

Donors agree on Tenth Replenishment of the African Development Fund

Copenhagen, 17 December 2004 – The African Development Fund (ADF) Deputies met in Copenhagen, Denmark, on December 16-17, 2004, for the [Tenth Replenishment of the African Development Fund](#). Representatives of borrowing countries (Burundi, Ethiopia, Mali and Zambia) also participated in the replenishment discussions.

In line with commitments made at Monterrey, Johannesburg and the G8 meetings for attaining the Millennium Development Goals (MDGs) and recognizing the increase in the absorptive capacity of a number of ADF countries resulting from wide-ranging reforms implemented over the last decade, the Deputies agreed on a replenishment level of UA 3.7 billion (approximately US\$ 5.4 billion) to cover funding of development projects in the poorest African countries for the period 2005 – 2007. The Tenth Replenishment represents an increase of about 43 percent over the actual resources mobilized under ADF-IX. This significant level of replenishment also confirms donors confidence in the reforms undertaken by the Bank over the last ten years to strengthen its operations and better assist its Regional Member countries in their efforts towards poverty reduction. It will also enable the Fund to support its low-income African member countries in their efforts to reach the MDGs. The Deputies agreed that the terms of ADF-X financing will be based on each country's debt sustainability analysis.

The Tenth Replenishment of the ADF incorporated a number of significant new features.

- *First*, the level of resources to be provided in grant terms was more than doubled from 21 percent under ADF-IX to about 44 percent. More specifically, for two-thirds of the eligible countries (26 countries) ADF assistance will be in the form of grants only, while for three other countries the allocation of grants will be increased to 45 percent.
- *Second*, in support of the increased commitment shown under the NEPAD initiative for regional integration, the Deputies increased by 50 percent (from 10 to 15 percent of total ADF resources) the allocation for multinational projects.
- *Third*, they have agreed that a substantial share of total resources could be used in support of the Bank Rural Water Supply and Sanitation Initiative in the context of country priorities.

· *Fourth*, strong support was also provided for the Bank post-conflict initiative by including in the replenishment an initial allocation of UA 100 million (approximately US\$ 146 million), with a commitment to increase this amount as required.

Established in 1972 to provide development finance to the poorest African member countries on concessional terms, the ADF represents an enduring partnership for development between African countries and ADF donors. It has become an important source of funding and technical assistance for some 40 low-income countries on the continent, making over UA 15 billion (approximately US\$ 22 billion) available to these countries. State participants are: Argentina, Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, India, Italy, Japan, Korea, Kuwait, Netherlands, Norway, Portugal, Saudi Arabia, South Africa, Spain, Sweden, Switzerland, United Arab Emirates, United Kingdom, and United States of America.

Mr. Omar Kabbaj, President of the African Development Bank Group, on behalf of the Boards of Directors and the Fund, expressed his sincere appreciation to the Deputies for the sizeable increase in ADF-X resources. President Kabbaj also indicated that the *“successful completion of the replenishment is testimony of the ADF Donors commitment to Africa and a recognition of the successful reforms implemented by the Bank Group”*.

Participants expressed their deep appreciation to Mr. Sven Sandstrom, Coordinator of ADF-X, and expressed their sincere gratitude to the Government of Denmark for the warm hospitality and excellent meeting facilities.

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