ADF-13 Report

Supporting Africa's Transformation

AFRICAN DEVELOPMENT FUND

EXECUTIVE SUMMARY: ADF-13 REPORT

1. **The Thirteenth Replenishment of the African Development Fund (ADF or Fund) marks 40 years of the Fund's operations and results. It will come into effect at a time when Africa's continuing transformation appears to have developed strong momentum.** For the first time in a generation, there is consensus that Africa is the next emerging continent, and will contribute to a growing share of the world's trade, investment and economic output.[1] Africa is challenging the old aid and development narrative and has sufficient momentum to forge a new narrative: one of shared responsibility.

2. **But the continent is still home to nearly 50% of people living under the poverty line, and faces hunger, lack of access to water and sanitation, unemployment, inequality and, in some regions, political instability.** Africa's infrastructure deficit, along with the governance of infrastructure, remains a huge challenge, and many countries have a long way to go to translate their growth into shared and sustainable human development. Good governance, sound policies and capable institutions are needed to enable inclusive economic growth, promote social development and create the open markets and private enterprises critical for developing the continent.

3. **The Post-2015 Development Agenda** emerging from the UN General Assembly Special Event on 25 September 2013 emphasizes poverty eradication and commitment to freeing humanity from poverty and hunger as a matter of urgency. Recognizing the inherent link between poverty eradication and sustainable development, there is a need for a coherent approach which integrates social, economic and environmental dimensions of sustainable growth.[2] The coherent approach will involve one set of Goals – universal in nature and applicable to all countries - while taking into account differing national circumstances and respecting national policies and priorities. This coherent approach should also promote peace and security, democratic governance, the rule of law, gender equality and human rights for all. This will be undertaken under a framework of a global partnership for development.

4. **The African Development Bank Group (AfDB Group or Bank Group) is committed to improving the quality and sustainability of growth in Africa**, as set out in its recently adopted Strategy for 2013–2022, *At the Center of Africa's Transformation*. These aims are to be attained through two interlinked objectives: inclusive growth and a gradual transition to green growth. Inclusive growth increases countries' economic base, creating opportunities irrespective of gender, age and geography. Green growth ensures that progress achieved can also be sustained at a time when Africa is faced with a range of local, regional and global environmental changes as well as increasing pressure on its natural resources. More specifically, transition green growth involves promoting and maximizing the opportunities from economic growth by building resilience, managing natural assets efficiently and sustainably (including agricultural productivity), and promoting sustainable infrastructure. There is strong resonance between this strategy and the approach being taken forward at the UN General Assembly, referred to above.

5. **The Strategy emphasizes a 'One Bank' approach** encompassing the ADF, the AfDB public sector window, the AfDB private sector window and the Nigeria Trust Fund. With its focus on African countries' development and its unique brokering role reflecting its African ownership, the Bank Group has a strong comparative advantage for Africa, particularly for regional transformational projects. Its Regional Member Countries (RMCs) have a strong sense of trust and ownership in the Bank and Fund. This enables the Bank Group to use its convening power and trusted partner status to better address politically sensitive issues across RMCs and to create programs of support and knowledge products in close partnership with them.

6. **The ADF-13 strategic and operational priorities are aligned with those of the Bank Group's Strategy for 2013-2022.** The Strategy determines the ADF's strategic selectivity and operational focus on infrastructure, regional integration, private sector development, governance and accountability, and skills and technology; with three areas of special emphasis namely fragile states, food security and agriculture, and gender.

[1] 2013 Lough Erne G-8 Leaders' Communiqué. 17-18 June 2013. Lough Erne, Northern Ireland, United Kingdom. https://www.gov.uk/government/publications/2013-lough-erne-g8-leaders-communique.

[2] Special Event 25 September 2013. Outcome Document. UN Headquarters. New York. www.un.org/millenniumgoals/pdf/Outcome%20documentMDG.pdf

7. **Within core operational priorities for the ADF-13, infrastructure development in Africa will remain a key area of intervention**. To help bridge the financing gap in infrastructure on the continent, the Bank Group is exploring ways to crowd-in private sector financing, including public–private partnerships and innovative approaches like the use of partial risk guarantees and other concessional risk mitigation instruments, which intend to scale up infrastructure financing for transformational bankable projects by mobilizing different sources of finance.

8. **The ADF-13 support for regional integration will focus on both hard physical infrastructure,** including regional transport links, energy, water and sanitation and telecommunications networks, **and soft institutional infrastructure**, including continued support for integration policies at national and regional levels. The Fund will also maintain its unique role in financing a targeted selection of regional public goods in Africa.

9. **The ADF-13 will support the implementation of the Bank Group's new Private Sector Development Strategy for 2013–2017.** The Fund will support all three pillars of the Strategy: improving countries' investment climate; expanding access to infrastructure for businesses; and promoting enterprise development. The creation of the Private Sector Credit Enhancement Facility will contribute towards addressing constraints of limited AfDB risk capital for low-income countries and fragile states.

10. **Given the importance of governance and accountability in promoting inclusive growth, the Fund will build on the results achieved under the ADF-12 in strengthening core state systems, public financial management systems and enabling business environments.** The ADF will also strengthen its focus, through operations, policy dialogue and advocacy, in governance of infrastructure, management of natural resources and domestic resource mobilization. Delivery on these areas of work will be further enhanced under the new Governance Framework and Action Plan II.

11. **The ADF-13 will deliver new approaches on skills and technology**, to strengthen the links between skills that are taught through the educational system with the labour market needs, in order to improve competitiveness and create jobs. The Bank Group is developing its Human Capital Strategy, *One Billion Opportunities: Building Human Capital for Inclusive Growth in Africa* which aims to harness the potential of youth and women in Africa and capture the developing demographic dividend by building skills.

12. **Deeper engagement in fragile states remains key during the ADF-13.** The Fund will enhance its contribution towards building resilient, stable and capable states in fragile and conflict-affected countries, in line with the New Deal for Engagement in Fragile States and in coordination with the International Dialogue on Peace-building and State-building and other development partners. It will introduce operational and resource allocation approaches that are more flexible and responsive to the diverse needs of countries affected by fragility and conflict. The Fund will make its assistance to fragile states more effective by leading focused solutions on regional implications of fragility; youth and gender inclusiveness; private sector development and job creation; improved delivery of services and good governance; and investing in human and institutional capacity building. The Bank Group has enhanced its presence in fragile states and is ensuring that high-quality staff are deployed to Field Offices.

13. **In the agriculture and food security, the ADF will adopt an enhanced value-chain approach**, focusing on rural infrastructure and cooperation with other specialized institutions. The Fund will also focus on green growth opportunities including building resilience to climate shocks like droughts, and promoting efficient and sustainable use of land, forests, water and other natural resources.

14. The ADF's action to promote **gender equality** will be reinforced by the approval of the new Gender Strategy 2014-2018 and the appointment of the Special Envoy for Gender. In addition, the ADF will reflect a more systematic assessment of gender issues in country strategy papers and enhanced gender mainstreaming at the project level, while improving staff capacity measurement of performance indicators and better capturing gender-equality objectives. Increased focus on gender equality will lead to enhanced sustainability of the Bank Group's operations and better results. Beginning in 2014, the Bank will systematically track gender mainstreaming in Fund-financed operations (recognizing that the extent to which gender can be mainstreamed will vary across categories of operations.) The Bank will annually report progress on gender-mainstreaming in the Annual Development Effectiveness Review. The implementation of the Gender Strategy and allocation of resources to achieve targets in gender

are urgent actions required by the Bank Group. This will include quality-at-entry rating of gender-informed projects by sector; gender responsive policy dialogue and advocacy to ensure legal and property rights; and reporting in the Annual Development Effectiveness Review (ADER). The gender agenda is an African agenda and is required to be fully supported at all levels.

15. **To successfully implement its operational priorities during the ADF-13 period, the Bank Group will make continuous efforts to strengthen its corporate effectiveness and efficiency as well as its delivery of results.** In order to maximize development results and value for money, the ADF will focus on five priorities: 1) implementation of the existing commitments intended to strengthen institutional effectiveness and efficiency including implementation of the People Strategy; 2) successful transition to a new “managing for results” framework; 3) the Decentralization Roadmap; 4) smooth and well-managed implementation of the Roadmap for the Return to Abidjan; and 5) value for money.

16. **The Bank Group, in the face of many challenges, has remained institutionally resilient, while maintaining its focus and strategic selectivity on operational priorities.** This has amplified its development impact for its RMCs. It continues to concentrate on achieving progress in the decentralization process; on attracting and retaining high-quality staff; and on streamlining and modernizing the production and dissemination of guidelines for new strategies, policies and business processes.

17. **In order to deliver better development results, the Results Measurement Framework has been re-aligned with the** operational priorities in the Strategy and will improve the Bank Group’s capacity to monitor its progress and overall contribution towards development impact (including the specific contribution of the ADF). It will also support a move towards a more results oriented management culture, as well as strengthening of the independent evaluation function of the Bank Group.

18. **The Bank Group, through its External Relations and Communications Unit and Resource Mobilization and Allocation Unit will work on a communication strategy** with donor countries. This will ensure that the ADF donors’ committed approach to the Fund and Africa receives appropriate recognition and visibility in donor countries and in the African Regional Member Countries to underscore the results made possible through their contributions.

19. **The ADF-13 replenishment level reached 5,345,026,125 Units of Account (UA) for the ADF-13 period (2014–2016).** It comprises donor subscriptions of UA 3,789,330,424, supplementary contributions amounting to UA 55,683,855 and a technical gap of 12% which is UA 524,090,987. This will be further enhanced by UA 975,920,858 in internal resources made available to the replenishment through the Advance Commitment Capacity. Excluding the technical gap, which should be mitigated by the subscriptions of prospective State participants as well as increases in subscriptions and/or additional supplementary contributions from existing Donors, total resources amount to UA 4,820,935,137.[3]

20. **Approximately 62.0% of ADF resources will be channelled to the eligible countries through the Performance-Based Allocation (PBA) framework.** The minimum allocation will be raised to UA 15 million per cycle. The main determinants of the PBA formula are country need and country performance. The PBA formula will be adjusted with the addition of the Africa Infrastructure Development Index to the formula’s current needs component to better address the infrastructure gap on the continent. A new group of questions focused on infrastructure and regional integration (cluster E) will be added in the Country Policy and Institutional Assessment to strengthen alignment with the Strategy for 2013–2022. In order to maintain the current balance between performance and needs, the exponent of the performance component will be slightly increased.

21. **With the view to preserving the long-term financial sustainability and capacity of the Fund, hardened and differentiated lending terms will be applied,** and ADF-only countries will be grouped into either the “regular” or the “advance” group. The financing terms for regular and advance ADF-only countries, as well as for blend, gap and graduating countries, will be hardened. An accelerated repayment clause (to be included in all new ADF loan agreements) and a voluntary prepayment framework will be introduced.

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3 All amounts are as of 6 November 2013 and subject to final confirmation.

22. **ADF-13 support for regional operations and fragile states will continue through dedicated resource envelopes**—the Regional Operations envelope and the Fragile States Facility (FSF). Performance will remain an important determinant of allocations within them. The Regional Operations envelope will be increased to 21% of the ADF-13 allocable resources. Participants agreed that the participation of fragile states in regional operations could be further strengthened by leveraging resources from the FSF with a higher multiplier of 2 instead of 1.5, and that the regional operations incentive mechanism could be leveraged to better support policy reforms.

23. **Deputies agreed to allocate UA 662 million to the FSF, including UA 572 million to Pillar I (supplemental support window), UA 30 million to Pillar II (arrears clearance window) and UA 60 million to Pillar III (targeted support window) of which 16 million will be used for African Legal Support Facility activities.** The use of Pillar I resources will be guided by the priorities agreed with the country and in line with the applicable country programming documents. The utilization of all FSF resources, including possible reallocation of resources among the three pillars, will be examined at the ADF-13 Mid-Term Review**.**

24. **On the FSF,** Deputies also agreed to (i) introduce additional qualitative measures for identifying fragile states and assessing FSF eligibility, and develop and pilot a Country Resilience and Fragility Assessment framework; (ii) revise the FSF Pillar I first-stage eligibility criteria; (iii) enhance the responsiveness of the FSF resource allocation methodology by keeping a portion of Pillar I resources as unallocated reserve; and (iv) lengthen the period of FSF Pillar I support and modify the top-up multiplier and discount factors associated with the Pillar I phase-out framework.

25. **Participants welcomed the** two new instruments to be rolled out in the ADF-13: the Partial Credit Guarantee and the Private Sector Credit Enhancement Facility. UA 165 million will be allocated to the PSF as seed contribution.

26. **Participants welcomed Angola as a future State Participant and Libya as a Donor** joining Egypt and South Africa. Turkey is expected to finalize the process of becoming a State Participant during ADF-13. Participants encouraged other African and non-African countries to join the group of State Participants in the ADF and increase the development resources being made available to lower income countries, as well as fragile states.

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Abbreviations

ACC	Advance Commitment Capacity
ADF	African Development Fund
ADF-12	Twelfth General Replenishment of the African Development Fund
ADF-13	Thirteenth General Replenishment of the African Development Fund
AfDB	African Development Bank
AIDI	Africa Infrastructure Development Index
ALSF	African Legal Support Facility
CCAP	Climate Change Action Plan
CODE	Committee on Operations and Development Effectiveness
CPA	Country Performance Assessment
CPIA	Country Policy and Institutional Assessment
CSO	Civil Society Organization
CSP	Country Strategy Paper
DSF	Debt Sustainability Framework
FO	Field Office
FSF	Fragile States Facility
G20	Group of Twenty
G8	Group of Eight
GNI	Gross National Income
IGIA	Inclusive Growth Index for Africa
MDRI	Multilateral Debt Relief Initiative
MTR	Mid-Term Review
OPEV	Operations Evaluation Department
PBA	Performance-Based Allocation
PBO	Programme-Based Operation
PCG	Partial Credit Guarantee
PRG	Partial Risk Guarantee
PSF	Private Sector Credit Enhancement Facility
REC	Regional Economic Community
RMC	Regional Member Country
RMF	Results Measurement Framework
RO	Regional Operation
SE4ALL	Sustainable Energy for All Initiative
UA	Unit of Account

ADF-13 REPORT
SUPPORTING AFRICA'S TRANSFORMATION

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1. Introduction

1.1. The Thirteenth Replenishment of the African Development Fund (ADF or Fund) **takes place at a time of optimism for Africa as a developing growth pole in the world economy.** Africa is one of the world's fastest-growing regions. The continent's average growth is projected to be 4.8% in 2013 and 5.3% in 2014. The words "rising Africa" are used to characterize the continent. This optimism is evidenced by businesses and countries investing in the continent. The aspirations of the African people have also grown, as they increasingly demand good governance, accountability and mutual responsibility. There is indeed a strong momentum of Africa's ownership for its own development.

1.2. However, Africa has not reached the "tipping point"—it faces risks and challenges that could undermine or even reverse the achievements to date. Fragility remains a hurdle to a prosperous continent and must be overcome. Natural resources are being discovered and explored, but these resources must be managed sustainably to ensure equitable and environmentally conscious growth. Productive jobs remain scarce for the growing number of young Africans with higher levels of education and higher expectations, but with a mismatch of skills needed for the labour markets. Climate change continues to cast its long shadow, drought and flood events are still causes of major economic and social losses, exposure and sensitivity to extreme events remain high and more efforts are needed to reduce vulnerability and enhance adaptive capacity.

1.3. **Therefore, despite uncertainties in the general macroeconomic environment and pressures on government budgets,** concessional resources remain critically needed. The needs of Africa's poorer countries cannot yet be sustainably met from domestic resources and borrowing on market terms. Among providers of highly concessional finance, the ADF still has an essential role in reducing poverty and improving people's lives in Africa. The ADF has taken 40 years to arrive at this juncture, and is now very well placed to build on progress and play an even more significant role in helping Africa's leap forward.

1.4. **The ADF, part of the integrated African Development Bank Group (AfDB Group or Bank Group),** has a particular advantage in supporting Africa's transformation. The Bank Group is solely focused on Africa. It is a trusted partner for the continent, looked on by its Regional Member Countries (RMCs) to deliver on one mandate—the socio-economic development of the continent.

1.5. The ADF-13 replenishment consultations[4] included representatives of donor countries (Deputies) and selected Regional Member Countries (Côte d'Ivoire, Ghana, Kenya and Malawi)—collectively referred to in this document as "Participants"—as well as observers from international development institutions and Management and staff of the Bank Group. **This reports sets out Participants' conclusions from the ADF-13 discussions** and presents Deputies' recommendations for the strategic direction and operational priorities that will guide the Fund's engagement with ADF-eligible countries during the ADF-13 period (2014-2016).

2. Setting a Transformation Agenda for ADF-13

The Post-2015 Development Agenda – Setting the Stage

2.1. The problems of Africa in reaching the Millennium Development Goals (MDGs) are still not overcome and purposeful and coordinated action is required to accelerate progress. The successor framework - the Post-2015 Development Agenda - is expected to have a central theme of poverty eradication and sustainable development. Countries agreed in the UN General Assembly on 25 September 2013 to hold a high level Summit in September 2015 to adopt a new set of Goals that will balance the three elements of sustainable development providing

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[4] ADF-13 consultation meetings were held on 21–22 February 2013, with the second meeting on 12–14 June 2013 in Tunis, Tunisia and the final meeting on 25-26 September 2013, in Paris.

economic transformation and opportunity to lift people out of poverty, advancing social justice and protecting the environment. The Goals will build on the foundation laid by the MDGs and also respond to new challenges – and will be applicable to all countries while taking into account national circumstances. The Goals need to be rights-based, with an emphasis on women, young people and marginalized groups, while protecting the planet's resources, emphasizing sustainable consumption and production and supporting action to address climate change.[5]

2.2. The UN General Assembly Outcome Document calls for the Post-2015 framework to be bold in ambition yet simple in design, supported by a new global partnership for development. There is an emphasis on the power of new types of global partnerships for development to change the development landscape and mobilize finance, expertise and knowledge to further the MDGs and its successor Goals. A feasible approach to financing post-2015 MDGs will need to rest on a two-pronged strategy—first to ensure that the maximum impact of available resources and second, to increase those resources. A supporting policy and institutional environment to ensure value for money and prevent corruption will enhance the effectiveness of official development assistance and catalyze additional resources. Strengthening parliamentarians and civil society's ability to monitor and challenge the effectiveness of the use of resources is a key dimension that needs to be overhauled.

2.3. The 2013 Report of the High Level Panel of Eminent Persons on the Post-2015 Development Agenda[6] had stressed the need to reach the very poorest and most excluded people to ensure that no one is denied universal human rights; the devastating effects of conflict and violence on development; the importance to development of good governance and institutions that guarantee the rule of law, free speech and open and accountable government; and the need for inclusive growth to provide jobs.[7] The Bank Group is signatory to a letter from seven multilateral organizations[8] to provide support at the country level based on their comparative advantage, institutional mandates and complementarity with development partners, for these transformative shifts. The Bank Group is an active participant in this process and supports the African Common Position. It has hosted consultation meetings to ensure that the African Common Position is reflected in potential sustainable development goals and provide leadership in translating African priorities into targets.

2.4. The Report of the High Level Panel on the Post-2015 Development Agenda emphasizes governance and institution building, domestic resource mobilization, effective institutions (including legal and regulatory frameworks for efficient markets) and constructive engagement with the private sector. It recognizes governance, corruption and peace and security remain challenges for the continent. Africa's performance on governance is still work in progress and it has yet to fully translate into significant gains in delivery of basic services and infrastructure. Corruption undermines state capacity to raise revenue and deliver services, acting as a brake on inclusiveness and growth. In fragile states, corruption undermines state legitimacy and state-building efforts, as it erodes trust between citizens and government and may provide a trigger for conflict. Across the continent, corruption rankings have improved in recent years, but much remains to be done.

