

# UNCTAD Intergovernmental Group of Experts on Financing for Development

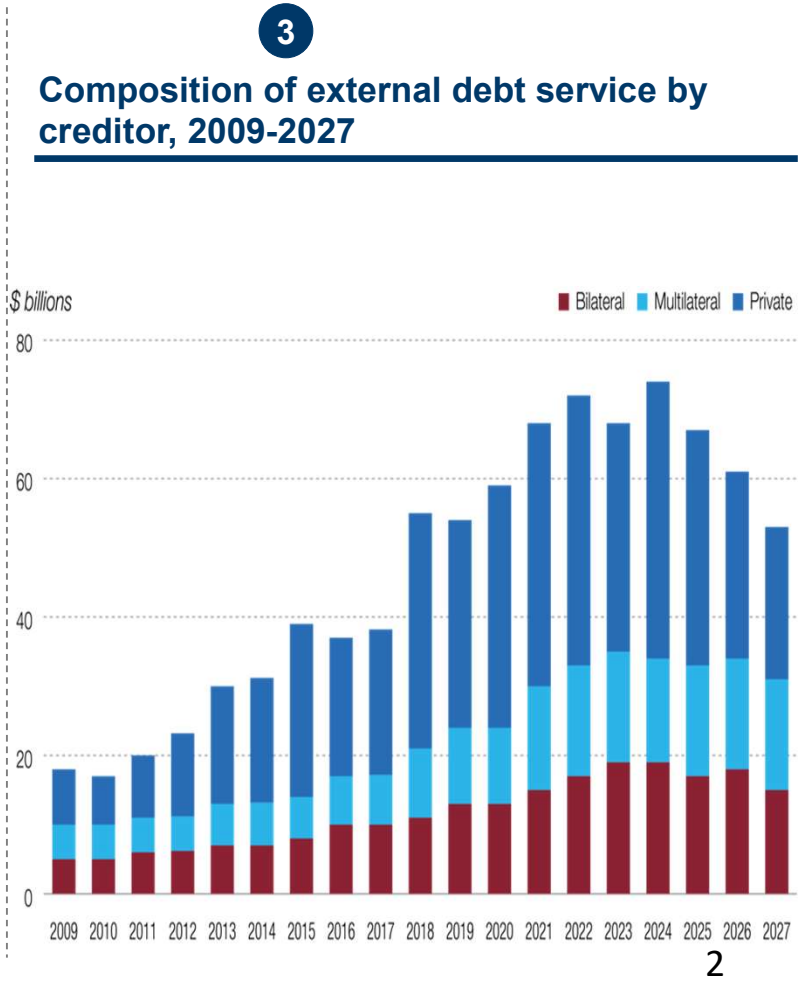
