

ADF-11 Financing Framework

Discussion paper

ADF-11 Replenishment: Second Consultation Meeting
June 2007
Tunis, Tunisia



AFRICAN DEVELOPMENT FUND

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ADF-11 FINANCING FRAMEWORK

PURPOSE AND SUMMARY

The financing framework paper examines the sources for the financing of ADF-11, namely internally generated resources based on the Advance Commitment Capacity, donor contributions, and resources carried over from previous replenishments. It presents an indicative baseline for ADF-11 resources as well as alternative scenarios. The paper also analyses the ADF structural gap and proposes two options to effectively eliminate it. It submits for the ADF deputies' approval the ADF-11 encashment of subscriptions schedule and the basis for determining the discount rate for accelerated encashment, which are identical to those of ADF-10.

ADF-11 FINANCING FRAMEWORK

1. INTRODUCTION

- 1.1 Total resources during any ADF replenishment period are composed of (1) internally generated resources based on the Advance Commitment Capacity (ACC), (2) donor subscriptions and (3) carry-over from previous replenishments. Table 1 below presents the sources and uses of ADF-10 resources, as well as estimates for the ADF-11 resources.
- 1.2 A resources baseline scenario has been established with the level of donor subscriptions set at that of ADF-10 in real SDR terms. A central case scenario (50% increase in ADF resources), and a high case scenario (100% increase in ADF resources) developed in the “ADF Strategic Directions and Indicative Lending Scenarios” paper, prepared for the June 2007 ADF-11 replenishment consultation meeting, are also presented in this table.

Table 1: ADF Indicative Financing Framework

ADF Resources In UA millions	ADF-10	ADF-11 Baseline	Change Baseline- ADF-10	ADF-11 Central case	Change Central- ADF-10	ADF-11 High Case	Change High case- ADF-10
Resources							
Advance Commitment Capacity	1,200	1,727	44%	1,831 ¹	53%	2,073 ²	73%
Donor subscriptions	2,458	2,608	6%	3,919	59%	5,685	131%
Additional contributions	12	-	-	-	-	-	-
Total Resources	3670	4,335	19%	5,750	57%	7,758	112%
Carry-over	359	294	-18%	294	-18%	294	-18%
Resources including carry over	4,029	4,629	15%	6,044	50%	8,052	100%
ADF Uses of Financing*							
Countries Allocation	3,107	3,235	4%	4,323	39%	5,854	88%
Multinational projects	550	840	53%	1,120	104%	1,530	178%
Fragile states	-	400	-	400	-	400	-
PCCF- utilized	100	-	-	-	-	-	-
PCCF Additional pledge ³	150	-	-	-	-	-	-
Estimate of Compensation for Foregone grant charges ⁴	122	154	26%	201	65%	268	120%
Total Uses	4,029	4,629	15%	6,044	50%	8,052	100%

*C.f. “ADF Strategic Directions and Indicative Lending Scenarios” paper

¹ In accordance with the grant compensation scheme adopted by ADF deputies during ADF-10, a country's ADF allocation is currently reduced by 20% (volume discount) in case of assistance extended in the form of grant. Part of the volume discount is used to compensate the Fund for foregone charges due to grants (11.9% of the ADF-10 grant envelope) while the remaining amount is reallocated to ADF-only countries. C.f. “ Report of the consultative meeting on the tenth general replenishment of the African Development Fund, 16-17 December 2004 Copenhagen”. This Compensation for foregone charges, which is not included in the resources available for commitment, occurs upfront during the disbursement period and increases the liquidity of the Fund. Thus the higher the subscriptions level, the higher the grant envelope and compensation amount which therefore leads to a higher liquidity level and ACC amount.

² Idem.

³ An additional amount of UA 150 million that was pledged to the PCCF under ADF-10 on an “as needed” basis has not yet been transferred to the PCCF. C.f. “ Report of the consultative meeting on the tenth general replenishment of the African Development Fund, 16-17 December 2004 Copenhagen”.