2.5. Ensuring environmental sustainability in Africa shows mixed progress. Africa's contribution to carbon dioxide emissions and ozone-depleting substances remains marginal, but forest cover is shrinking, and most countries are struggling to meet targets on water and sanitation, particularly in rural areas. Food insecurity is a recurring challenge, manifested in a high prevalence of hunger and malnutrition. As long as many people suffer from lack of water, sanitation and hunger, no transformation can take place.

5 UN Secretary-General. September 2013.

6 2013. *A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development.*

7 African Economic Outlook 2012. Also elaborated in the *Promoting Youth Employment.*

8 AfDB, Asian Development Bank, European Bank of Reconstruction and Development, European Investment Bank, Islamic Development Bank, International Monetary Fund and World Bank Group.

Improving Quality and Sustainability: Inclusive Growth and Gradual Transition to Green Growth

2.6. As the ADF enters its thirteenth cycle, it marks the first period of implementing the Bank Group's Strategy for 2013–2022, *At the Center of Africa's Transformation*. Based on extensive consultation with RMC, the Strategy is designed to directly address the development agenda above. It does so by improving the quality and sustainability of Africa's growth with two objectives: inclusive growth and the transition to green growth. The Strategy is rooted in an understanding of where Africa has been in the last decade and where it wants to go in the next. These objectives are a response to the Post-2015 development challenges outlined above. This complete alignment of the ADF priorities with the Strategy reinforces the 'One Bank' concept of the Bank and the Fund working together.

2.7. ***Inclusive Growth.*** Inclusive growth is economic growth that broadens access to sustainable socioeconomic opportunities for more people, countries and regions, while protecting the vulnerable. It has four dimensions to enable a high level of growth: economic, social, spatial and political inclusion. This first objective of the Strategy—and with it the ADF's—emphasizes wider access to socio-economic opportunities for all Africans across age, gender, educational and geographical divides. Guided by country priorities, the design and implementation of Country Strategy Papers (CSPs) will focus on contributing to inclusive growth. Further, its CSPs for Fragile states will concentrate on addressing the drivers of fragility based on a political economy diagnostic which will guide programming. ADF operations in fragile states will focus on building capable institutions and addressing, where possible, the drivers of fragility at regional levels as well as at national levels.

2.8. The ADF's investment in infrastructure will foster spatial inclusion by encouraging job creation, particularly in vulnerable groups such as smallholder farmers and women. By helping develop the private sector and investing in competitive skills that would also match the requirements of local and regional job markets, the ADF will concentrate on creating jobs. The ADF-13 will scale up work for improved governance of extractive industries by doing more to advise RMCs on contracts, local value addition and sustainable use of resource flows.

2.9. Given the centrality of inclusive growth to the Bank Group's Strategy for 2013–2022, it is important to monitor and measure the RMCs' progress. The Bank Group's innovative Inclusive Growth Index for Africa—presented at the 2013 AfDB Annual Meetings—provides a comprehensive measure of RMCs' progress, capturing both opportunity and equity aspects and containing indicators on education, health, economic diversification, employment opportunities and political and social inclusion (Box 1). Its high correlation with the Africa Infrastructure Development Index (AIDI) shows that inclusion goes hand in hand with connectivity—and reconfirms the importance of the Fund's work in infrastructure.

Box 1: Inclusive Growth Index for Africa

In the spirit of "what gets measured gets done," the Bank Group has recently developed an innovative Inclusive Growth Index for Africa (IGIA). The index aims to provide a comprehensive measure of a country's progress over time and a benchmark with regional peers and good practices. It includes:

- GDP per capita adjusted for inequality aversion (to measure economic and social inclusion);
- governance indicator based on data from the International Country Risk Guide (to measure political inclusion);
- sectorial diversification of output (to measure economic opportunity);
- a health indicator, combining infant mortality, life expectancy, and prevalence and impact of malaria, tuberculosis and HIV (to measure social inclusion);
- an education indicator, combining secondary and tertiary enrolment, quality of the educational system (maths and science education), and Internet access in schools (for social inclusion);
- employment elasticity to growth and female participation in the labour market (for job creation and gender equality); and
- spatial inequality (infrastructure index, to measure spatial inclusion).

While building on elements of the United Nations Development Programme's Human Development Index (income, health and education), the innovation of the index lies in adding a measure of inequality aversion—a key aspect of inclusiveness. The IGIA draws on micro-surveys of RMCs. It also covers

Box 1: Inclusive Growth Index for Africa

aspects critical to the Bank Group's operational work, such as infrastructure and employment.

Source: Inclusive Growth Index for Africa. M. Ncube, A. Shimmeles and S. Younger, 2013.

2.10. Management also presented the Bank Group's innovative Africa Infrastructure Development Index (AIDI). The AIDI provides comparative, quantitative information on the status and progress of infrastructure development across RMCs, built up from four key components: transport; electricity; information and communications technology; and water and sanitation. As with other benchmarking instruments, it reveals countries' strengths and weaknesses in these areas. It also informs the Bank Group's operations, countries' and private sector's investment decisions, by identifying the subsectors with the most acute gaps.

2.11. ***Green Growth.*** ADF-13 will support Africa's transition to green growth, which represents an emphasis on enabling economic growth while seeking to maintain or increase natural and social assets. It will support access to modern energy services, to adaptation to climate change and mitigation and to a sustainable management of natural resources (including water and agriculture). Such growth will protect livelihoods; improve water, energy and food security; promote the sustainable use of natural resources; and spur innovation, job creation and economic development in these sectors. The ADF will support the development of sustainable infrastructure like mass transport systems, the use of hydro, geothermal, wind and solar energy, multi-purpose infrastructure and the effective use of trans-boundary waterways.

2.12. Deputies welcomed the new Energy Sector Policy which outlines the vision of sustainable, cleaner and universal access to energy. The ADF will place emphasis on managing renewable and non-renewable natural resources in a sustainable and efficient manner, given the increasing internal and external pressures on Africa's natural assets resulting from regional and global population growth and shifting consumption patterns. The Bank Group will host the Sustainable Energy for All Africa (SE4ALL) Hub in partnership with the African Union Commission and the New Partnership for Africa's Development Planning and Coordinating Agency. This will support universal access to modern energy services, helping to double the rate of improvement in energy efficiency and doubling the share of renewable energy in the global energy mix.

2.13. Through the cross-departmental Green Growth Team, co-chaired by the Climate Change Coordination Committee and the Department of Energy, Environment and Climate, and complementary initiatives, the Bank Group is framing and conceptualizing green growth in the African development context[9] and is helping to provide guidance in mainstreaming green growth into operational activities.[10] The implementation of the Bank Group Climate Change Action Plan (CCAP 2011–2015) is also on track.[11] Through the Action Plan, the Bank Group has committed to support climate-resilient, low-carbon development in Africa and the improved access to climate finance.

2.14. The Bank Group is advancing climate change adaptation and resilience largely by pursuing sustainable agriculture, integrated water-resources management and climate-risk reduction, which also form important building blocks in enabling the transition to green growth. It has developed the necessary capacity, knowledge, guidance and tools to raise awareness, provide context and inform decision making on climate interventions. To effectively respond to the need to climate-proof development in Africa, the Bank Group has developed a Climate Safeguard System to systematically assess the risk of climate change to projects and key economic sectors and to provide options for adaptation. The system is now being piloted for eventual

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9 Knowledge products include: *Facilitating Green Growth in Africa,* Discussion Paper for Rio+20 (AfDB 2012), *Africa Ecological Footprint Report* (AfDB and WWF, 2012), and AfDB's flagship *African Development Report 2012: Towards Green Growth in Africa*.

10 Together with OECD, the Bank Group's Green Growth team organized a multi-stakeholder workshop on green growth in Zambia to explore green growth concepts and early lessons learned, attracting over 120 participants from regional member countries and development partners. Internal staff dialogue and training is ongoing, while operational information and guidance material is being developed.

11 The *Progress report on the implementation of the Climate Change Action Plan (2011-2015)* has been developed. 2013.

application to all Bank Group projects.

Core Operational Priorities

2.15. To achieve the two objectives of Strategy for 2013–2022, Participants expressed strong support for the ADF-13 to support the Strategy's five core operational priorities (infrastructure, regional integration, private sector development, governance and accountability, and skills and technology) and three areas of special emphasis (fragile states, agriculture and food security, and gender). First recommended by the High-Level Panel review of 2007 and later included in the Medium-Term Strategy for 2008–2012, these are areas in which the Bank Group has maintained selectivity and developed a comparative advantage with a proven track record of delivering results. The ADF-13 will implement the core operational priorities while ensuring that the Fund's operations are inclusive and green.

2.16. ***Infrastructure.*** Infrastructure investment is a high priority for Africa, it can enable inclusive growth, and contributes directly to attainment of the Millennium Development Goals. There is rich literature detailing the links between infrastructure investment and inclusive growth (see paragraph 2.9 referring to the high correlation between the Inclusive Growth Index for Africa and AIDI), both as an enabler of growth in general and in linking geographically excluded populations to markets. For example, a deprived area's new road contributes to its spatial inclusion, and helps boost the local economy in its own right. A new road generates economic activity alongside it, as its traffic provides a market for various goods produced by the local population, and a bus terminus, for example, may become a thriving hub for the local population. Small towns may even emerge along the road. In designing new roads to maximize inclusive growth and job prospects, ADF operations will emphasize the need for feeder roads to be included along the main road. Feeder roads improve the local population's access to markets for their produce and reduce post-harvest losses. Through feeder roads, local children's access to schools and health facilities is also improved.

2.17. Similarly, investing in energy is also important as it enables growth by providing electricity for industry, education and more. It links rural populations to national grids, directly targeting inclusion. Water and sanitation infrastructure development provides many benefits that contribute to inclusive growth including overall wellbeing, addressing Africa's health burden, reducing the education gender gap and child mortality, and helping achieve water, food and energy security.

2.18. The Bank Group is an integral partner in the Power Africa initiative that aims to double the access to power in Sub-Saharan Africa by expanding the work to reform Africa's energy sector. Already a major investor in the energy sector, the Bank Group will scale up funding for energy production, transmission and distribution infrastructure, cross-border power pools, as well as government policy and regulatory reforms. The Bank Group will particularly emphasize reforms for national power utilities. The ADF is the main financial source for the Bank Group's assistance to the energy sector in the Power Africa countries.

2.19. To help bridge the very large financing gap in infrastructure, the Bank Group is implementing solutions such as public–private partnerships and innovative approaches like the Africa50 Fund, to combine and leverage domestic and external, private and public funds for bankable projects. Deputies took note of Management's proposal to attract larger investments for bridging the gap.

2.20. Owing to the infrastructure deficit there are opportunities to avoid lock-in of outdated infrastructure and leap-frog to more modern technologies, which are more efficient, cleaner and resilient and hence help build more competitive and sustainable economies in the process. Therefore the Fund will increasingly shift its pipeline on infrastructure to focus on green infrastructure projects with clean energy, urban infrastructure, sustainable cities, urban and rural water operations and more. Green infrastructure projects emphasize maximizing natural resource use efficiency, minimizing waste and pollution and strengthening the resilience of livelihoods and economic sectors to exogenous shocks. The systematic application of these principles by Bank Group staff in policy dialogue with RMCs and in project design and implementation will help identify more sustainable infrastructure operations.

2.21. ***Regional Integration.*** Regional infrastructure creates inclusion by allowing movement of goods, services, people and capital across borders at a lower cost, strengthening employment and livelihoods. The Fund will continue to use its comparative advantage as a trusted partner to play a critical brokering role in developing regional integration projects. It will finance the development of hard (or physical) infrastructure, including regional transport links and energy and Information and Communication Technology (ICT) networks, as well as support the development of Africa's many trans-boundary water basins. It will also seek innovative ways to finance African infrastructure. This could include the development of regional or continental infrastructure bonds. The Fund's regional operations in infrastructure are closely aligned with those of the Programme for Infrastructure Development in Africa, agreed to by the African Heads of State and Government in Addis Ababa, Ethiopia in January 2012. Projects to be financed by the ADF's Regional Operations envelope are subject to a rigorous selection process under the Regional Operations Selection and Prioritization Framework, which is being revised to reflect the lessons learnt during the ADF-12 cycle.

2.22. Africa's intra-regional trade still faces pervasive non-tariff barriers, including restrictive "rules of origin," weak legal environments and stifling procedures that account for enormous losses in regional trade and economic growth. For their regional integration agendas to have any significant impact, African countries will have to simplify and harmonize complex and lengthy trade and customs procedures, do away with restrictive rules of origin and tackle corruption and other informal trade barriers. To help overcome these soft barriers to regional integration, the Fund will support the strengthening of integration policies at the national and regional levels, and also help address capacity constraints. It will also continue to support the integration of Africa's financial markets to enable increased capital flows between countries. This, in turn, is expected to ease the flow of goods, labour and capital through Africa's Regional Economic Communities (RECs).[12] Deputies welcomed the Fund's intention to continue to play a unique role in financing a targeted selection of Regional Public Goods (RPGs) in Africa.

2.23. ***Private Sector Development.*** The ADF-13 will play a central role in implementing the Bank Group's new approved Private Sector Development Strategy for 2013–2017. It will address inclusion and promote the transition to green growth by focusing on developing African businesses that will create African jobs, by training and using African talent and by developing the potential of services and industries through the sustainable management and prudent use of Africa's considerable natural resources. This will plough the dividends of enterprise back into the lives of Africans and African societies. The private sector can also provide services to society's most vulnerable people. The future of Africa's economic growth—and the future of millions of Africans—is closely tied to the private sector. AfDB private investment operations have increased nearly 8-fold since 2005.

2.24. ADF-13 resources will support all three pillars of the Private Sector Development Strategy: supporting governments to adapt the laws and systems to improve Africa's investment and business climate; expanding access for businesses to both hard and soft social and economic infrastructure; and promoting enterprise development by building skills and improving access to finance. Given the constraint of limited AfDB risk capital for low-income countries and fragile states, the Deputies agreed with the Bank Group's proposal of an innovative Private Sector Credit Enhancement Facility (PSF) in the ADF-13 to enable it to carry out more private sector projects in ADF countries.

2.25. ***Governance and Accountability.*** ADF-13 resources will be used to build on the progress made in public financial management reforms during previous ADFs; further promoting business-enabling environments by strengthening legal and regulatory reforms; facilitating private sector participation in providing basic services delivery and infrastructures; reinforcing governance of infrastructure and natural resources; and fostering participation and accountability by providing citizens with the tools to hold governments to account in managing public resources and delivering basic services. These areas of work will be further enhanced under a new Governance Framework and Action Plan (GAP II) over 2014-2018 . The three pillars of the GAP II are Public Sector and Economic Management; Sector Governance; and Investment and Business Climate.

2.26. Deputies stressed the importance of good governance as crucial for inclusive and sustainable growth. There is evidence that countries that improve their governance produce three times more income per capita in the long term. Inclusion in governance will be targeted by broadening the access of citizens to economic opportunities and provision of public services. The Fund is

[12] The AfDB Group recently signed an Aide Memoire with Borderless Alliance, a private sector-led coalition that promotes and facilitates regional trade to reduce transport costs and delays across West Africa.

mainstreaming governance issues in core operational sectors. Examples of innovative operations blending governance elements with sector policy objectives are: an operation in Comoros targeting governance of electricity utilities; in Niger matching funding for agricultural policy with support for the creation of a budget framework for food security; and in Nigeria targeting reforms in investment management and maintenance in the road sector.

2.27. *Governance in Infrastructure*. Weaknesses in infrastructure governance in sectors such as energy, roads, water, sanitation and telecommunications and corruption can lead to inflated costs, poor quality of provision, insufficient maintenance and high levels of theft and losses. These can dramatically reduce economic returns not only to individual projects but also to the entire infrastructure, and lead to little infrastructure provision and poor development outcomes. This is also relevant at the regional level where significant regional infrastructure governance challenges are particularly important.

2.28. Given the scale of the Bank Group's investment and its experience of the importance of the policy and operational environment for infrastructure, the Fund will continue to support approaches to mainstreaming governance across infrastructure projects, including:

- properly functioning maintenance systems backed by sustainable finance;
- governance frameworks of infrastructure utilities;
- institutional frameworks for infrastructure management between ministries, regulatory authorities and oversight bodies;
- regulatory frameworks for infrastructure on pricing, market access and so forth;
- fiduciary standards in infrastructure projects, such as budget execution, procurement management and transparency measures;
- support to oversight bodies, such as specialized construction audits and technical assistance to regulatory bodies; and
- innovative approaches (including gender dimensions) to build systems and policies to strengthen government accountability to citizens in the way that infrastructure is planned and managed to support sustainable development.

2.29. *Natural Resource Management.* Deputies emphasized that harnessing good governance in natural resource management is essential to Africa's transformation and central to achieving the inclusive transition to green growth. Natural resources have driven significant economic growth in Africa over the past decade, but growth has often not been matched by commensurate employment gains or development outcomes.[13] Governance gaps—such as lack of transparency and effectiveness in allocating revenues from natural resources, asymmetric information between governments and companies in negotiating fiscal and concessionary agreements, and development of the extractive sector as an "enclave" with no links to the local economy—are often root causes of the lack of inclusiveness in natural resource–driven growth.

2.30. In governing natural resource management, particularly extractives, the ADF-13 will continue to support to the Extractive Industries Transparency Initiative agenda,[14] particularly by supporting RMCs to comply with the new, more demanding standards. A Natural Resource Management Center Initiative at the Bank Group will consolidate these actions under one umbrella. The Bank Group is an implementing partner of the African Mining Vision.

2.31. Participants noted that a major challenge for Africa's development is negotiating fair deals with foreign investors in resource-rich countries. Poorly negotiated contracts can lead to inefficient management of extractive industries' resources and can prevent countries from enjoying the full benefits of their resources.[15] Participants agreed that synergies should be enhanced between ADF operations and the African Legal Support Facility (ALSF), which provides capacity and advisory support to African governments on complex commercial negotiations (such as extraction contracts, concessions and power purchase agreements). As noted in paragraph 4.24 below, Participants also agreed to make a specific contribution to the ALSF for Fragile States.

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[13] Africa Progress Panel Report 2013. 2013. *Equity in Extractives. Stewarding Africa's Natural Resources for All.*

[14] During the Governance Action Plan I in 2008–2012, the ADF supported the candidacy to the Extractive Industries Transparency Initiative of 13 Regional Member Countries.

[15] If properly managed, natural resources represent large potential for jobs, growth and domestic revenues, the revenue can be used to create sovereign wealth funds. Africa accounts for 14 of these funds, holding US$114 billion in 2009, or 3% of the global total.

2.32. *Accountability:* During the ADF-13, greater accountability will be pursued through interventions, including encouraging RMCs to make their budgets transparent and accessible to the public, strengthening independent oversight institutions such as parliaments and supreme audit institutions. Particularly where accountability channels in service delivery are weak, basic services may be insufficient, irrelevant, inequitably distributed and of low quality, thus resulting in sub-optimal human development outcomes. Strengthening voice and demand-side accountability is critical to effective service delivery. Putting the poor at the centre is the main principle for improving voice and accountability. In ADF-13, the Fund will support innovative technological mechanisms like e-government to strengthen the voice of citizens—particularly women and youth—in service delivery.

2.33. The Bank Group adopted in October 2012 a Framework for Enhanced Engagement with Civil Society Organizations (CSOs). This Framework is designed to strengthen and sustain the Bank Group's engagement with CSOs that will mainstream and broaden their participation in managing for development results in RMCs. There will be a three-tier engagement framework at policy level, country level and project level. Engagement with CSOs at country level enables the Bank Group to include local perspectives into policy formulation and project design, while improving quality of service and public support. Two regional dissemination seminars have been held in Burkina Faso and Uganda so far in 2013. CSOs will be mapped to facilitate better engagement in future, and the Bank Group will organize annual in-country CSO open days through its Field Offices. The Bank Group's policy on Disclosure and Access to Information will increase transparency and further enable comprehensive engagement of partners and stakeholders with the Bank Group's operations.

