Abidjan 2010

Informal Board Meeting

THIRD ADF 12 REPLENISHMENT MEETING

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

<table>
<thead>
<tr>
<th>Key adjustments include:</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Accelerated encashment for 20% contributions</td>
</tr>
<tr>
<td>▪ MDRI coverage ratio of 90% et al</td>
</tr>
<tr>
<td>▪ Admin Expense sharing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACA based on assumptions presented in Cape Town</th>
<th>1763</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised ACA illustrating best efforts (+UA 253m)</td>
<td>2016</td>
</tr>
</tbody>
</table>
Five Scenarios are presented

<table>
<thead>
<tr>
<th>Scenario (increase)</th>
<th>Donor Subscriptions</th>
<th>A.C.A.</th>
<th>Total ADF- 12 Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline (4.5%)</td>
<td>3,862</td>
<td>2,016</td>
<td>5,878</td>
</tr>
<tr>
<td>Low-case (10%)</td>
<td>4,142</td>
<td>2,046</td>
<td>6,188</td>
</tr>
<tr>
<td>Medium-case (30%)</td>
<td>5,155</td>
<td>2,158</td>
<td>7,313</td>
</tr>
<tr>
<td>Central-case (50%)</td>
<td>6,175</td>
<td>2,263</td>
<td>8,438</td>
</tr>
<tr>
<td>Upper-case (70%)</td>
<td>7,195</td>
<td>2,368</td>
<td>9,563</td>
</tr>
</tbody>
</table>
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
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
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
1. Timeline and Objectives for Abidjan
2. Resource Allocation & Financing Framework
3. Results Measurement Framework
4. New Financing Instruments
5. Conclusion
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
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