

AFRICAN DEVELOPMENT BANK

AFRICAN DEVELOPMENT FUND



BOARDS OF GOVERNORS

**FORTY-FOURTH ANNUAL
MEETING OF THE ADB
DAKAR, SENEGAL
13 AND 14 MAY 2009**

**THIRTY-FIFTH ANNUAL
MEETING OF THE ADF
DAKAR, SENEGAL
13 AND 14 MAY 2009**

OFFICIAL RECORD

AFRICAN DEVELOPMENT BANK
Board of Governors
Forty-Fourth Annual Meeting
DAKAR, 13 and 14 May 2009

AFRICAN DEVELOPMENT FUND
Board of Governors
Thirty-Fifth Annual Meeting
DAKAR, 13 and 14 May 2009

OFFICIAL RECORD

- 1 The Forty-Fourth Annual Meeting of the Board of Governors of the African Development Bank (ADB) and the Thirty-Fifth Annual Meeting of the African Development Fund (ADF) were held jointly on 13 and 14 May 2009 at the Palais des Congrès, Hotel Méridien Pr0sident Président, Dakar, Senegal, under the chairmanship of **His Excellency Abdoulaye DIOP**, Minister of State, Minister of Economy and Finance of Senegal, Chairperson of the Boards of Governors. The Annual Meetings were opened in the presence of **Mr. Donald KABERUKA**, President of the African Development Bank Group.
 - 1.1 About 2030 participants, comprising Governors, Alternate Governors, members of the Boards of Directors, Delegates, Staff and Observers, attended the 2009 Annual Meetings.
 - 1.2 The Meetings were preceded by meetings of the subsidiary organs of the Boards of Governors, presentation of the 2008 African Development Report as well as side events including seminars on, “The Challenges of Food Security in Africa and the Responses of International Institutions”, “Strategic Role of Procurement in Improving Performance and Development Effectiveness”, “Joint IFI Action Plan for Private Sector in Africa – Response to the Financial Crisis” and “African Capital Markets/Making Finance work for Africa”. Other key events organized within the framework of the Annual Meetings included the Ministerial Roundtable on “Africa and the Financial Crisis-An Agenda for Action”, the Governors’ Dialogue and High-Level Seminars on: (i) The Financial Crisis and Fragile States; (ii) The Financial Crisis, Regional Integration and Trade; (iii) Financial Crisis and Economic Reforms: Options for the Future; and (iv) The Financial Crisis and Access to Finance”.

OPENING CEREMONY

2. The formal opening ceremony was held in the the Palais des Congrès, Hotel Méridien Pr0sident Président in Dakar, Senegal, on Wednesday, 13 May 2009, with **His Excellency Abdoulaye WADE**, President of the Republic of Senegal, chairing. **His Excellency Blaise COMPAORE**, President of Burkina Faso, **His Excellency John Dramani MAHAMA**, Vice-President of the Republic of Ghana **His Excellency Jean PING**, President of the African Union Commission and **Mr. Abdoulie JANNEH**, Executive Secretary of the Economic Commission for Africa, were also present.
 - 2.1 In his address, **His Excellency Abdoulaye DIOP**, Chairperson of the Boards of Governors and Governor for Senegal, extended a very warm welcome to his peers, their respective delegations and other participants. He acknowledged the presence of the former Presidents of the African Development Bank, Messrs. Kwame Fordwor, Willa Mung’omba, Babacar N’Diaye and Omar Kabbaj, who had accepted the Bank’s invitation to attend the meetings.

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- 2.2 The Governor underlined the importance of the central theme retained for the 2009 Meetings namely: “Africa and the Financial Crisis: An Agenda for Action”, given the serious impact of the global economic downturn on the economies of the Bank Group’s regional member countries. He urged the Bank’s development partners to step up their development assistance to Africa, particularly the poorest countries. In this regard, he pleaded with the international community to: (i) heed the call of the Bretton Woods Institutions for the adoption of new growth-related initiatives and instruments; (ii) increase resources earmarked for concessional lending; and (iii) deliver on promises made in relation to public aid to development.
- 2.3 Concluding, he appealed to African countries to extend their bilateral cooperation efforts beyond the circle of traditional partners and create an environment conducive for direct foreign investments through the reinforcement of good governance and macro-economic stability. He called for unity of action and cohesion among Bank Group regional members and urged them to support the ADB whose development strategy is consistent with the Millennium Development Goals.
- 2.4 In his statement, **Mr. Donald KABERUKA**, President of the Bank Group expressed gratitude to the Government and people of Senegal for hosting the 2009 Annual Meetings. He underlined the honour bestowed on the Bank by the presence of the Heads of State of Senegal and Burkina Faso, the Vice-President of Ghana, the President of the African Union Commission and the Executive Secretary of the ECA. He welcomed Luxembourg as a new State participant in the Fund and member of the Bank.
- 2.5 Addressing the current financial crisis and its negative impact on African economies, President Kaberuka confirmed his conviction that the long-term prospects for the continent were bright as it has the capacity to withstand the effects of the crisis. The Bank and its sister finance institutions should scale up, optimize, innovate, complement and advocate, while striking a balance between short-term crisis responses and longer term structural concerns. Besides, the President pointed out that in the present circumstances, any solution to the crisis that excluded Africa would not stand the test of time. He called for a few practical steps including, among other things: (i) strengthening the ADF by frontloading and accelerating resource transfers; (ii) giving renewed urgency to the Paris Declaration and the Accra Agenda for Action; (iii) closing the gap between the Declaration and implementation; (iv) reinforcing country ownership and meaningful division of labour between bilaterals, International Finance Institutions (IFIs) and among IFIs themselves.
- 2.6 The President welcomed the G20 decision that spelt the need to review the capital requirements of regional development banks including the ADB, as it made a strong case for a general capital increase. Besides, it will enable the Bank to contribute more to the ADF and develop initiatives, take advantage of its strong capital base to do more in low income countries, including fragile States,

- finance more private sector operations, support enclave projects, finance trade and enhance guarantees.
- 2.7 Addressing the issue of the Bank's financial situation, the President observed that even though 2008 was an exceptionally challenging year for any institution active in the financial markets, the ADB fared well, thanks to its prudent and proactive financial and risk management practices, with an overall conservative financial bias. From the operational viewpoint, the Bank Group continued to focus on its core areas such as the private sector, infrastructure and regional integration. He was encouraged by the Bank Group's progress in implementing the Fragile State Facility and the evolution of the situation in Zimbabwe.
- 2.8 Lastly, Mr. Kaberuka made reference to Initiatives in whose launching he was privileged to participate in 2008, particularly the Pan African Agriculture Investment Fund and the Africa Guarantee Fund for the Youth of Africa. The Bank continues to build its internal capacity, as well as accountable and motivated staff.
- 2.9 In his statement, the President of the African Union Commission, **His Excellency Jean PING** expressed gratitude to the Bank for inviting him to represent the African Union at the 2009 Annual meetings. He noted that the meeting came at a time when Africa was at major cross-roads due to the current global financial crisis. He commended the Bank for its speedy and well-thought response to the impact of that crisis on regional member countries. He recalled the role played by the President of the Bank in giving a voice to Africa at the G20 Summit and expressed the hope that the position adopted by the continent would yield positive outcome in the immediate future. He outlined the impact of the financial crisis on African countries, namely, a drop in economic performance after more than a decade of not less than 5% growth, the reversal of recent successes in democratization and the desperation among the population of the poorest countries which engendered drug trafficking with the attendant repercussions of political instability and sea piracy. He urged the international community to join forces in supporting the poorest countries, supplementing the resources of ADF and combating poverty and the negative impact of the global financial crisis.
- 2.10 In his intervention, the President of Senegal, **His Excellency Abdoulaye WADE**, thanked the Bank for accepting his country's invitation to host the 2009 Annual meetings of the Bank. He considered the theme of the meetings, "Africa and the Financial Crisis: An Agenda for Action" as appropriate because although the crisis was provoked by the lax business culture in other continents, it had serious impacts on African countries by reason of their marginal contribution to the world economy. He called for an equitable and fair economic order and invited African countries to explore alternative financing mechanisms rather than permanently depending on external aid.
- 2.11 In addition, his Excellency called for unity within the continent. He extolled the original concept of NEPAD and regional integration and stated that the failure of that concept was not due to faulty design but wrong implementation. He stated

that with proper leadership, NEPAD and African integration were bound to succeed. While regretting that Africa's relationship with its previous partners was not as strong as it should have been, he advocated South-South co-operation as a way of fostering African development and urged African leaders not to hesitate in seeking new alignment.