2.34. ***Skills and Technology.*** The Bank Group is developing its Human Capital Strategy, *One Billion Opportunities: Building Human Capital for Inclusive Growth in Africa* which has three key pillars: building skills for competitiveness and jobs; ensuring value for money, accountability and voice in service delivery; and building inclusive financial and social systems. There is direct link between the quality of human capital and the quality of services offered in a country. Africa's developing demographic dividend needs to be tapped further to ensure its impact on the transformation of African society.The Fund will continue to retain and enhance a strong gender component in its human development projects, mainstreaming gender inclusion in project design and execution.

2.35. ADF-13 will deliver new approaches in education, science, technology and innovations through the New Model for Education in Africa (NEMA). During ADF-13, the Fund will invest in science, technology and skills for green growth. It will include building scientific, technical, managerial and financial skills in key sectors including agriculture, industry, infrastructure and tourism. These are aimed at the development of the private sector and increased productivity of households and microenterprises. The Fund will support projects that have the potential to provide Africa with some of the high level skills needed to add value to its natural resources. The Fund's technical and financial support will be designed as standalone projects or as components of infrastructure or agriculture projects.

2.36. The Bank Group will also invest in building skills at the regional level. The recently approved Pan African University (PAU) project linking 5 universities, one from each region, exemplifies regional skill building and labour mobility. PAU is a regional university system offering masters and doctoral degree programmes to serve the entire continent.

Special Areas of Focus

2.37. ***Fragile States.*** Concerning Fragile States, Participants endorsed Management's commitment to reinforce synergies between the Bank Group's support to fragile states and the New Deal for Engagement in Fragile States (2011). They noted that state fragility remains a major constraint to Africa's development, and a priority area of action for the Bank Group. Of Africa's 54 countries, 21 are classified as fragile and several more are experiencing socio-political unrest and conflict. Fragility stymies improvements in lives and livelihoods of more than 200 million people on the continent, or 2 out of every 10. Armed violence undermines development efforts and poses serious risks to regional stability and security in the Horn of Africa, Great Lakes and Central Africa, and the Sahel regions.

2.38. While acknowledging several challenges remain to be addressed, Participants noted that the implementation of the 2008 Strategy for Enhanced Engagement in Fragile States has borne broadly favourable results, as evidenced by the findings of the 2012 independent evaluation as well as the development effectiveness review of the Bank Group's support to fragile states.[16] The Strategy, accompanied by a dedicated financing mechanism (the Fragile States Facility) and enabling organizational structure (especially the Fragile States Unit and enhanced decentralization), has contributed to improved delivery capacity and strategic leadership in some of the most complex and politically challenging situations. Deputies encouraged Management to expedite the implementation of the recommendations of the independent evaluation on fragile states. These recommendations will feed into the development of the new fragile states strategy.

2.39. Participants welcomed the work being led by the Bank Group's High Level Panel on Fragile States under the leadership of Liberia's President Ellen Johnson Sirleaf. Addressing ADF Deputies, President Johnson Sirleaf commended the Bank Group for its responsiveness in addressing the needs and special circumstances of her country. She asserted that the ADF's support had "made a critical difference" to Liberia and other fragile states, while urging even greater attention to regional dimensions of conflict, better coordination between donors, stronger leadership of the Bank Group and further adjustments to mechanisms of financing and to approaches for building local capacities.

2.40. Deputies welcomed the themes presented by the High Level Panel on Fragile States in their interim report. Deputies provided their feedback to the Panel. They supported the intention to strengthen the Bank Group's contribution to fragile states within its areas of intervention and in accordance with its comparative advantage. They encouraged it to be ambitious in donor coordination and establishing effective partnerships. They noted the Panel's intention to encourage the Bank, while retaining its selectivity, to take a broader view of how it could be most effective in tackling fragility while working with partners. This would entail efficient division of labour among donors and multilateral agencies. They also stressed the need to focus on regional and private sector aspects of engagement in fragile states. Deputies noted the Panel's views on increasing the flexibility of the Bank Group's interventions in fragile states.

2.41. Participants agreed that the ADF-13 will continue to support fragile states' efforts in building institutional and human capacities with predictable resources and tailored approaches. The Fund's engagement will be country differentiated, taking into account the specific challenges and opportunities in each context across a fragility spectrum,[17] societal heterogeneity and inequality in access to services and opportunities. This will be achieved primarily by ensuring systematic application of a "fragility lens" and political economy analysis in ADF CSPs, project design (including results matrix, monitoring and evaluation framework) and implementation.

2.42. Participants urged the Bank Group to strengthen its internal capacity to deliver on fragile states, including through its field offices. They agreed that under the ADF-13 the Bank Group will assume a strategic leadership role to fulfil its vital role in pursuing policy dialogue with client governments in all fragile states in which it is planning operations. It will introduce approaches[18] to enhance flexibility, expeditious response and procedural efficiency in business processes in fragile states, while striving to minimize and manage the associated risks. Management confirmed that it has upgraded the Fragile States Unit to a Department with the requisite resources and staffing. The department will focus on more robust political economic analyses, regional approaches and orienting operations for more effective state building.

2.43. Further, Deputies welcomed the focus on stronger donor coordination at various levels of engagement, especially the country level, and the Bank Group's enhanced presence in fragile states.[19] They stressed the importance of deploying high-calibre staff to fragile states field

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[16] AfDB. 2012. *Evaluation of the Assistance of the African Development Bank to Fragile States (1999-2009)*.
AfDB. 2012. *Development Effectiveness Review 2012: Fragile States and Conflict-Affected Countries*.

[17] The New Deal's five-stage fragility spectrum (from crisis, to rebuilding and reform, to transition, to transformation and to resilience) provides a common reference for analysing fragility and designing a programme of support.

[18] See Annex I; table I-1, items 1.1 MTR progress report, 1.4 Fragile States strategy and Table I-2 MTR of decentralization road map. Update on the implementation of these approaches, as well as the new strategy for fragile states, and emerging lessons will be presented to Deputies during the ADF-13 Mid-Term Review

[19] Actions in this regard include strengthening the capacities, resources and delegation of authority in the current field offices in 13 fragile states, as well as exploring options for ensuring Bank's presence in all fragile states – for

offices, ensuring competitive incentives and empowering field staff through delegation of authority. They acknowledged the ADF has an important role to play as a trusted partner for African fragile states, noting that the Bank Group's African character, legitimacy and privileged access to African decision makers offer a pronounced opportunity to exercise its convening and leadership role strategically.

2.44. ***Agriculture & Food Security.*** Participants encouraged the Fund to promote inclusive and green growth through agriculture and food security by adopting an enhanced value-chain approach. The ADF-13 resources will further strengthen agriculture and food security by investing in irrigation infrastructure, rural roads, and market and storage facilities. The industrialization potential of agriculture and agro-processing is now being realized across the continent. The Fund will focus on targeted support for value addition through processing and market linkages to improve farm profits and incomes for enhanced productivity, along the continuum from subsistence to commercial agriculture. This approach is based on a focus on rural infrastructure and cooperation with other specialized institutions.

2.45. ***Gender.*** The Bank Group's new Gender Strategy 2014–2018 *Balancing the Scales to Support Africa's Transformation* will guide the Fund's approach to the effective promotion of gender equality on the continent.[20] The three pillars of the Gender Strategy—legal and property rights; economic empowerment; and knowledge management and capacity building—have been endorsed by participants at two regional consultation meetings held in Kigali in October 2012 and Tunis in November 2012. The Gender Strategy will increase accountability on gender equality and optimize financial and human resources for more effectively ensuring progress on mainstreaming gender equality in Headquarters, Regional Resource Centres and Field Offices. Participants welcomed senior management's commitment to this and stressed the importance of incentives to motivate staff at all levels. RMCs expressed strong commitment to gender equality and highlighted their priorities in this regard, including girls education, access to health services, especially safe motherhood, women's economic empowerment and active participation in economic and political decision-making. The gender agenda is an African agenda that the Bank Group will play a more proactive role in addressing. Participants agreed gender is a special challenge, that cannot be resolved by ordinary means, and that requires extraordinary attention and measures- shifting from generic gender mainstreaming to proactive action towards gender equality.

2.46. Meanwhile the Bank is already in the process of improving the staff capacity of ensuring progress on gender with clear results mentioned in the Gender Strategy: "In 2012, significant improvements in the quality of gender mainstreaming could be noted because 67% of newly approved projects were found to mainstream gender in a satisfactory manner". To reinforce this trend, gender experts will be recruited in each Resource Centre and in the priority sectors. Capacity building sessions on mainstreaming gender at projects level in the project cycle and in CSPs have more than doubled in 2012 with workshops conducted both in RMCs and Headquarters. Recalling the provision in the 2009-2011 Gender Action Plan requiring that gender equality be mainstreamed into the design and implementation of all Bank projects and programmes, Management affirmed its commitment to ensuring that the goal is achieved in all operations financed by the Fund by the end of the ADF-13 cycle. Beginning in 2014, the Bank will systematically track gender mainstreaming in Fund-financed operations (recognising that the extent to which gender can be mainstreamed will vary across categories of operations.) The Bank will annually report progress on gender-mainstreaming in the Annual Development Effectiveness Review.

2.47. Deputies underscored the importance that they attached to the implementation and operationalization of the Gender Strategy and to monitoring its progress. Deputies welcomed the appointment of the Special Envoy for Gender who will be the Bank Group's principal spokesperson on gender. She will lead and coordinate advocacy work in RMCs as well as represent the Bank Group at regional and international fora. Working in close collaboration with Senior Management and the Gender Division, she will also exercise oversight over the reforms that are needed across the Bank to promote gender equality through its operations and within

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instance through customized presence or special arrangements– currently in 2 and being increased to 5; and additional coverage via AfDB's Regional Resource Centers.

[20] The Gender Strategy 2014–2018 is based on two diagnostic studies: *The State of Gender Equality in Africa* and *Gender Equality Results in Public Sector Projects and Programmes of the African Development Bank 2009–2011*.

the institution. Participants agreed that progress would be monitored at the Mid-Term Review.

2.48. The Fund will promote gender equality in RMCs through its country strategy programming and operations with emphasis on promoting gender equality in sectors that represent the Bank Group's core operational priorities. Management will report in the Annual Development Effectiveness Review (ADER) on the quality-at-entry rating of gender-informed projects by sector and provide an annual assessment of Bank projects' success in meeting gender-specific outcomes. This impetus will be supported by gender responsive policy dialogue and advocacy for improving women's legal and property rights.

2.49. Improved knowledge management, including improving gender statistics for evidence-based planning and continuous capacity building, will lead to concrete and measurable gender-equality results. To better monitor the results of projects and the collection of sex-disaggregated data, the Gender Division has been consolidated with a statistician economist to expressly manage the compilation of gender-equality results and data collection[21]. Participants encouraged a greater use of community based monitoring of gender outcomes. Deputies welcome the forthcoming cross-cutting Gender evaluation to be undertaken by OPEV. Finally Participants noted that the Bank Group received a Development Impact Honours award from the U.S. Treasury for its gender work in Côte d'Ivoire (Box 2).

Box 2: Two ADF Financed Projects Awarded Development Impact Honors in 2013

Two ADF initiatives based in Uganda and Côte d'Ivoire, received Development Impact Honors on July 25, 2013, from the US Treasury Department. The AfDB is the first multilateral development bank (MDB) to receive recognition for two projects in the same year. The prizes the Bank Group received show the essential contribution of the ADF to the lives of people in Africa. The awards demonstrate achievement of results and are visible evidence of the AfDB Group combating development challenges in low income countries. Specifically, the projects validate the Fund's work in fragile states, on gender, and on infrastructure that transforms.

One of the project's important achievements was that it gave women access to maternal and health services, and gave children access to rehabilitated schools — General Secretary, Korogho Prefecture

Emerging from Conflict/Multisector Support Project, Côte d'Ivoire

Following the political crisis and civil unrest in the early 2000s in Côte d'Ivoire, this project was designed to promote economic recovery, help restore public social services and, in particular, address the problem of gender-based violence (GBV). An integrated system offered survivors health and psychological treatment and judicial assistance, assisted their social and economic reintegration into the community, and ran an awareness-raising campaign on GBV.

As a result of the project, hospitals and health centers were equipped, health workers and other community leaders were trained, awareness of GBV was raised in over 200,000 community members, and GBV survivors and other women were trained in a range of job skills.

[21] The review *Gender Equality Results of Public sector Projects and Programs 2009-2011* shows results at project level for each sector.

Box 2: Two ADF Financed Projects Awarded Development Impact Honors in 2013

Community Agricultural Infrastructure Improvement Programme, Uganda

This project took a community-based approach to providing agricultural infrastructure and raising the incomes of farmers. Residents of local communities participated in taking inventory, setting priorities, and selecting labour-intensive projects to build or improve agricultural infrastructure and maintain it after completion. The project rehabilitated rural roads, constructed markets, and installed agro-processing equipment. As a result, farmgate prices of staples have increased, the costs and time involved in transportation to major towns have decreased, school enrollment has risen, and, as people have gained better access to health centers, health has improved.

Operationalizing 2013-2022 Strategy

2.50. Operationalizing the Strategy will primarily involve each relevant unit of the Bank Group participating in defining the initiatives to implement it, in accordance with the Bank Group's work breakdown structure. This will contribute to the three-year rolling programmes and yearly result-based budgets which are being developed across the Bank Group, and which will operationalize the Strategy in the medium term. This links directly to budget reform, outlined under *Institutional Effectiveness* (see below). The output, outcomes and impact of the three-year rolling plan and budget are then taken into the Annual Development Effectiveness Reviews. This mapping is conducted on the Bank Group's SAP enterprise resource management IT systems. Each year the Board will approve the three-year rolling programme but release the budget only for the first year.

2.51. At the heart of that process will be a revamped Indicative Operational Program with updated project classification system—which will be the tool that aggregates the Bank's and the Fund's lending and non-lending activities. CSPs will remain as the basic planning and budgeting document for the country level. However, CSPs are being revised to reflect the strategic objectives of the Strategy for 2013–2022 which will be finalized in 2014. These revisions will reflect aspects of inclusive growth and gradual transition to green growth in the Bank Group's projects. The CSPs will also be customized to meet country specificity, in particular to reflect the need to be more responsive in fragile states. Detailed background studies will underpin the CSPs to better understand the situation and challenges in each RMC, particularly fragile states and those coming out of conflicts. The revised CSPs will also include intensive gender analysis and ensure stronger linkages with Regional Integration Strategy Papers.

2.52. For their part, sector strategies will ensure that the Bank Group keeps its comparative advantage in its core operational areas. Management will, where necessary, re-align the Bank Group's structures and systems with the Strategy for 2013–2022, which will be reviewed annually and by a planned medium-term review to allow for any needed adjustments.

2.53. Collectively, the above mentioned processes will help ensure that the Bank's and Fund's programmes remain selective and focused on the areas of comparative advantage at country, regional and sector levels.

Bank Group's Role in Policy Dialogue and Advisory Support

2.54. Participants noted that effective policy dialogue is essential for the Bank Group to achieve the objectives of its Strategy for 2013–2022. Sustained policy dialogue with RMCs is the most effective way for the Bank Group to work with governments and other stakeholders to enable them to design and implement their reform agenda. The Bank Group, as a regional institution with a local presence in 34 countries, can understand and contextualize national and regional priorities, the drivers of reform as well as the realities on the ground, which gives increased leverage to its role in policy dialogue and allows the institution to play an active role, particularly on sensitive or difficult issues. Deputies encouraged the Bank Group to make the most of these advantages.

2.55. Participants noted the Bank Group's considerable potential to influence and lead policy outcomes at international and regional levels. Among others[22] it is engaged in the G8 efforts including those on resource mobilization through greater transparency on African natural resource taxation, agriculture policy in Africa and response to the Arab Spring. In partnership with the African Union and United Nations Economic Commission for Africa, the Bank Group is preparing the African Mining Vision for better managing natural resources in transformation. The three regional institutions are jointly developing an African-led transformation agenda for the next 50 years under the Africa 2063 Agenda.

2.56. The 2012 Programme-Based Operations (PBOs) Policy also reflects the lesson from the 2011 evaluation of these operations and emphasizes the role of policy dialogue as critical input for their successful outcome. PBOs provide a particularly effective platform to promote policy dialogue, as they are based on the relationship between the Bank Group and the recipient RMCs of using government systems to deliver results. The Bank Group will also make greater use of its analytical products, such as economic and sector work, country reports and sector studies.

2.57. The Bank Group will act as a facilitator of knowledge with countries through its analytical and advisory activities via its Field Offices. For example, countries in Eastern and Southern Africa that have recently discovered oil and gas are requesting the Bank Group to share international best practices and country experiences in natural resource management. It has responded by organizing a number of high-level policy seminars on this subject, such as the one organized by the Field Office in Maputo in February 2013. The Bank Group will continue to increase the participation of its Field Offices in sector dialogue, as well as donor coordination at the country level. It will make use of the outcomes of the dialogue events in designing its new operations.

2.58. The Bank Group engages in critical policy dialogue in fragile states, as in Somalia, South Sudan, Sudan and Zimbabwe. In Somalia, the Bank Group engaged in public financial management for three years, backed by own administrative resources, before any others became involved. In the Horn of Africa, the Bank Group was building resilience and training, when no one else was.

2.59. In its pivotal role as knowledge broker and knowledge bank, the Bank Group researches, collates, disseminates, advises on and implements best development policy and practice in Africa, while it adds continuously to the continent's development knowledge. Its country, sector, commodity, economic, market and policy briefs are widely used, while its *African Development Report* and the joint *African Economic Outlook* are leading platforms for African development. In recent years, they have shone new light on areas such as ports and trade logistics, youth employment and management of natural resources.

2.60. ***Addressing the Problem of Illicit Financial Flows and Money Laundering.*** Deputies agreed that the three inter-related issues of tackling corruption, illicit financial flows and money laundering will offer potential for enabling Africa to increasingly finance its own development. The joint Bank Group and Global Financial Integrity report[23] is a useful starting point that deepens research to consider the drivers of illicit financial flows in a country-specific context and takes into account the interactions with the policy environment, particularly the tax regime.

2.61. The three issues will be mainstreamed in the Bank Group's CSPs and its economic and sector work, and will be addressed through technical and financial support to RMCs and relevant regional bodies. As part of its role in promoting good governance and combating corruption, the Bank Group will develop its capacity to participate in and implement anti-money laundering and combating of financial terrorism strategies in Africa and incorporate such issues in its policy dialogue with RMCs.

[22] In the G20, it projected the African growth impetus at summits in June 2012 in Los Cabos and in November 2010 in Seoul. Similarly at the United Nations, it coordinated the African approach to the 2011 Rio+20 summit; provided technical and financial support to African negotiators under the Framework Convention on Climate Change over a period of three years; and led African thinking on the United Nation's Sustainable Energy for All Initiative (SE4ALL), whose Africa hub it now hosts.

[23] AfDB and Global Financial Integrity. March 2013. *Illicit Financial Flows and The Problem of Net Resource Transfers from Africa (1980-2009)*.

2.62. As discussed during a side event at the 2013 AfDB Annual Meetings in Marrakech, potential areas of focus for the Bank Group on illicit flows include: further awareness-raising on the problem of illicit financial flows by presentation of the illicit flows report to the African Union and RMCs; to be a voice for advocacy on greater transparency in the global financial system including the need for greater reporting requirements for off-shore financial centres to the Bank for International Settlements; capacity building to assist African countries in order to negotiate fairer natural resource contracts through the ALSF, to build capacity among RMCs in understanding transfer pricing, to enable the automatic exchange of tax information and double taxation agreements and to strengthen the capacity of national tax authorities to minimize tax evasion; and further research on the drivers of illicit financial flows in a country context, the relationship between policy choices/regimes and illicit financial flows, and the relationship between illicit financial flows and natural resources.

