scenarios.

replenishments would increase the amount available for the remaining ADF-only countries grants in ADF-14 and future replenishments by UA 170 million (if the mechanism is only applied to blend and transitioning countries) or by UA 553 million (if the mechanism is also extended to green light countries).

3.12. In terms of grant compensation, the BDM would represent an estimated additional burden on donors of UA 2.32 million per annum per replenishment (when limited to blend and transitioning countries) or UA 9.71 million per annum per replenishment (when extended to green light countries)⁸ at the peak of grant compensation reflows.

4. INTERNALLY GENERATED RESOURCES

4.1. Management has reviewed the assumptions underlying the ACC model to test the impact of new developments and/or information on the ACC. Based on the feedback received from Deputies during the first replenishment meeting, the future growth of donor contributions was revised downwards to a prudent flat growth scenario. In addition, the share of grants in the replenishment was updated, together with the investment return rate, derived from an SDR OIS curve and now reflects the introduction of the Chinese Renminbi. Table 4 provides a summary of the key changes in assumptions that have been effected in the ACC model.

Table 4: Changes of core assumptions for the ACC model between March and June 2016

Assumption	ADF-12	ADF-13	ADF-14 (1 st meeting)	ADF-14 (2 nd meeting)
Donor Contribution Increase	4.49%	6.84%	5%	0%
Share of Grants	30.65%	33.45%	33.45%	36.44%
Grant surcharge	14.57%	15.00%	15.00%	13.33%
Investment Return Rate	4.50%	2.65%	1.23%	1.35%
ACC Level	2007	976	458	415

4.2. The impact of these changes in assumptions amounts to a UA 43 million reduction in ADF-14's Baseline ACC versus the level conveyed during the first replenishment meeting (UA 458 million).

4.3. Table 5 presents the results of a sensitivity analysis of the key ACC variables.

⁸ Calculation assumes no change in the profile of ADF borrowing countries after the introduction of the BDM mechanism and zero per cent growth in future replenishments from the ADF-14 baseline scenario.

Table 5: Sensitivity analysis of the ACC model to select variables (UA million)⁹

ACC component	Baseline	Change	Impact on ACC
Change in Donor contributions	0%	-5.0%	-33
		+5.0%	+33
Delay in MDRI and grant compensation	10%	+5.0%	-4
Percentage of MDRI compensation received	98%	-5.0%	-59
Disbursement ratio	95%	+5.0%	-280
Increase in administrative expenses	3%	+5.0%	-48
Parallel shift of investment return rate curve	1.35%	-1.0%	-147
		+1.0%	+158
Loan arrears	5%	+5.0%	-46

4.4. The analysis demonstrates that the ACC model is highly sensitive to unanticipated increases in loan and grant disbursements, as these apply pressure on the Fund's liquidity and thus reduce the ACC. The model is also sensitive to (i) changes in the investment return rates, which can significantly impact the level of reflows that can be generated from the Fund's liquidity, (ii) delays and, more importantly, the percentage of MDRI compensation that is effectively received by the Fund, as well as (iii) changes in loan arrears and administrative expenses .

5. INDICATIVE FINANCING FRAMEWORK

5.1. As mentioned in the companion paper, "Strategic Directions for ADF-14", the pipeline of operations that has been identified for the replenishment amounts to UA 10.5 billion, and the corresponding financing scenarios are presented in table 6. The Baseline scenario assumes that donor subscriptions will be flat to ADF-13, and the Central and Upper Case scenarios improve upon that scenario by 5 and 10 percent respectively. A Pessimistic scenario, where donor subscriptions decrease by 5 percent compared to ADF-13, has also been introduced at Deputies' request.

Table 6: Financing scenarios (UA millions, unless otherwise indicated)

Sources of financing	ADF-13	ADF-14 Financing Scenarios			
	Actual	Pessimistic (5% decrease in subscriptions)	Baseline (0% increase in subscriptions)	Central (5% increase in subscriptions)	Upper case (10% increase in subscriptions)
Donor subscriptions	3,840	3,648	3,840	4,032	4,224
Additional contributions ¹⁰	20	-	-	-	-
Initial Subscriptions ¹¹	50	-	-	-	-
ACC	976	382	415	448	479

⁹ Reference for the calculations is ADF-14's baseline scenario ACC, estimated at UA 415 million.

¹⁰ Additional contributions made by donors to reduce ADF-13's technical gap.