- 2.12 He commended the President of the African Development Bank for re-directing the Bank's priorities and urged him not to lose sight of the development mandate of the institutions. He declared the 2009 Annual meetings open and wished Governors success in their deliberations.

CONSIDERATION OF AGENDA ITEMS

- 3 The Rapporteur of the Joint Steering Committee, the Governor for Gabon, read out the Report of the Joint Steering Committee of the Boards of Governors of the African Development Bank and the African Development Fund, which met on Monday, 11 May 2009, at the Palais des Congrès, Hotel Méridien Pr0sident Président in Dakar, Senegal.
- 3.1 The Boards of Governors thanked the Governor for Gabon for the report and took note of the fact that: (i) the United States of America had cast a negative vote on the proposals concerning the distribution of the net income of the ADB for the year ended 31 December 2008; and (ii) the draft resolution on launching consultations for a sixth capital increase was amended to reflect the concern expressed about the need for the Bank to provide more financing resources to the poorest countries.
- 3.2 The Boards of Governors also recalled the recommendation of the Joint Steering Committee on the establishment of a Contact Group that shall make proposals to the Governors' Consultative Committee within three months, to ensure that a consensus will be reached during the 2010 Annual meetings on the joint request by South Africa and Mozambique for an additional seat on the Board of Directors for the Southern African sub-region.
- 3.3 The Boards of Governors approved the recommendations put forward by the Committee and adopted the relevant Resolutions.

RESOLUTIONS ADOPTED

- 3.4 The Resolutions and Votes of Thanks adopted are contained in Annex 1 of this Report and they concern the following main issues:
- (i) Dates and Venue of the next Annual Meetings;
 - (ii) By-Election of Executive Directors;
 - (iii) Temporary Relocation of the Operations of the African Development Bank to the Temporary Relocation Agency in Tunis, Tunisia: Annual Review of the Temporary Relocation Period;

- (iv) Application of the Grand Duchy of Luxembourg to become a State participant in the African Development Fund and a Member of the African Development Bank;
- (v) Annual Report, Audited Financial Statements, Distribution of the Net Income for the Financial Year Ended 31 December 2008;
- (vi) Increase in the Bank's Global Limit for Equity Participation from 10% to 15% of the Total Risk Capital;
- (vii) Mobilization of Resources for a Sixth General Capital Increase (GCI-VI);
- (viii) Votes of Thanks of the Boards of Governors in favour of several Personalities and governing bodies, particularly, His Excellency Abdoulaye WADE, President of the Republic of Senegal, His Excellency Blaise COMPAORE, President of Burkina Faso, His Excellency John Dramani MAHAMA, Vice President of the Republic of Ghana, Mr. Jean PING, President of the African Union Commission, the outgoing Chairperson, the Bureau, the Joint Steering Committee, the Steering Committee on the Election of the President, the National Organizing Committee of the 2009 Annual Meetings; and the Boards of Directors, Management and Staff of the Bank.

SUMMARY OF THE KEY POINTS OF GOVERNORS' STATEMENTS

- 4 The Governors individually expressed their strong appreciation to the Government and people of the Republic of Senegal for their warm « Teranga » hospitality and for the facilities provided for the meeting.
- 4.1 The Governors stressed that the 2009 Annual meetings were being held in a context of global economic and financial crisis, which created uncertainties in the economies of African countries. Therefore, they commended the coordinated action of the international community to find a global solution to the crisis. In this regard, they considered the theme of the 2009 Annual meetings of the African Development Bank Group « Africa and the Financial crisis: An Agenda for Action » as appropriate and lauded the African Development Bank for its speedy initiatives, namely, the African Liquidity Facility, the Trade Finance Initiatives and the action plan for accelerated transfer of resources to the poorest countries, which were aimed at enabling regional member countries to withstand the effects of external shocks.
- 4.2 The Governors noted that the major challenge facing the continent was to sustain the progress recorded by several African countries over the past five years. This calls for new prospects and responsibilities for the Bank. In this context, they : (i) invited development partners to increase their financing by paying special attention to the poorest countries and increasing concessional resources ; (ii) underlined the importance of Foreign Direct Investments ; (iii) stressed the need for dialogue and ownership of operational strategy by the countries ; (iv) underlined the need to ensure the diversification of African economies; (v) reaffirmed that the development of the private sector is the essential catalyst to the economic growth of African countries.
- 4.3 The Governors also congratulated the Grand Duchy of Luxemburg on its membership of the Bank Group and welcomed the country to the Institution.
- 4.4 The Governors invited the Bank to streamline regional integration processes especially in the areas of infrastructure, agriculture and energy efficiency. They also requested Management to carry out an in-depth analysis of the Bank's capacity and redefine the instruments that are best suited to fulfill the targets in the various countries.
- 4.5 They commended the Bank for the improvements in its operations, the focus on infrastructure, regional integration, governance and fragile states and the increase of private sector operations in low-income countries. However, they called for selectivity in the Bank's intervention, the assessment of skills mix, the focus on the right balance of staff between the Headquarters and field offices and the clear definition of their respective roles.
- 4.6 In addition, they expressed satisfaction with the Bank's speedy response to the crisis in Zimbabwe and urged the Bank Group President to formulate more proposals to aid that country's economic reform and stabilization. Furthermore, they invited the Bank to focus on the Millennium Development Goals, the threat

- of climate change, gender action plan, fragile states and results delivery through appropriate deployment of the Bank's human and financial resources.
- 4.7 Finally, they suggested that the Bank should: (i) enhance quality by focusing on areas where it has comparative advantage, such as infrastructure, governance and private sector development; (ii) ensure that crisis-related operations are not allowed to crowd out other critical policy targets; (iii) ensure that all categories of RMCs receive a fair share of the Bank's finances; (iv) explore ways to put unutilized ADF funds to work and be innovative and flexible within the existing frameworks; (v) make a solid business case to demonstrate the need and value of additional finance; (vi) further strengthen its partnership with other development institutions; (vii) pay closer attention to the integration of cross-cutting issues into policies and programmes; (viii) strengthen good governance, which is essential to institutional effectiveness; (ix) enhance transparency by improving information disclosure and internal controls; (x) demonstrate flexibility in its balance sheets to address the crisis, and ability to leverage both public and private finance; and (xi) prepare itself for post-crisis demands by reflecting on ways and means of strengthening existing emergency measures through long-term strategies.
- 4.8 Governors lauded the Bank's 2008 financial results and congratulated the Board of Directors, Management and staff of the Bank for the encouraging results obtained despite the challenging global financial context. In the face of new challenges and the global economic and financial crisis, the Governors urged the Bank to strengthen its institutional governance and work out innovative solutions that would reinforce the capacity of regional member countries to withstand external shocks.
- 4.9 They also commended the Bank for its prompt response to the global economic and financial crisis and congratulated the Boards of Directors, Management and staff for the catalytic role played by the Bank to ensure that Africa's voice was effectively heard at the G20 Summit. They reaffirmed their support to the Bank in this context of crisis, as it affirms itself as the premier development finance institution on the continent.

Kordjé BEDOUMRA
Secretary-General

Annexes

Resolutions and Votes of Thanks

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



BOARDS OF GOVERNORS

**FORTY-FOURTH ANNUAL
MEETING OF THE ADB**

**THIRTY-FIFTH ANNUAL
MEETING OF THE ADF**

**DAKAR, REPUBLIC OF SENEGAL
13 AND 14 MAY 2009**

RESOLUTIONS ADOPTED AT THE 2009 ANNUAL MEETINGS

BOARDS OF GOVERNORS

Resolution B/BG/2009/01 - F/BG/2009/01

Adopted at the First Sitting of the Forty-Fourth Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Fifth Annual Meeting of the African Development Fund (the "Fund"), on 13 May 2009

Dates and Venue of the Forty-Fifth Annual Meeting of the Board of Governors of the Bank and the Thirty-Sixth Annual Meeting of the Board of Governors of the Fund (2010)

THE BOARDS OF GOVERNORS,

HAVING REGARD to Article 31(1) of the Agreement establishing the Bank and Article 25(1) of the Agreement establishing the Fund;

HAVING CONSIDERED:

- (i) Resolution B/BG/92/07 concerning the venue of Annual Meetings;
- (ii) Document ADB/BG/WP/2009/09 - ADF/BG/WP/2009/05 (the "Proposal") on the Dates and Venue of the Forty-Fifth Annual Meeting of the Board of Governors of the Bank and the Thirty-Sixth Annual Meeting of the Board of Governors of the Fund, (collectively, the "2010 Annual Meetings");
- (iii) The invitation of the Government of Côte d'Ivoire, expressing its desire to host the 2010 Annual Meetings in Abidjan; and
- (iv) The recommendation of the Boards of Directors contained in the Proposal;

RESOLVE to hold the 2010 Annual Meetings in Abidjan, from **27 to 28 May 2010**.

AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2009/02

Adopted at the First Sitting of the Forty-Fourth Annual Meeting
of the African Development Bank, on 13 May 2009

By-election of Executive Directors of the African Development Bank

THE BOARD OF GOVERNORS,

HAVING REGARD to:

1. The Agreement Establishing the African Development Bank (the "Bank Agreement"), in particular Articles 29(1) (Board of Governors: Powers), 33(1) (Board of Directors: Composition), 35(3) (Voting), and Annex B to the Bank Agreement, containing the Rules of Procedure Governing the Election of the Members of the Board of Directors of the African Development Bank (the "Bank"); and
2. The Rules for the Election of Executive Directors of the African Development Bank;

RECALLING Resolution B/BG/2007/06 adopted by this Board on 16 May 2007, on the General Election of Executive Directors of the Bank;

NOTING that Governors have nominated only one candidate for each electoral seat, and that each of the said candidates is duly qualified to discharge the functions of Executive Director of the Bank;

DECLARES that the persons, whose names appear below in the order of magnitude of the total shareholding that counted towards their election, are duly elected as members of the Board of Directors of the Bank, with effect from the date specified for that purpose:

<u>Executive Director</u>	<u>Countries Represented</u> *	<u>Voting Power</u> **	Date of Assumption of Duty
Ms. Mimi ALEMAYEHOU	<u>United States</u>	6.498	2 September 2008
Mr. Shehu YAHAYA	<u>Nigeria</u> Sao Tome and Principe Total	8.704 and <u>0.095</u> 8.799	20 February 2009

(1) * The Executive Director's country of origin is underlined.

(2) ** ADB Voting powers as at 30 April 2009.

AFRICAN DEVELOPMENT FUND

BOARD OF GOVERNORS

Resolution F/BG/2009/02

Adopted at the First Sitting of the Thirty-Fifth Annual Meeting
of the African Development Fund , on 13 May 2009

Selection of Executive Directors of the African Development Fund

THE BOARD OF GOVERNORS,

HAVING REGARD to: (i) the relevant provisions of the Agreement Establishing the African Development Fund (the "Fund Agreement"), in particular Articles 23(1) (Board of Governors: Powers), 27 (Board of Directors: Composition) and 29 (Voting); and (ii) Annex B of the Fund Agreement;

RECALLING Resolution F/BG/2007/05, adopted by this Board on 16 May 2007 on the Selection of Executive Directors for the African Development Fund (the "Fund");

NOTING that the following person has been duly selected as a member of the Board of Directors of the Fund;

HEREBY CONFIRMS the said selection, as indicated below, with effect from the date of her assumption of duty:

<u>Executive Director</u>	<u>Countries Represented*</u>	<u>Voting Power**</u>	Date of Assumption of Duty
Ms. Mimi ALEMAYEHOU	<u>United States</u>	5.665	2 September 2008

NB:

(1) * The Executive Director's country of origin is underlined.

(2) ** ADF Voting powers as at 30 April 2009.

AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2009/03

Adopted at the First Sitting of the Forty-Fourth Annual Meeting
of the African Development Bank, on 13 May 2009

Temporary Relocation of the Operations of the African Development Bank to the Temporary Relocation Agency in Tunis, Tunisia: Twelve (12)-Month Review of the Temporary Relocation Period

THE BOARD OF GOVERNORS,

HAVING REGARD to: (i) the Agreement Establishing the African Development Bank (the "Bank"), in particular Articles 1 (Purpose), 2 (Functions), 29 (Board of Governors: Powers); 32 (Board of Directors: Powers), 37 (The Office of the President), and 39 (Office of the Bank); (ii) the General Regulations of the Bank, in particular Article 4 (Powers, Functions and Responsibilities of the Board of Directors and the President); and (iii) the Terms of Reference of the Governors' Consultative Committee (GCC);

RECALLING:

- (i) Resolution B/BD/2002/09-F/BD/2002/08, adopted on 27 February 2002 by the Boards of Directors of the Bank and the African Development Fund (the "Fund"), confirming the selection of Tunisia as the Regional Member Country to host the Temporary Relocation Agency for the African Development Bank Group (TRA);
- (ii) Resolution B/BD/2003/03-F/BD/2003/02, adopted on 19 February 2003 by the Boards of Directors of the Bank and the Fund, authorizing the temporary relocation of operations of the Bank to the TRA;
- (iii) Resolution B/BG/2003/02-F/BG/2003/02, adopted on 30 April 2003 by the Boards of Governors of the Bank and the Fund, authorizing the temporary relocation of the Boards of Directors of the Bank and the Fund to the TRA; and
- (iv) Resolution B/BG/2003/04, adopted by this Board on 3 June 2003, fixing the timeframe of the temporary relocation of operations to the TRA as twenty-four (24) months from 3 June 2003 (the "Temporary Relocation Period"), and providing the related review process of the Temporary Relocation Period as well as the required notice period for an orderly and planned return of the Bank's operations to its Headquarters; and

FURTHER RECALLING the decisions of this Board since 2005 with the most recent being Resolution B/BG/2008/05 adopted on 15 May 2008, by which this Board resolved, inter alia, that the situation in the Host Country of the Headquarters was not yet conducive for a return of the operations of the Bank to its Headquarters, and therefore extended the Temporary Relocation Period for another twelve (12)-month period;

HAVING CONSIDERED:

- (i) The Report of the Ninth Meeting of the GCC, in particular the recommendations contained therein regarding the Temporary Relocation Period; and
- (ii) The importance of ensuring the safety and welfare of the Officers and Staff of the Bank, as well as preserving the effective functioning of the Bank while consolidating the gains accomplished thus far;

HEREBY:

- (i) Reaffirms that the Headquarters of the Bank shall remain in Abidjan, Côte d'Ivoire;

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- (ii) Takes note of the progress made by the Host Country towards consolidating peace and stability, but decides that the situation in the Host Country is not yet conducive for an immediate return of the operations of the Bank to its Headquarters;
- (iii) Extends the Temporary Relocation Period for twelve (12) months from 3 June 2009;
- (iv) Directs the Board of Directors to continue to closely monitor the situation in the Host Country in accordance with the following: (a) the normalization of the political and security situation; and (b) the existence of the basic facilities and infrastructure necessary for the effective operations of the Bank;
- (v) Further directs the GCC to meet at an appropriate date before the 2010 Annual Meetings to provide guidance to the Board of Governors on the issues referred to in paragraph (iv) above relating to the Bank's return to Abidjan and anything else judged relevant, and to recommend a decision to be taken by the Board of Governors at the 2010 Annual Meetings;
- (vi) Decides that there shall be a twelve (12)-month notice period, to ensure proper planning and orderly return of the operations of the Bank to its Headquarters after a final decision is taken by the Board of Governors; and
- (vii) Authorizes the Board of Directors and the President to take such administrative measures, as may be necessary or expedient for the implementation of this Resolution, having regard to the functions and powers of the Board of Directors and the President, as set out in the Agreement establishing the Bank, the General Regulations, and other subsidiary instruments of the Bank.