2.63. Participants commended the Bank Group for taking a stand on environmental conservation and wildlife trafficking by signing the 2013 Marrakech Declaration with the World Wildlife Fund. Highlighting the out-of-control serious nature of illicit wildlife trafficking, the Declaration urges countries and their citizens to act urgently to fight this blight in Africa and across the globe.

2.64. ***Domestic Resource Mobilization.*** Deputies welcomed evidence that domestic resource mobilization is rising in many African countries, with taxation and revenue at the center of the agenda, and encouraged the Bank Group to increase its efforts to support this. Beyond creating a stable platform for investment and service delivery, taxation is also key to generating the revenue necessary for building institutions. Further, healthy tax relationships among the state, businesses and society underpin broad-based growth.[24]

2.65. The Bank Group intends to continue its work supporting revenue mobilization in its RMCs, helping develop robust fiscal frameworks and implement tax administration reforms. Not only is this an important chain of public financial management, where governance issues including corruption need to be addressed, but domestic revenue mobilization is essential to create fiscal space for countries to deliver basic services and undertake investment. Finally, a functioning tax system is essential to create a social contract between the state and its citizens, and create the incentives for citizens to hold the government to account for its use of their domestic resources.

2.66. Responding to the growing demand of RMCs, and in conformity with the Strategy's focus on inclusive growth, the Bank Group will support the building of systems for better governing safety nets to cushion the impact of shocks on household income. Consistent with the African Union's Social Policy Framework for Africa, many RMCs are introducing social insurance schemes to protect the poor against catastrophic shocks. The Bank Group will focus on systems to ensure the social progression and graduation of the poor and vulnerable out of the poverty trap, using instruments like social dialogue, microfinance, social business, cash transfers and social insurance.

3. Institutional Effectiveness and Efficiency to Deliver Results

Overview

3.1. Management noted that there are five main priorities critical to the smooth and well-managed implementation of program operations under the replenishment: 1) implementation of the existing commitments intended to strengthen institutional effectiveness and efficiency including through implementation of the People Strategy; 2) successful transition to a new "managing for results" framework; 3) the Decentralization Roadmap; 4) smooth and well-managed implementation of the Roadmap for the Return to Abidjan; and 5) value for money.

3.2. *Institutional Effectiveness and Efficiency:* Deputies welcomed Management's matrix of high priority Institutional Effectiveness initiatives in the ADF-13 Implementation Matrix (Annex I), including associated deliverables and mid-term performance indicators. They agreed that this will provide a basis for monitoring progress at the ADF-13 Mid-Term Review (MTR). The key pillars of the matrix are greater client responsiveness, effective and efficient service delivery and

[24] Kenya and Liberia have made substantial progress in increasing tax collection, but other low-income countries such as Eritrea, Madagascar and Sierra Leone still have very low tax collection as a share of GDP, below 15%.

working conditions that maximize staff productivity. Efficiency of business processes and a stronger leadership and implementation culture will be developed to make the Bank Group the employer of choice for those seeking to work on Africa's growth and development. The corporate planning process will be enhanced to ensure programming of operations and resource allocation are aligned with the strategic priorities.

3.3. Deputies took note of the Bank Group's effort to further streamline the operations processes with the adoption of a Revised Operations Review and Approval Process. They underscored the importance of ensuring that the processes are flexibly implemented in order to improve responsiveness to fragile situations. They welcomed the on-going updating of CSP and appraisal report formats to align them with the Strategy for 2013 - 2022 and to make them more adaptable to assessments in fragile situations.

3.4. Deputies welcomed the Bank Group's focus on strengthening performance management among senior managers as this should have a strong cascading effect. They underscored the importance of achieving behaviour change and commended the Bank Group for preparing a People Strategy, noting that the desired changes in behaviour by management would be instrumental in supporting the Bank Group's objective of attracting and retaining high-quality staff. At the same time, they encouraged Management to step up efforts to continue reducing vacancy rates.

3.5. Deputies stressed the importance of carrying the reform plan into full execution—with individual initiatives properly prioritized and sequenced—and the need for increased focus and continued adherence to greater value for money and efficient use of resources. They also urged Management to ensure that the initiatives show a clear link, wherever possible, to the Bank Group's performance measures, contained in the Results Measurement Framework (RMF) and in other internal monitoring tools. The ADF-13 MTR will be an appropriate moment to review progress. In addition, Deputies urged Management to fully internalize the following key lessons:

- To clearly demonstrate coherence, complementarity and linkage of all initiatives to strategic objectives;
- Prioritize initiatives, especially where budgetary conditions are tight;
- Provide clear and realistic performance measures and a monitoring framework for all initiatives; and
- Provide effective Bank-wide coordination across initiatives.

3.6. *Results Culture*: Participants noted the progress made by the Bank Group to move to a results-oriented culture. They underscored the importance of inculcating such a culture at all levels of the institution, with the objective of fully transitioning from measuring results to managing for development results. Performance and accountability has been reinforced through the signature of performance contracts with vice president complexes in September 2013.

3.7. *Decentralization:* Participants acknowledged the importance of decentralization and effective delegation of authority in achieving greater client responsiveness and delivering services efficiently. RMCs present confirmed that country presence has indeed led to greater responsiveness by the Bank Group, smoother implementation of projects and faster disbursement. They encouraged the Bank Group to ensure that future decentralization activities aim to reduce the time from approval to first disbursement, improve the disbursement rate and strengthen monitoring and evaluation systems necessary to support positive outcomes. Participants observed that the Bank Group's increased efforts towards greater use of country systems and intensive support for capacity building was in the right direction. They stressed, however, the need to strike the right balance between applying flexible and adaptable approaches in the Bank Group's business processes and procedures with fragile states, while adhering to strong fiduciary and risk management standards, particularly in Fragile States. Further, they encouraged the Bank Group to make better use of its decentralized structures in enhanced policy dialogue at country level.

3.8. *Return to Abidjan:* Management noted that there are two main priorities that call for smooth and well-managed implementation during the ADF-13 period, namely the Roadmap for the Return to Abidjan and the Decentralization Roadmap. Management confirmed that the two roadmaps are being monitored closely by senior Management, with dedicated oversight committees and regular updates to the Board of Directors. The Roadmap for the Return to Abidjan available on the ADF secure website provides further details and outlines the early warning systems and triggers that will mark the milestones of the Bank Group's return to Abidjan.

3.9. Management remains committed to ensuring an orderly return with minimal disruption to the Bank Group's operations. Drawing upon the lessons from its earlier move from Côte d'Ivoire to Tunisia in 2003, which took place in more critical circumstances but did not result in a lower operational program for that year, it is pursuing a phased approach in its return with triggers to be met before each phase is implemented. Close collaboration with the authorities of Tunisia and Côte d'Ivoire will ensure that the move of goods and staff takes place as smoothly as possible and that staff are able to continue their work with minimal disruption.

3.10. Deputies reaffirmed support for a smooth transition back to Abidjan, Côte d'Ivoire, as conditions there allow and endorsed Management's commitment to maintain strong communication with Bank staff throughout the process to ensure staff attrition levels are kept to a minimum.

3.11. *Value for Money:* The Operations Manual (OM) of the Bank addresses at length the issue of project cost effectiveness which is typically done during preliminary studies such as feasibility studies and final design. This includes an extended treatment of cost estimation as well as a refined financial and economic analysis to ensure value for money for all projects funded by the Bank. The cost-estimates are verified using a number of sources, including historical data for similar products or works (from the database of the country or of the Bank Group or of both), market surveys etc. As most of the procurement of the contracts financed by the Bank Group is through open competition, and as most procurement attracts a reasonable number of firms, the rates received are very often reasonable and competitive. Any outliers are red flags and are reviewed in depth. The post-procurement reviews and the independent procurement reviews are also used for checking reasonableness of rates. The Bank Group has undertaken unit cost analysis of its work on roads. During the coming period, it will also undertake a similar analysis and gather and use similar data on energy to ensure that the Bank Group can maximize its cost effectiveness and value for money in this sector.

3.12. Management noted that the broad objectives of the budget reform initiated by the Bank Group in 2007 have been achieved, including clear articulation of the strategic priorities for aligning budget allocations with priorities. While participants acknowledged Management's efforts to better measure and monitor the cost effectiveness of its operations, some are calling for more. The Bank Group is implementing the Cost Accounting System aimed at determining the overall costs of the Bank's products and services, and this will be completed by the end of 2013. The project on the enhanced Strategic Resource Assessment Software (the budget planning system), which started in January 2013, will contribute to ensuring that budget planning is aligned with the Bank Group's areas of focus as contained in the Strategy for 2013–2022. The initial phase of the project has been delivered and is being used for the 2014–2016 budget planning exercise.

Results Measurement Framework 2013-2016

3.13. Participants welcomed the new RMF (see Annex II) as a tool that Management and stakeholders can use to measure progress in implementing the Strategy for 2013–2022 and improving lives. It reflects the reforms undertaken to better report and to manage for results, placing greater focus on inclusive growth, green growth and gender, and encouraging Management to work closely with other institutions.

3.14. The Bank Group defines value for money—an integral element in the RMF—as achieving the maximum development impact in RMCs while making the best use of its resources. Participants agreed that delivering better value for money to stakeholders is central to its development mandate. It means ensuring that the Bank Group is reducing costs and improving value at the same time.[25] Deputies support the three principles: *effectiveness* by successfully achieving the intended outcomes from an activity; *efficiency* by maximizing output for a given input while ensuring the same standards of quality; and *economy* by reducing the cost of resources used for an activity while maintaining the same standards of quality.

[25] In its ***value-for-money*** approach, the Bank Group tracks its administrative cost per UA 1 million disbursed—an aggregate indicator of its efficiency. These costs were UA 86,000 in 2012, against a target of UA 93,000. *2013 Annual Development Effectiveness Report*.

3.15. Deputies endorsed the proposed changes to the RMF, which takes into account ADF's specificities, while remaining harmonized with those of other multilateral organizations in its indicators and methodologies. Africa has the largest share of fragile states, and most countries are still ADF eligible. The Bank Group operates in very difficult environments, often focusing on complex infrastructure or regional integration projects. RMCs expect the Bank Group to be Africa's premier development institution. To help meet these expectations, targets for operational performance (Level 3) and organizational efficiency (Level 4) are ambitious and designed to stretch the performance of the Bank Group until 2016 through far-reaching reforms, which will improve the performance of all these indicators.

3.16. Deputies noted the need for explicit green growth indicators, including CO2 emissions, for Level 1 and 2 of the RMF; and underscored the importance of having meaningful metrics for fragile states and private sector operations.

Managing for Development Results

3.17. The main focus in Managing for Development Results will be on deepening the Bank Group's results culture by weaving results even more strongly into its processes systems and decision making. The Bank Group is finalising the tools to achieve this objective. It will require continued attention, but Management is confident that it is on the right track to move the results agenda forward and manage the institution for more and better results.

3.18. Deputies agreed with Management initiatives to strengthen the results-oriented management culture as part of the Bank Group's institutional effectiveness agenda "from measuring results to managing for results", including a suite of tools, processes and systems that will equip the Bank Group to achieve this. At the project level, the Readiness Reviews scrutinize all the Bank's public sector operations to achieve their development outcomes. The Results Reporting System currently piloted and to be rolled out in 2014, will provide Management with real-time information on key measures of portfolio performance by sector, region and country. These tools will enable the Bank Group to move to reporting outputs and outcomes as they are realized on an annual basis, rather than waiting until project completion. This will be reflected in the ADER. A new geocoding tool – MapAfrica – has mapped the Bank Group's portfolio of 732 current operations. To capture the Bank Group's contribution to Africa's development dynamics, it has launched a series of Development Effectiveness Reviews focusing on such themes as governance, regional integration and countries in situations of fragility, and future editions will focus on other themes and groups of countries. These provide a more in depth analysis of the results achieved by Bank interventions in specific areas.

3.19. The Bank Group is making efforts to better measure and manage for results during the various stages of the project cycle. These efforts will be consolidated to create an integrated approach to programming, designing, implementing, monitoring, and evaluating its operations, pipeline and portfolio.

3.20. First, the Bank Group is working to strengthen country programming by revising its Results-Based CSPs. These take into account the Bank Group's institutional priorities and comparative advantage, as well as best practices in aid effectiveness. They emphasise the results to be achieved and provide a monitoring framework for measuring those results. In addition, quality standards underlying the readiness review process for Results-Based CSPs will be refined and strengthened, incorporating lessons from experience as well as the new guidance to be defined. Strengthening its programming will help to better position the Bank Group's interventions, capture complementarities and leverage the impact of its operations in contributing to country results.

3.21. Second, concerning the design phase, the Bank's independent Operations Evaluation Department (OPEV) has set up a database of completed projects that have project completion reports, independent review notes, and project performance evaluation reports since 2000, with lessons learnt from project design and implementation as well as development outcomes. This Lessons Learnt and Performance Rating database will soon be accessible throughout the Bank Group. To help achieve greater development outcomes, Bank staff can draw from this database to locate good practices to inform the design of new projects, learn from past mistakes and find out solutions to challenges that may occur during implementation.

3.22. Third, to strengthen the implementation phase, the Bank is using the improved IT platform to allow task managers and portfolio managers to process and monitor operations. An electronic supervision processing tool can help provide more systematic monitoring, not only to track progress in operations, but also to provide timely identification of projects at risk and identify more systemic issues that need to be addressed. This will strengthen project results orientation and help focus attention and resources to better support delivery of effective operations. Internal results monitoring systems will also be able to drill down further by sector, country, financing source, instrument, down to the individual results of each operation.

3.23. Fourth, with a solid results reporting system in place that can consistently capture operational data, it will be possible to build systematic country portfolio monitoring tools that will help staff monitor progress, better manage for results at the country level, and implement country strategies more effectively. Such tools will provide more comprehensive and timely data that task managers, portfolio managers and management can use to take corrective action, if needed, to achieve better results.

3.24. Finally, as part of its efforts to enhance the quality of design and implementation, Management will enhance its efforts to develop and support a learning-oriented culture across the Bank, including putting a greater emphasis on evaluability and use of self-evaluation. Concerning the evaluation phase, impact evaluation is a critical learning tool that can offer a much richer and more accurate way of tracking the results achieved through Bank Group operations with greater causality chains and attribution of results, but it is costly. The Bank Group is using impact evaluation selectively where the most valuable insights can be assessed. A limited number will be built into projects to establish sound baselines and incorporate the methodology into the design of the operation. The Bank Group will conduct additional impact evaluations to contribute to learning in areas where knowledge is required and where it will support operations planning.

Learning from Independent Evaluations

3.25. Participants welcomed the presentation of the work being conducted by the independent Operations Evaluation Department (OPEV) and commended its achievements over the last year. Deputies noted that evaluation is crucial and should be prioritized with sufficient staff and resources. Deputies called for reinforcing the independence of the evaluation function, under the supervision of the Board of Directors.

3.26. With reference to all Bank Group strategies and operational processes and emphasizing the role of “knowledge takers,” Deputies welcomed the on-going discussion between OPEV and Management to monitor follow-up of recommendations made by OPEV and agreed to by Management, and to ensure that evaluation knowledge is fully included in its efforts to become a knowledge bank. In this regard, OPEV and Management are working on a proposal for a Management Action Record Mechanism for monitoring and reporting on the implementation of OPEV’s recommendations, which will be presented to the Board of Directors. Management has committed to deliver this follow-up mechanism with the assistance of the IT department by the end of 2013.

3.27. Some participants requested OPEV to undertake a comprehensive evaluation study of the Bank Group, in line with evaluations recently completed by sister institutions. OPEV has prepared a concept note outlining possible options for such an evaluation, to be discussed at the Committee on Operations and Development Effectiveness. Several Deputies also encouraged greater use of impact evaluation.

3.28. In addition, Deputies welcomed OPEV’s commitment to produce an annual report on evaluation.

4. Resource Allocation, Financial Terms and Financing Instruments

Country Eligibility

4.1. Deputies agreed that ADF resources will continue to be channelled to the poorest countries (see Annex IV for country classification) and endorsed the following changes concerning country grouping and differentiated financing terms:

- ***Country Classification.*** The non-gap ADF-only countries will be grouped into two sub-groups ("regular" and "advance" ADF-only countries) based on their GNI per capita.
- ***Differentiated and Hardened Financing Terms.*** Differentiated ADF loan-financing terms will be applied to regular and advance ADF-only countries, and to blend, gap and graduating countries (Table 1). The new lending terms will be applied only to new ADF loans. They will only apply to the loan portion of the allocations of the countries at moderate or low risk of debt distress according to the International Monetary Fund/World Bank Debt Sustainability Framework (DSF) ("green" or "yellow" countries). As an exception, "regular" ADF lending terms will apply to all FSF Pillar I–eligible Fragile States eligible for loans (see Annex IV).

Table 1: Differentiated ADF Loan-Financing Terms

	Lending term	Maturity (years)	Grace period (years)	First period (years)	Amorti-zation rate	Second period (years)	Amorti-zation rate	Service charge (%)	Commit-ment fee (%)	Interest rate (%)	Conces-sionality (%)
ADF-only	Regular: 40/10	40	10	10	2.0%	20	4%	75	50	0	61%
	Advance: 40/5	40	5	—	2.9%	—	2.9%	75	50	0	51%
Blend, gap and graduating	Blend: 30/5	30	5	—	4.0%	—	4.0%	75	50	1%	35%

Accelerated Repayment and Voluntary Prepayment

4.2. Deputies agreed to the introduction of an accelerated loan repayment clause and a voluntary prepayment framework in the ADF-13. Management will present a proposal to the Board of Directors before the end of the ADF-12 cycle.

4.3. ***Accelerated Loan Repayment.*** The accelerated repayment clause, to be introduced in all new ADF loan agreements, will stipulate that a member country can be required to accelerate the repayment of its outstanding ADF loans if the following two conditions are met: if the country's GNI per capita has remained above the operational cut-off for more than two consecutive years, and if it is creditworthy for borrowing from the AfDB. The acceleration clause will therefore generally be exercised only once a country has graduated from the concessional window to the non-concessional window of the Bank Group. Satisfaction of both criteria will trigger a review, which takes into account country and other factors deemed relevant. Based on the findings of the review, the Board of Directors can endorse the amendment of the member's loan terms with the Fund. The member can then choose a Principal Option, which doubles the rate at which principal is repaid to the Fund (that is, shortens the loan's maturity) or an Interest Option which, while maintaining the maturity of the outstanding loans, increases the interest rate applicable to such loans so as to achieve the same concessionality as the Principal Option. In both cases, a minimum grace period of, for example, eight years should have elapsed. Finally, the clause will include a provision accounting for the potential deterioration of the member's economic condition, at which point, after the member's request and conditional on the Board of Director's approval, the modification of the lending terms can be reversed.

4.4. ***Voluntary Loan Prepayment.*** The framework for voluntary prepayment complements the accelerated repayment clause by enabling and encouraging the prepayment of ADF loans that do not currently contain an acceleration clause. It will allow the Fund to offer financial incentives to graduated countries, case by case, in the form of discounts on the prepayment of ADF loans.

The applicable discount rate will reflect prevailing market conditions, thus protecting the financial integrity of the Fund. For administrative efficiency, discounts will be offered only when the member country elects to prepay or accelerate all or a significant proportion of its outstanding loans.

Performance-Based Allocation

4.5. The Performance-Based Allocation (PBA) system continues to form the bedrock for allocating the ADF's resources to its beneficiaries. It has proven effective for directing more resources to stronger performing countries since its adoption in 1999. Management proposed a set of adjustments to the PBA formula, to pursue a stronger policy dialogue and a tailored resource allocation approach. The adjustments concern the inclusion of a new cluster of questions in the Country Policy and Institutional Assessment (CPIA) questionnaire to better capture country performance on infrastructure and regional integration, and the inclusion of the Africa Infrastructure Development Index as a needs component in the PBA formula.