¹¹ Initial subscriptions of Angola and Turkey.

Total resources	4,886	4,030	4,255	4,480	4,703
Carry-over (C/O) amounts	378	389	389	389	389
Total resources including C/O	5,264	4,419	4,644	4,869	5,092
Resources from innovative financing					
Target CDL amount¹²		1,000	1,500	2,000	2,500
Impact on ACC (CDL+BL)		851	880	910	942
Total from innovative instruments		1,851	2,380	2,910	3,442
Grand total	5,264	6,270	7,024	7,779	8,534
Change relative to ADF-13's resources		+19%	+33%	+48%	+62%

5.2. Absent some degree of slippage, none of the replenishment scenarios presented will be able to deliver the full pipeline that has already been identified by ADF.

6. CONCLUSION AND RECOMMENDATIONS

6.1. Deputies are invited to:

- Approve the ADF-14 accelerated encashment framework;
- Take note of the revised estimates of ACC and the revised financing scenarios for ADF-14.

¹² Assumes that CDLs will be contracted with an average maturity of 35 years (including a 5 year-grace period) and an interest rate of 0.5% (in SDR terms). Target amounts indicated may be above ADF debt limit, in which case it is also assumed that the excess will be on-lent in hardened terms.

Annex 1: Details on the determination of ADF-14’s standard encashment schedule

- 1.1. At the beginning of each replenishment, the Fund’s standard encashment schedule is reviewed to ensure that the projected disbursement profile of loan and grant commitments and that the Fund continues to comply with its liquidity policy. The liquidity policy’s objective is to ensure that the Fund holds sufficient liquid resources to enable it to meet all probable cash flow needs in order to serve its normal and predictable obligations without having to resort to requests from State Participants for supplementary encashment. The target liquidity level used for preparing encashment schedules is set at 62.5% of the three year moving average of net disbursement i.e. at the mid-point between the maximum and the minimum liquidity levels.
- 1.2. The methodology used to determine the standard encashment schedule takes into account i) the Fund’s liquidity needs and ii) the projected disbursement profile of loans mostly based on historical observations. An analysis of the historical disbursement data over the period 2002 to 2014 shows that based on the signature year, disbursements have occurred 9 months later (on average) compared to what had been assumed in ADF-13. This small delay is compensated by a higher share of Policy Based Projects (increased by 3% to 22%), which disburse faster than investment projects and by the shorter gap observed between project approval and project signature (5 months on average). Nevertheless, even after factoring in these adjustments, ADF’s encashment schedule of loans and grants is on average slower by 5 months, as seen in table 1.1.

Table 1.1: ADF Encashment Schedule of Loans and Grant excluding Fast Disbursing Initiative		
<i>(% of Donors Contribution)</i>		
Year	ADF-13	ADF-14
1	5.03	5.14
2	10.34	8.10
3	14.76	11.38
4	15.07	12.87
5	12.98	13.10
6	11.17	12.32
7	10.14	11.13
8	9.13	10.65
9	8.33	11.06
10	3.04	4.24
Total	100	100
Duration	4.62	5.02

- 1.3. However, since ADF-12, resources allocated to fast disbursing initiatives (Transition States Facility and Private Sector Facility) represent approximately 20% of total Donors resources. These initiatives usually / are expected to be disbursed fully over the 3-year replenishment cycle. This type of disbursements had not been factored in ADF-12 and ADF-13’s encashment schedules, and had a substantial impact on the Fund’s liquidity.

Table 1.2: Share of Fast Disbursing Initiative in Replenishments

<i>UA millions</i>	ADF-13	ADF-12
Donor Contributions	3.798	3.757
TSF	662	764
PSF	165	-
TSF and PSF share of Donor contributions	22%	20%

1.4. ADF-14's standard encashment schedule has been updated to reflect the TSF and PSF effects, in order to comply with ADF's risk management policies and to mitigate liquidity risk.