AFRICAN DEVELOPMENT FUND

BOARD OF GOVERNORS

Resolution F/BG/2009/03

Adopted at the First Sitting of the Thirty-Fifth Annual Meeting
of the African Development Fund , on 13 May 2009

Temporary Relocation of the Operations of the African Development Bank to the Temporary Relocation Agency in Tunis, Tunisia: Twelve (12)-Month Review of the Temporary Relocation Period

THE BOARD OF GOVERNORS,

HAVING REGARD to: (i) the Agreement Establishing the African Development Fund (the "Fund"), in particular Articles 2 (Purpose), 23 (Board of Governors: Powers); 26 (Board of Directors: Functions), 30 (The President), 31 (Relationship to the Bank); and 32 (Office of the Fund); and (ii) the General Regulations of the Fund, in particular Article 4 (Delegation of Powers);

RECALLING:

- (i) Resolution B/BD/2002/09-F/BD/2002/08, adopted on 27 February 2002 by the Boards of Directors of the African Development Bank (the "Bank") and the Fund, confirming the selection of Tunisia as the Regional Member Country to host the Temporary Relocation Agency for the African Development Bank Group (TRA);
- (ii) Resolution B/BD/2003/03-F/BD/2003/02, adopted on 19 February 2003 by the Boards of Directors of the Bank and the Fund, authorizing the temporary relocation of operations of the Bank to the TRA;
- (iii) Resolution B/BG/2003/02-F/BG/2003/02, adopted on 30 April 2003 by the Boards of Governors of the Bank and the Fund, authorizing the temporary relocation of the Boards of Directors of the Bank and the Fund to the TRA; and
- (iv) Resolution B/BG/2003/04, adopted by the Board of Governors of the Bank on 3 June 2003, during the 2003 Annual Meetings, fixing the timeframe for the temporary relocation of operations of the Bank as twenty-four (24) months from 3 June 2003 (the "Temporary Relocation Period"), and the concurrence of this Board, with the decisions contained in that Resolution, as indicated in its Resolution F/BG/2003/04, adopted on 3 June 2003;

FURTHER RECALLING:

- (i) The decisions of the Board of Governors of the Bank, since 2005 with the most recent being Resolution B/BG/2008/05 adopted on 15 May 2008, by which that Board resolved, *inter alia*, that the situation in the Host Country of the Headquarters was not yet conducive for a return of the operations of the Bank to its Headquarters, and therefore extended the Temporary Relocation Period for another twelve (12)-month period; and the concurrence of this Board, with such decisions; and
- (ii) Resolution B/BG/2009/03 adopted on 13 May 2009 by the Board of Governors of the Bank concerning the twelve (12)-month review of the Temporary Relocation Period (the "2009 Temporary Relocation Period Resolution");

HAVING DULY NOTED:

- (i) The Report of the ninth meeting of the Governors' Consultative Committee of the Bank, in particular the recommendations contained therein regarding the Temporary Relocation Period; and

- (ii) The importance of ensuring the safety and welfare of the Officers and Staff of the Bank, as well as preserving the effective functioning of the Bank while consolidating the gains accomplished thus far;

CONCURS with the decision of the Board of Governors of the Bank, as set out in the 2009 Temporary Relocation Period Resolution; and

AUTHORIZES the Board of Directors and the President to take such administrative measures, as may be necessary or expedient for the implementation of this Resolution, having regard to the functions and powers of the Board of Directors and the President, as set out in the Agreement establishing the Fund, the General Regulations, and other subsidiary instruments of the Fund.

AFRICAN DEVELOPMENT FUND

BOARD OF GOVERNORS

Resolution F/BG/2009/04

Adopted at the First Sitting of the Thirty-Fifth Annual Meeting
of the African Development Fund , on 13 May 2009

Participation of the Grand Duchy of Luxembourg in the African Development Fund

THE BOARD OF GOVERNORS,

HAVING REGARD to the relevant provisions of the Agreement Establishing the African Development Fund (the "Fund Agreement"), in particular Articles 3(3) (Participation: New State Participants), 55(1) (Ratification, Acceptance or Approval) and 57(2) (Participation: Effective Date of Participation), and the General Regulations of the African Development Fund (the "Fund"), in particular Article 13 (Application for Participation);

HAVING CONSIDERED:

- (i) The Declaration of Intent presented by the Grand Duchy of Luxembourg ("Luxembourg") to the Fund dated 22 May 2008, by which Luxembourg confirmed its desire to become a State Participant (as defined in Article 1 of the Fund Agreement); and
- (ii) Resolution F/BG/2008/01 adopted by the Board of governors of the Fund on 28 March 2008, concerning the Eleventh General Replenishment of the Fund, (the "ADF-11 Resolution");

RESOLVES to grant the application of Luxembourg to become a State Participant on the following terms:

- i) Except as otherwise provided in this Resolution, the terms and conditions governing the participation and subscription of Luxembourg shall be the same in all respects as those applicable to the participation and subscriptions of original participants in the Fund.
- ii) The initial subscription of Luxembourg shall be Ten Million Two Hundred and Seventy Two Thousand Eight Hundred and Eighty Units of Account (UA 10,272,880),* as defined in the Fund Agreement (the "Initial Subscription").
- iii) The Initial Subscription shall be payable in full on the date on which Luxembourg shall comply with the provisions of paragraph 5 of this Resolution, or not more than thirty (30) days thereafter.
- iv) Save and to the extent that the present Resolution specifically modifies the terms of the ADF-11 Resolution, the ADF-11 Resolution shall apply in all respects to Luxembourg, after its admission to participation in the Fund.
- v) Luxembourg shall become a party to the Fund Agreement and a State Participant of the Fund pursuant to this Resolution, by signing the Fund Agreement and depositing its Instrument of Acceptance with the African Development Fund.

* Luxembourg has advised that it intends to pay in one instalment through the deposit of a non-negotiable, non-interest bearing demand note denominated in US dollars. The applicable UA: US\$ exchange rate is that of 31 December 2007 i.e. UA1 = US\$ 1.58025. The Initial Subscription, accordingly, will be US\$ 16,233,718.

AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2008/04

Adopted at the First Sitting of the Forty-Fourth Annual Meeting
of the African Development Bank, on 13 May 2009

**Accession of the Grand Duchy of Luxembourg to the
Agreement Establishing the African Development Bank**

THE BOARD OF GOVERNORS,

HAVING REGARD to Articles 3(3), 5, 6(1), and 7 of the Agreement Establishing the African Development Bank (the "Bank Agreement"), to Article 13 of the Bank's General Regulations, and the General Rules Governing the Admission of Non-Regional Countries to the Bank adopted by Resolution 07-79 of this Board;

CONSIDERING the Declaration of Intent presented by the Government of the Grand Duchy of Luxembourg to the Bank dated 22 May 2008, by which the said Government confirmed its decision to seek membership of the Bank;

CONSIDERING further the Report of the Board of Directors (Doc. ADB/BG/WP/2009/11) on the exchange of views and negotiations with the Government of the Grand Duchy of Luxembourg;

WELCOMING the said Declaration of Intent;

RECALLING Resolution F/BG/2009/04 adopted on 13 May 2009 by the Board of Governors of the African Development Fund pursuant to which that Board granted the application of the Grand Duchy of Luxembourg to become a State participant in the Fund;

DESIROUS, for its part, of aiding the Grand Duchy of Luxembourg to become a member of the Bank at the earliest opportunity;

RESOLVES that the Grand Duchy of Luxembourg shall become a member of the Bank on the following terms:

1. The Grand Duchy of Luxembourg shall initially subscribe to 3,235 Shares of the capital stock of the Bank; such shares to consist of 194 paid-up shares and 3,041 callable shares to be issued at par;
2. The payment of the amount initially subscribed to the paid-up capital stock shall be made in one (1) instalment through the deposit of a non-negotiable, non-interest bearing demand note denominated in US dollars; and
3. All other conditions of subscription shall, except to the extent of any inconsistency with the provisions of this Resolution, be as set out in the Resolution B/BG/98/05 authorizing the Fifth General Capital Increase of the Bank (GCI-V) adopted at the 34th Annual Meeting on 29 May 1998;

AUTHORIZES the Board of Directors to complete the Bank's internal formalities for admitting Luxembourg, as soon as the Grand Duchy of Luxembourg shall have declared itself ready to complete the formalities provided in Article 3(3) of the Bank Agreement and in the General Rules Governing the Admission of Non-Regional Countries to Membership of the Bank (Annex to Resolution 07-79), and to pay its initial subscription.

AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2008/05

Adopted at the First Sitting of the Forty-Fourth Annual Meeting
of the African Development Bank, on 13 May 2009

Authorizing a Special Capital Increase

THE BOARD OF GOVERNORS,

HAVING REGARD TO:

- (i) The Agreement Establishing the African Development Bank (the "Bank Agreement"), particularly Articles 5(3) and (4) (Authorization for a Capital Increase and allocation of Capital Stock), Article 6 (Subscription of Shares), Article 7 (Payment of Subscription) and Article 29 (Board of Governors Powers);
- (ii) Resolution B/BG/98/04 pursuant to which this Board approved, *inter alia*, the amendment to Article 5(4) of the Bank Agreement to provide that the authorized capital stock and any increase thereof shall be allocated for subscription to regional and non-regional members so that the regional Members shall hold sixty percent of the total voting power and the non-regional Members forty percent of the total voting power; and
- (iii) Resolution B/BG/2008/07 pursuant to which the authorized capital stock of the Bank was increased to twenty two billion, thirty nine million four hundred and eighty thousand Units of Account (UA 22,039,480,000), with a par value of ten thousand Units of Account (UA 10,000) for each share;

RECALLING Resolution B/BG/2009/04 on the Accession of the Grand Duchy of Luxembourg to the Agreement Establishing the African Development Bank adopted by this Board on 13 May 2009;

HAVING CONSIDERED the recommendations contained in the Report of the Board of Directors (Document ADB/BG/WP/2009/11);

HEREBY DECIDES:

1. To authorize a Special Capital Increase of the authorized share capital of the Bank to allow for; (i) subscription by a non-regional country (the Grand Duchy of Luxembourg) of the number of shares required for it to become a member; and (ii) subscription by regional members of the number of shares necessary to comply with the 60/40 ratio requirement between the shareholding of regional and non-regional members;
2. To increase the authorized capital of the Bank from UA 22,039,480,000 to UA 22,120,360,000, with a corresponding increase of the number of shares from 2,203,948 to 2,212,036, with a creation of 8,088 new shares, out of which 3,235 shall be available for subscription by the Grand Duchy of Luxembourg and 4,853 shall be available for subscription by regional members. The additional shares shall be of a par value of ten thousand Units of Account (UA 10,000) for each share and shall be subject to the same terms and conditions as the shares authorized in the Fifth General Capital Increase of the Bank (GCI-V); and
3. To authorize the Board of Directors, in close consultation with the President of the Bank, to take the necessary measures for the timely implementation of this Resolution.

AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2009/06

Adopted at the First Sitting of the Forty-Fourth Annual Meeting
of the African Development Bank, on 13 May 2009

**Annual Report and Audited Financial Statements
for the Financial Year ended 31 December 2008**

THE BOARD OF GOVERNORS,

HAVING REGARD to: (i) the Agreement Establishing the African Development Bank (the "Bank"), in particular Articles 13(4) and (5) (Ordinary and Special Operations), 29(2)(g) (Board of Governors: Powers – Approval of the General Balance Sheet and Statement of Profit and Loss) and 41(3) (Annual Report); (ii) the General Regulations of the Bank, in particular Article 8 (Annual Report and Financial Statements); and (iii) the Financial Regulations of the Bank, in particular Regulation 13.2 (Financial Statements);

HAVING CONSIDERED:

- (i) The 2008 Annual Report of the Board of Directors, contained in Document ADB/BD/WP/2009/48/Rev.1/Approval;
- (ii) The Report of the External Auditors for the Financial Year ended 31 December 2008;
- (iii) The Audited Financial Statements of the Bank for the Financial Year ended 31 December 2008, contained in the Document ADB/BD/WP/2009/47;
- (iv) The Audited Financial Statement of the Nigeria Trust Fund for the Financial Year ended 31 December 2008, contained in the Document ADB/BD/WP/2009/45; and
- (v) The Financial Statements of the Special and Trust Funds for the Financial Year ended 31 December 2008, contained in the document ADB/BD/WP/2009/40 the summary of which is included as a note in the Audited Financial Statements of the Bank (Document ADB/BD/WP/2009/47);

APPROVES the 2008 Annual Report of the Board of Directors as well as each of the above mentioned Audited Financial Statements for the Financial Year ended 31 December 2008.

AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2009/07

Adopted at the First Sitting of the Forty-Fourth Annual Meeting of the African Development Bank, on 13 May 2009

Allocations and Distributions of Part of the Net Income of the African Development Bank for the Financial Year Ended 31 December 2008 Using Allocable Income as the Basis of Allocation and Distribution

THE BOARD OF GOVERNORS,

HAVING REGARD to: (i) the Agreement Establishing the African Development Bank (the "Bank"), in particular Articles 29 (Board of Governors: Powers) and 42 (Allocation of Net Income); and (ii) the Financial Regulations of the Bank, in particular Regulations 3.1(5) (Use of Resources - Allocation of Net Income) and 4.6 (Content of Proposals for Allocations of Part of the Net Income);

RECALLING:

- (i) Resolution F/BG/2008/01, adopted by the Board of Governors of the African Development Fund (the "Fund"), authorizing the Eleventh Replenishment of the resources of the Fund ("ADF-11"), and considering the continued urgent need for concessional resources to assist those regional member countries of the Bank eligible for financing only on concessional terms, in achieving their development objectives; and
- (ii) Resolution B/BG/2008/09 of this Board, adopted on 14 May 2008, by which this Board: (a) authorized the distribution of part of the net income of the Bank for the year ended 31 December 2007; and (b) authorized the Board of Directors to adopt the necessary modalities for distributions by this Board from the Surplus Account;

HAVING CONSIDERED:

- (i) The Financial Statements for the financial year ended 31 December 2008, and confirmed that such Financial Statements indicate an income before transfers approved by the Board of Governors of Three Hundred and Four Million, Six Hundred and Sixty One Thousand Units of Account (UA 304,661,000), and an allocable income (*Financial Statements income before transfers approved by the Board of Governors adjusted for certain unrealized gains or losses*) in the amount of Two Hundred and Sixty Six Million Six Hundred and Fifty Six Thousand Units of Account (UA 266,656,000); and
- (ii) The Report of the Board of Directors contained in Document ADB/BG/WP/2009/06 (the "Report"), and the recommendations therein, related to the distribution of part of the net income for the year 2008, as well as the fact that the financial statements and the medium-term financial projections, including considerations regarding the adequacy of reserves, indicate that the financial situation of the Bank remains sound;

HEREBY:

- (i) Decides to make provision for reserves, in the amount of Eighty Million Units of Account (UA 80,000,000), from the 2008 allocable income;

- (ii) Decides to allocate to the Surplus Account Twenty Three Million Nine Hundred and Eighty Thousand Units of Account (UA 23,980,000) from the balance of the 2008 allocable income; and
- (iii) Approves the following distribution from the balance of the 2008 allocable income for the purposes stated below:
 - (a) Twenty Five Million Units of Account (UA 25,000,000) contribution to the ADF-11, in recognition of the importance of providing additional support to ADF countries;
 - (b) Sixty-Five Million Six Hundred and Eighty Thousand Units of Account (UA 65,680,000) (equivalent to the interest income realized in 2008 on Bank loans to the Democratic Republic of Congo (the "DRC")), for purposes of a Special Account dedicated to the debt service of part of the consolidated loans of the DRC;
 - (c) Ten Million Units of Account (UA 10,000,000) for the benefit of the Technical Assistance Fund for the Middle Income Countries;
 - (d) Two Million Units of Account (UA 2,000,000) for the benefit of the Fund for African Private Sector Assistance; and
 - (e) Sixty Million Units of Account (UA 60,000,000) to support the Fragile States Facility.

AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2009/08

Adopted at the First Sitting of the Forty-fourth Annual Meeting of the African Development Bank, on 13 May 2009

Distribution of Part of the Net Income of the Nigeria Trust Fund for the Financial Year Ended 31 December 2008

THE BOARD OF GOVERNORS,

HAVING REGARD to: (i) the Agreement Establishing the African Development Bank (the "Bank"), in particular Articles 8 (Special Funds), 29 (Board of Governors: Powers) and 42 (Allocation of Net Income); (ii) the Agreement Establishing the Nigeria Trust Fund (the "NTF"); and (iii) the Financial Regulations of the Bank, in particular Regulations 3.1(5) (Use of Resources - Allocation of Net Income), 3.3 (Financial Administration of Special Funds) and 4.6 (Content of Proposals for Allocations of Part of the Net Income);

RECALLING:

- (i) The terms of the Protocol Agreement between the Government of the Federal Republic of Nigeria (the "Government") and the Bank, dated 22 September 2003 (the "Protocol Agreement");
- (ii) The desire of the Government, as expressed in the Protocol Agreement, to make additional resources available for debt reduction initiatives and, in that connection, the request of the Government that the Bank distribute ten per cent (10%) of the net income of the NTF, annually, for the benefit of the Heavily Indebted Poor Countries (HIPC) Initiative, commencing with the net income of 2002; and
- (iii) Resolution B/BG/2003/11, adopted by this Board on 3 June 2003, which authorized the President of the Bank to execute the Protocol Agreement with the Government;

HAVING CONSIDERED:

- (i) The Financial Statements of the NTF for the financial year ended 31 December 2008, and confirmed that such Financial Statements indicate an income before distributions approved by the Board of Governors (the "allocable income") of Five Million Nine Hundred and Eighty-Seven Thousand Units of Account (UA 5,987,000); and
- (ii) The Report of the Board of Directors contained in Document ADB/BG/WP/2009/04, and the recommendation therein, related to the distribution of the net income of the NTF for the financial year ended 31 December 2008;

HEREBY:

- (i) Decides to transfer to the reserves of the NTF, the amount of Three Million Four Hundred and Four Thousand Three Hundred Units of Account (UA 3,404,300), from the 2008 net income; and
- (ii) Approves a distribution for the benefit of the HIPC Initiative, of ten percent (10%) of the 2008 allocable income of the NTF, in the amount of Five Hundred and Ninety-Eight Thousand Seven Hundred Units of Account (UA 598,700).

AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2009/09

Adopted at the First Sitting of the Forty-Fourth Annual Meeting of the African Development Bank, on 13 May 2009

Resources of the Nigerian Trust Fund

THE BOARD OF GOVERNORS,

HAVING REGARD to: (i) the Agreement Establishing the African Development Bank (the "Bank"), in particular Articles 8 (Special Funds) and 29 (Board of Governors: Powers); and (ii) the Agreement Establishing the Nigeria Trust Fund ("NTF");

RECALLING the terms of the Protocol Agreement between the Government of the Federal Republic of Nigeria (the "Government") and the Bank, dated 15 May 2008 (the "Protocol Agreement"), the terms of which extended the duration of the NTF for an additional ten-years commencing on 25 April 2008;

HAVING CONSIDERED:

- (i) The request of the Federal Republic of Nigeria to withdraw the sum of Two Hundred Million United States Dollars (USD 200,000,000) from the NTF; and
- (ii) The Report of the Board of Directors contained in Document ADB/BG/WP/2009/13, and the recommendation therein;

HEREBY:

- (i) *Approves the variation of the terms of the NTF Agreement to permit the Board of Directors to appropriate Two Hundred Million United States Dollars (USD 200,000,000) from the corpus of the NTF as requested by the Federal Republic of Nigeria; and*
- (ii) *Authorizes the President to take other measures necessary for the implementation of this Resolution.*

AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2009/10

Adopted at the First Sitting of the Forty-Fourth Annual Meeting of the African Development Bank, on 13 May 2009

Increase in the Bank's Global Limit for Equity Participations from 10% to 15% of the Total Risk Capital

THE BOARD OF GOVERNORS,

HAVING REGARD to the Agreement Establishing the African Development Bank (the "Bank Agreement"), in particular Articles 12 (Use of Resources); 14 (Recipients and Method of Operations); 15 (Limitation on Operations: Ordinary Operations); 17 (Operational Principles); 23 (General Powers); 29 (Board of Governors: Powers) and 32 (Board of Directors: Powers);

RECALLING Resolution B/BG/2001/09, adopted by this Board on 29 May 2001, which fixed, in accordance with Article 15(4) of the Bank Agreement, the global limit for equity participations of the African Development Bank (the "Bank") at ten percent (10%) of the aggregate amount of the paid-up capital stock of the Bank together with the reserves and surplus included in its ordinary capital resources (the "Total Risk Capital");

HAVING CONSIDERED document ADB/BG/WP/2009/07 entitled "Increase in the Bank's Global Limit for Equity Participations from 10% to 15% of the Total Risk Capital and the recommendations contained therein;

HEREBY:

1. Decides to increase the global limit for equity participations of the Bank from ten percent (10%) to fifteen percent (15%) of the Total Risk Capital of the Bank;
2. Directs the Board of Directors and the President, with due regard to their respective functions, to ensure compliance with the limit fixed herein; and
3. Further decides that this Resolution shall enter into force on the date of its adoption.

AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2009/11

Adopted at the First Sitting of the Forty-Fourth Annual Meeting of the African Development Bank , on 13 May 2009

Mobilization of Resources for the Bank's Sixth General Increase of Capital

THE BOARD OF GOVERNORS,

HAVING REGARD to: (i) the Agreement Establishing the African Development Bank (the "Bank"), in particular Articles 1 (Purpose), 2 (Functions), 3 (Membership and Geographical Area), 5 (Authorized Capital), 6 (Subscription of Shares), 7 (Payment of Subscriptions), 29 (Board of Governors: Powers) and 32 (Board of Directors: Powers); (ii) Resolution B/BG/98/06 concerning the establishment of the Governors' Consultative Committee; (iii) the Bank Group's Medium-Term Strategy approved by the Board of Directors (Document ADB/BD/WP/2008/23/Rev.5/Approved); and (iv) the Bank's response to the economic impact of the financial crisis approved by the Board of Directors (Document ADB/BD/WP/2009/27);

NOTING that, as a result of the Bank's adoption of the Medium-Term Strategy and its response to the financial crisis, resources mobilized pursuant to the five general increases of the capital stock of the Bank authorized by its Resolutions 13-76, 06-79, 06-81, B/BG/87/11 and B/BG/98/05 will have been substantially committed for the Bank's ordinary operations by the end of 2011;

HAVING CONSIDERED the Report of the Board of Directors entitled "The Sixth General Increase in the Capital Resources of the African Development Bank: Issues and Framework" (Document ADB/BG/WP/2009/12);

HEREBY:

1. Authorizes the Governors' Consultative Committee, in close consultation with the Board of Directors and the President:
 - (i) To examine and consider the studies on issues pertaining to a Sixth General Increase of the Capital of the Bank;
 - (ii) To deliberate on the preliminary proposals arising from the studies;
 - (iii) To initiate with all possible expediency consultations with Member States of the Bank leading, should it be needed, to a plan for a general capital increase designed to enable the Bank to meet its ordinary capital requirements in the future;
 - (iv) To propose options aimed at increasing Bank financing to the poorest countries of the continent; and
 - (v) To review a report containing an appropriate recommendation regarding a possible Sixth General Increase in Capital for consideration at the Forty-Fifth Annual Meeting of the Bank;
2. Authorizes the Board of Directors, in consultation with the President of the Bank, to take the necessary measures for the timely implementation of this resolution.

AFRICAN DEVELOPMENT FUND

BOARD OF GOVERNORS

Resolution F/BG/2009/05

Adopted at the First Sitting of the Thirty-Fifth Annual Meeting of the African Development Fund, on 13 May 2009

Annual Report and Audited Special Purpose Financial Statements for the Financial Year ended 31 December 2008

THE BOARD OF GOVERNORS,

HAVING REGARD to the Agreement Establishing the African Development Fund (the "Fund"), in particular Articles 23(2)(vii) (Board of Governors: Powers) and the General Regulations of the Fund, in particular Article 8 (Annual Report and Financial Statements);

HAVING CONSIDERED:

- (i) The 2008 Annual Report of the Board of Directors, contained in Document ADF/BD/WP/2009/40/Rev.1/Approval;
- (ii) The Report of the External Auditors for the Financial Year ended 31 December 2008; and
- (iii) The Audited Special Purpose Financial Statements of the Fund for the Financial Year ended 31 December 2008, contained in the Document ADF/BD/WP/2009/38;

APPROVES the 2008 Annual Report of the Board of Directors and the Audited Special Purpose Financial Statements of the Fund for the Financial Year ended 31 December 2008.