⁴ Represents 11.90% of the ADF-X grant envelope, assuming a 28% ADF-10 grant level. C.f. footnote 1.

- 1.3 As shown in the table, the preliminary estimate for the baseline amount of ADF-11 financing is UA 4,629 million, a 15% increase from the ADF-10 level. The major sources of financing are summarized below.
- **Donor subscriptions:** The main component of ADF resources remains donor subscriptions (more than 55% of resources). Assuming an SDR inflation rate of 2% per annum for the period 2005-2007, the ADF-11 baseline volume of donor contributions reaches UA 2,608 million, a 6% increase over the ADF-10 subscriptions amount, the minimum level agreed by ADF deputies in the context of the MDRI.
 - **Advance Commitment Capacity based on internally generated resources:** The estimated ACC level for the resource baseline is UA 1,727 million. This 44% increase in the ACC amount compared to ADF-10 is mainly driven by (1) a higher beginning level of liquidity, (2) higher ADF surplus stemming from higher interest rates and liquidity, and (3) grant compensation for foregone reflows⁵.
 - **Carry-overs from previous replenishments:** The amount of carry-over expected for the ADF-11 period is UA 294 million compared to UA 359 million for ADF-10. The projected carryover represents unqualified subscriptions and payments that are expected to be received after the end of the ADF-10 period.
- 1.4 While the baseline ADF-11 resources is 15% higher than that of ADF-10, it remains insufficient to finance the Fund's prospective lending program for the 2008-2010 period, falling short of both the objectives of the Fund and the needs of the recipient countries. Indeed, the analysis shows that there will be a substantial financing gap on the already identified countries and multinational projects pipeline should donors restrict their contributions to the ADF-10 subscription amount in real SDR terms⁶.
- 1.5 The paper examines (1) the internally generated resources based on the ACC, (2) the baseline requirements for donor contributions and (3) the structural gap. It also presents the ADF-11 encashment framework (standard and accelerated encashment process) and analyzes the carry over of ADF resources from one replenishment to another.

2. ACC BASED INTERNALLY GENERATED RESOURCES

- 2.1 ADF internally generated resources comprise (i) loan repayments, (ii) loan cancellations, (iii) transfers from ADB, (iv) ADF surplus (deficit) and (v) grant and MDRI compensation. The analysis in this section of the paper draws mainly from the companion paper "The Long-term Financial Integrity of the ADF" prepared for the June 2007 ADF-11 replenishment consultation meeting.
- 2.2 ADF-10 was the first replenishment for which the contribution from internal sources was determined using the advance commitment capacity (ACC). In effect, the ACC is now used as the contribution from internal sources to the Fund's total commitment capacity during a replenishment period.

Advance Commitment Authority (ACA) Model

- 2.3 The ACA is a cash flow projection model used to estimate the level of ACC that could be generated in a sustainable manner, from all funding sources other than donor subscriptions and carry-over. This model allows the Fund to make loan and grant commitments while relying on the proceeds of future ADF predictable reflows to

⁵ The ADF-10 ACC did not factor in compensation for forgone principal reflows

⁶ C.f. "ADF-11 Strategic directions and indicative lending scenarios".

finance the associated disbursements. It thus includes projected resources such as reflows from loans and transfers from the ADB, and capitalizes on the fact that ADF loans and grants take an average of 10 years to fully disburse. In projecting commitment capacity based on internally generated resources, the objective is to maintain the ACC at a level such that the Fund's liquidity is always set at or above the prudential minimum level in accordance with the Fund's liquidity policy.

Preliminary estimates of ACC for ADF-11⁷

- 2.4 The baseline ACC for ADF-11 is built on the following two key assumptions:
- Donor contributions in future replenishments remain stable in real SDR terms⁸;
 - The Fund receives full compensation from donors for MDRI and grants.

The other assumptions driving the determination of the baseline ADF-11 ACC level are presented in Annex 1.