Table 1.3: ADF Standard Encashment Schedule			
<i>(% of Donors Contribution)</i>			
10-year profile with 20% Fast Disbursing over 3 years			
Year	Grants and Loans	Fast Disbursing Initiatives	Weighted Profile
1	5.14	33.3	10.78
2	8.10	33.3	13.15
3	11.38	33.3	15.77
4	12.87		10.29
5	13.10		10.48
6	12.32		9.86
7	11.13		8.91
8	10.65		8.52
9	11.06		8.85
10	4.24		3.39
Total	100.0	100.0	100.0
Duration	5.0	1.5	4.3

Annex 2: Sample accelerated encashment schedules for eligible currencies

Table 2.1: US Dollar

Encashment Date	1 Year		2 Year		3 Year		4 Year	
	Discount	Credit	Discount	Credit	Discount	Credit	Discount	Credit
2/28/2017	94.92	100.00	47.67	50.00	31.94	33.33	24.09	25.00
2/28/2018			47.67	50.00	31.94	33.33	24.09	25.00
2/28/2019					31.94	33.33	24.09	25.00
2/28/2020							24.09	25.00
Total Payments	94.92	100.00	95.34	100.00	95.83	100.00	96.36	100.00
Final Contribution	100.00	105.35	100.00	104.89	100.00	104.36	100.00	103.78
Discount/Credit	5.08%	5.35%	4.66%	4.89%	4.17%	4.36%	3.64%	3.78%

Table 2.2: GBP

Encashment Date	1 Year		2 Year		3 Year		4 Year	
	Discount	Credit	Discount	Credit	Discount	Credit	Discount	Credit
2/28/2017	95.95	100.00	48.11	50.00	32.19	33.33	24.24	25.00
2/28/2018			48.11	50.00	32.19	33.33	24.24	25.00
2/28/2019					32.19	33.33	24.24	25.00
2/28/2020							24.24	25.00
Total Payments	95.95	100.00	96.23	100.00	96.56	100.00	96.96	100.00
Final Contribution	100	104.21	100.00	103.92	100.00	103.56	100.00	103.14
Discount/Credit	4.05%	4.21%	3.77%	3.92%	3.44%	3.56%	3.04%	3.14%

Annex 3: Updated donor grant compensation schedules

Table 3.1 - ADF-9 grant compensation schedule

Donors	Burden Share		2016	2017	2018	2019	202x	203x	204x	205x
	Original	Normalized								
ARGENTINA	0.00%	0.00%	-	-	-	-	-	-	-	-
AUSTRIA	0.98%	1.25%	0.05	0.05	0.05	0.05	1.11	1.63	1.63	0.78
BELGIUM	1.65%	2.10%	0.09	0.09	0.09	0.09	1.86	2.74	2.74	1.32
BRAZIL	0.35%	0.45%	0.02	0.02	0.02	0.02	0.40	0.58	0.58	0.28
CANADA	4.50%	5.73%	0.25	0.25	0.25	0.25	5.07	7.47	7.47	3.60
CHINA	1.64%	2.09%	0.09	0.09	0.09	0.09	1.85	2.73	2.73	1.31
DENMARK	3.00%	3.82%	0.17	0.17	0.17	0.17	3.38	4.98	4.98	2.40
EGYPT	0.00%	0.00%	-	-	-	-	-	-	-	-
FINLAND	1.50%	1.91%	0.08	0.08	0.08	0.08	1.69	2.49	2.49	1.20
FRANCE	7.33%	9.33%	0.41	0.41	0.41	0.41	8.26	12.17	12.17	5.86
GERMANY	8.35%	10.64%	0.46	0.46	0.46	0.46	9.42	13.87	13.87	6.68
INDIA	0.17%	0.22%	0.01	0.01	0.01	0.01	0.20	0.29	0.29	0.14
ITALY	4.30%	5.47%	0.24	0.24	0.24	0.24	4.85	7.14	7.14	3.44
JAPAN	8.82%	11.22%	0.49	0.49	0.49	0.49	9.94	14.64	14.64	7.05
KOREA	0.64%	0.81%	0.04	0.04	0.04	0.04	0.72	1.06	1.06	0.51
KUWAIT	0.17%	0.21%	0.01	0.01	0.01	0.01	0.19	0.28	0.28	0.13
LUXEMBOURG	0.00%	0.00%	-	-	-	-	-	-	-	-
THE NETHERLANDS	3.70%	4.71%	0.20	0.20	0.20	0.20	4.17	6.14	6.14	2.96
NORWAY	3.54%	4.51%	0.20	0.20	0.20	0.20	3.99	5.88	5.88	2.83
PORTUGAL	0.64%	0.82%	0.04	0.04	0.04	0.04	0.72	1.07	1.07	0.51
SAUDI ARABIA	0.54%	0.69%	0.03	0.03	0.03	0.03	0.61	0.90	0.90	0.43
SOUTH AFRICA	0.12%	0.15%	0.01	0.01	0.01	0.01	0.13	0.20	0.20	0.09
SPAIN	2.30%	2.92%	0.13	0.13	0.13	0.13	2.59	3.81	3.81	1.83
SWEDEN	4.00%	5.09%	0.22	0.22	0.22	0.22	4.51	6.64	6.64	3.20
SWITZERLAND	3.00%	3.82%	0.17	0.17	0.17	0.17	3.38	4.98	4.98	2.40
TURKEY	0.00%	0.00%	-	-	-	-	-	-	-	-
UNITED KINGDOM	5.50%	7.00%	0.30	0.30	0.30	0.30	6.20	9.13	9.13	4.40
USA	11.82%	15.05%	0.65	0.65	0.65	0.65	13.32	19.62	19.62	9.45
Total	78.55%	100.00%	4.35	4.35	4.35	4.35	88.55	130.42	130.42	62.80