4.6. Deputies supported Bank Group's efforts to improve the PBA system and agreed to introduce a package of adjustments. A new cluster E will be added to the CPIA questionnaire with a weight of 6%. The AIDI will be included in the needs component of the PBA formula with an exponent of -0.25. To preserve the current balance between needs and performance, the exponent of the performance component will be increased to 4.125 (see Annex V). The adjustments to the PBA reinforce the Fund's alignment with the Strategy for 2013 to 2022 and its operational priorities.

4.7. Participants affirmed that country performance and needs will continue to drive resource allocation decisions and that the PBA system will remain the anchor for the ADF's resource allocation mechanism in the ADF-13. At least 91.6% of ADF-13 resources will be allocated based on country performance through direct PBAs (62.0%) and PBA-linked set-asides (29.6%). The latter concern two areas: the supplemental support (Pillar I) of the FSF, which is a 2-times or 1.5-times multiplier of eligible countries' ADF-12 PBAs (see par. 4.12); and cost-shared regional operations, whereby the costs borne by the Regional Operations envelope are 1.5 times the amount covered from countries' PBAs.

4.8. Participants agreed that the ADF will use the PBA framework with the following core elements driving country allocations (see Annex V):

- Available resources will be allocated annually using the PBA formula. This formula has two main determinants: country need, given by the GNI per capita (GNI/P), country population and the AIDI; and country performance, as determined by the Country Performance Assessment (CPA) rating. The CPA rating will be made up of four components: the average score of CPIA clusters A, B and C; a governance factor made up of five criteria from CPIA cluster D; the country's score on CPIA cluster E; and the Portfolio Performance Assessment (see Annex V);
- Individual country allocations may not exceed 10% of all resources available;
- A minimum allocation of UA 15 million per cycle will be applied for all countries, with the exception of countries in transition to blend or AfDB-only status; and
- Each blend country will continue to receive 50% of what it would receive if it were an ADF-only country, subject to the minimum allocation of UA 15 million for all ADF-eligible countries.

4.9. Participants agreed that the share of grants in individual ADF-13 country allocations will continue to be determined by annual country debt sustainability analyses and the classification of countries in the categories of high, moderate and low risk of debt distress. The ADF will continue to apply the Modified Volume Approach, under which a 20% discount is applied to PBA grant allocations. The 20% discount will be divided into two: an incentive-related portion of 5% and a charges-related portion of 15%. PBA allocations to the Pillar I eligible fragile states will be subject only to the charges-related volume discount.

4.10. As previously agreed, the forgone debt service payments of countries that qualify for debt relief under the Multilateral Debt Relief Initiative (MDRI) will be deducted from these countries' allocations using the MDRI netting-out mechanism. The PBA system will be used to reallocate the resources provided by donors to compensate the ADF for the MDRI, to all ADF-only countries. Management will continue to monitor the impact of MDRI netting out on beneficiary countries in the outer years (2020–2038), when the bulk of MDRI-cancelled debts is due. Management is aware of the discussions on-going in sister institutions and will continue to share lessons and experiences with them through the multilateral development bank working group on the PBA system and through other relevant forums.

Regional Operations

4.11. A new Bank Group Regional Integration Strategy, expected to be adopted before the end of 2013, articulates the regional integration vision for the ADF-13. Complementing and following this, a revised Regional Operations (RO) framework will be proposed for Board approval early 2014. As set out at the ADF-12 Mid-Term Review, demand for regional operations funding far outstripped supply of resources. Within the flexibilities of the Regional Operations framework, during the ADF-12 Management lowered the standard multiplier of the RO envelope to PBA allocation from participating countries from 2 times to 1.5 times. This allowed the ADF to support a greater number of transformational infrastructure projects with a regional dimension.

4.12. In view of the existing demand from beneficiary countries, Deputies supported a strong Regional Operations envelope, agreeing that 21% of ADF-13 resources will be allocated to it. ADF-eligible countries participating in regional operations will contribute at least 40% of project costs from their PBA, while the Regional Operations envelope finances at most 60% (up to a ratio of 1:1.5). An exception will be made for fragile states eligible for FSF Pillar I, which will be able to leverage up to a ratio of 1:2. These states will also be able to use their FSF Pillar I allocations to leverage funding from the Regional Operations envelope. Countries with small PBA allocations will be required to contribute at least 40% of project costs up to 10% of their PBA for each regional project.

4.13. Regional operations will stay subject to rigorous selection and prioritization, using criteria such as quality at entry, expected development outcomes and impacts, the weighted CPIA scores of participating countries, and the performance of participating countries in ongoing and past regional operations.

4.14. Regional public goods will continue to benefit from exceptions within a ceiling to be determined by the Board of Directors. In the ADF-12 this ceiling was set at 15%, and Management intends to propose a similar figure to the Board for the ADF-13.

4.15. Deputies expressed support for pursuing greater leverage of policy reforms through the regional operations incentive mechanism on a pilot basis during the ADF-13 cycle. This will be implemented either through institutional support to regional institutions or with coordinated PBOs on joint sets of reforms with cross-border impact.

Private Sector and New Financing Instruments

4.16. In July 2013, the Bank Group adopted a Private Sector Development Strategy (2013-2017) that recognizes that the AfDB Group will continue to move from public to private investment and from making investments itself towards catalysing private flows. A recent study found that a dollar of AfDB money crowds in an additional six from the private sector. It is critical to scale up these successes.

4.17. In this context, the ADF is introducing new concessional guarantee and risk mitigation instruments designed to crowd-in private capital. Deputies urged that these instruments be coupled with a streamlined approval processes to ensure the AfDB Group's pace in project preparation, approval and execution is on par with the needs of the private sector.

4.18. In addition, Deputies encouraged Management to move swiftly to operationalize the Private Sector Development Strategy and related business plans in line with OPEV's recent evaluation of private sector operations.

4.19. Deputies agreed that ADF-13 resources will be channelled through a mix of financing instruments best suited to the needs and capacities of ADF clients. These include:

i. Project and program loans, grants and guarantees, which will remain the primary vehicle for ADF support in ADF-13, including multinational projects, sector investments, lines of credit, sovereign equity participations, technical assistance, capacity building and project preparation, Partial Risk Guarantees (PRGs), Partial Credit Guarantees (PCGs); and

ii. Programme-based operations: PBOs will remain an important instrument for channeling ADF resources to governance operations that help countries implement reform programs, build capacity, strengthen institutions and deepen expenditure on poverty reduction priorities, including at the regional level. Resources provided through PBOs will not exceed 25% of the total PBA envelope.

4.20. In addition, Deputies agreed on the introduction of two innovative financial instruments – the Partial Credit Guarantee (PCG) and the Private Sector Credit Enhancement Facility (PSF) – subject to the Board of Directors approving more detailed proposals (see Annex VII).[26] The two proposed instruments – together with the PRG introduced in ADF-12 – will equip the ADF with a suite of catalytic instruments to better leverage ADF resources by crowding in AfDB and commercial sources of financing.

i. PRGs:[27] The Bank Group's efforts to introduce the product during ADF-12 have led to a pipeline of opportunities with about UA 500 million of PRG funds in the process of being prepared and implemented;

ii. PCGs: Deputies agreed that PCGs should be introduced in ADF-13 on a pilot basis to address the challenges faced by well-performing ADF countries with low or moderate risk of debt distress and have adequate debt management capacity in their quest to mobilize domestic and external commercial financing. The product will serve to partially guarantee debt service obligations and will help to: (i) extend debt maturities; (ii) improve access to capital markets for public sector investment projects, especially in infrastructure; (iii) reduce effective borrowing costs; (iv) support mobilization of long-term resources from international and domestic capital markets; and (v) support sovereign mobilization of commercial financing for policy or sectoral reforms;

The similarities of operational modalities between the PRGs and PCGs (such as the common deduction of 25% of the country's PBA and the requirement of a counterindemnity from the government), argue for a single ceiling. The two instruments will therefore share a combined maximum exposure of UA 500 million, allowing the ADF to engage in additional PRG-related projects beyond the current UA 200 million ceiling before the full operationalization of the ADF PCG instrument; and

iii. PSF: This facility will be established to offer credit enhancements to a portfolio of AfDB transactions selected to support transformational private investments in ADF-only low-income countries. It is intended to stretch the AfDB's risk capital to support more projects in ADF countries including fragile states, beyond what it could otherwise finance on its own. Detailed design will be undertaken by the Bank Group to cover outstanding legal, governance and risk management issues.

Participants supported a set aside of UA 165 million from ADF-13 resources as a seed contribution to the PSF, subject to the Board agreeing to the introduction of this instrument.

Fragile States Facility

4.21. Participants endorsed Management's proposals to improve the flexibility, responsiveness and effectiveness of the ADF operational and resource allocation framework to fragile states and implementation of the Fragile States Facility (FSF). Specifically, with regard to FSF Pillar I resources, they agreed to:

i. Introduce additional qualitative measures for identifying fragile states and for assessing eligibility for assistance from the FSF; and pilot a standardized assessment tool, the Country Resilience and Fragility Assessment (CRFA), noting that the CRFA could be used for resource allocation purposes in later replenishments;

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26 PSF and PCG Strategic Framework and Operational Guidelines will be presented to the Board of Directors for approval by end-2013.

27 As set out in ADF-12, this instrument was introduced on a pilot basis to leverage private sector financing and incentivize governments to pursue the policy and fiscal reforms necessary to mitigate performance-related risks of sovereign contractual agreements.

ii. Revise the FSF Pillar I first-stage eligibility criteria (see Annex III), and present country-by-country eligibility assessments to the Board in due course;

iii. Enhance responsiveness of the resource allocation approach by keeping as reserve a portion of FSF Pillar I equivalent to 10% of the country allocations (UA 53.11 million) to be used for emerging needs or changing situations; [28]

iv. Lengthen the period of Pillar I support in combination with differentiated top-up factors and modified discount factors, while striving to minimize the impact of Pillar I resource reduction on countries facing the risk of slippage or reversal, and ensuring greater focus on graduation support given the transitional nature of the FSF Pillar I. Deputies, however, stressed that the ADF should focus on quantitative exit criteria, similar to entry criteria, rather than time-bound support. Specifically, Deputies agreed to introduce:

- an additional discount of 10% on the gross Pillar I country allocation for third-cycle recipients (excluding countries in arrears), and an additional 10% discount on allocations for countries whose GNI per capita (on a Purchasing Power Parity basis) is greater than US$ 1,000; and
- Pillar I top-up multiplier of 1.5x for third cycle recipients excluding pre-arrears clearance and newly engaging countries; and

v. Adjust the financing terms of Pillar I allocations to match the loans and grants mix of the countries' PBA allocations, while maintaining that Pillar I allocations be exempt from deductions associated with DSF Modified Volume Approach. Regular ADF lending terms will apply (ref. paragraph 4.1).

4.22. The ADF will continue to provide support for arrears clearance (FSF Pillar II) in potentially eligible countries (Somalia, Sudan and Zimbabwe) as they make progress toward full normalization of relations with the Bank Group and the broader international community. Participants agreed to allocate additional resources UA 30 million to Pillar II to supplement the UA 362.29 million that is expected to be rolled over from ADF-12. The resources will be used to clear the arrears of Somalia, Sudan and Zimbabwe to the AfDB on a first-come, first-served basis. The status of use of Pillar II resources will be reviewed during the ADF-13 Mid-Term Review to take account both of the likelihood of remaining funds being used, and of the political signal of retaining an allocation for any country still in arrears. It was noted that in addition it would be possible to access the reserve under Pillar I in the event of need, and, in case this is insufficient, to discuss with the Board the use of other resources.

4.23. Management will make every effort to secure the allocation to the ADF of a part or all of the AfDB income generated from arrears clearances operations. To this end, it will make a proposal to the Boards of Directors and Governors of the AfDB to approve, annually, the allocation of realized income generated from the clearance of arrears of fragile states through the FSF, with due consideration to the financial integrity of the Bank. This will apply also for income generated from clearance of the arrears of any of the three countries referred to above.

4.24. Participants underscored the importance of FSF Pillar III resources for capacity building and technical assistance. They took note of the efforts being made to improve the implementation and effectiveness of Pillar III activities, taking into account the findings and recommendations made in the 2012 independent evaluation. They encouraged Management to use Pillar III resources strategically to pilot innovative capacity building initiatives considered to have the greatest impact or leverage and to allow countries to use funds to finance assistance from the ALSF. In this regard, they agreed to allocate UA 16 million of FSF Pillar III resources to the ALSF to support legal advisory and capacity building initiatives in fragile states. Participants agreed to allocate UA 60 million to support Pillar III activities under ADF-13.

4.25. Participants agreed that the overall size of the FSF resource envelope should be set at a level which would underscore their commitment for sustained and predictable support for eligible countries. Deputies agreed to allocate UA 662 million to the FSF, with UA 572 million to Pillar I (supplemental support window), UA 30 million to Pillar II (arrears clearance window) and UA 60 million to Pillar III (targeted support window). The utilization of all FSF resources, including

[28] The UA 53.11 is comprised of UA 40.6 million from ADF-13 resources and UA 12.51 million carried over from Pillar I under ADF-12. It was also agreed that the 10% unallocated funds in Pillar I could be used for arrears clearance if the need arises.

possible reallocation of resources among the three pillars, will be examined at the ADF-13 Mid-Term Review**.** The use of Pillar I resources will be guided by the priorities agreed with the country and in line with the applicable country programing documents (country briefs, interim CSPs or full CSPs). They will fully take into account the improvements to modalities of delivery discussed above. Pillar I resources can be used to support all programs and projects, including ROs and government participation in private sector operations, and use any of the Bank Group's financing instruments available to ADF countries.

Reallocation of Resources

4.26. All unused PBA resources from non-performing countries will be reallocated to the PBA pool during the third year of the replenishment. These resources will be reallocated to all performing ADF countries on the basis of the PBA system. Alternatively, in case of need, Management may present to the Board a proposal to reallocate these resources to pillar II of the FSF. The decision on the disposition of unused FSF resources will be made by Deputies in the context of the ADF-13 Mid-Term Review.

4.27. On the disposition of unused ADF-12 resources, Deputies agreed that the balance of unused FSF Pillars I, II and III resources at the end of the cycle will be carried over to the ADF-13 within the same pillar, and that any unused PBA and Regional Operations resources will be carried over to the ADF-13 and folded into the allocable pool of ADF-13 PBA resources.

Resource Allocation by End Use

4.28. All available ADF-13 resources, including internally generated resources, AfDB net income transfers approved by the Board of Governors and any additional funds, will be allocated as follows after deducting technical contingencies:

- ***Country Allocations.*** Approximately 62.0% of ADF-13 resources will be allocated directly through the PBA system. This includes countries receiving the minimum allocation;
- ***Allocations to Regional Operations and Fragile States.*** 21% of all allocable ADF-13 resources will be allocated to the Regional Operations envelope and UA 662 million will be allocated to the FSF;
- ***PSF.*** A seed contribution of UA 165 million from ADF-13 resources will be made to the PSF.

4.29. Overall, approximately 62.0% will be allocated directly through the PBA and 29.6% of resources is expected to be linked to PBAs. Cost-shared regional operations will be linked to PBAs through the cost-sharing arrangement and a robust project selection and prioritization modality in which performance is a key criterion. Similarly, all the FSF Pillar I resources will be linked to PBAs. The largest proportion of the resources will be allocated to ADF-only countries. Resources for Blend countries will be determined by country-specific caps.

5. ADF-13 Financial Management and Replenishment Framework

Compensation for Debt Relief and Grant Financing

5.1. ***Compensation for MDRI.*** When the MDRI was launched in 2006, Donors agreed to compensate the ADF for forgone principal reflows from loans cancelled under the MDRI on a dollar-for-dollar basis, using the pay-as-you-go approach, and to preserve the level of the ACC in future replenishments by making commitments over a rolling 10-year window to match the disbursements of future ADF replenishments. The ADF-13 ACC model assumes that 91.09% of MDRI payments expected each year will be received on time while 7.23% will be received with a delay of 1 year. The remaining 1.68% is not expected to be received from donors.

5.2. ***Compensation for Grants.*** Deputies agreed to keep for the ADF-13 the grant compensation framework of the past four replenishments. In effect, the Fund has been using the modified volume approach to address the costs related to increased grant financing, and to protect the Fund's financial integrity. Using a two-pronged compensation scheme, income forgone because of grant extensions is offset by an upfront charge on grants, while forgone loan principal reflows above 7.5% are compensated by donors.

5.3. In accord with the modified volume approach, the grant allocation of a country is reduced by 20% (modified volume discount). Part of the volume discount is used to compensate the Fund for forgone income through an upfront grant charge, and the remaining amount is allocated to ADF-only countries using the PBA system. The upfront grant charge for the ADF-13 is set at 15%.[29]

5.4. The indicative proportion of grants for the ADF-13 is assumed to be at the same level as the full ADF-12 cycle—33.45%. The actual amount of grants allocated under the ADF-13 will depend on the annual Debt Sustainability Analyses.

5.5. Compensation for grants extended during the ADF-10 replenishment period is scheduled to start in 2016, and the total grant compensation amount expected from donors during the ADF-13 period is UA 13.09 million.

Dual Standard Encashment Schedules

5.6. Taking into consideration the necessity to maximize Fund's financial capacity and the constraints that some donors may have in encashing their subscriptions over a shortened period, Deputies agreed on dual standard encashment schedules for ADF-13. Specifically, donors can either encash their subscriptions over the standard 10-year period, or, on a voluntary basis, agree to encash their subscriptions according to a "four-year" standard calendar, or any other calendar shorter than the 10-year standard encashment schedule provided that its terms are no less favourable to the Fund. The two encashment schedules are presented in Table VI-2 of Annex VI.

Accelerated Encashment Framework

5.7. Deputies approved for ADF-13 a hedged accelerated encashment framework that ensures that the Fund protects its development resources from interest rate risk related losses. This framework allows the Fund to accrue investment income for the benefit of donors by encashing their subscriptions at earlier dates, in fewer instalments or in different proportions than those specified in the standard 10-year calendar. Donors can use this investment income to (i) increase their contributions and burden share in the replenishment, (ii) pay a discounted amount on their subscription while maintaining burden share, (iii) to reduce ADF-13's technical gap, (iv) pay for other commitments to the Fund (such as grant contributions of MDRI compensation) and (v) meet their past due payments on past and future replenishments. The main features of the revised accelerated encashment framework, endorsed by Deputies, are summarized in Table VI-3 of Annex VI.

Advance Commitment Authority

5.8. Introduced in the ADF-10, the Advance Commitment Authority provides an estimate of the ADF's commitment capacity based on a set of realistic assumptions and safety margins built into the model to support future disbursements and mitigate the risk of over-commitment. The ACC computation for ADF-13 assumes, among other things, a grant level of 33.45% with an upfront charge of 15% to compensate for forgone income flows; MDRI compensation of 98.3%; AfDB net income transfers of UA 47 million a year; and cancellations of UA 100 million a year, of which UA 30 million a year flows into ADF liquidity (see Annex VI).

5.9. Deputies supported the clarifications provided by Management on the assumptions underlying the ACC with an estimated UA 976 million. This amount excludes an estimated UA 210 million[30] of ADF resources deriving from cancelled operations of previous replenishments, an amount which is expected to be retained by countries under ADF's revised cancellation guidelines approved in 2011. While not passing through the ADF-13 allocation system, these cancelled

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29 The level of the upfront grant charge has been determined through an iterative process that equates the present value of the upfront grant charges levied at disbursement, with the present value of the foregone income flows. A 10-year SDR discount rate of 1.36 percent, calculated as the weighted average of each SDR component currency 10-year OIS swap rate as of 30 April 2013, served as the base for the computations.

30 Assuming UA 100 million of cancellations per year from previous replenishments, 70% of this, i.e., UA 70 million per year will remain with the countries, while 30% flow back to the ADF's pool of liquidity.

resources will be fully available to ADF countries for use in new operations under ADF-13.