- 2.5 The ACC for ADF-11 has been preliminarily estimated at UA 1,727 million, a 44% increase from its ADF-10 level of UA 1,200 million. Some of the key drivers for this higher level of ACC compared to ADF-10 are:

- A higher beginning level of liquidity mainly due to (1) a transfer of UA 487 million from the HIPC trust fund to the ADF,⁹ and (2) ADB transfers of UA 50 million for arrears clearance under the PCCF.
- Higher projected ADF surpluses stemming from higher interest rates and liquidity levels.
- The inclusion in the ACA cash flow model of the amounts needed to compensate the Fund for forgone principal reflows due to grants¹⁰. In effect, in determining the ACC level for ADF-10, no provisions were made for additional flows due to grants as there was a degree of uncertainty at the time that such compensation would be additional to the donors' regular ADF contributions.

Scenarios of various levels of Grant and MDRI compensation

- 2.6 While donors as a group have pledged to compensate the Fund for forgone principal reflows from grants and loans cancelled under MDRI on a dollar for dollar basis and on a pay as you go basis, the experience to date under MDRI highlights the risk of delays by some donors in meeting their obligations. The indicative ADF-11 ACC level based on various scenarios of levels of grant and MDRI compensation¹¹ are presented in the table below.

⁷ A comprehensive analysis of internally generated resources based on ACC is conducted in the Long term Financial Integrity of the ADF paper.

⁸ In determining the ADF-10 ACC amount, future donor subscriptions were kept constant at the ADF-10 subscriptions level over the ACA cash flow horizon of 50 years.

⁹ The HIPC transfer was made when the MDRI became effective in 2006.

¹⁰ Donors have agreed to compensate the Fund for forgone principal reflows due to grants through additional contributions in future replenishments, on a "Pay as you go" basis. The compensation for foregone principal reflows due to grants is expected to begin in 2013 and will therefore fall within the ADF-11 disbursement period. This will consequently have a positive impact on the level of ACC for ADF-11.

¹¹ Discussed in the "The Long term financial integrity of the ADF" paper of June 2007.

Table 3: Indicative ADF-11 ACC Level*

In UA million	Scenario 1 Baseline	Scenario 2	Scenario 3
Shortfall in Grant and MDRI compensation	0%	20%	45%
ADF-11 ACC level	1,727	1,633	1,515

* C.f. The Long-term Financial Integrity of the ADF, June 2007

- 2.7 Table 3 shows that if actual compensation received or irrevocably pledged were to differ significantly from the original expected amounts, the level of ACC for ADF-11 would decline from UA 1,727 million (baseline scenario) to UA 1,515 million (scenario 3).

ACC for the ADF-11 period

- 2.8 The final level of the ACC that will be established for ADF-11 will depend on both the level of grant selected for the ADF-11 period which will result from the debt sustainability analysis¹², and the pledged ADF-11 donor subscriptions amount.

3. DONOR SUBSCRIPTIONS

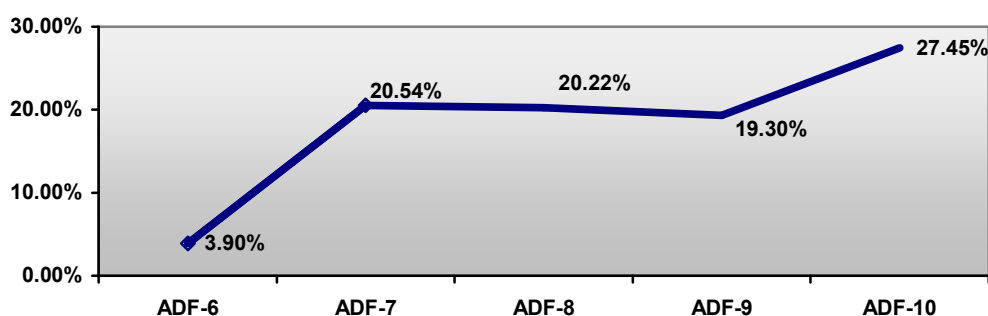
Baseline for Donor Subscriptions

- 3.1 During the MDRI negotiations, Deputies agreed that the baseline volume of donor regular contributions in future replenishments would be set at the level of ADF-10 donor contributions (UA 2,458 million) in real SDR terms. Assuming an SDR inflation rate of 2% per annum for the period 2005-2007, the ADF-11 baseline volume of donor contributions reaches UA 2,608 million.