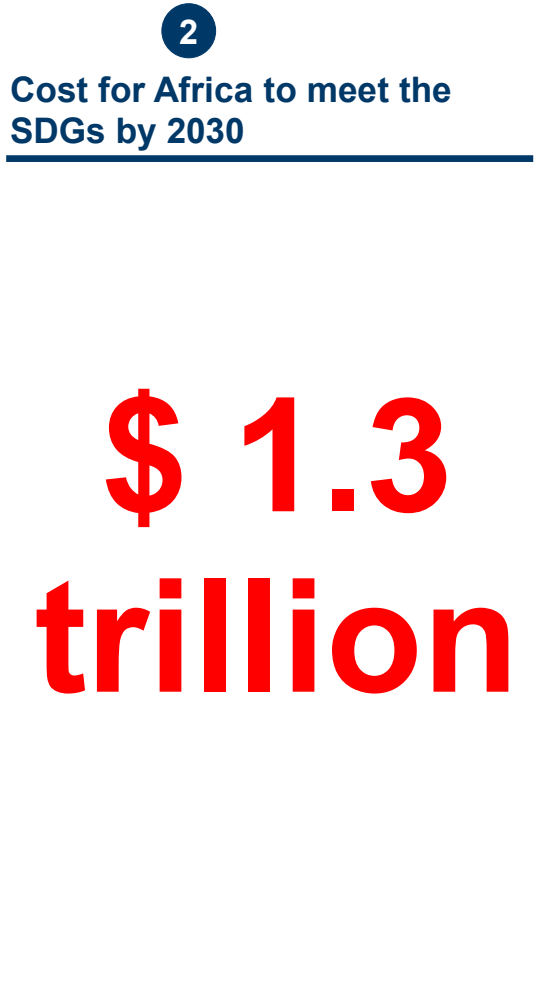
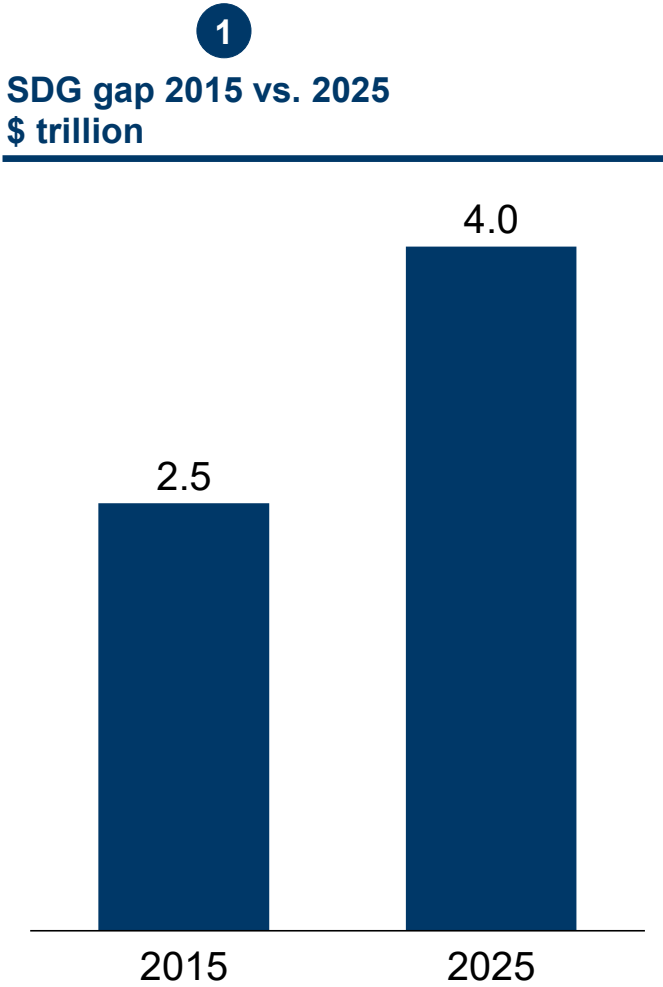