Burden Sharing

5.10. In a replenishment, the technical gap serves to 1) accommodate the subscriptions of new state participants or donors and 2) allow increased or additional subscriptions during the life of the replenishment, without impacting the burden shares of all participants; and (3) give state participants the flexibility to increase their burden sharing during a particular replenishment without exceeding the target replenishment level.

5.11. In view of the specific circumstances of the ADF-13 replenishment and to maximize the contributions from certain donors, Deputies agreed to set the technical gap to 12 % of the ADF-13 replenishment level. This is reflected in the table presented in Annex 1 of the Board of Governors Resolution. At the same time, some Deputies requested a table showing burden shares with a zero technical gap (see Annex VIII).

Replenishment Level and Other Resources

5.12. The resource level for the ADF-13 replenishment period (2014–2016) is UA 5,345,026,125, which comprises:

- donor subscriptions of UA 3,789,330,424;
- supplementary contributions of UA 55,683,855;
- an ACC of UA 975,920,858; and
- a 12% technical gap amounting to UA 524,090,987.

The total resources excluding the technical gap amount to UA 4,820,935,137.[31]

5.13. In addition to the ADF-13 replenishment resources, the following amounts are expected to become available during the 2014-2016 period for ADF clients:

- the initial subscriptions of Angola (UA 9.69 million), Turkey (UA 40.69 million) and those of any other countries that join the Fund as State participants during the ADF-13 period;
- the unused balance of FSF Pillar I resources that is expected to remain in Pillar I (UA 12.51 million) and the unused balance of FSF Pillar II resources that is expected to remain in Pillar II (UA 362.29 million); and
- UA 210 million of additional resources from cancellations from previous replenishments, as set out in paragraph 5.9.

Effectiveness, Subscription Schemes and Procedures, and Encashment Schedules

5.14. Deputies agreed on the terms and conditions of effectiveness, the subscription procedures, and the advanced and standard encashment schedules for the ADF-13 subscriptions, including exchange rates and payment dates (Annex VI).

6. Mid-Term Review

6.1. Participants agreed that ADF-supported operations will be reviewed during the second year of the ADF-13 period. The review will take place at least 18 months after the ADF-13's entry into force and before the release of the last tranche of ADF-13 resources.

6.2. Deputies welcomed Management's proposal to establish an open-ended informal working group to discuss other forms of contributions to the ADF, which will deliberate and deliver a report for the MTR.

[31] All amounts are as of 6 November 2013 and subject to final confirmation.

6.3. The Mid-Term Review will discuss progress in implementing the commitments laid out in this Report and other ADF-related issues, in particular:

- Progress Report for the ADF-13 on operational priorities;
- Status of the commitments in the ADF-13 Implementation Matrix and assessment of whether reforms have led to desired institutional improvements;
- Status update on the utilization of resources for Pillar I, Pillar II and Pillar III of the FSF;
- Update on the progress made on the Gender agenda;
- Implementation of innovative financing instruments;
- Information note on review of credit policy and graduation;
- Update on the financing framework for ADF-13, including the assumptions underlying the ACC, and additional potential contributions for the rest of the cycle of ADF-13;
- Discussion on possibilities of other forms of contributions for the ADF-14; and
- Status update on the comprehensive OPEV evaluation of the Bank Group.

7. Selection of ADF-14 Coordinator

7.1. Deputies will select a chairperson for the ADF-14 negotiations in an open process by or at the ADF-13 Mid-Term Review.

8. Conclusion

8.1. Participants of the ADF-13 replenishment agreed with the contents of this Report in Paris on 26 September 2013.

Annex I: ADF-13 Implementation Matrix

Table I-1: Summary of Deliverables

	Issue	Commitment	Action	Target Date
1. Strategic and Operational Focus				
1.1	Progress Report	• Implementation of ADF core operational priorities: and areas of special emphasis • Resource allocation; use of FSF Pillar I and II, Regional Operations and PSF resources	• Report to Deputies	• MTR
1.2	Governance	• Revised Governance Framework and Action Plan II (GAP II)	• Board Approval	• Q4 2013
1.3	Gender Strategy	• Gender Strategy 2014-2018	• Board Approval	• Q4 2013
1.4	Fragile States	• Report of the High Level Panel on Fragile States • Revised Fragile States engagement strategy	• Board presentation • Board Approval	• Q1 2014 • Q1 2014
1.5	Regional Operations	• Regional Integration Strategy • Regional Operations Selection and Prioritization Framework revisions	• Board Approval	• Q1 2014
1.6	Financing innovative Instruments	• Implementation of Partial Credit Guarantee and Private Sector Credit Enhancement Facility	• MTR report	• MTR
1.7	Human capital Development	• Human Capital Development Strategy	• Board Approval	• Q4 2013
1.8	Energy	• Energy Strategy	• Board Approval	• Q2 2014
2. Development Effectiveness and Managing for Results				
2.7	Results Measurement Framework (RMF)	• Presentation of a New Results Management Framework	• Board Approval	• Q4 2013
3. Resource Allocation and Financial Management				
3.8	Performance Based Allocation system	• The refinements of the PBA system • Implement Management actions to improve quality of Portfolio Performance Assessment	• Q1 2014 • MTR report	• Q1 2014 • MTR
3.9	Accelerated Repayment and Voluntary Prepayment	• Proposal for an accelerated repayment clause and a voluntary prepayment framework	• Board approval	• Q4 2013
4. Institutional Effectiveness (see detailed Institutional Effectiveness Matrix, Table I-2)				

Table I-2: Institutional Effectiveness Matrix

I. Achieving Greater Client Responsiveness:

Expected Result: *A more effective decentralized Bank; High quality, gender sensitive portfolio; More effective engagement in Fragile States.*
RMF Indicators: *Portfolio managed from Field Offices; Share of professional staff in Field Offices; Projects at Risk; Disbursement ratio; Procurement turnaround time; Gender-informed projects;*
Additional Indicators;[32] *Share of knowledge products generated in the Field Offices; Project cycle indicators for Fragile States; Size/readiness of operations pipeline; Number/Volume of enclave project; Number of initiatives targeting Fragile States*

	Initiative	Implementation Status	Deliverable	Delivery Date
1	**Mid-Term Review of Decentralization Road Map**	Request for Proposals sent to pre-qualified consulting firms in August 2013. The consultancy assignment scheduled to begin in October 2013 and end in January 2014.	MTR Report finalized and recommendations submitted to Management for consideration. Action Plan for the implementation recommendations.	Mar-14 Jun-14
2	**Revision of the ADF Project Preparation Facility Guidelines**	Proposed revisions ready for review by the Operations Committee (OPSCOM). Final PPF guidelines to be ready for Board distribution and approval by Q4 2013.	Updated PPF Guidelines.	Jun-14
3	**Portfolio Performance Improvement Study**	Annotated outline of the Main Report approved by the Focus Group. Main Report including the Action Plan for portfolio improvement to be finalized by end of December 2013.	Portfolio Improvement Action Plans.	Jun-15

[32] With the exception of the Management Effectiveness Index, the additional indicators exist and are monitored through regular reports to senior management (e.g. the budget execution rate and the WARR for the ADB window). Appropriate targets and benchmarks will be set once the Cost Accounting System is fully adopted.

II. Delivering Services Effectively and Efficiently:

Expected Result: *A comprehensive 3-year planning process underpinned by increased focus on results, cost-efficiency, and value for money.*
RMF Indicators: *Cost efficiency ratios (Cost of preparing a lending project; Cost of supporting project implementation; Admin cost per UA 1M disbursed); Projects at Risk; Time from approval to first disbursement; Disbursement ratio;*
Additional Indicators: *Budget execution rate; Work programme delivery ratio; Portfolio weighted average risk rating (WARR);*

	Initiative	Implementation Status	Deliverable	Delivery Date
1	**Strengthening the Corporate Planning Process**	Three-year planning tool in place and the resource allocation system (SRAS) upgraded to align with the Strategy for 2013-2022. Harmonization of performance indicators in progress.	Comprehensive Medium Term planning process to support implementation of the Strategy for 2013-2022. Updated and harmonized institutional KPIs. Bank-wide training on the corporate planning process.	Dec-13 Dec-13 Dec-13
2	**Adoption of the Integrated Safeguards System**	Revised ISS discussed by SMCC in June. Revised document scheduled for CODE presentation in September 2013.	Approved Integrated Safeguards System (ISS). Bank-wide training on the ISS.	Dec-13 Jun-14
3	**Development of Performance Management Dashboard**	Executive dashboard finalized and expected to be in regular use beginning September 2013. Improvement of the dashboard, including full automation, to be done over the next one year.	Fully automated performance management dashboard.	Jun-14
4	**Adoption of a revised Operations Review and Approval Process**	New operations review and approval process adopted in July 2013. Concept Note for revised CSP format finalized. The zero draft of the revised CSP format is under preparation. Draft revised CSP format for pilot countries to be available by end of December 2013. Appraisal report formats to be revised during first half of 2014.	Bank-wide training on the revised process. CSP and Appraisal Report Formats aligned with the Strategy for 2013-2022. Evidence of empowered and effective Country Teams. Progress Report on the implementation of the revised process after one year of implementation.	Dec-13 Jun-14 Jun-14 Sept-14

III. Improving Workforce Productivity:

Expected Result: *A strategically aligned, motivated and productive workforce.*
RMF Indicators: *Staff Engagement Index; Staff vacancy ratio (net);*
Additional Indicators: *Staff productivity indices (Volume of lending per staff, Number of operations per staff, Income per Staff.); Management Effectiveness Index;*

	Initiative	Implementation Status	Deliverable	Delivery Date
1	**Implementation of the People Strategy**			
	a) Adoption and of a Staff Engagement Index	Proposed approach cleared by Senior Management and development of Index under way.	Staff Engagement Index. Adoption of Complex action plans for each Vice Presidency. Report/Evidence of progress in staff engagement score by Complexes.	Dec-13 Dec-13 Dec-14s
	b) Preparation of an updated Compensation Framework	Concept Note presented to Board Committee and draft framework under review.	Updated Compensation Framework (CF). Preparation of a transitional operational plan and implementation of transitional steps in Q1 2014. Full Implementation of CF.	Dec-13 Jun-14 Jan-15
	c) Strengthening leadership and management	Assessment of the program completed, consultant report in preparation. Revamped program targeted for Q1 2014.	Complex Level management improvement plans. Revamped Leadership & Management Development Program.	Dec-13 Mar-14
	d) Preparation of a Human Resource Action Plan	Draft Action Plan prepared and under review by Senior Management.	Streamlined staff selection process. Training of Complex Representatives on the selection process. Approved Human Resource Action Plan. Implementation of a comprehensive onboarding program.	Sept-13 Dec-13 Dec-13 Jan-14
	e) Revamping of the performance management system	Current emphasis on management accountability and completion of performance evaluations – new system preparation to commence third quarter 2013.	Diagnostic report of current Performance Management System (PMS). Updated, best practice PMS. Bank-wide Training on the PMS.	Jun-14 Jun-15 Dec-15

IV. Managing Change and Business Continuity:

***Expected Result**: Ability to effectively navigate through change and maintain business continuity at all times.*
***RMF Indicators:** Downtime of wide area network in field offices; Share of clients satisfied with IT service delivery*

	Initiative	Implementation Status	Deliverable	Delivery Date
1	**High Speed Fiber Optic Data Center Connection**	High speed fiber optic backbone already connected for Pretoria, Nairobi, Tunis and Abidjan HQ. The CCIA building in Abidjan will be connected as soon as it is available.	High speed connection between Tunis, Abidjan, Pretoria and Nairobi.	Dec-13
2	**Preparation of an updated Business Continuity Plan**	Consultancy services contract signed in June 2013 and assignment to start in September 2013. Phase I expected to be completed by Dec. 2013. Second phase to be done in 2014.	Updated Business Continuity Plan.	Jun-14
3	**Roadmap for the Return to Abidjan**	Advance teams have been identified and are relocating to Abidjan in Q4 2013.	Smooth and well-managed implementation of the Roadmap (tracked through the Monitoring Matrix of the Roadmap).[33]	Dec-14

[33] AfDB. October 2012. *Roadmap for the return of the operations of the African Development Bank to the Headquarters in Cote d'Ivoire*.

Annex II: The ADF-13 Results Measurement Framework (RMF) 2013-2016*

* *The RMF is subject to Board Approval scheduled for 8 January 2014.*

Table II-1: Level 1: What development progress is Africa making ?

	All African Countries		Of which ADF Countries	
	Baseline 2012	Latest	Baseline 2012	Latest
Inclusive Growth				
Economic inclusion: Reducing poverty and income inequality				
Gross domestic product (GDP) growth (%)	3.7		5.6	
GDP per capita (USD)	953		470	
Population living below the poverty line (%)	37		41	
Income inequality (Gini index)	46		45	
Spatial inclusion: Expanding access to basic services.				
Access to improved water source (% population)	66		59	
Access to improved sanitation facilities (% population)	40		27	
Access to telephone services (per 1000)	559		415	
Access to electricity (% population)	43		32	
Road density (km per km^2)	8		22	
Share of population living in fragile countries (%)	22		22	
Social inclusion: Ensuring equal opportunities for all				
Life expectancy (years)	57		54	
Enrolment in education (%)	68		66	
Enrolment in technical/vocational training (%)	6.8		4.9	
Unemployment rate (%)	14		14	
Gender inequality in the labour market (%)	0.55		0.59	
Political inclusion: Securing broad-based representation				
Mo Ibrahim Index of African Governance	51		48	
Tax and non-tax fiscal revenues (% of GDP)	20		15	
Index of effective and accountable government	2.9		2.8	
Country Policy and Institutional Assessment (CPIA) score	3.6		3.5	
Gender-Sensitive Country Institutions (Index)	0.33		0.35	
Sustaining growth: Building competitive economies				
Intra-African trade (billion USD)	130		77	
Cost of trading across borders (USD)	141		86	
Economic Diversification (index)	0.75		0.76	
Index of Africa's Global Competitiveness	3.6		3.5	
Time required for business start-up (days)	33		30	
Access to credit (% population)	2.3		1.7	
The Transition Towards Green Growth				
Building resilience and adapting to a changing environment				
Food insecurity (% of population)	23		27	
Resilience to water shocks (index)	3.6		2	
Managing natural assets efficiently and sustainably				
Institutional capacity for environmental sustainability (index)	3.6		3.5	
Agricultural productivity (USD per worker)	533		304	
Promoting sustainable infrastructure, reducing waste and pollution				
Production efficieny (Kg CO2 emissions per USD of GDP)	1.4		0.7	
Renewable energy (% total electricity produced)	16		tbd	

Table II-2: Level 2: How well is AfDB contributing to development in Africa?

	2010-2012			2013-2015
	Expected	Delivered*		Expected
Infrastructure Development				
Transport—Roads constructed, rehabilitated or maintained (km)	22 232	18 777	(84%)	24 917
Transport—Staff trained/recruited for road maintenance	13 848	14 147	(102%)	8 690
Transport—People educated in road safety etc.	810 000	828 474	(102%)	1 241 475
Transport—People with improved access to transport	35 029 000	34 069 000	(97%)	35 105 000
of which women (%)		[35]		
Energy—Power capacity installed (MW)	1 128	1.110	(98%)	6 846
Energy—Staff trained/recruited in energy maintenance	1 963	1 972	(100%)	2 081
Energy—People with new or improved electricity connections	6 499 000	7 923 000	(122%)	29 217 000
of which women (%)		[15]		
Energy—CO2 emissions reduced (tons per year)		835 284*		
Water—Drinking water capacity created (m^3/day)	3 560	3 358	(94%)	7 615
Water—Workers trained in water maintenance	170 214	163 341	(96%)	351 108
Water—People with improved access to water and sanitation	14 370 000	14 851 000	(103%)	42 016 000
of which women (%)		…		
ICT—People with improved access to basic ICT services		83 000*		
of which women (%)		…		
Regional Integration				
Transport—Cross-border roads constructed or rehabilitated (km)	471	550	(117%)	2 698
Energy—Cross-border transmission lines constructed etc.	597	594	(99%)	769
Private Sector Development				
Government revenue from investee projects and sub-projects (million USD)		12 528		18 620
SME effect (turnover from investments) (million USD)		704		33 205
Microcredits granted (number)	644 677	477 112	(74%)	42 224
Microfinance clients trained in business management	396 435	397.572	(100%)	47 010
Jobs created		233 321		1 545 995
of which jobs for women (%)		[12]		
People benefiting from investee projects and microfinance	16 928 000	16 746 000	(99%)	7 633 000
of which women (%)		[65]		
Land with improved water management (ha)	82 161	71 020	(86%)	365 460
Land whose use has been improved: replanted, reforested (ha)	1 080 984	1 250 137	(116%)	1 017 099
Rural population with improved technology	1 586 235	2 313 018	(146%)	1 620 125
People benefiting from improvements in agriculture	29 593 000	31 672.000	(107%)	40 266 000
of which women (%)		…		
Skills & Technology				
People benefiting from vocational training		257 932*		
of which women (%)		…		
Classrooms and educational support facilities constructed	5 592	4 501	(80%)	1 533
Teachers and other educational staff recruited/trained	65 374	56 767	(87%)	46 218
People benefiting from better access to education	4 565 000	4 138 000	(91%)	1 125 000

	Baseline 2012	Latest	Target 2016
of which women (%)		[45]	
Primary, secondary and tertiary health centres	642	580 (90%)	656
Health workers trained	36 319	35 295 (97%)	86 334
People with access to better health services	27 025 000	26 645 000 (99%)	18 613 000
of which women (%)		…	
Governance And Accountability			
Share of countries with improved:			
- Quality of budgetary and financial management (%)		43%	
- Quality of public administration (%)		25%	
- Transparency, Accountability and Corruption in the Public Sector (%)		48%	
- Procurement systems (%)		63%	
- Competitive environment (%)		24%	

Table II-3: Level 3: Is AfDB managing its operations effectively?

	All African Countries			Of which ADF Countries		
	Baseline 2012	Latest	Target 2016	Baseline 2012	Latest	Target 2016
Strengthening Results At Country Level						
Average CSPs rating (1-6)	4.7		6	4.7		6
Timely CPPR coverage (%)	25		35	19		21
Development resources recorded on budget (%)	67		85	67		85
Predictable disbursements (%)	72		80	72		80
Use of country systems (%)	58		63	58		63
New ESW and related papers (#)	31		40	[23]		[27]
Delivering Effective And Timely Operations						
Learning from our operation						
Completed operations rated satisfactory (%)	75		80	74		80
Completed operations with a timely PCR (%)	91		90	91		90
Ensuring strong portfolio performance						
Disbursement ratio of ongoing portfolio (%)	22		24	18		21
Time for procurement of goods and works (weeks)	38		27	39		[27]
Operations with satisfactory mitigation measures (%)	[60]		[75]	[45]		[60]
Operations no longer at risk (%)	28		31	25		28
Operations at risk (%)	19		17	21		19
Operations eligible for cancellation (%)	8.5		7	9.5		7
Preparing high quality operations						
Time to first disbursement (month)	13		10	12		11
New operations rated satisfactory (%)	96		95	96		95
Time for approving operations (month)	7.4		6.7	6.3		7.3
Designing Gender- And Climate-Informed Operations						
New CSPs with gender-informed design (%)	75		83	70		77
New projects with gender-informed design (%)	78		86	75		83
New projects with climate-informed design (%)	65		75	65		75

Table II-4: Level 4: Is AfDB managing itself efficiently?