Burden Sharing and Structural Gap¹³

- 3.2 Since ADF 6, the Fund has not been able to fully meet its targeted replenishment size and has had to deal with an increasing structural gap as shown in graph 1.

Graph 1: Structural Gap



¹² For the purpose of this paper we have assumed the same grant percentage as ADF-10 (28%). The debt sustainability analysis is scheduled to be conducted towards the end of June 2007

¹³ The structural gap is defined as the difference between the target replenishment level size and the pledged/actual donor contributions.

- 3.3 The replenishment gap has steadily grown from 3.9% (ADF-6) to 27.45% (ADF-10). For ADF-6, some donors contributed additional resources, earmarked for social sector programs, which were equal to the amount of the replenishment gap. Similarly, for ADF-7, some donors contributed to a special allocation which was equivalent to the subscriptions gap. However, that has not been the case for the subsequent replenishments. It is important to note that the Asian Development Fund had subscriptions gaps ranging from 1.20% to 5.29% in its past three replenishments which were entirely filled through additional contributions. For IDA, the effective financing gap has ranged from 1.10% (IDA 12) to 14.14% (IDA 11).
- 3.4 In theory, the principle underlying fair burden sharing is that each donor should subscribe to a share of the replenishment resources commensurate to its economic and financial strength. Traditionally donor subscriptions to the ADF have been influenced by (i) their interest and support to the African continent, (ii) their burden shares in past replenishments, (iii) their relative economic capacity to contribute to replenishment, (iv) their aid volume relative to GNP, (v) the resources at their disposal during the replenishment period and (vi) the exchange rates of their currency of contribution against the relevant replenishment rates. In order for the Fund to play an effective role in providing development assistance to the neediest countries of the continent, a fair burden sharing arrangement, eliminating the structural gap, is needed to put adequate resources at the disposal of the Fund.
- 3.5 Should donors decide to use for ADF-11 the same burden shares as those of ADF-10, the target baseline replenishment level would be UA 3,612 million, leading to a substantial subscriptions gap of UA 1,004 million as shown in table 3.

Table 3: ADF-11 Baseline

In UA million	ADF-11 Base case scenario
Baseline for donor subscriptions	2,608
ADF-11 total burden shares*	72.2%
Baseline replenishment level	3,612
Subscriptions Gap	1,004

* Assuming that ADF-11 burden shares are similar to those of ADF-10

- 3.6 The baseline ADF-11 contributions for each State participant is presented in Annex 2 together with their subscriptions' burden shares (share of each donor's subscription compared to the total donor subscriptions¹⁴). Management proposes that the ADF deputies consider one of the following options to eliminate the ADF increasing structural gap:
- Option 1: Use the subscriptions burden shares for ADF-10, as the basis for determining donors' respective replenishment burden shares. These represent each State participant's actual share of the ADF-10 replenishment.
 - Option 2: Use the MDRI burden shares for determining donors' respective burden shares. For the ADF compensation for the MDRI, donors had agreed to use the ADF-10 normalized pledged burden shares to close the structural gap. ADF deputies could consider applying the same principle, leaving a substantially lower structural gap of 0.64%¹⁵.
- 3.7 Annex 3 presents the ADF-10 burden shares, the MDRI burden shares and the baseline subscriptions shares for ADF-11.

