

ADF-14 Financing Framework II

ADF-14 Second Replenishment Meeting

June – July, 2016
Abidjan, Côte d'Ivoire

Accelerated Encashment Framework

Provide Donors the option to accelerate the encashment of their subscriptions.

Support of Deputies was received on the existing ADF-13 Framework during the 1st meeting.

Very minor changes are introduced for ADF-14:

- Minimum amount for acceleration: UA 25 million
- Eligible currencies include USD, GBP, EUR, and JPY but low interest rates may impact the appetite for acceleration.

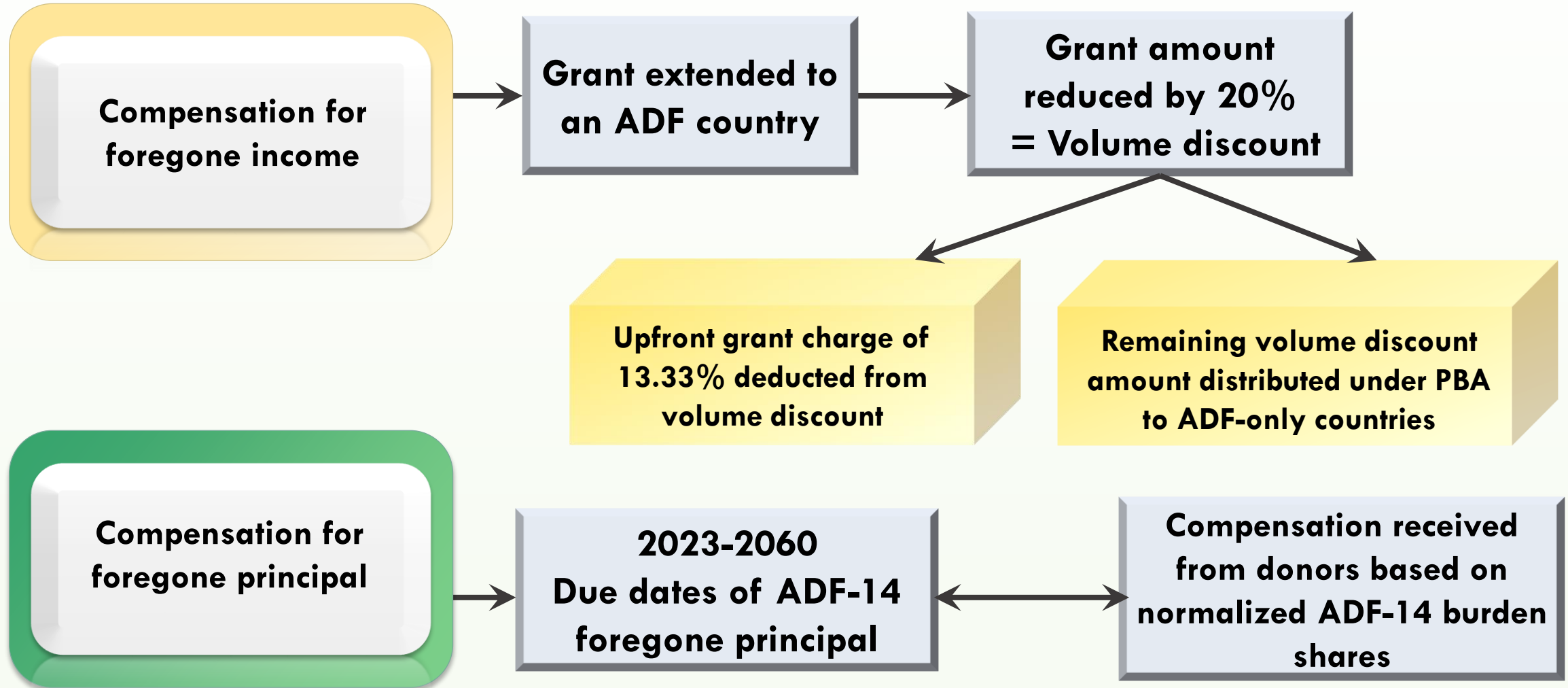
Costs due to payment delays, cancelations or restructurings borne by Donors.

Grant Financing

Level of Grants in ADF replenishments



Grant Compensation Framework



Impact of innovative instruments

CDLs and BLs could increase amount of grants approved in ADF-14 and ADF-15 by UA 1,402 million

Buy-Down Mechanism could release significant amounts for remaining ADF-only countries. Moving to the ADB window:

- Blend and transitioning countries => UA 170 million => ADF grants increase by UA 59 million
- Blend, transitioning and green light countries => UA 553 million => ADF grants increase by UA 247 million

The ACC level and its determinants

The ACC for ADF-14 is expected to decrease by more than 50% to UA 415 million for the base case scenario.

Due to the current pressure on the Fund's liquidity, the ACC is particularly sensitive to disbursements and interest rates.

The Bank Group is currently implementing reforms to accelerate disbursements and projects implementation, which will help fast-track delivery of results in ADF countries BUT will also necessitate further shortening of the standard encashment schedule in future replenishments in order to mitigate the negative impact on the ACC and the Fund's liquidity.

