

Abidjan 2010

Informal Board Meeting

THIRD ADF 12
REPLENISHMENT
MEETING



AFRICAN
DEVELOPMENT
FUND

AUTHOR:

Aloysius Ordu,
ORVP

ABIDJAN
MAY 26-27 2010

Agenda

- 1 Timeline and Objectives for Abidjan**
- 2 Resource Allocation & Financing Framework
- 3 Results Measurement Framework
- 4 New Financing Instruments
- 5 Conclusion

The timeline to Abidjan

APRIL
23

Documents were posted on Deputies' website; documents shared with Board members

MAY
10

Deadline for comments by Deputies

MAY
13

An opportunity to discuss Abidjan meeting with Board members

MAY
26-27

Third ADF 12 Meeting with Deputies

Abidjan 2010

Abidjan is an opportunity to finalize key issues – critical to arrive at consensus and shared vision of ADF-12

MAY MEETING (Abidjan)

- Institutional Capacity
- Results framework
- New instruments
- Replenishment scenarios
- Resource Allocation
- Draft Deputies' Report

JULY MEETING (TDB)

- Finalization of Deputies' Report
- Pledges
- Any other business

Agenda

- 1 Timeline and Objectives for Abidjan
- 2 Resource Allocation & Financing Framework**
- 3 Results Measurement Framework
- 4 New Financing Instruments
- 5 Conclusion

The Resource Allocation Framework will imply trade-offs under ADF-12

- Steadfast commitment to PBA system – up to 92% allocated directly or indirectly based on performance
- Trade offs between PBA and set-asides for RO's and Fragile States; possible trade-offs between FSF pillars
- Multiple variables for scenarios, including:
 - Size of overall replenishment (flat, 10%, 30%, 50%, 70%)
 - Size of RO envelope (17.5%, 20%, 22.5%)
 - Size and modality of FSF (fixed amount or 7.5%)

Proposed Policy Adjustments

■ Concerning the Allocation of Resources:

- Strengthen the link to performance for regional operations
- Replace the aggregate cap for blend countries (5% PBA) with country-specific caps, i.e. 50% of their normal PBA, to better reflect country circumstances
- Differentiate the lending terms for ADF blend and “gap” countries to enhance harmonization, match income and credit levels

■ Develop a Graduation Policy to accompany ADF countries as they transition toward MIC status

Management delivered best efforts: increased Advance Commitment Authority (ACA)

ACA based on assumptions presented in Cape Town	1763
Revised ACA illustrating best efforts (+UA 253m)	2016

Key adjustments include:

- Accelerated encashment for 20% contributions
- MDRI coverage ratio of 90% et al
- Admin Expense sharing

Five Scenarios are presented

	Donor Subscriptions	A.C.A.	Total ADF- 12 Resources
Scenario (increase)	Amnt (in UA m)	Amnt (in UA m)	Amnt (in UA m)
Baseline (4.5%)	3,862	2,016	5,878
Low-case (10%)	4,142	2,046	6,188
Medium-case (30%)	5,155	2,158	7,313
Central-case (50%)	6,175	2,263	8,438
Upper-case (70%)	7,195	2,368	9,563

Agenda

- 1 Timeline and Objectives for Abidjan
- 2 Resource Allocation & Financing Framework
- 3 Results Measurement Framework**
- 4 New Financing Instruments
- 5 Conclusion

Strategic priorities will be consolidated, with emphasis on demonstrating results

Strategic orientation remains focused on:

- Infrastructure
- Governance
- Regional integration
- Fragile states

Acceleration and ramping up on cross-cutting issues:

- Climate Change
- Gender
- Private Sector Development
- Food Security

Continued focus on results

Strong results are starting to emerge

- Since the MTR, there continues to be clear evidence of the ADF's contribution to development results
- The review of outputs and outcomes indicates:
 - nearly three-quarters of all operations achieved or surpassed expectations
 - a better ability to track outputs and outcomes through more comprehensive completion reporting
 - Evidence that outputs have contributed to measurable improvements in outcomes for a range of ADF priorities

Enhancements to further strengthen the Results Measurement Framework (RMF)

- The RMF for ADF-12 introduces innovative features:
 - A “One Bank” RMF geared towards supporting all Bank operations and strategies
 - A four-level RMF
- The Bank is preparing a roadmap to re-energize and sustain Bank-wide commitment to meeting Paris Declaration / Accra Agenda commitments

Agenda

- 1 Timeline and Objectives for Abidjan
- 2 Resource Allocation & Financing Framework
- 3 Results Measurement Framework
- 4 New Financing Instruments**
- 5 Conclusion

Private Sector: Financing Investment in Africa

- Private sector is a key cross-cutting theme for ADF-12
- FDI flows to LICs in Africa have overtaken ODA



New instruments promote private sector investment

First Loss Portfolio Guarantee (FLPG)

- Guarantees a portion (up to 10%) of first loss on newly issued, non-sovereign ADB projects in LICs
- Piloted through UA 100m “top slice”
- Expected to boost transaction volume and impact

Partial Risk Guarantee

- Guarantees to private investors/lenders on government performance
- Available to RMCs through their PBAs
- Indicative pipeline shows high private sector demand

Agenda

- 1 Timeline and Objectives for Abidjan
- 2 Resource Allocation & Financing Framework
- 3 Results Measurement Framework
- 4 New Financing Instruments
- 5 Conclusion**

Several ADF-12 items will be implemented under Board guidance

- Policy adjustments such as those for PBOs, RO and FSF
- Proposed lending term adjustments for blend and gap countries
- Non Concessional Borrowing Policy
- New instruments to promote private sector development
- Graduation policy

Conclusion

Deputies' comments will be addressed in Abidjan

Guidance on key adjustments and fine tuning

**Consolidation of views on Financing
Framework**

**Ensure a replenishment level that allows ADF
to be a meaningful development partner**