¹⁴ Normalized burden shares

¹⁵ One State participant had declined the use of its normalized ADF-10 burden share to compute its share of the MDRI cost

- 3.8 A donor whose available financing for a particular replenishment is higher than its burden share requirement, could still contribute the additional amount as supplementary contribution to the resources of the Fund, without having to increase its burden share¹⁶.

Encashment of Subscriptions

Standard Encashment Schedule

- 3.9 The proposed standard encashment schedule for ADF-11 donor subscriptions is based on the agreed principle of mirroring the projected disbursement schedule of loan and grant commitments funded by ADF-11, while ensuring that the level of the Fund's liquid resources resulting from the encashment of ADF-11 notes remains in line with the Fund's liquidity policy¹⁷. The standard encashment schedule is derived using the same key assumptions as those of ADF-10 as follows:
- Replenishment resources will be committed in three equal installment during the ADF-11 period and encashment will start in the first year of that period;
 - 10% of loans and grants approved in one year start disbursing the same year and the remaining 90% start disbursing the following year;
 - Disbursements will follow a 10-year combined historical disbursement profile for loans and grants contracted by ADF borrowing member countries. The specific allocation assumed, based on past trends is an average 22.5% for policy based loans, 70% for project loans and grants and 7.5% for institutional support and study grants;
 - The target liquidity level for ADF-XI encashment in any given year will be set at 62.5% (midpoint between the minimum and maximum liquidity level) of the 3-year moving average of net disbursements, as per the Fund's liquidity policy guidelines.
- 3.10 Table 4 presents the ADF-11 standard encashment schedule which is identical to ADF- 10 schedule as expected since they were established using the same assumptions.

¹⁶ Contributions not included in the computation of burden shares do not carry voting rights.

¹⁷ The Fund's liquidity policy indicates that the target liquidity level used in preparing encashment schedules is set at 62.5% of the three year moving average of net disbursements.

Table 4: Standard Encashment Schedule for ADF-11
ADF XI Standard Encashment
Schedule

Encashment Year	Encashment Percentage
2008	3.43%
2009	7.76%
2010	12.58%
2011	14.77%
2012	14.87%
2013	13.70%
2014	11.74%
2015	9.74%
2016	8.40%
2017	3.01%
Total	100.00%

Accelerated Encashment Framework

- 3.11 As was the case for ADF-9 and ADF-10, donors may select to accelerate the pace of the encashment of their subscriptions by choosing a customized encashment schedule. This acceleration of encashment provides additional resources to the Fund in the form of income arising from investing the extra liquidity not needed for immediate disbursement. An accelerated encashment credit will be applied to the contributions of donors choosing the accelerated encashment scheme, based on currency-specific discount rates.
- 3.12 Management is recommending the use of currency-specific discount rates using the Commercial Interest Reference Rate (CIRR) as of 30 June 2007, for credits up to 5 years adjusted downward by 100 basis points. This is similar to the discount rates that were adopted for ADF-10 and presents the following benefits:
- Currency specific discount rates better align the burden shares with the economic benefit obtained by accelerated encashment;
 - The time period implied by CIRR for credits up to 5 years is closely aligned to the maximum additional time period over which the Fund is able to generate returns from accelerated encashment;
 - The downward adjustment of 100 basis points to the CIRR results in a discount rate that approximates better the expected returns from the Fund's investments, a large proportion of which is invested in government securities in line with the Fund's conservative investment policies;
 - The applicable discount rates for the currencies of subscriptions to ADF-11 will be made available to deputies for the third replenishment negotiations.

4. CARRY-OVER OF RESOURCES

- 4.1 Under the ADF-10 Resolution it was agreed that funds carried over from previous replenishments would be administered under ADF-10, but subject, as appropriate, to the terms and conditions applicable to the specific replenishment from which they were

originally derived. Management will propose a new carry-over formulation whereby the ADF would be authorized to administer and utilize resources from previous replenishments under the terms of the current replenishment.

- 4.2 The two main sources of carry-over are (i) subscriptions and payments received after the end of the relevant replenishment period, and (ii) available resources not committed during the replenishment cycle as shown in table 5.