AFRICAN DEVELOPMENT BANK GROUP  
GROUPE DE LA BANQUE AFRICAINE  
DE DEVELOPPEMENT

November 26, 2025  
Geneva, Switzerland

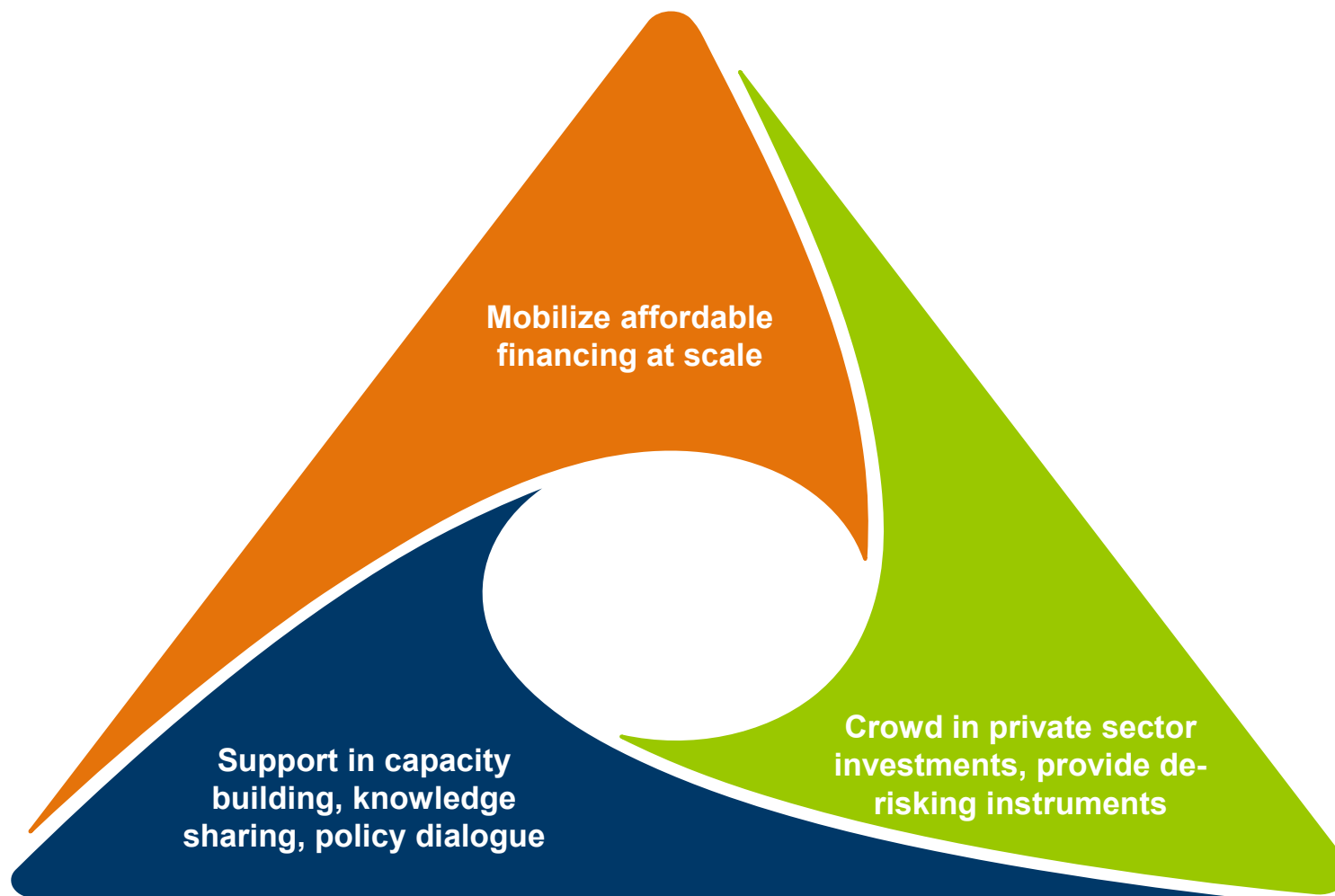


# 1 Macro environment remains challenging with significant costs to achieve SDGs by 2030



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## Multilateral Development Banks have an important role to play



### 3 Supporting development goals

#### Guarantees and insurance

To crowd in private sector financing for scale and reduce pricing

#### Blended finance

Affordability of transformational projects

#### Policy dialogue and capacity bldg

To create an enabling environment at scale

#### Local currency capital markets

To reduce FX risk and reduce financing costs

#### Private sector mobilization

To achieve the SDGs

#### Concessional financing

Increase financing at an affordable rate

#### Project preparation and development

Increase project bankability

#### Access to reliable data

To reduce the “Africa” premium being paid on transactions

#### Financial innovation

To increase lending capacity at an affordable cost

## 4 Private sector mobilization

### Partial Risk Guarantees (PRGs)

- Guarantees to protect against political risks emanating from government
- Covers currency inconvertibility, confiscation, expropriation, nationalization, non-honoring contract payment obligations etc..

### Co-financing

- Crowding investors

### Partial Credit Guarantees

- Guarantees to protect beneficiaries against non-payment
- Covers commercial debt, bond issues, debt derivatives including cross currency swaps

### Export credit agencies and insurance

- Funding an importing entity to develop bankable projects
- Provides insurance and guarantee products and loans

### Africa Investment Forum

- Multidisciplinary platform that advances projects to bankable stages, raises capital, and accelerates deals to financial closure