BOARDS OF GOVERNORS

Resolution B/BG/2009/12 - F/BG/2009/06

Adopted on 14 May 2009 at the Closing Session of the Forty-Fourth Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Fifth Annual Meeting of the African Development Fund (the "Fund") (collectively, the "Annual Meetings")

Vote of Thanks of the Boards of Governors to the Outgoing Chairperson, the Bureau, the Joint Steering Committee, the Steering Committee on the Election of the President, the Standing Committee on the Conditions of Service of Elected Officers, and the Governors Consultative Committee

THE BOARDS OF GOVERNORS,

AT THE END OF THE DELIBERATIONS of the Annual Meetings of the Bank and the Fund (collectively, the "Bank Group") held in **DAKAR, REPUBLIC OF SENEGAL**, from 13 to 14 May 2009;

GRATEFUL to the Honorable **Abdoulaye DIOP**, Minister for Finance of Senegal, who served as Chairperson of the Boards of Governors during the period from the closure of the 2008 Annual Meetings to the closure of the 2009 Annual Meetings, for the leadership, wisdom, clear-sightedness and keen sense of consensus with which he directed all deliberations, and conducted the work of the Bureau, the Joint Steering Committee of the Boards of Governors, the Steering Committee on the Election of the President and the Governors Consultative Committee;

COGNISANT of the keen sense of responsibility with which the Vice-Chairpersons of the Bureau and Members of the Joint Steering Committee of the Boards of Governors, the Steering Committee on the Election of the President, the Standing Committee on the Conditions of Service of Elected Officers, and the Governors Consultative Committee performed their duties as well as their valuable contribution;

EXTEND this Vote of Thanks to the Chairperson, Vice-Chairpersons of the Bureau and Members of the Joint Steering Committee of the Boards of Governors, the Steering Committee on the Election of the President, the Standing Committee on the Conditions of Service of Elected Officers, and the Governors Consultative Committee;

SINCERELY WISH these eminent persons every success in all their undertakings in the interest of their respective countries, the Bank, the Fund, and the entire continent.

BOARDS OF GOVERNORS

Resolution B/BG/2009/13 - F/BG/2009/07

Adopted on 14 May 2009 at the Closing Session of the Forty-Fourth Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Fifth Annual Meeting of the African Development Fund (the "Fund") (collectively, the "Annual Meetings")

Vote of Thanks of the Boards of Governors to
His Excellency, Abdoulaye WADE, President of the Republic of Senegal

THE BOARDS OF GOVERNORS,

AT THE END OF THE DELIBERATIONS of the Annual Meetings of the Bank and the Fund (collectively, the "Bank Group") held in **DAKAR, REPUBLIC OF SENEGAL**, from 13 to 14 May 2009;

EXPRESS their most profound gratitude to His Excellency **Abdoulaye WADE**, President of the Republic of Senegal, for having graciously honored the Bank Group by his presence and his most inspiring intervention and guidance at the Ministerial Roundtable as well as the opening ceremony of the Annual Meetings, as well as for the cordial and fraternal reception, the true African hospitality, and for the excellent facilities generously provided to ensure the success of the Annual Meetings;

COGNISANT of the unwavering and strong support of the Republic of Senegal to the Bank Group;

EXTEND to His Excellency, **Abdoulaye WADE**, President of the Republic of Senegal and to the Government of the Republic of Senegal, their profound gratitude for the continued support to the Bank Group; and

SINCERELY WISH His Excellency **Abdoulaye WADE** and the people of Senegal the most resounding success in their noble task of the economic development and social progress of their country and the continent of Africa.

BOARDS OF GOVERNORS

Resolution B/BG/2009/14 - F/BG/2009/08

Adopted on 14 May 2009 at the Closing Session of the Forty-Fourth Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Fifth Annual Meeting of the African Development Fund (the "Fund") (collectively, the "Annual Meetings")

**Vote of Thanks of the Boards of Governors to
His Excellency, Blaise COMPAORE, President of Faso**

THE BOARDS OF GOVERNORS,

AT THE END OF THE DELIBERATIONS of the Annual Meetings of the Bank and the Fund (collectively, the "Bank Group") held in **DAKAR, REPUBLIC OF SENEGAL**, from 13 to 14 May 2009;

EXPRESS their profound gratitude to His Excellency, **Blaise COMPAORE**, President of Faso, for having graciously consented to honor the Bank Group by his presence and participation at the Ministerial Roundtable and the opening ceremony of the Annual Meetings, as well as the guidance provided to the Bank and the African continent;

SINCERELY WISH His Excellency **Blaise COMPAORE** and the people of Burkina Faso the most resounding success in their noble task of the economic development and social progress of their country and the continent of Africa.

BOARDS OF GOVERNORS

Resolution B/BG/2009/15 - F/BG/2009/09

Adopted on 14 May 2009 at the Closing Session of the Forty-Fourth Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Fifth Annual Meeting of the African Development Fund (the "Fund") (collectively, the "Annual Meetings")

**Vote of Thanks of the Boards of Governors to
His Excellency, Mr. John Dramani MAHAMA, Vice-President of the Republic of Ghana**

THE BOARDS OF GOVERNORS,

AT THE END OF THE DELIBERATIONS of the Annual Meetings of the Bank and the Fund (collectively, the "Bank Group") held in **DAKAR, REPUBLIC OF SENEGAL**, from 13 to 14 May 2009;

EXPRESS their profound gratitude to His Excellency, **John Dramani MAHAMA**, Vice-President of the Republic of Ghana, for having graciously consented to honor the Bank Group by his presence at the opening ceremony of the Annual Meetings, and for his inspiring speech;

SINCERELY WISH His Excellency Vice-President **John Dramani MAHAMA** and the people of Ghana the most resounding success in their noble task of the economic development and social progress of their country and the continent of Africa.

BOARDS OF GOVERNORS

Resolution B/BG/2009/16 - F/BG/2009/10

Adopted on 14 May 2009 at the Closing Session of the Forty-Fourth Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Fifth Annual Meeting of the African Development Fund (the "Fund") (collectively, the "Annual Meetings")

**Vote of Thanks of the Boards of Governors to
His Excellency, Jean PING, President of the Commission of the African Union**

THE BOARDS OF GOVERNORS,

AT THE END OF THE DELIBERATIONS of the Annual Meetings of the Bank and the Fund (collectively, the "Bank Group") held in **DAKAR, REPUBLIC OF SENEGAL**, from 13 to 14 May 2009;

EXPRESS their profound gratitude to His Excellency, **Jean PING**, President of the Commission of the African Union, for having graciously consented to honor the Bank Group by his presence at the opening ceremony of the Annual Meetings, and for his inspiring speech;

SINCERELY WISH His Excellency President **Jean PING** and the African Union the most resounding success in their noble task of development of the continent of Africa.

BOARDS OF GOVERNORS

Resolution B/BG/2009/17 – F/BG/2009/11

Adopted on 14 May 2008 at the Closing Session of the Forty-Fourth Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Fifth Annual Meeting of the

**Vote of Thanks of the Boards of Governors to the
National Organizing Committee of the Republic of Senegal**

THE BOARDS OF GOVERNORS,

AT THE END OF THE DELIBERATIONS of the Annual Meetings of the Bank and the Fund (collectively, the "Bank Group") held in **DAKAR, REPUBLIC OF SENEGAL** from 13 to 14 May 2009;

GRATEFUL for the quality of the organization of all the activities of the 2009 Annual Meetings as well as the generosity with which the Senegalese Authorities made available all the facilities required by the Bank Group for the Annual Meetings;

NOTING that the commitment, efficiency, and generosity with which the Senegalese Authorities and the National Organizing Committee of the Republic of Senegal conducted their responsibilities, significantly contributed to the success of the Annual Meetings;

EXTEND this vote of thanks to the Chairperson and members of the National Organizing Committee as well as the various sub-committees.

AFRICAN DEVELOPMENT BANK

AFRICAN DEVELOPMENT FUND

BOARDS OF GOVERNORS

Resolution B/BG/2009/18 – F/BG/2009/12

Adopted on 14 May 2008 at the Closing Session of the Forty-Fourth Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Fifth Annual Meeting of the African Development Fund (the "Fund") (collectively, the "Annual Meetings")

Vote of Thanks of the Boards of Governors to the Boards of Directors, Management and Staff

THE BOARDS OF GOVERNORS,

AT THE END OF THE DELIBERATIONS of the Annual Meetings of the Bank and the Fund (collectively, the "Bank Group") held in **DAKAR, REPUBLIC OF SENEGAL**, from 13 to 14 May 2009;

NOTING the competence and dedication with which the Boards of Directors, Management and Staff have conducted the work of the Bank Group in fulfillment of its development mandate, in particular the creativity and timeliness with which the Bank Group has responded to the needs of Regional Member Countries of the Bank (RMCs), in these times, and the significant decisions of the Boards of Directors, which will positively contribute to the social and economic development of the RMCs;

EXTEND this Vote of Thanks to the Boards of Directors, Management and Staff.