Table 5: Comparative analysis of ADF carry-over

Sources of carry-over In UA million	From ADF-9 2002-2004	From ADF-10* 2005-2007
Subscriptions		
Qualified subscriptions	154.84	125.01
Late subscriptions	101.91	136.16
Exchange rate gains/losses	15.44	-
Carry-over from previous replenishment	0.16	33.06
Total from subscriptions	272.35	294.23
Uncommitted available resources		
Earmarked resources	64.87	0
Other unutilized resources	54.97	0
Total uncommitted available resources	119.84	0
Less subscriptions still not available¹⁸	33.06	-
Total	359.14	294.23

* Estimates

Qualified subscriptions

- 4.3 As an exceptional case, where an unqualified commitment to replenishment cannot be given by a State participant due to its legislative process, the Fund accepts a qualified subscription, indicating that the State participant will exercise its best efforts to seek and obtain budgetary appropriation within the year the payments are due. A carry-over would occur when such resources cannot be committed because the subscriptions remained qualified at the end of the relevant replenishment period. ADF-10 subscriptions that are qualified and are expected to be carried over and available for use during the ADF-11 period amount to UA 125 million¹⁹.

Late subscriptions

- 4.4 Subscriptions received after the end of the replenishment period go into the pool of resources to be carried over. In effect, there is no limit as to the date when a country can subscribe to replenishment. Should the Fund receive in 2008 the ADF-10's subscription of one State participant who has not yet subscribed²⁰ (UA 136 million), that amount will be included in the resources to be carried over to ADF-11.

Uncommitted available resources

- 4.5 **Earmarked resources:** Reflows of UA 31 million from cancellations of operations and programs financed under the ADF-7 special resources facility and a special grant

¹⁸ Italy and the US.

¹⁹ The last ADF-10 installment of Spain and the US subscriptions are expected to be fully unqualified in 2008.

²⁰ Italy indicated delays in receiving parliamentary approval for subscribing to ADF-10.

resource from the ADF-8 period (Project Preparatory Facility grant) with an outstanding balance of UA 13 million represent the outstanding balance of earmarked resources which have been carried over from previous replenishments (UA 64.87 million was carried over from ADF-9 to ADF-10 as shown in table 5). Management will be presenting specific proposals to restructure these facilities in order to allow their full utilization by the end of 2007.

- 4.6 **Resources allocated to countries under sanctions:** An estimated amount of UA 121 million is currently allocated to ADF-only countries that are in arrears. They are expected to be fully reprogrammed to other countries by the end of 2007, on the basis of a formal proposal that will be submitted to the Board.

Estimate of the maximum carry-over to ADF-11

- 4.7 The maximum amount of carry-over for the ADF-11 period is currently estimated at UA 294 million for the ADF-11 period, an 18% decrease from its ADF-10 level. This estimated carry-over amount essentially stems from pledged ADF subscriptions which are not expected to be made available during the ADF-10 replenishment period.

5. CONCLUSION

- 5.1 The paper has examined all the components of the resources for ADF-11, specifically internally generated resources based on the ACC, the baseline requirements for donor contributions and the structural gap. It has also presented the ADF-11 encashment framework (standard and accelerated encashment process) and analyzed the carry over of ADF resources.
- 5.2 The preliminary estimate for the baseline amount of ADF-11 resources is UA 4,629 million, a 15% increase from ADF-10. The main component of ADF financing remains donor subscriptions with a baseline amount equal to UA 2,608 million, the minimum level agreed by ADF deputies. Under this baseline scenario, the ACC is set at UA 1,727 million and represent 37% of the financing source of ADF-11. It is important to note that the final level of the ACC that will be set for ADF-11 will depend inter alia on the level of grant compensation selected for the ADF-11 period which will result from the debt sustainability analysis, and the pledged ADF-11 donor subscriptions. The third source of ADF-11 financing is carry over, with a maximum amount currently estimated at UA 294 million for the ADF-11 period (6% of baseline financing).
- 5.3 Deputies are invited to:
- (1) Approve the standard encashment schedule of subscriptions to ADF-11;
 - (2) Approve the basis for determining the discount rates for accelerated encashment;
 - (3) Select an option to effectively eliminate the subscriptions gap; and
 - (4) Advise on the financing framework and the assumptions that it incorporates.