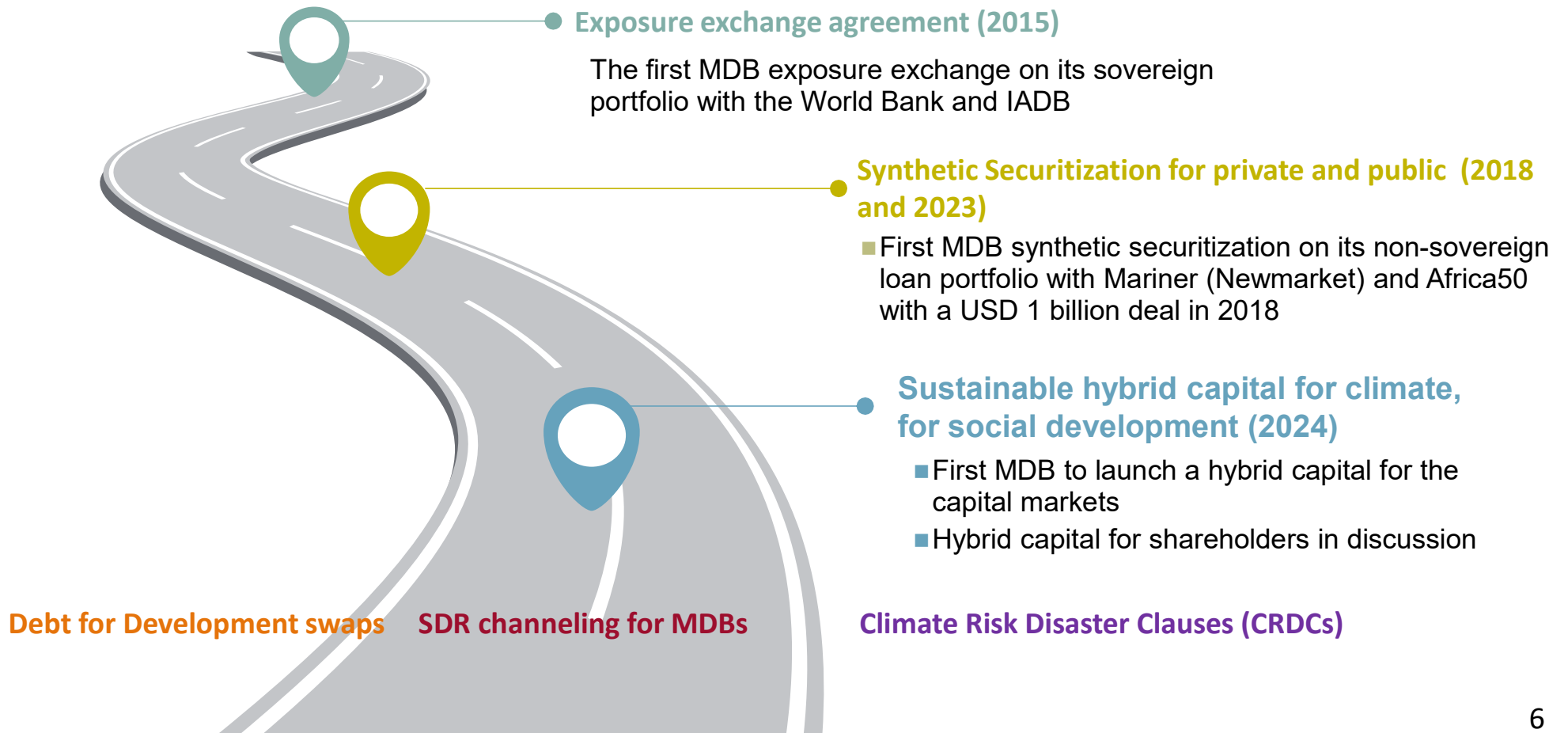


### Asset sales

- Help sellers monetize their existing assets



## 5 Embracing financial innovation



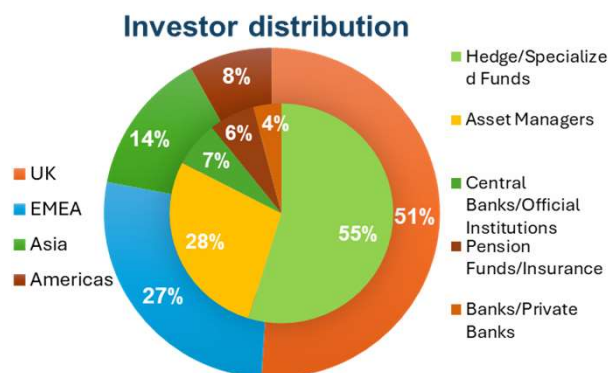
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## Mobilizing private sector through hybrid capital

