

# ADF 13

Supporting a Sustainable and Inclusive Recovery



Presentation on Asian Development Fund 13

Asian Development Bank

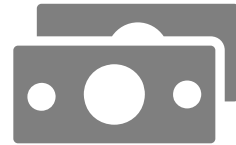
# OUTLINE OF THE PRESENTATION

General outline of ADF 13 framework with emphasis on specific support for Fragile and Conflict affected Situations (FCAS) and Small Islands Developing States (SIDS)

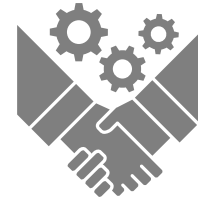
# WHAT IS ADF?



Main source of grants for ADB operations



Replenished every 4 years by ADF donors



The replenishment meeting finalized during the second part of 2020.



Provides grants and projects to eligible countries addressing specific challenges during 2021-2024.

# CLASSIFICATION OF DMC (2022)

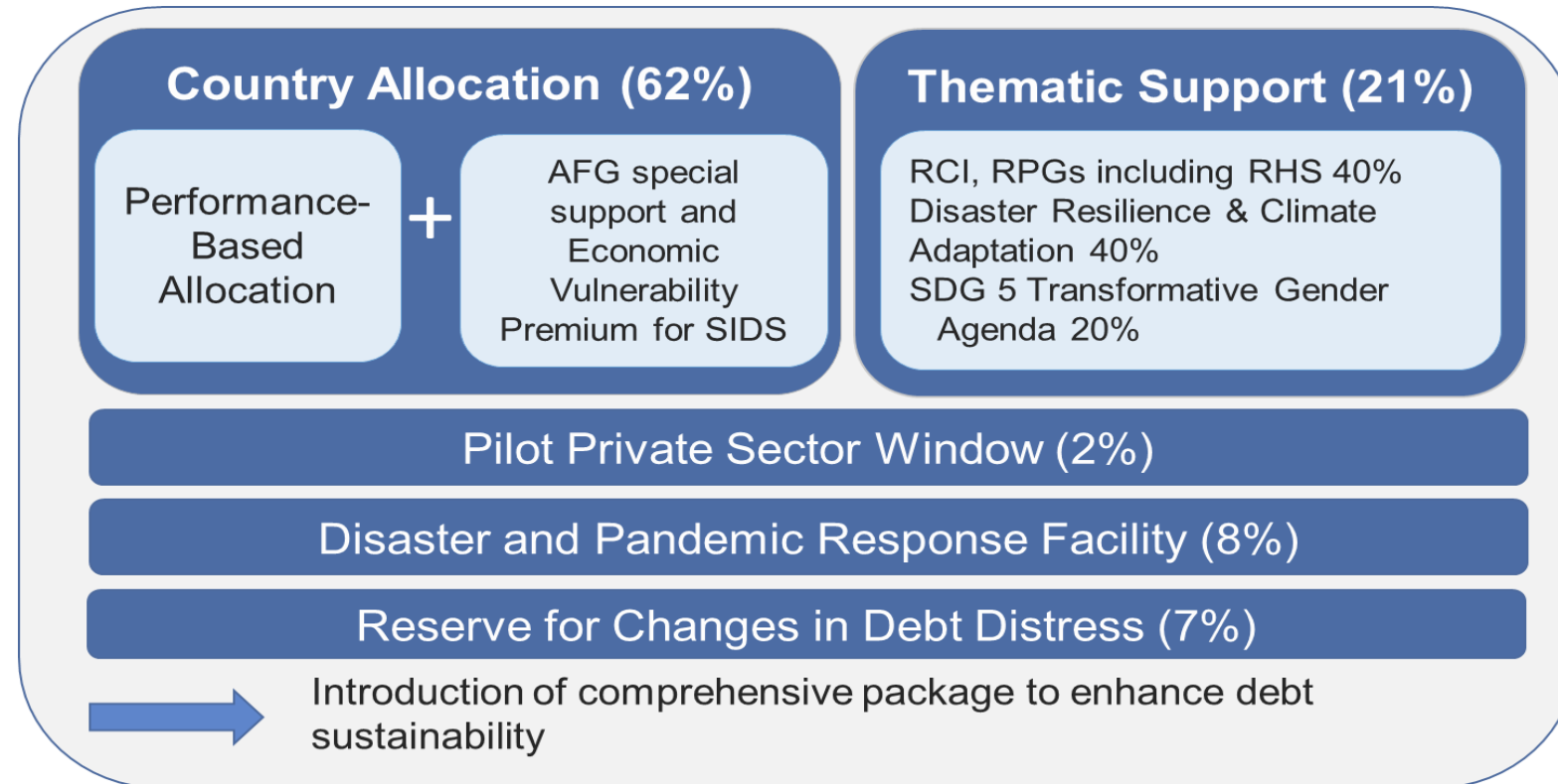
ADF-only	Group A ADF Blend	COL-only	Group B	Group C
Afghanistan <b>f LDC</b>	Kyrgyz Republic	Bhutan <b>LDC</b>	Bangladesh <b>LDC</b>	Armenia
Micronesia, FSM <b>fσ</b>	Maldives <b>σ</b>	Cambodia <b>LDC</b>	Fiji <b>σ</b>	Azerbaijan
Kiribati <b>fσ LDC</b>	Solomon Islands <b>fσ LDC</b>	Lao PDR <b>LDC</b>	India*	China, People's Republic of
Marshall Islands <b>fσ</b>	Vanuatu <b>σ</b>	Myanmar <b>f LDC</b>	Mongolia	Cook Islands <b>σ</b>
Nauru <b>fσ</b>		Nepal <b>LDC</b>	Niue <b>σ</b>	Georgia
Samoa <b>σ</b>			Pakistan	Indonesia
Tajikistan			Palau <b>σ</b>	Kazakhstan
Tonga <b>σ</b>			Papua New Guinea <b>fσ</b>	Malaysia
Tuvalu <b>fσ LDC</b>			Timor-Leste <b>fσ LD</b>	Philippines
			Uzbekistan	Sri Lanka
				Thailand
				Turkmenistan
				Viet Nam