		Baseline 2012	2013	2014	2015	2016	Target 2016
Decentralisation: Moving Closer To Our Clients							
●	Operational staff based in field offices (%)	36					45
●	Operations task-managed from field offices (%)	42					45
Human Resources: Engaging And Mobilising Staff							
●	Employee Engagement Index (%)	59					70
●	Operations professional staff (%)	67					[74]
●	Share of women in professional staff (%)	27					40
●	Share of management staff who are women (%)	24					32
●	Net vacancy rate—professional staff (%)	9.4					8
Value For Money: Improving Cost Efficiency							
●	Administrative costs per UA 1 million disbursed (UA ‘000)	86					[80]
●	Cost of preparing a lending project (UA ‘000)	[74]					[67]
●	Cost of supporting project implementation (UA ‘000)	[21]					[19]
●	Work environment cost per seat (UA)	3 500					3 300
●	Share of users satisfied with IT service delivery (%)	96					98

Annex III: Revised Eligibility Criteria for FSF Pillar I

Table III-1: Eligibility criteria for FSF Pillar I support

<table>
<tr><th colspan="3">Stage-1 Eligibility Criteria</th></tr>
<tr><th colspan="2">Current criteria</th><th>ADF-13 Adjustments</th></tr>
<tr><td>Commitment to consolidate peace and security</td><td>To demonstrate commitment to consolidating peace and security after crisis or conflict, the country should have:
Signed comprehensive and internationally recognized peace agreement or a post-crisis or reconciliation agreement, and no ongoing hostilities of any significance.
A functioning governmental authority or transitional government broadly acceptable to stakeholders and the international community.</td><td>In addition:
Include a broader assessment of the degree to which authorities in targeted countries have developed and followed through on post-conflict or crisis programs to address the roots of fragility and conflict, as well the degree of international support they have garnered for these efforts.
This would cover those situations where conflicts or crises may have been settled through other means of a political process outside of a formal peace agreement between parties, and has broad acceptance by the regional and/or international community.
Evidence of government's commitment in this regard may include, among others, progress towards and/or approval of new national constitution; and progress towards normalizations of relations with the international community (key regional bodies such as the AU and economic communities and/or international institutions).</td></tr>
<tr><td>Unmet social and economic needs</td><td>Post-crisis and transitional states are considered to face a uniquely challenging combination of circumstances demonstrated by:
Continuing severe economic difficulties caused by conflict, as evidenced in contraction of real gross domestic product (GDP) per capita by 10% or more since 1990.
Extremely low levels of human development as indicated by the country's rank in the bottom quintile of the UNs' Human Development Index (HDI).</td><td>A contraction of real GDP per capita by 5% or more between 1990 and 2010. The downward adjustment from 10% GDP contraction to 5% is considered a more appropriate measure given the longer reference period, spanning 20 years.[34]
No changes to the HDI criteria (i.e. country ranking in the bottom quintile).
The GDP and HDI criteria shall be complemented by a targeted assessment of the impact of recent crisis on economic and social conditions, as well as the spill-over effect of conflict at the sub-national and regional levels</td></tr>
<tr><th colspan="3">Stage-2 Eligibility Criteria</th></tr>
<tr><td>Improved macroeconomic conditions and sound debt policies</td><td>Assessment of a country's programme to improve its macroeconomic performance and debt management policy should be conducted in close collaboration with other partners and based on key performance benchmarks used to guide engagement and assess the country's progress over the medium term.</td><td>No change</td></tr>
</table>

[34] Recent analyses show that sub-Saharan African countries would need to achieve annual GDP per capita growth of 4.39% or more to meet the poverty reduction target of the MDGs (Goal 1). See AfDB, AUC, UNECA and UNDP. 2012. *Assessing progress in Africa towards the Millennium Development Goals, 2012: Emerging perspectives from Africa on the post-2015 development agenda*.

Sound financial management practices	Assessment of a country's commitment to pursue sound public financial management practices should be based on progress in reforming its public expenditure management system, addressing corruption seriously and reviving or strengthening its revenue mobilization institutions.	No change
Transparent public accounts	Monitoring of the transparency of public accounts should assess the regularity of reports or publications on government revenues and expenditures, external debt obligations and new borrowings.	No change

Annex IV: Projected Classification and Lending Terms of RMCs in ADF-13

Deputies agreed that ADF resources will continue to be channelled to the poorest countries. Country eligibility will be determined by GNI per capita, creditworthiness and performance. Annual debt sustainability analyses will determine the risk of debt distress of each beneficiary country and set appropriate financing terms. As stipulated in the AfDB's Credit Policy, which is similar to that of the World Bank, creditworthiness and income will be used to categorize countries as follows:

- ***Category A.*** Countries not deemed creditworthy for non-concessional financing and whose income is below the operational cut-off will have access only to ADF resources. Countries not deemed creditworthy for non-concessional financing but whose income is above the operational cut-off (gap countries) will have access only to ADF funds with modified financing terms, which are the same as those of blend countries.
- ***Category B.*** Countries deemed creditworthy for non-concessional financing but whose income is below the operational cut-off will have access to a blend of AfDB resources and ADF resources on modified financing terms (blend financing).
- ***Category C.*** Countries deemed creditworthy for non-concessional financing and whose income is above the operational cut-off will have access only to AfDB resources.

The resource eligibility rule for Category A countries will have two exceptions: access to the Bank's private sector window, and access to non-concessional resources for enclave projects, provided that these projects meet the conditions set out in the Bank Group's Enclave Policy.

Compared to ADF-12, Deputies endorsed two changes concerning country grouping and differentiated financing terms:

- ***Country Classification.*** The non-gap ADF-only countries will be grouped into two sub-groups ("regular" and "advance" ADF-only countries) based on their GNI per capita, whereby the countries with a GNI per capita (Atlas method) above the average of all ADF-only non-gap countries are included in the "advance" group, and all countries with a GNI per capita below the average are in the "regular" group.
- ***Differentiated and Hardened Financing Terms.*** Differentiated ADF loan-financing terms will be applied to regular and advance ADF-only countries, and to blend, gap and graduating countries. The new lending terms will be applied only to new ADF loans. They will only apply to the loan portion of the allocations of the countries at moderate or low risk of debt distress according to the International Monetary Fund/World Bank Debt Sustainability Framework (DSF) ("green" or "yellow" countries). As an exception, "regular" ADF lending terms will apply to all FSF Pillar I–fragile states eligible for loans.

Countries' classification, grouping, lending eligibility and financing terms will be reviewed annually at the start of the PBA allocation process.

Country	Lending Eligibility	FSF Pillar I[35]	DSF status at 5 September 2013	ADF-only Group	ADF Financing Terms			
					Maturity	Grace	Interest Rate	Grant %
Benin	ADF-Only		Green	Advance	40	5	—	0%
Burkina Faso	ADF-Only		Yellow	Regular	40	10	—	50%
Burundi	ADF-Only	X	Red	Regular	40	10	—	100%
Cameroon	ADF-Only		Green	Advance	40	5	—	0%
Cape Verde	Transition		Green	#N/A	30	5	1%	0%
Central African Republic	ADF-Only	X	Yellow	Regular	40	10	—	50%
Chad	ADF-Only		Red	Advance	40	5	—	100%
Comoros	ADF-Only	X	Red	Regular	40	10	—	100%
Congo DRC	ADF-Only	X	Red	Regular	40	10	—	100%
Congo, Rep. Of	Gap		Green	#N/A	30	5	1%	0%
Cote d'Ivoire	ADF-Only	X	Yellow	Regular	40	10	—	50%
Djibouti	Gap		Red	#N/A	30	5	1%	0%
Eritrea	ADF-Only		Red	Regular	40	10	—	100%
Ethiopia	ADF-Only		Green	Regular	40	10	—	0%
Gambia	ADF-Only		Yellow	Regular	40	10	—	50%
Ghana	Gap		Yellow	#N/A	30	5	1%	0%
Guinea	ADF-Only		Yellow	Regular	40	10	—	50%
Guinea-Bissau	ADF-Only	X	Yellow	Regular	40	10	—	50%
Kenya	ADF-Only		Green	Advance	40	5	—	0%
Lesotho	ADF-Only		Yellow	Advance	40	5	—	50%
Liberia	ADF-Only	X	Green	Regular	40	10	—	0%
Madagascar	ADF-Only	X	Green	Regular	40	10	—	0%
Malawi	ADF-Only		Yellow	Regular	40	10	—	50%
Mali	ADF-Only	X	Yellow	Regular	40	10	—	50%
Mauritania	ADF-Only		Yellow	Advance	40	5	—	50%
Mozambique	ADF-Only		Yellow	Regular	40	10	—	50%
Niger	ADF-Only		Yellow	Regular	40	10	—	50%
Nigeria	Transition		Green	#N/A	30	5	1%	0%
Rwanda	ADF-Only		Yellow	Regular	40	10	—	50%
Sao Tome & Principe	Gap		Red	#N/A	30	5	1%	0%
Senegal	ADF-Only		Green	Advance	40	5	—	0%
Sierra Leone	ADF-Only	X	Yellow	Regular	40	10	—	50%
Somalia	ADF-Only	X	Red	Regular	40	10	—	100%
South Sudan	ADF-Only	X	Red	Regular	40	10	—	100%
Sudan	ADF-Only	X	Red	Regular	40	10	—	100%
Tanzania	ADF-Only		Green	Regular	40	10	—	0%
Togo	ADF-Only	X	Yellow	Regular	40	10	—	50%
Uganda	ADF-Only		Green	Regular	40	10	—	0%
Zambia	ADF-Only		Green	Advance	40	5	—	0%
Zimbabwe	ADF-Only	X	Red	Regular	40	10	—	100%

[35] FSF Pillar I eligibility based on preliminary review. A detailed county-by-country eligibility assessment will be presented to the Board of Directors before the start of the ADF-13 cycle.

Annex V: Performance-based Allocation Framework for ADF-13

I. Steps for Calculating PBA Country Allocations

The annual allocation of available ADF resources to ADF-eligible RMCs for projects, programmes and technical assistance during the ADF-13 will be a process with three main steps. First, resources will be allocated to eligible countries using the Performance-Based Allocation (PBA) formula. Second, country-specific financing mix (loan, grant, or loan/grant combination) will be determined using the DSF. Third, the MDRI to eligible RMCs will be netted out of those countries' allocations and donor replacement funds will be reallocated to all ADF-only RMCs.

First Step: Applying the PBA Formula

Available resources will be allocated using the PBA formula:

$$A_i = \underbrace{(\mathrm{CPA})_i^{4.125}}_{\textbf{Performance component}} \times \underbrace{(\mathrm{GNI/p})_i^{-0.125} \times \mathrm{Pop}_i^{1} \times \mathrm{AIDI}_i^{-0.25}}_{\textbf{Needs component}}$$

$$CPA_i = 0.20\, CPIA_{(ABC)_i} + 0.58\, CPIA_{D_i} + 0.06\, CPIA_{E_i} + 0.16\, PPA_i$$

Where: A_i	is the allocation for country *i*
$AIDI_i$	is the Africa Infrastructure Development Index score for country *i*
CPA_i	is the country performance assessment for country *i*
$CPIA_{(ABC)i}$	is the rating for clusters A, B and C of the Country Policy and Institutional Assessment (CPIA) for country *i*
$CPIA_{Di}$	is the rating of CPIA cluster D (Governance) for country *i*
$CPIA_{Ei}$	is the rating of the new CPIA Cluster E for country *i*
$(GNI/P)_I$	is the gross national income per capita for country *i*
PPA_i	is the Portfolio Performance Assessment for country *i*
P_i	is the population for country *i*

An increase in GNI/P will decrease the per capita allocation, while an increase in the CPA due to the net positive impact of $CPIA_{ABC}$, $CPIA_D$, $CPIA_E$ and/or PPA will increase the per capita allocation. The population variable (P) converts per capita country allocations to total country allocations. Countries with relatively large populations will be allocated more resources in absolute terms. Countries with a poor level of infrastructure development as measured by the AIDI will see an increase in their PBA country allocation.

Second Step: Using the Debt Sustainability Framework and the Modified Volume Approach

The DSF is used to determine each country's risk of debt distress. It is based on two criteria: the institutional strength and quality of a country's policies to withstand debt distress, and country-specific debt burden indicators (namely, the net present value of debt/gross domestic product ratio, the net present value of debt/exports ratio, and the debt service/exports ratio). Countries are classified by three "traffic lights," where red indicates a high risk of debt distress, yellow indicates a moderate risk, and green indicates a low risk. Countries in the red category qualify for 100% grants, countries in the green category qualify for 100% loans, and countries in the yellow category qualify for a 50/50 loan/grant combination.

A modified volume approach will be applied to PBA allocations under ADF-13. The primary purpose of the approach is to cover administrative charges for grant allocations up front and to strengthen the incentive structure of the PBA system. The approach will apply a 20% volume discount to all grants. This discount will be sub-divided into a 15% charges-related portion and a 5% incentives-related portion. The incentives-related portion will then be reallocated to all ADF-only countries, using the PBA method, to help reinforce the PBA system's incentive structure. The PBA-related country allocations of fragile states eligible for grants will be subject to the charges-related discount of 15%. These countries will be excluded from the allocation of the incentives-related portion of the volume discount.

The modified volume approach including discount on grants will not apply to top-up allocations under Pillar I of the FSF.

Third Step: Multilateral Debt Relief Initiative Netting Out and Topping-up to the Minimum Allocation

The foregone debt service payments of countries qualifying for debt relief under the MDRI are deducted from these countries' allocations through the MDRI netting-out mechanism. Resources from donors to compensate the ADF for the MDRI are reallocated to all ADF-only countries using the PBA system.

After this step in the process, any country whose allocation is below the minimum allocation of UA 15 million (UA 5 million a year) will see its allocation topped up to the minimum level. This provision shall not apply to countries in transition to blend or AfDB-only status.

Others provisions

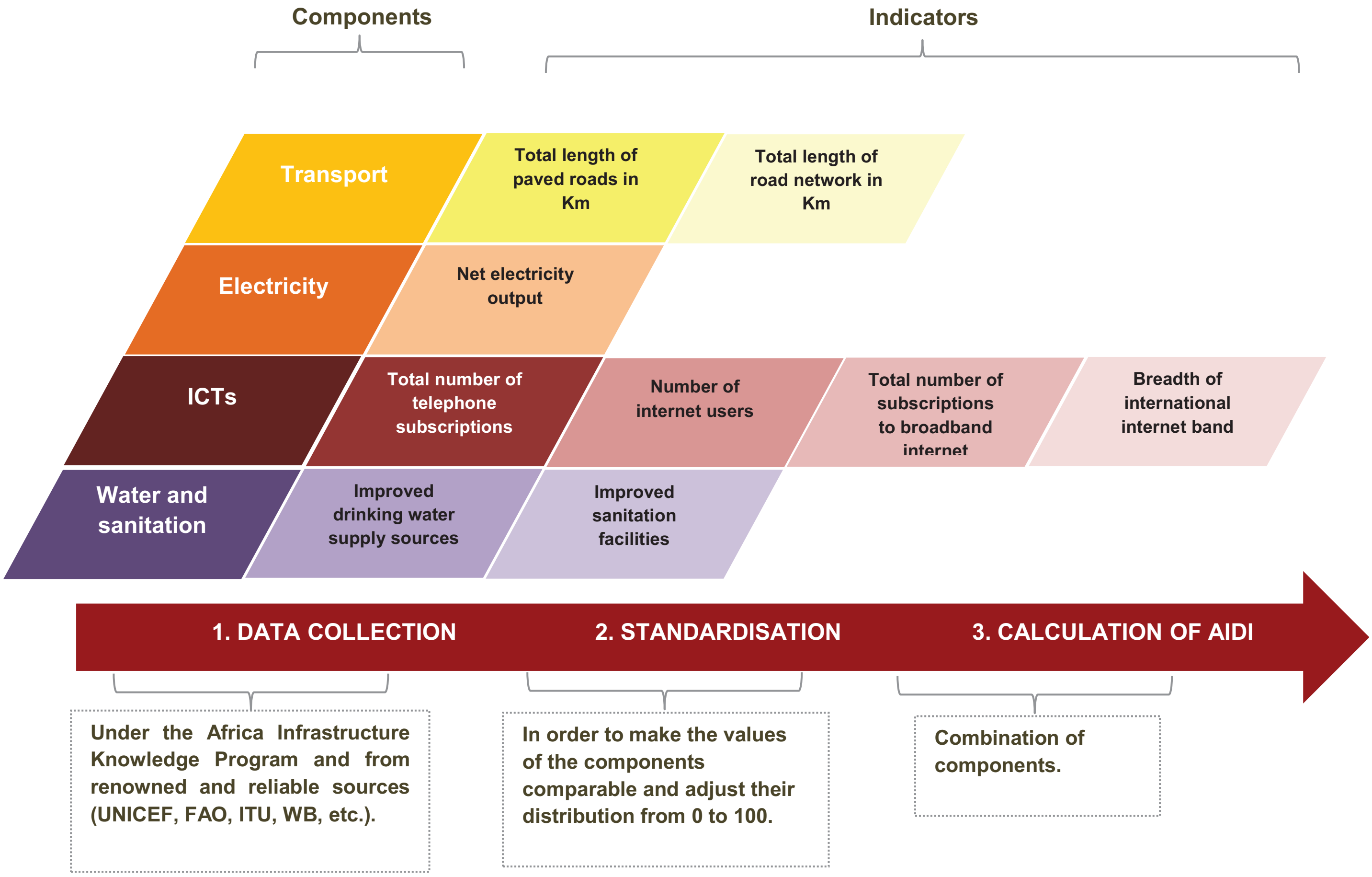
In addition, the following provisions will be applied:

- Single country allocations will not be permitted to exceed 10% of all PBA available resources.
- Each blend country will receive 50% of what it would receive if it were an ADF-only country, subject to the minimum allocation of UA 15 million per cycle for all ADF-eligible countries.

II. Summary of the Cluster E Questionnaire

Criterion	Sub-criterion	Summary of Questions
Infrastructure Development	**Sector strategy and policy**	The extent to which: (i) the country's Poverty Reduction Strategy Paper or any other national development strategy covers infrastructure development; (ii) the infrastructure sector strategy is effectively implemented (use of planning tools such as master plans/multi-year action plans) and the necessary resources are allocated in the national budget; and (iii) infrastructure development plans/strategies are aligned with other sector strategies/plans, including agriculture, food security, regional integration, trade and private sector development.
	Legal and institutional framework	The extent to which there are: (i) clear and transparent legal and regulatory frameworks in the field of infrastructure; (ii) comprehensive laws and regulations covering all infrastructure sub-sectors and the country's infrastructure needs; and (iii) local human and institutional capacity to design and implement these laws and/or regulations.
	Public resource management and infrastructure sector accountability	The extent to which: (i) the Government is accountable for the use of funds allocated to infrastructure projects/programs (especially during the procurement process) and the results of actions it undertakes to develop infrastructure; (ii) the Government complies with environmental protection safeguards and consults the population and various stakeholders in the design/implementation of infrastructure projects/programs.
Promotion of regional integration	**Movement of persons and labor and right of establishment**	The extent to which: (i) the country implements protocols on the free movement of persons and labor within regional economic communities. It assesses, *inter alia,* the adoption of common passports, the softening of visa conditions and the extent to which the country facilitates the issuance of residence permits. The efficiency of national immigration offices at border posts/airports, as well as the requisite human and institutional capacity must also be evaluated.
	Regional financial integration.	The extent to which: (i) financial and investment protocols are implemented; (ii) countries promote the legal and regulatory frameworks that facilitate the free movement of capital within a given REC.

