



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 11, 2009

S. 955

African Development Fund Replenishment Act of 2009

*As ordered reported by the Senate Committee on Foreign Relations
on May 5, 2009*

SUMMARY

S. 955 would authorize the appropriation of \$468 million for the United States' share of the eleventh general replenishment of the resources of the African Development Fund (AfDF-11). That replenishment covers the three-year period ending in December 2010.

The bill also would authorize the appropriation of up to \$26 million to meet potential shortfalls in the U.S. commitment to compensate the African Development Fund (AfDF) for debts cancelled under the Multilateral Debt Relief Initiative (MDRI) over the 2006-2054 period. CBO expects that provision would have no significant budgetary impact.

CBO estimates that implementing S. 955 would cost \$318 million over the 2010-2014 period, assuming appropriation of that amount. (The Congress has already appropriated \$150 million for fund replenishment in 2009.) Enacting the bill would not affect direct spending or revenues.

S. 955 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 955 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

	By Fiscal Year, in Millions of Dollars					2010-2014
	2010	2011	2012	2013	2014	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION^a						
Estimated Authorization Level	159	159	0	0	0	318
Estimated Outlays	95	159	64	0	0	318

a. The Congress appropriated \$150 million for a contribution to the African Development Fund (AfDF) for fiscal year 2009, enacted in the Omnibus Appropriations Act, 2009 (Public Law 111-8) on March 11, 2009. CBO assumes there would be no additional funding for the AfDF for this year.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 955 will be enacted before the end of fiscal year 2009, that the estimated amounts necessary to fully fund the U.S. share of the current replenishment will be appropriated each fiscal year, and that outlays will follow the historical spending patterns for U.S. contributions to the fund.

AfDF-11

S. 955 would authorize the appropriation of \$468 million for contributions to AfDF-11. The 11th replenishment was agreed to in December 2007, committing the United States and other donors to contribute a total of \$8.9 billion to the fund.

Based on information from the Department of the Treasury, CBO expects that the U.S. commitment to AfDF-11 would be funded with appropriations over fiscal years 2009 through 2011. The Omnibus Appropriations Act, 2009 (Public Law 111-8) provided \$150 million for the first installment. CBO further expects that the remaining authorized amounts of \$318 million would be provided in two installments of \$159 million in 2010 and 2011.

MDRI

S. 955 also would authorize the appropriation of up to \$26 million to meet potential shortfalls in the U.S. commitment to compensate the AfDF for debts cancelled under the MDRI, which was agreed to in September 2006 and covers the 2006-2054 period.

The Treasury Department has indicated that it expects to fully fund the United States' MDRI commitment of \$26 million for AfDF-11 by accelerating the encashment (payment) schedule for U.S. replenishment payments to AfDF-11. Under the department's plan, those payments would be completed in four years—by 2012—rather than the 10 years that would otherwise be allotted. Based on a formula negotiated with the fund, those early payments would earn credits towards the U.S. MDRI commitment because of the additional interest that the fund would earn. Based on information provided by the Treasury Department on this early encashment income, CBO expects that additional appropriations to meet the U.S. MDRI commitment would not be required for either AfDF-11 (2009-2011) or AfDF-12 (2012-2014). As a result, CBO estimates that authorizing such appropriations would not significantly affect discretionary spending over the 2010-2014 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 955 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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