**f** = fragile and conflict-affected situation

**σ** = small island developing

\*India is a group B country but does not have access to concessional assistance.

# ADF 13 GRANT ALLOCATION FRAMEWORK



AFG = Afghanistan, RCI = regional and cooperation integration, RHS= regional health security, RPGs = regional public goods, SDG =Sustainable Development Goal, SIDS = small island developing states.  
Source: Asian Development Bank.

## ASIAN DEVELOPMENT FUND 13 ALLOCATIONS (\$ MILLION)

Item	ADF 13	
	Amount	%
<b>Country allocation</b>	2,143	64%
<b>Of which:</b>		
Performance-Based Allocation	1,242	37%
Special Support to Afghanistan <sup>a</sup>	488	15%
SIDS Premium	413	12%
<b>Thematic pool</b>	699	21%
<b>Pilot Private Sector Window</b>	67	2%
<b>Enhanced Disaster and Pandemic Response Facility</b>	266	8%
<b>Reserve for changes in debt distress</b>	153	5%
<b>Total ADF Grants</b>	<b>3,327</b>	<b>100%</b>

ADF = Asian Development Fund, SIDS = small island developing states.

Note: Numbers may not sum precisely because of rounding.

<sup>a</sup> Afghanistan receives its PBA and the special support.

Source: Asian Development Bank.