Table 3.2 - ADF-X grant compensation schedule

Donors	Burden Share		2016	2017	2018	2019	202x	203x	204x	205x	206x
	Original	Normalized									
ARGENTINA	0.00%	0.00%	-	-	-	-	-	-	-	-	-
AUSTRIA	1.65%	2.29%	0.08	0.18	0.25	0.28	4.40	8.42	8.42	6.03	-
BELGIUM	1.55%	2.15%	0.08	0.17	0.23	0.26	4.13	7.91	7.91	5.67	-
BRAZIL	0.00%	0.00%	-	-	-	-	-	-	-	-	-
CANADA	4.50%	6.23%	0.22	0.50	0.68	0.77	11.99	22.96	22.96	16.46	-
CHINA	1.64%	2.27%	0.08	0.18	0.25	0.28	4.38	8.38	8.38	6.00	-
DENMARK	1.09%	1.51%	0.05	0.12	0.16	0.19	2.90	5.55	5.55	3.98	-
EGYPT	0.00%	0.00%	-	-	-	-	-	-	-	-	-
FINLAND	1.50%	2.08%	0.07	0.17	0.23	0.26	4.00	7.65	7.65	5.49	-
FRANCE	9.20%	12.74%	0.46	1.02	1.39	1.56	24.52	46.95	46.95	33.64	-
GERMANY	6.61%	9.16%	0.33	0.73	1.00	1.12	17.62	33.73	33.73	24.17	-
INDIA	0.17%	0.24%	0.01	0.02	0.03	0.03	0.46	0.89	0.89	0.64	-
ITALY	4.00%	5.54%	0.20	0.44	0.61	0.68	10.66	20.41	20.41	14.63	-
JAPAN	6.68%	9.26%	0.33	0.74	1.01	1.14	17.81	34.10	34.10	24.43	-
KOREA	0.64%	0.88%	0.03	0.07	0.10	0.11	1.70	3.25	3.25	2.33	-
KUWAIT	0.17%	0.23%	0.01	0.02	0.03	0.03	0.45	0.85	0.85	0.61	-
LUXEMBOURG	0.00%	0.00%	-	-	-	-	-	-	-	-	-
THE NETHERLANDS	3.84%	5.31%	0.19	0.43	0.58	0.65	10.22	19.57	19.57	14.02	-
NORWAY	3.54%	4.90%	0.18	0.39	0.54	0.60	9.44	18.07	18.07	12.94	-
PORTUGAL	0.57%	0.78%	0.03	0.06	0.09	0.10	1.51	2.88	2.88	2.07	-
SAUDI ARABIA	0.30%	0.42%	0.01	0.03	0.05	0.05	0.80	1.54	1.54	1.10	-
SOUTH AFRICA	0.12%	0.16%	0.01	0.01	0.02	0.02	0.31	0.60	0.60	0.43	-
SPAIN	2.20%	3.05%	0.11	0.24	0.33	0.37	5.86	11.23	11.23	8.04	-
SWEDEN	4.00%	5.54%	0.20	0.44	0.61	0.68	10.66	20.41	20.41	14.63	-
SWITZERLAND	2.57%	3.56%	0.13	0.28	0.39	0.44	6.84	13.10	13.10	9.39	-
TURKEY	0.00%	0.00%	-	-	-	-	-	-	-	-	-
UNITED KINGDOM	7.50%	10.39%	0.37	0.83	1.14	1.28	19.99	38.27	38.27	27.43	-
USA	8.17%	11.32%	0.41	0.91	1.24	1.39	21.78	41.69	41.69	29.88	-
Total	72.20%	100.00%	3.58	8.01	10.94	12.28	192.42	368.42	368.42	264.00	-