III. *Composition of and Principal Stages in AIDI Calculation*



Annex VI: Key Elements of the ADF-13 Financial Framework

Deputies approved the Advance Commitment Capacity (ACC) assumptions, the technical provisions for subscription procedures and terms and conditions for the ADF-13 Financial Framework as follows:

I. The Advance Commitment Capacity

Table VI-1: Core Assumptions Underlying the ADF-13 Advance Commitment Capacity

Assumptions	Comments	ADF-13
Expected increase in donor contributions for future replenishments	To establish the ACC for the baseline scenario, donor subscriptions for future replenishments are conservatively assumed to remain unchanged in real terms. The nominal amount of donor contributions is estimated to increase by the cumulative rate of inflation (for the special drawing right-SDR) of the previous replenishment period. The same inflation rate is used to project future increases in donor contributions.	6.84%
MDRI compensation expected to be received	In addition to regular contributions, donors are expected to make additional contributions during future replenishments to cover 100% of MDRI costs for all heavily indebted poor countries (on foregone principal and interests) on a pay-as-you-go basis. Based on historically observed MDRI recovery rate, the model assumes a percentage of contributions for MDRI compensations that will be received in ADF-13 and in future replenishments.	98.3% (including lag of 7.2%)
Share of grants for the Replenishment	The grant level for each replenishment is determined based on a debt sustainability analysis. Based on the level of grants observed during the ADF-12, the share of grants in the ADF-13 and future replenishments is assumed.	33.45%
Upfront compensation for forgone income on grants used to estimate the ACC	A volume discount is deducted from grants extended to ADF countries is 20% and includes: 1) An upfront grant charge is deducted from the Grant amount as compensation for forgone service charges and returns to the liquidity pool used to estimate the ACC. 2) The remaining discount amount allocated under PBA to ADF-only countries. The upfront compensation for the ADF-13 will be adjusted when the replenishment discount rate will be fixed.	15%
Annual increase in administrative expenses	These expenses are in line with the three-year approved budget program and thereafter are projected to increase annually at the indicated percentage.	3%
Annual transfers from AfDB	The model assumes an annual net income transfer from the AfDB and an additional compensation for the exceptional cost of relocation from Tunis to Abidjan.	UA 47 million
Repayment Sensitivity Factor	To account for delayed repayments by countries in arrears to the ADF, only a certain percentage of loan repayments flows is expected to be received on an annual basis.	95%
Disbursement Sensitivity Factor	To account for grant compensation and loan cancellations, reductions in disbursement flows are maintained at a certain percentage of signed loans.	93.6%
Investment return rate	The rate of return of the investment portfolio is estimated on the basis of prevailing interest rates	Forward curve averaging 2.65% annually
Minimum prudential level of annual liquidity	To comply with the ADF's liquidity policy, the level of liquidity is maintained at a percentage of projected disbursements for the following three years.	75%
Effective Loan cancellations returning to the liquidity pool	The model assumes a certain level of annual cancellations in nominal terms, in UA millions. During ADF-12, the loan cancellation policy was modified and only 30% of loan cancellations are re-injected in the liquidity pool while 70% remain allocated to the country. Accordingly, for ADF-13 we assume that only UA 30 million (30% of the gross cancellations of UA 100 million) will return to the liquidity pool used to estimate the ACC.	UA 30 mm
Est. Advance Commitment Capacity	Level of the Advance Commitment Capacity resulting from the model	UA 976 mm

II. Subscription Procedures

Exchange rates. ADF-13 subscriptions may be denominated in (i) Special Drawing Rights (SDR), (ii) in a currency used for the valuation of the SDR (the US dollar, euro, Japanese yen or pound sterling), or (iii) in the currency of the donor, if such currency is freely convertible and its economy did not experience, in the period from 1 January 2011 to 31 December 2013, a rate of inflation in excess of 10 percent per annum on average, as determined by the Fund. Deputies agreed that the ADF-13 replenishment exchange rates would be defined as the average of the daily exchange rates against the SDR observed over 1 February 2013 to 31 July 2013 (the reference exchange rate determination period).

Payment. The payment dates of the ADF-13 subscription shall be the same as those adopted for the ADF-12—that is, the 15 January of each year of the replenishment cycle. These dates mitigate disruptions in operations by ensuring that the ADF has adequate commitment capacity earlier in the year. Even so, the ADF understands that some donors, due to their internal legislative procedures and processes, might not be able to comply with these payment deadlines. As in previous replenishments, the ADF will strive to accommodate these special circumstances and requirements.

Encashment. In addition to the standard ten-year encashment schedule, donors that have the possibility to do so, can agree, on a voluntary basis, to encash their subscriptions according to a shorter 4-year calendar, or any other calendar shorter than the standard 10-year encashment schedule, provided that its terms are no less favorable to the Fund. Donors opting for shortened encashment calendars should inform the Fund in advance, preferably during the pledging session so that there is enough lead time to re-compute the ACC.

Table VI-2: ADF-13 Dual Encashment Schedule

Standard Encashment Schedule		
Year	**10-year Standard**	**4-year Standard**
2014	5.03%	25.00%
2015	10.34%	25.00%
2016	14.76%	25.00%
2017	15.07%	25.00%
2018	12.99%	-
2019	11.17%	-
2020	10.14%	-
2021	9.13%	-
2022	8.33%	-
2023	3.04%	-

Accelerated encashment. From a donor's perspective, the key benefits of accelerated encashment are the possibility of using the income generated to (i) increase its subscription and burden share in a given replenishment, (ii) pay a discounted amount on its subscription while maintaining its burden share, (iii) offer to reduce the replenishment's technical gap, (iv) pay for other ADF commitments (Grant or Multilateral Debt Relief Initiative compensation) and (v) meet their past due payments on past and future replenishments.

Table VI-3: ADF-13 Accelerated encashment framework

Revised Accelerated Encashment Framework Details	
Eligible Currencies:	• USD, EUR, JPY, GBP and CAD
Reference Discount Rates:	• Currency specific Overnight Index Swap (OIS) rates
Timing of Discount Rate Setting:	• Case by case basis, rate set when the donor irrevocably commits to a specific, pre-agreed accelerated encashment schedule
Irrevocability:	• Election of the accelerated payment scheme will be irrevocable as of the date that the Fund and relevant donor agree on the accelerated encashment schedule • All costs arising from payment delays will be borne by the donor, including the cost of ADF unwinding its hedge
Process:	• Management and the donor country agree on a date for determining the applicable ADF-13 discount rate (fixing date). • Fixing date cannot be more than 30 calendar days before the receipt of the donor's first accelerated encashment amount. • The Fund will execute the hedge in the market on the fixing date and communicate to the donor the final irrevocable discount rate obtained on the hedge

III. Terms and Conditions for Effectiveness and Subscription

After consideration of the issues for which provisions have been made in the ADF-13 Resolution, Deputies established the following terms and conditions for subscriptions in respect of the Thirteenth Replenishment:

- The Replenishment will become effective on the date when the ADF has received the Instruments of Subscription representing an aggregate amount equivalent to at least 30% of total Subscriptions (the "Effective Date"), provided that this date shall not be later than 31 March 2014.
- In order to enable the ADF to meet operational commitments before the entry into effect of the Thirteenth Replenishment, the ADF, in addition to the ability to commit ACC resources after the ADF-13 Resolution has been approved, is authorized, when the level of subscriptions received aggregates 20% of total pledges, to use for operational commitment an amount equivalent to the first commitment tranche of each Instrument of Subscription received before the Effective Date, unless the subscribing State Participant specifies otherwise when depositing its Instrument of Subscription. This Advance Subscription Scheme will be implemented without prejudice to the Advance Facility Scheme under which any State Participant may authorize the use of any portion of its subscription for commitment purposes before the entry into effect of the Thirteenth Replenishment;
- Subscriptions may, in exceptional cases, be qualified and state Participants intending to do so will notify the ADF to that effect. Such qualified subscriptions shall be subject to the conditions specified in the Resolution;
- Subscription pledges listed in the Annex to the Resolution on the Thirteenth Replenishment have been determined in Units of Account (UA) and have been converted into Units of Obligation of the individual participants on the basis of daily average exchange rates, expressed in terms of Currency Units per SDR as given by the International Monetary Fund (IMF) for the six-month period 1 February 2013 through 31 July 2013. Subscriptions shall be denominated in SDR of the IMF, a currency used for the valuation of the SDR or the currency of the individual State Participant, except that if the economy of a State Participant experienced a rate of inflation in excess of 10% a year in the period 1 January 2011 to 31 December 2013. As determined by the ADF, the State Participant's Subscription will be denominated in SDRs or, at the option of the State Participant, in a currency used for the valuation of the SDR;

- Subscriptions will, to the extent of payment, carry voting power in the manner specified in the Resolution on the Thirteenth Replenishment. However, if the Thirteenth Replenishment has not entered into effect by 1 January 2014, advance subscriptions will carry voting power to the extent of payment;

- Terms of payment have been determined such that the ADF will have the resources it needs to operate satisfactorily and to reflect the multilateral character of the Thirteenth Replenishment. Payment in respect of each subscription will be made in three installments, of which the first installment will be made on or before 15 January 2014 or 30 days after the Effective Date, whichever is earlier, with the second and third installments falling due respectively on or before 15 January 2015 and 15 January 2016; any State Participant may, by a written declaration, indicate to the ADF that it intends to make payment at earlier dates or in fewer installments or different proportions not less favorable to the ADF than those specified in this or in the next paragraph;

- As an exceptional case when a State Participant cannot, due to its legislative procedures, make payment in respect of the first installment by the stated date, payment in respect of that installment should be made within 30 days of the deposit of its Instrument of Subscription. Subsequent payments in respect of qualified subscriptions shall be made within 30 days as and to the extent that the relevant installment becomes unqualified and subject to the annual two payment dates specified for unqualified subscriptions. A State Participant that has deposited a Qualified Instrument of Subscription shall inform the ADF of the status of its subscription (i.e., whether legislative approval has been received or not) not later than 30 days after the annual payment dates specified for unqualified subscriptions;

- At the time of depositing its Instrument of Subscription, each State Participant shall indicate to the ADF its proposed program of installment payments;

- Encashment of notes shall be in accordance with the replenishment specific (fixed schedule) encashment system, adopted by the Board of Directors in March 2000. The encashment schedule shall cover a period of 10 years from 2014 to 2023. A standard encashment schedule shall be prepared for each State Participant in his currency of obligation, using the profile indicated in Table VII-2. There is also a provision for an accelerated encashment schedule as outlined in the table covering four years, 2014 to 2017. Should a State Participant wish to adopt an encashment schedule other than the standard, the ADF shall agree with the State Participant on a revised encashment schedule for its unqualified subscription that yields at least an equivalent value to the ADF in present value terms;

- The size of each commitment tranche will be equal to one-third of the amount of total subscriptions;

- The rules governing the commitment of each of the three tranches have been formulated in such a way that the first tranche will be committed from the Effective Date (or before that date, if it is an Advance Subscription); the second tranche from 1 January 2015, or the Effective Date, whichever is later; and the third tranche from 1 January 2016 or the Effective Date, whichever is later.

Annex VII: Strategic and Operational Framework for the Innovative Financial Instrument(s)

I. Preparation of detailed proposals on the Partial Credit Guarantee (PCG)

A Strategic Framework (Framework) and Operational Guidelines (Guidelines) will be developed to outline a set of principles and modalities for the issuance of the PCG as well as institutional requirements for smooth implementation of the product. The new instrument would be embedded, managed and operated within the existing institutional structure. The principles will be informed by the Bank Group's experience with guarantee instruments as well as experience gained during the successful implementation of the ADF PRG, introduced in ADF-12.

Among other principles, the Framework and Guidelines will elaborate further on:

- Institutional and operational arrangements;
- Marketing, awareness building and demand creation;
- Implementation arrangements; and
- Additional eligibility criteria for state-owned enterprises.

II. Preparation of detailed proposals on the Private Sector Credit Enhancement Facility (PSF)

An appraisal report will be submitted for ADF Board of Directors approval on use of funds and amount and for AfDB Board of Directors approval on Policy and Operational Guidelines of the Facility. An informal meeting of both Boards (with information note) was held on July 22, 2013. The main outlines of this appraisal report will include:

- Legal note providing clarification and guidance on the legal framework for the creation and implementation of the PSF;
- PSF legal structure and governance;
- Summary credit note from Credit Risk Committee;
- Investment Guidelines;
- Outputs of consultation with rating agencies;
- Benchmark with other peer institutions in terms of leveraging impact/ governance/ decision making/ business process.

Both proposals will be presented for approval by the Board of Directors before 31 December 2013.

Annex VIII: Pledges to the Thirteenth Replenishment of the African Development Fund showing normalized burden shares* with 0% technical gap

STATE PARTICIPANTS / ETATS PARTICIPANTS	ADF-13 PLEDGES / INTENTIONS DE SOUSCRIPTIONS AU FAD-13					CHANGE VS ADF-12 / EVOLUTION COMP. FAD-12		ADF-9 AND ADF-10 GRANT COMPENSATION / COMPENSATION DES DONS DU FAD-9 ET FAD-10		TOTAL CONTRIBUTIONS DURING ADF-13 PERIOD / CONTRIBUTIONS TOTALES DURANT LA PERIODE DU FAD-13	
	BURDEN SHARE / QUOTE-PART	SUBSCRIPTION in UA / SOUSCRIPTIONS en UC	EXCHANGE RATE / TAUX DE CHANGE	UNIT OF OBLIGATION / DEVISE DE SOUSCRIPTIONS	SUBSCRIPTION in CURRENCY / SOUSCRIPTIONS en DEVISE	(%) in UA / (%) en UC	(%) in Ccy / (%) en Devise	IN UA / EN UC	IN CCY / EN DEVISE	IN UA / EN UC	IN CCY / EN DEVISE
ARGENTINA / *ARGENTINE*	0,000%	0	1,50846	USD	0	-100,00%	-100,00%	-	-	-	-
AUSTRIA / *AUTRICHE* [1]	2,421%	93 098 632	1,15193	EUR	107 243 107	-2,72%	-0,22%	201 521	232 138	93 300 153	107 475 245
BELGIUM / *BELGIQUE* [1, 5]	2,341%	90 003 561	1,15193	EUR	103 677 802	6,84%	9,60%	276 682	318 718	90 280 243	103 996 520
BRAZIL / *BRESIL* [1]	0,267%	10 265 138	1,50846	USD	15 484 550	6,84%	4,99%	42 083	63 480	10 307 221	15 548 030
CANADA / *CANADA* [2]	5,482%	210 767 188	1,54487	CAD	325 607 906	3,09%	0,00%	768 474	1 187 192	211 535 662	326 795 099
CHINA / *CHINE* [1, 7]	2,192%	84 280 041	1,50846	USD	127 133 070	0,43%	-1,32%	280 408	422 984	84 560 448	127 556 054
DENMARK / *DANEMARK* [1, 6]	1,908%	73 359 541	8,58784	DKK	630 000 000	-5,13%	-2,51%	414 960	3 563 607	73 774 501	633 563 607
EGYPT / *EGYPTE*	0,034%	1 325 856	1,50846	USD	2 000 000	1,77%	0,00%	-	-	1 325 856	2 000 000
FINLAND / *FINLANDE* [1, 6]	2,845%	109 381 646	1,15193	EUR	126 000 000	-2,36%	0,16%	256 158	295 076	109 637 804	126 295 076
FRANCE / *FRANCE* [1, 5]	9,471%	364 167 312	1,50846	USD	549 331 823	2,24%	-	1 346 710	2 031 459	365 514 022	551 363 282
GERMANY / *ALLEMAGNE* [1]	10,473%	402 679 726	1,15193	EUR	463 858 857	0,67%	-	1 337 879	1 541 143	404 017 605	465 400 000
INDIA / *INDE*	0,322%	12 364 333	84,38028	INR	1 043 305 881	31,16%	57,28%	29 717	2 507 534	12 394 050	1 045 813 414
ITALY / *ITALIE* [1, 8]	5,262%	202 336 714	1,15193	EUR	233 077 730	4,15%	6,84%	719 044	828 288	203 055 758	233 906 019
JAPAN / *JAPON* [1]	7,630%	293 377 180	146,85053	JPY	43 082 594 415	6,84%	12,09%	1 396 995	205 149 439	294 774 175	43 287 743 854
KOREA / *COREE* [1]	1,497%	57 541 116	1 679,81508	KRW	96 658 434 982	6,84%	1,99%	108 611	182 446 366	57 649 727	96 840 881 348
KUWAIT / *KOWEIT* [1]	0,205%	7 864 226	1,50846	USD	11 862 870	6,83%	4,98%	28 510	43 007	7 892 736	11 905 877
LIBYA / *LYBIE* [1]	0,638%	24 528 327	1,50846	USD	37 000 000	-	-	-	-	24 528 327	37 000 000
THE NETHERLANDS / *PAYS-BAS* [1]	4,333%	166 605 921	1,15193	EUR	191 918 359	-17,14%	-15,00%	638 730	735 773	167 244 651	192 654 131
NORWAY / *NORVEGE* [1]	5,241%	201 518 752	8,76246	NOK	1 765 800 000	12,10%	8,05%	604 533	5 297 195	202 123 284	1 771 097 195
PORTUGAL / *PORTUGAL* [1]	0,223%	8 575 368	1,15193	EUR	9 878 224	-70,99%	-70,25%	105 715	121 776	8 681 083	10 000 000
SAUDI ARABIA / *ARABIE SAOUDITE* [1]	0,603%	23 202 471	1,50846	USD	35 000 000	18,73%	16,67%	80 059	120 766	23 282 531	35 120 766
SOUTH AFRICA / *AFRIQUE DU SUD*	0,421%	16 195 404	14,20156	ZAR	230 000 000	55,37%	91,71%	20 141	286 032	16 215 545	230 286 032
SPAIN / *ESPAGNE* [4]	0,000%	0	1,15193	EUR	0	-100,00%	-100,00%	387 051	445 855	387 051	445 855
SWEDEN / *SUEDE*	5,391%	207 301 627	9,83191	SEK	2 038 170 941	16,44%	2,61%	683 088	6 716 059	207 984 715	2 044 887 000
SWITZERLAND / *SUISSE* [1]	3,409%	131 073 158	1,41754	CHF	185 801 444	29,98%	-	490 268	694 975	131 563 426	186 496 419
UNITED KINGDOM / *ROYAUME-UNI* [1]	15,905%	611 549 674	0,98530	GBP	602 559 894	6,84%	6,27%	1 041 083	1 025 779	612 590 757	603 585 673
UNITED STATES OF AMERICA / *ETATS-UNIS* [1]	10,038%	385 967 511	1,50846	USD	582 216 552	1,29%	-0,47%	1 832 507	2 764 264	387 800 019	584 980 816
TOTAL DONOR CONTRIBUTIONS (a) ***SOUSCRIPTIONS DES DONATEURS***	**98,552%**	**3 789 330 424**				**0,5%**		**13 090 927**		**3 802 421 351**	
SUPPLEMENTARY CONTRIBUTIONS (b) [3] *SOUSCRIPTIONS SUPPLEMENTAIRES*	1,45%	55 683 855				94,3%					
TECHNICAL GAP (c) *DEFICIT TECHNIQUE*	0,00%	524 090 987				79,9%					
REPLENISHMENT LEVEL (d) = (a)+(b)+(c) ***NIVEAU DE RECONSTITUTION***	**100,000%**	**4 369 105 267**				**6,8%**					
ADVANCE COMMITMENT CAPACITY (e) ***CAPACITE D'ENGAGEMENT ANTICIPE***		**975 920 858**				**-51,4%**					
TOTAL RESOURCES - GAP EXCLUDED (d)+(e)-(c) ***TOTAL DES RESSOURCES - DEFICIT EXCLU***		**4 820 935 137**				**-17,0%**					
RESOURCES FROM ANGOLA		**9 690 791**									
RESOURCES FROM TURKEY		**40 693 468**									
TOTAL RESOURCES AVAILABLE FOR ADF-13		**4 871 319 396**									

1 - Subject to internal and or legislative approval; 2 - Pledge amount was estimated by Bank Management, Government decision pending; 3 - Sweden's potential contribution of up to SEK 400,000,000 and Switzerland's UA 15,000,000 to be confirmed over the course of ADF-13 period; 4 - Provisional / Provisoire; 5 - Includes accelerated encashement; 6 - To be supplemented by accelerated encashment; 7 - Will use accelerated encashment as supplemental contribution to reduce the gap; 8 - Will use accelerated encashment for grant compensation.

* *As at 6 November 2013; Normalized burden shares may change with final subscriptions and any future technical gap filling contributions.*