# MAIN ELEMENTS OF ADF 13 FRAMEWORK



**Economic vulnerability  
Premium to supplement PBA**



**Special Support  
for Afghanistan**



**Thematic  
Pool**



**DRF+**



**Debt Distress  
Reserve**



**Enhancing debt  
sustainability**



**Pilot Private Sector  
Window**



**Allocation mechanisms  
for ADF and COL**



# Economic Vulnerability Premium for ADF Grant-Eligible SIDS

Based on the Economic Vulnerability Index (EVI)

Range of \$40–55 million per cycle

EVI Score	Country	Premium per cycle (\$ million)
<b>70-80 (more vulnerable)</b>	Kiribati	55
<b>60-70</b>	Marshall Islands	50
<b>50-60</b>	Federated States of Micronesia, Maldives, Nauru, Solomon Islands, Tonga and Tuvalu	45
<b>40-50 (less vulnerable)</b>	Samoa and Vanuatu	40





# SINGLE THEMATIC POOL

## Strategic areas



### RCI and RPG

Regional cooperation and integration, including the provision of regional public goods



### DRR and CCA

Disaster risk reduction and climate adaptation



### SDG 5

Sustainable Development Goal 5's transformative gender agenda

# THEMATIC POOL ALLOCATIONS IN FCAS AND SIDS (THREE CALLS FOR PROPOSALS)

Item	DRR-CCA		RCI-RPG		SDG5		Total	
	\$ million	%	\$ million	%	\$ million	%	\$ million	%
FCAS	83.00	33%	75.19	27%	27.25	26%	185.44	29%
SIDS	114.20	45%	74.49	27%	40.77	38%	229.46	36%
<b>Total Allocated</b>	<b>252.40</b>	<b>100%</b>	<b>279.39</b>	<b>100%</b>	<b>106.44</b>	<b>100%</b>	<b>638.23</b>	<b>100%</b>

CCA = climate change adaptation, DRR = disaster risk reduction, FCAS = fragile and conflict-affected situations, RCI = regional cooperation and integration, RPG = regional public good, SDG5 = Sustainable Development Goal 5 Transformative Gender Agenda, SIDS = small island developing states.

Note: The FCAS countries are Afghanistan, the Federated States of Micronesia, Kiribati, Lao People's Democratic Republic, the Marshall Islands, Myanmar, Nauru, Papua New Guinea, Solomon Islands, Timor-Leste, and Tuvalu. The SIDS are Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, Maldives, the Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu.

Source: Asian Development Bank.

# Pilot Private Sector Window

## Objective

Increasing access to finance and lower the cost of high-risk financing in group A countries, including FCAS and SIDS through co-investments and partnerships with commercial lenders and investors

# Expanded Disaster and Pandemic Response Facility

Mechanism for allocating resources to support disaster and emergency response

## Objective

Timely and effective assistance to cover costs of disaster and emergency assistance, early recovery, and reconstruction after a disaster.

## Scope

Disasters triggered by natural hazards; large cross-border movements of displaced persons; and public health emergencies

Priority support for operations to build back better

# EXPANDED DISASTER AND PANDEMIC RESPONSE FACILITY

Resources: 8% of ADF 13 grants (\$266 million)

Grant share: Risk of Debt Distress

COL reserve: Development needs related to disaster and emergency responses (\$690 million)

Severe disaster: All group A countries eligible for ADF with full grant share

ADF grants for group B countries: Accommodation of significant cross-border inflows of displaced people

# COMPREHENSIVE PACKAGE TO ENHANCE DEBT SUSTAINABILITY



Alignment with IDA's Sustainable Development Finance Policy



Creation of a technical assistance special funds set aside for supporting debt sustainability in ADF and COL countries



Preferential access to the thematic pool for countries with prudent or improved public debt management

# COL allocation during the ADF 13 Period

- More flexible COL allocation

COL allocation for country X = PBA component (primarily based on the country performance assessment, GNI per capita and population) + **need-based component**

with :

**PBA component** = PBA share x 50% of total available COL

**Need-based component**= country share x 50% of total available COL

- **COL allocations for group B countries** prioritized in DRR, climate adaptation, environmental sustainability, regional projects (RCI and RPGs), gender equality, social sectors, food security, and public sector management.



Thank you