ANNEX 1

Core financial assumptions for the ADF-11 ACC level

Donor contribution in future ADF replenishments	For purposes of the base scenario, and without prejudice to indications by certain donors for higher levels of replenishment, donor subscriptions during future replenishments are conservatively assumed to remain unchanged in real terms. In other words, the nominal amounts are assumed to increase by 2% per year the assumed rate of inflation.
MDRI compensation	In addition to regular contributions, donors would cover 100% of MDRI costs (on forgone principal & interest) through additional contributions in future replenishments on a pay-as-you-go basis without leaving a financing gap. Any additional, future debt relief to be provided by the Fund would similarly be covered through additional donor contributions in the same proportions.
Grant compensation	In addition to regular contributions, donors would finance foregone principal reflows due to grants through additional contributions in future replenishments, on a pay-as-you-go basis. Compensation on principal is estimated as 1% of the disbursed and outstanding grant amount from year 11 to year 20 (assuming a grace period of 10 years), and at 3% from year 21 to 50. Foregone charges income is included as a volume discount on subscriptions (as upfront compensation equivalent to 11.9% of the grant disbursement amount). Assumed is a grant share of 28%, in line with the actual average share in ADF-10.
Loan charges	Fixed service charges of 75 bps ; commitment charges of 50bp on undisbursed amounts commencing 120 days after loan signature
Administrative expenses	Increasing by 3% per year, starting from 2008
ADB transfers	Constant at UA 10m per year, starting from 2008 as in past replenishment cycles.
Repayment sensitivity factor	Repayment flows maintained constant at 85% of expected loan repayments to account for delayed repayments by countries in arrears to the Fund
Disbursement sensitivity factor	Reduction in disbursement flows maintained constant at 93.18% of signed loans to account for grant compensation and loan cancellations.
Prospective investment return rate	Constant at 4.45%, equal to the current rate of return on ADF liquid asset investments.
Minimum prudential level of annual liquidity	75% of next year projected disbursements
Loan cancellations and savings	Constant at UA 100 million per year in nominal terms

C.f. The Long term Financial Integrity of the ADF, June 2007

ANNEX 2:

Baseline Subscriptions to AFD-11 and Subscription Burden Shares

BASELINE SUBSCRIPTIONS TO ADF-11

STATE PARTICIPANTS	REPLENISHMENT	CONTRIBUTIONS	SUBSCRIPTIONS	CONTRIBUTIONS	SUBSCRIPTIONS
	BURDEN	IN UA	BURDEN	IN UA	BURDEN
	SHARE		SHARE		SHARE
	ADF-X	ADF-X	ADF-X	ADF-XI	ADF-XI
	(a)	(b)	©	(d)	(e)
1 ARGENTINA					
2 AUSTRIA	1.650%	56,166,164.87	2.285%	59,603,983.49	2.285%
3 BELGIUM	1.550%	52,762,403.48	2.147%	55,991,884.67	2.147%
4 BRAZIL					
5 CANADA	4.500%	153,180,450.00	6.233%	162,556,318.98	6.233%
6 CHINA	1.642%	55,893,844.06	2.274%	59,314,994.47	2.274%
7 DENMARK	1.088%	37,030,016.92	1.507%	39,296,550.19	1.507%
8 FINLAND	1.500%	51,060,150.00	2.078%	54,185,439.66	2.078%
9 FRANCE	9.200%	313,168,920.32	12.743%	332,337,363.59	12.743%
10 GERMANY	6.610%	225,000,000.00	9.156%	238,771,800.00	9.156%
11 INDIA	0.174%	5,923,753.04	0.241%	6,286,334.11	0.241%
12 ITALY	4.000%	136,160,400.00	5.541%	144,494,505.76	5.541%
13 JAPAN	6.682%	227,451,681.06	9.255%	241,373,543.55	9.255%
14 KOREA	0.636%	21,649,503.60	0.881%	22,974,626.42	0.881%
15 KUWAIT	0.167%	5,684,696.53	0.231%	6,032,645.43	0.231%
16 THE NETHERLANDS	3.835%	130,547,255.45	5.312%	138,537,791.86	5.312%
17 NORWAY	3.540%	120,501,954.00	4.903%	127,877,637.60	4.903%
18 PORTUGAL	0.565%	19,239,713.08	0.783%	20,417,337.44	0.783%
19 SAUDI ARABIA	0.301%	10,249,416.12	0.417%	10,876,762.39	0.417%
20 SOUTH AFRICA	0.118%	4,013,828.74	0.163%	4,259,507.17	0.163%
21 SPAIN	2.200%	74,888,220.00	3.047%	79,471,978.17	3.047%
22 SWEDEN	4.000%	136,160,400.06	5.541%	144,494,505.82	5.541%
23 SWITZERLAND	2.567%	87,388,666.74	3.556%	92,737,552.26	3.556%
24 UNITED ARAB EMIRATES	0.000%		0.000%	-	
25 UNITED KINGDOM	7.500%	255,300,750.00	10.389%	270,927,198.31	10.389%
26 UNITED STATES OF AMERICA	8.170%	278,100,824.19	11.316%	295,122,819.44	11.316%
TOTAL DONOR CONTRIBUTIONS	72.19%	2,457,523,012.26	100.00%	2,607,943,080.79	100.00%

ANNEX 3

Burden Shares Comparison

	Participants	ADF- X Burden share	MDRI Burden share	Subscription Burden Share ADF-XI
1	ARGENTINA	0.000%	0.000%	0.000%
2	AUSTRIA⁽¹⁾	1.650%	1.650%	2.285%
3	BELGIUM	1.550%	2.154%	2.147%
4	BRAZIL	0.000%	0.000%	0.000%
5	CANADA	4.500%	6.253%	6.233%
6	CHINA	1.642%	2.282%	2.274%
7	DENMARK	1.088%	1.512%	1.507%
8	FINLAND	1.500%	2.084%	2.078%
9	FRANCE	9.200%	12.784%	12.743%
10	GERMANY	6.610%	9.185%	9.156%
11	INDIA	0.174%	0.242%	0.241%
12	ITALY	4.000%	5.558%	5.541%
13	JAPAN	6.682%	9.285%	9.255%
14	KOREA	0.636%	0.884%	0.881%
15	KUWAIT	0.167%	0.232%	0.231%
16	NETHERLANDS⁽²⁾	3.835%	4.586%	5.312%
17	NORWAY	3.540%	4.919%	4.903%
18	PORTUGAL	0.565%	0.785%	0.783%
19	SAUDI ARABIA	0.301%	0.418%	0.417%
20	SOUTH AFRICA	0.118%	0.164%	0.163%
21	SPAIN	2.200%	3.057%	3.047%
22	SWEDEN	4.000%	5.558%	5.541%
23	SWITZERLAND	2.567%	3.567%	3.556%
24	U.A.E.	0.000%	0.000%	0.000%
25	U.K.	7.500%	10.422%	10.389%
26	U.S.A.	8.170%	11.774%	11.316%
	TOTAL	72.195%	99.357%	100.00%

1. Austria increased its burden share from 0.98 % in ADF-9 to 1.65% in ADF-10 and indicated that it could only accept the current ADF-X burden share rather than the normalized burden share as its fair contribution to financing the MDRI

2 The MDRI burden share of the Netherlands does not take into account the additional contribution made in 2006 to reduce the ADF-X gap.