### Transaction overview



### Investor distribution



### Key statistics

**\$6 bn** In demand

**275** Investors

**6x** Oversubscribed

**\$3 bn** In additional lending

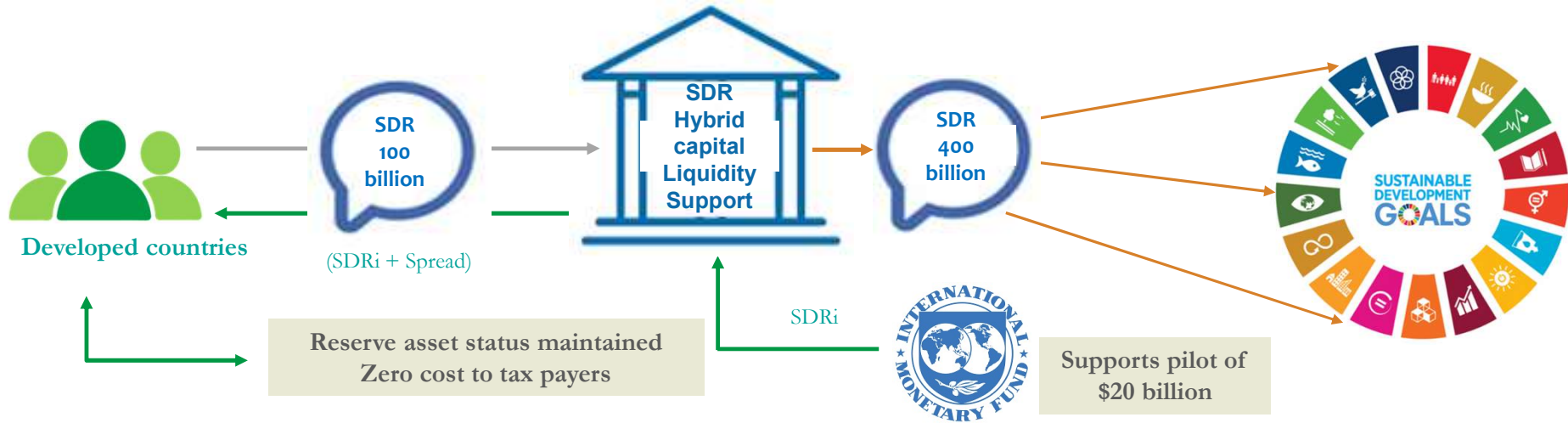
## 7 THE MDB SDR solution: amplifying the impact of the SDR allocation

01

SDR Holders invest into an SDR-denominated **hybrid debt instrument** issued by an MDB. Simultaneously, SDR Holders commit to provide liquidity support in case an investor faces a Balance of Payments need.

02

MDB uses the **additional lending capacity** to fund development projects in borrowing member countries via existing financing instruments





## SDR channeling to MDBs: the qualitative analysis

- Hybrid **capital instrument will receive an investment grade rating**, 3 to 4 notches below the MDBs' standalone credit rating
- **Rating complies with Article 89** of the IMF's Balance of Payments and International Investment Position Manual ("BPM6")
- Hybrid Capital would **benefit from multiple lines of defense**, the first of which is the **AAA-rating of MDB backed by a strong balance sheet**

### Financial Policy Framework

Consistent with triple-A and reviewed periodically

### Preferred Creditor Status

Allows MDBs to experience low default rates and higher recovery rates



### Risk Management Framework

Assessed as excellent / robust by Credit Rating Agencies

### Market Discipline

Demonstrated access to capital markets, including during times of crisis. Proactive financial management.