ADF-14 Financing Scenarios

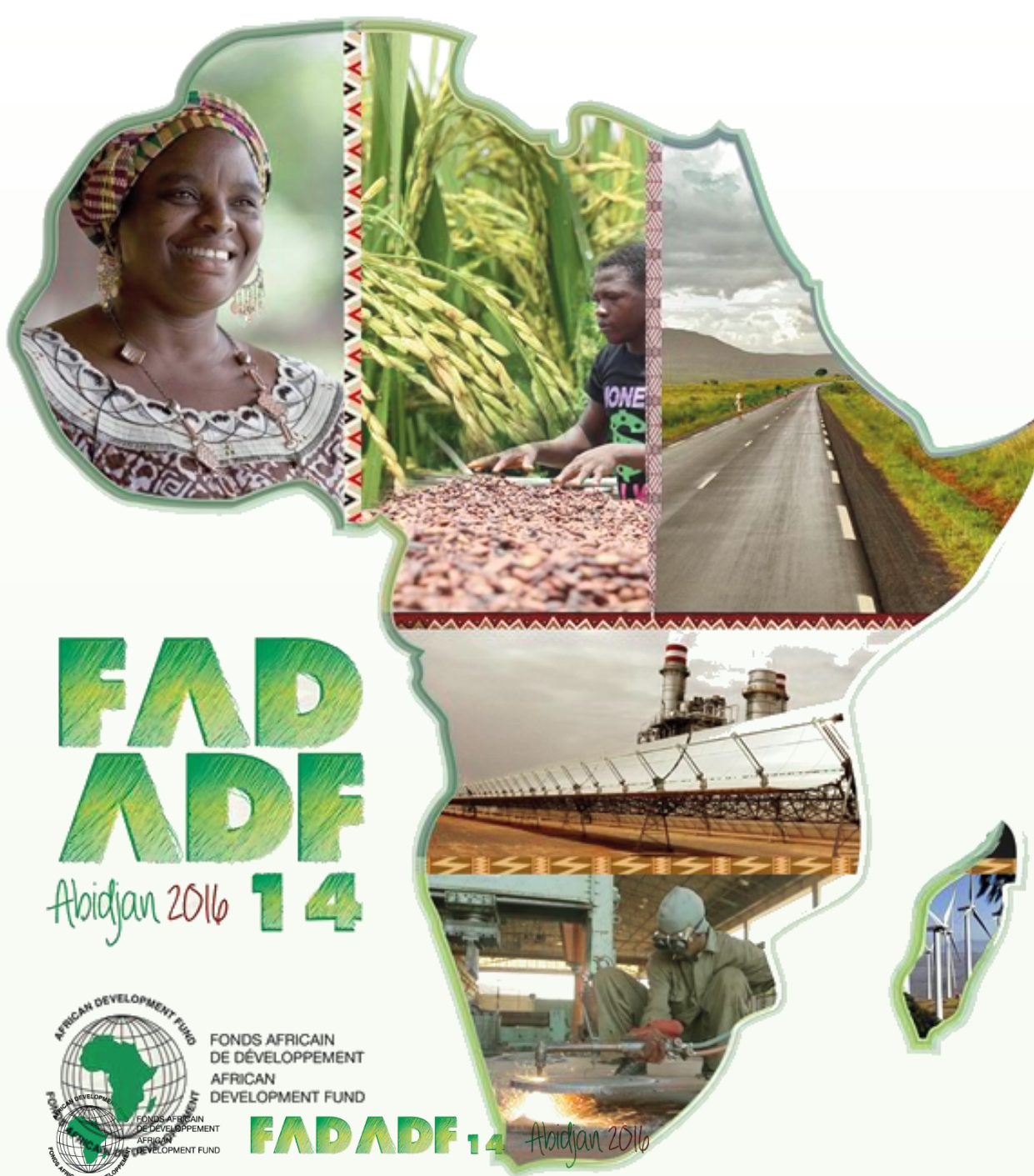
UA million	ADF-13	ADF-14 financing Scenarios			
		-5%	0%	5%	10%
Change in donors' subscription					
Advance Commitment capacity	976	382	415	448	479
Grants	3 840	3 648	3 840	4 032	4 224
Carry-over + other	448	389	389	389	389
Sub total	5 264	4 419	4 644	4 869	5 092
Resources from loans	-	1 851	2 380	2 910	3 442
Grand total	5 264	6 270	7 024	7 779	8 534
Change in Total Resources %		19%	33%	48%	62%

Deputies are invited to :

Approve accelerated encashment framework

Take note of the revised ACC estimated and Financing scenarios.

Endorse Management's proposal to compensate all grant financing in a similar manner as is applicable under the MDRI



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ADF-14 Financing Scenarios - incl. grant element of debt

UA million	ADF-13	ADF-14 financing Scenarios			
Change in Donors Grant subscription (excluding grant element of Debt)		-5%	0%	5%	10%
Advance Commitment Capacity	976	382	415	448	479
Donors Grant Subscriptions	3 840	3 648	3 840	4 032	4 224
Grant Element of Debt*		663	847	1,031	1,215
Change in Total Grant contributions (incl. Debt)		12%	22%	32%	42%
Carry-over + other	448	389	389	389	389
Sub total	5 264	5 083	5 492	5 900	6 307
Resources from loans (net of grant element)*	-	1 188	1 533	1 879	2 227
Grand total	5 264	6 270	7 024	7 779	8 534
Change in Total Resources %		19%	33%	48%	62%

* It is assumed that: (i) the discount rate to calculate the grant element of loans is 2.65%; (ii) the CDL would have an average 35-year maturity with a 5-year grace period and a 0% coupon and (iii) the BL would have a 20-year maturity including a 10-year grace period and a 0% coupon.