Table 3.3 - ADF-XI grant compensation schedule

Donors	Burden Share		2016	2017	2018	2019	202x	203x	204x	205x	206x
	Original	Normalized									
ARGENTINA	0.00%	0.00%	-	-	-	-	-	-	-	-	-
AUSTRIA	2.34%	2.46%	-	-	-	0.13	5.75	17.18	18.59	18.20	2.11
BELGIUM	2.07%	2.18%	-	-	-	0.12	5.10	15.24	16.48	16.14	1.87
BRAZIL	0.18%	0.19%	-	-	-	0.01	0.44	1.30	1.41	1.38	0.16
CANADA	5.00%	5.25%	-	-	-	0.28	12.29	36.71	39.72	38.89	4.51
CHINA	2.16%	2.27%	-	-	-	0.12	5.31	15.86	17.17	16.81	1.95
DENMARK	1.38%	1.45%	-	-	-	0.08	3.40	10.16	10.99	10.76	1.25
EGYPT	0.00%	0.00%	-	-	-	-	-	-	-	-	-
FINLAND	2.41%	2.54%	-	-	-	0.13	5.93	17.72	19.17	18.77	2.18
FRANCE	10.91%	11.46%	-	-	-	0.61	26.81	80.08	86.65	84.83	9.85
GERMANY	10.82%	11.37%	-	-	-	0.60	26.59	79.42	85.93	84.13	9.77
INDIA	0.17%	0.18%	-	-	-	0.01	0.43	1.28	1.38	1.35	0.16
ITALY	5.26%	5.53%	-	-	-	0.29	12.94	38.65	41.82	40.94	4.75
JAPAN	7.07%	7.43%	-	-	-	0.39	17.38	51.91	56.17	54.99	6.38
KOREA	0.88%	0.92%	-	-	-	0.05	2.16	6.45	6.98	6.83	0.79
KUWAIT	0.18%	0.19%	-	-	-	0.01	0.44	1.32	1.43	1.40	0.16
LUXEMBOURG	0.00%	0.00%	-	-	-	-	-	-	-	-	-
THE NETHERLANDS	5.44%	5.71%	-	-	-	0.30	13.37	39.92	43.20	42.29	4.91
NORWAY	4.52%	4.75%	-	-	-	0.25	11.10	33.16	35.88	35.13	4.08
PORTUGAL	0.80%	0.84%	-	-	-	0.04	1.97	5.88	6.36	6.23	0.72
SAUDI ARABIA	0.44%	0.47%	-	-	-	0.02	1.09	3.26	3.52	3.45	0.40
SOUTH AFRICA	0.19%	0.20%	-	-	-	0.01	0.48	1.42	1.54	1.50	0.17
SPAIN	3.00%	3.15%	-	-	-	0.17	7.37	22.03	23.83	23.33	2.71
SWEDEN	4.35%	4.58%	-	-	-	0.24	10.70	31.97	34.59	33.86	3.93
SWITZERLAND	2.47%	2.59%	-	-	-	0.14	6.06	18.11	19.59	19.18	2.23
TURKEY	0.00%	0.00%	-	-	-	-	-	-	-	-	-
UNITED KINGDOM	14.80%	15.55%	-	-	-	0.82	36.37	108.64	117.55	115.09	13.36
USA	8.30%	8.72%	-	-	-	0.46	20.40	60.95	65.94	64.56	7.50
Total	95.15%	100.00%	-	-	-	5.28	233.88	698.61	755.89	740.05	85.92