### Extraordinary Shareholder Support

Including capital increase and other forms of support

## MDB Credit quality: qualitative factors

### Strong risk culture: Robust Risk Management Framework

- Capital adequacy framework
- Risk Appetite Statement

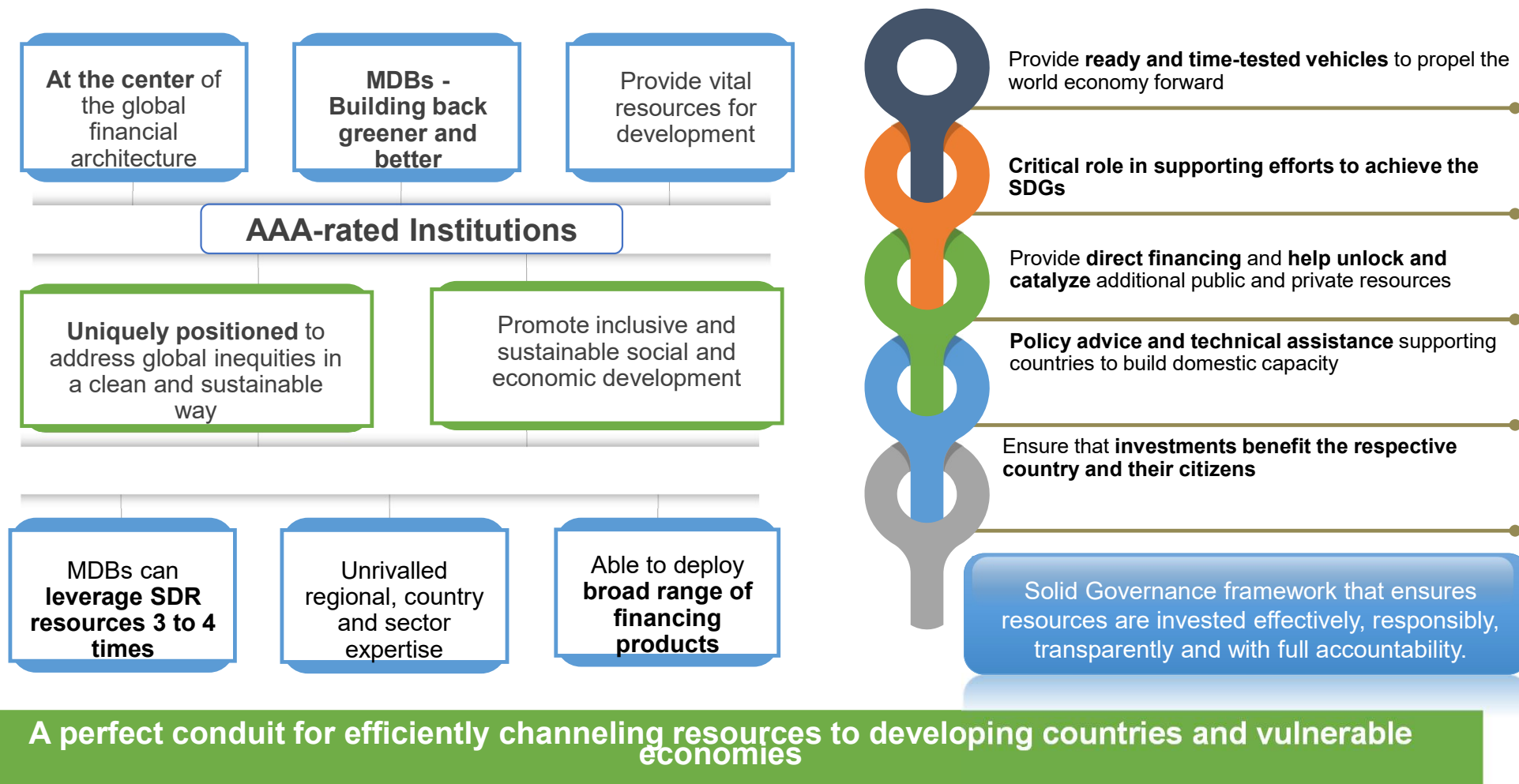
### Market Discipline

- Annual credit rating agencies review of MDB business and financial profile
- Operate with the objective to maximize development impact while preserving triple A-rating by
  - Ensuring policy importance and strong business profile
  - Preserving strong capital adequacy and liquidity ratios

### Preferred Creditor Treatment

- Sovereigns commonly accord favorable terms to certain creditors including MDBs
- PCT has been key in allowing MDBs to experience low default rates and higher recovery rates than commercial lenders on sovereign loans

## Channeling SDRs through Multilateral Development Banks





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