Table 3.4 - ADF-12 grant compensation schedule

Donors	Burden Share		2016	2017	2018	2019	202x	203x	204x	205x	206x
	Original	Normalized									
ARGENTINA	0.24%	0.26%	-	-	-	-	0.21	0.75	0.98	0.98	0.33
AUSTRIA	2.34%	2.54%	-	-	-	-	2.10	7.39	9.56	9.56	3.25
BELGIUM	2.06%	2.23%	-	-	-	-	1.85	6.51	8.41	8.41	2.86
BRAZIL	0.23%	0.25%	-	-	-	-	0.21	0.74	0.96	0.96	0.33
CANADA	5.00%	5.42%	-	-	-	-	4.49	15.80	20.42	20.42	6.94
CHINA	2.05%	2.23%	-	-	-	-	1.84	6.48	8.38	8.38	2.85
DENMARK	1.89%	2.05%	-	-	-	-	1.70	5.97	7.72	7.72	2.62
EGYPT	0.03%	0.03%	-	-	-	-	0.03	0.10	0.13	0.13	0.04
FINLAND	2.74%	2.97%	-	-	-	-	2.46	8.65	11.19	11.19	3.80
FRANCE	8.71%	9.45%	-	-	-	-	7.83	27.52	35.58	35.58	12.09
GERMANY	9.78%	10.61%	-	-	-	-	8.79	30.90	39.95	39.95	13.58
INDIA	0.23%	0.25%	-	-	-	-	0.21	0.73	0.94	0.94	0.32
ITALY	4.75%	5.15%	-	-	-	-	4.27	15.01	19.40	19.40	6.59
JAPAN	6.71%	7.28%	-	-	-	-	6.04	21.22	27.43	27.43	9.32
KOREA	1.32%	1.43%	-	-	-	-	1.18	4.16	5.38	5.38	1.83
KUWAIT	0.18%	0.20%	-	-	-	-	0.16	0.57	0.74	0.74	0.25
LUXEMBOURG	0.00%	0.00%	-	-	-	-	-	-	-	-	-
THE NETHERLANDS	4.92%	5.33%	-	-	-	-	4.42	15.53	20.08	20.08	6.82
NORWAY	4.40%	4.77%	-	-	-	-	3.95	13.89	17.96	17.96	6.10
PORTUGAL	0.72%	0.78%	-	-	-	-	0.65	2.28	2.95	2.95	1.00
SAUDI ARABIA	0.48%	0.52%	-	-	-	-	0.43	1.51	1.95	1.95	0.66
SOUTH AFRICA	0.25%	0.28%	-	-	-	-	0.23	0.81	1.04	1.04	0.35
SPAIN	3.00%	3.25%	-	-	-	-	2.70	9.48	12.25	12.25	4.16
SWEDEN	4.35%	4.72%	-	-	-	-	3.91	13.76	17.78	17.78	6.04
SWITZERLAND	2.47%	2.68%	-	-	-	-	2.22	7.79	10.07	10.07	3.42
TURKEY	0.00%	0.00%	-	-	-	-	-	-	-	-	-
UNITED KINGDOM	14.00%	15.19%	-	-	-	-	12.58	44.22	57.17	57.17	19.43
USA	9.32%	10.11%	-	-	-	-	8.38	29.44	38.06	38.06	12.93
Total	92.18%	100.00%	-	-	-	-	82.86	291.23	376.52	376.52	127.94

Table 3.5 - ADF-13 grant compensation schedule

Donors	Burden Share		2016	2017	2018	2019	202x	203x	204x	205x	206x
	Original	Normalized									
ARGENTINA	0.00%	0.00%	-	-	-	-	-	-	-	-	-
AUSTRIA	2.13%	2.45%	-	-	-	-	1.78	6.75	9.94	6.38	-
BELGIUM	2.06%	2.37%	-	-	-	-	1.72	6.52	9.61	6.17	-
BRAZIL	0.00%	0.00%	-	-	-	-	-	-	-	-	-
CANADA	4.91%	5.65%	-	-	-	-	4.10	15.55	22.90	14.70	-
CHINA	1.93%	2.22%	-	-	-	-	1.61	6.11	9.00	5.78	-
DENMARK	1.72%	1.98%	-	-	-	-	1.44	5.45	8.03	5.15	-
EGYPT	0.03%	0.03%	-	-	-	-	0.03	0.10	0.14	0.09	-
FINLAND	2.50%	2.88%	-	-	-	-	2.09	7.93	11.68	7.50	-
FRANCE	8.34%	9.60%	-	-	-	-	6.96	26.40	38.88	24.96	-
GERMANY	9.22%	10.61%	-	-	-	-	7.70	29.19	42.99	27.60	-
INDIA	0.28%	0.33%	-	-	-	-	0.24	0.90	1.32	0.85	-
ITALY	4.63%	5.33%	-	-	-	-	3.87	14.67	21.60	13.87	-
JAPAN	6.71%	7.73%	-	-	-	-	5.61	21.27	31.32	20.11	-
KOREA	1.32%	1.52%	-	-	-	-	1.10	4.17	6.14	3.94	-
KUWAIT	0.18%	0.21%	-	-	-	-	0.15	0.57	0.84	0.54	-
LUXEMBOURG	0.00%	0.00%	-	-	-	-	-	-	-	-	-
THE NETHERLANDS	3.81%	4.39%	-	-	-	-	3.18	12.08	17.79	11.42	-
NORWAY	4.61%	5.31%	-	-	-	-	3.85	14.61	21.51	13.81	-
PORTUGAL	0.00%	0.00%	-	-	-	-	-	-	-	-	-
SAUDI ARABIA	0.53%	0.61%	-	-	-	-	0.44	1.68	2.48	1.59	-
SOUTH AFRICA	0.37%	0.43%	-	-	-	-	0.31	1.17	1.73	1.11	-
SPAIN	1.00%	1.15%	-	-	-	-	0.84	3.17	4.66	2.99	-
SWEDEN	4.74%	5.46%	-	-	-	-	3.96	15.03	22.13	14.21	-
SWITZERLAND	3.00%	3.45%	-	-	-	-	2.51	9.50	13.99	8.98	-
TURKEY	0.00%	0.00%	-	-	-	-	-	-	-	-	-
UNITED KINGDOM	14.00%	16.11%	-	-	-	-	11.69	44.33	65.29	41.91	-
USA	8.83%	10.17%	-	-	-	-	7.38	27.98	41.21	26.45	-
Total	86.86%	100.00%	-	-	-	-	72.55	275.14	405.18	260.08	-

Annex 4: Consolidated donor grant compensation schedule

Donors	Grant Compensation (UA million)							
	2017	2018	2019	202x	203x	204x	205x	206x
ARGENTINA	-	-	-	0.21	0.75	0.98	0.98	0.33
AUSTRIA	0.24	0.30	0.46	15.14	41.38	48.14	40.96	5.36
BELGIUM	0.26	0.33	0.47	14.66	38.92	45.16	37.71	4.73
BRAZIL	0.02	0.02	0.03	1.04	2.63	2.95	2.62	0.49
CANADA	0.75	0.93	1.29	37.95	98.49	113.47	94.06	11.45
CHINA	0.27	0.34	0.49	14.99	39.56	45.65	38.28	4.80
DENMARK	0.29	0.33	0.43	12.82	32.12	37.28	30.01	3.87
EGYPT	-	-	-	0.05	0.20	0.27	0.22	0.04
FINLAND	0.25	0.31	0.47	16.17	44.45	52.18	44.14	5.98
FRANCE	1.43	1.80	2.58	74.38	193.12	220.22	184.87	21.94
GERMANY	1.20	1.46	2.19	70.12	187.12	216.48	182.53	23.34
INDIA	0.03	0.04	0.05	1.53	4.08	4.82	3.92	0.48
ITALY	0.68	0.84	1.21	36.59	95.88	110.37	92.28	11.35
JAPAN	1.23	1.50	2.02	56.77	143.13	163.65	134.01	15.70
KOREA	0.11	0.13	0.19	6.85	19.08	22.80	18.99	2.62
KUWAIT	0.03	0.03	0.05	1.39	3.59	4.13	3.42	0.41
LUXEMBOURG	-	-	-	-	-	-	-	-
THE NETHERLANDS	0.63	0.79	1.16	35.36	93.25	106.78	90.77	11.73
NORWAY	0.59	0.73	1.05	32.33	85.61	99.30	82.67	10.18
PORTUGAL	0.10	0.12	0.18	4.85	12.11	13.27	11.76	1.73
SAUDI ARABIA	0.06	0.08	0.11	3.37	8.88	10.38	8.52	1.06
SOUTH AFRICA	0.02	0.02	0.04	1.46	4.20	5.10	4.18	0.53
SPAIN	0.37	0.46	0.67	19.36	49.71	55.79	48.46	6.87
SWEDEN	0.67	0.83	1.14	33.75	87.80	101.56	83.68	9.97
SWITZERLAND	0.45	0.55	0.74	21.01	53.48	61.74	50.02	5.65
TURKEY	-	-	-	-	-	-	-	-
UNITED KINGDOM	1.14	1.44	2.40	86.83	244.60	287.42	245.99	32.79
USA	1.56	1.89	2.50	71.26	179.68	206.53	168.40	20.43
Total	12.36	15.28	21.91	670.27	1,763.82	2,036.43	1,703.45	213.86