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Reports on the meetings of the Joint Steering Committee, the Steering Committee on the Election of the President and the Governors' Consultative Committee (GCC)

FRICAN DEVELOPMENT BANK AFRICAN DEVELOPMENT FUND



BOARDS OF GOVERNORS

**FORTY-FOURTH ANNUAL
MEETING OF THE ADB
DAKAR, SENEGAL
13 AND 14 MAY 2009**

**THIRTY-FIFTH ANNUAL
MEETING OF THE ADF
DAKAR, SENEGAL
13 AND 14 MAY 2009**

**REPORT OF THE MEETING OF THE JOINT
STEERING COMMITTEE HELD ON 11 MAY 2009**

BOARDS OF GOVERNORS
REPORT OF THE JOINT STEERING COMMITTEE

- 1 The Joint Steering Committee of the Boards of Governors of the African Development Bank (ADB) and the African Development Fund (ADF), comprising the Governors for Eritrea, Gabon, Malawi, Niger, Portugal, Saudi Arabia, Sierra Leone, Spain and Sudan met on 11 May 2009, at 15.30, at the "Palais des Congrès, Hotel Méridien Président in Dakar, Senegal, in the presence of Mr. Donald KABERUKA, President of the African Development Bank Group.
- 2 The Governor for Senegal, **His Excellency Mr. Abdoulaye DIOP**, Minister of State, Minister of the Economy and Finance of Senegal and Chairperson of the Boards of Governors, presided over the meeting. The Governor for Gabon was designated as Rapporteur.

3. JOINT DOCUMENTS

ITEM 1.2 Adoption of the Provisional Agenda (ADB/BG/AG/2009/44/Prov.2– ADF/BG/AG/2009/35/Prov.2)

- 3 The Joint Steering Committee considered and took note of the Provisional Agenda of the 2009 Annual Meetings and recommended that the Boards of Governors adopt it.

ITEM 1.3 Adoption of the Summary Records of the Forty-Third (43rd) Annual Meeting of the ADB and Thirty-Fourth (34th) Annual Meeting of the ADF (Maputo, Mozambique, 2008) (ADB/BG/SR/2008/43/Prov.1 – ADF/BG/SR/2008/34/Prov.1)

- 4 The Joint Steering Committee recalled that the General Secretariat had posted the Summary Records of the previous Annual Meetings on the Bank Group's web site on 27 April 2009. The Committee noted that the Secretariat had not received any comments from Governors and, therefore, recommended that the Boards of Governors adopt the Records.

ITEM 1.4 Dates and Venue of the 2010 Annual Meetings of the Boards of Governors of the African Development Bank Group (ADB/BG/WP/2009/09 – ADF/BG/WP/2009/05)

- 5 The Joint Steering Committee recalled Article 31(1) of the ADB Agreement, Article 25 (1) of the ADF Agreement as well as Resolution B/BG/92/07 concerning the dates and venue for holding of the Annual meetings of the Bank Group, and noted that the Government of Cote d'Ivoire had offered to host the 2010 Bank Group Annual Meetings in Abidjan. The Joint Steering Committee further recalled that the Boards of Directors had endorsed Cote d'Ivoire's offer following a satisfactory assessment by a Bank delegation of the infrastructure and facilities required for the successful hosting of the Annual Meetings in Abidjan.
- 5.1 The Joint Steering Committee, therefore, recommended that the Boards of Governors adopt the Resolution approving the joint holding of the 2010 Annual Meetings of the Bank and the Fund on 27 and 28 May 2010 in Abidjan, Cote d'Ivoire.

5.2 The Joint Steering Committee also recommended that the Boards of Governors take note of Portugal's renewal of its offer to host the Bank Group's 2011 Annual Meetings in Lisbon.

ITEM 1.5 Designation of the Members of the Bureau and the Joint Steering Committee for the Period Starting from the end of the 2009 Annual Meetings to the end of the 2010 Annual Meetings (ADB/BG/WP/2009/03/Final – ADF/BG/WP/2009/02/Final)

6 The Joint Steering Committee, in the light of the proposal to host the 2010 Annual Meetings of the Bank Group in Abidjan, Cote d'Ivoire, recommended that the Boards of Governors approve the following proposal concerning the composition of the Bureau of the Boards of Governors for the period starting from the end of the 2010 Annual Meetings to the end of the 2011 Annual Meetings:

- | | | | |
|-----|-------------------------|---|---------------|
| 2.4 | Chairperson | : | Cote d'Ivoire |
| 2.5 | First Vice-Chairperson | : | Portugal |
| 2.6 | Second Vice-Chairperson | : | Guinea Bissau |

6.1 The Joint Steering Committee also recommended that the Boards of Governors approve the following proposal concerning the composition of the Joint Steering Committee for the period starting from the end of the 2009 Annual Meetings to the end of the 2010 Annual Meetings:

- Cape Verde
- Ethiopia
- Equatorial Guinea
- Mozambique
- Senegal
- Sweden
- Switzerland
- Tunisia
- United Kingdom

ITEM 1.6 By-Election of Executive Directors of the African Development Bank and Designation of an Executive Director of the African Development Fund (ADB/BG/WP/2009/08 – ADF/BG/WP/2009/04)

7 The Joint Steering Committee took note that the Bank and the Fund had been notified that Executive Director Mansur MUHTAR, elected on 16 May 2007, ended his tenure as Executive Director on 30 December 2008, whereas Executive Director Clay LOWERY, whose election was confirmed on 14 May 2008, resigned, effective 7 August 2008.

7.1 It would be recalled that Article 33(3) of the Bank Agreement provides that if the office of an Executive Director becomes vacant more than 180 days before the end of his/her term, a successor should be elected in accordance with Annex B of the Agreement for the remainder of the term by the Board of Governors at its next session. With respect to the Fund, Article 27(6)(b) of the Fund Agreement also provide that should the office of an Executive Director become vacant before the expiration of his/her term of office, that vacancy should be filled by a new Executive Director selected by the State participant whose votes his/her predecessor was entitled to cast. That successor should hold office for the remainder of the term of

office of his/her predecessor. Furthermore, Paragraph 21 of the Rules for the Election of Executive Directors requires of the Board to confirm the election of that successor at its next Annual Meeting, following the vacancy.

- 7.2 The Joint Steering Committee noted that the countries represented by each of the former Executive Directors mentioned above, had notified the Bank of their successors, Mr. Shehu YAHAYA and Ms. Mimi ALEMAYEHOU.
- 7.3 The Joint Steering Committee therefore recommended that the Boards of Governors confirm the election or designation of the new Executive Directors as successors to the outgoing Executive Directors, from the date of their assumption of duty to 30 June 2010, and to adopt the relevant resolutions.

ITEM 1.7 Consolidated Eleventh and Twelfth Six-Monthly Assessment of the Situation in the Host Country (ADB/BG/WP/2009/02 – ADF/BG/WP/2009/01)

- 8 The Joint Steering Committee considered the above-mentioned Report and took note of the continuous positive developments in the host country since the 2008 Annual Meetings. In that regard, it noted that the United Nations security alert for part of the country, including Abidjan, had remained in Phase II. The Joint Steering Committee therefore requested the Boards of Governors to endorse the recommendations put forward by the GCC to:
- (i) reaffirm that the Headquarters of the Bank shall remain in Abidjan, Côte d'Ivoire;
 - (ii) take note of the progress made by the Host Country towards consolidating peace and stability, but decide that the situation in the Host Country is not yet conducive for an immediate return of the operations of the Bank to its Headquarters;
 - (iii) extend the Temporary Relocation Period for twelve (12) months;
 - (iv) direct the Board of Directors to continue to closely monitor the situation in the Host Country in accordance with the following: (a) the normalization of the political and security situation; and (b) the existence of the basic facilities and infrastructure necessary for the effective operations of the Bank;
 - (v) further direct the GCC to meet in 2010 to provide guidance to the Board of Governors on the issues referred to in paragraph (iv) above relating to the Bank's return to Abidjan and anything else judged relevant, and to recommend a decision to be taken by the Board of Governors at the 2010 Annual Meetings;
 - (vi) decide that there shall be a twelve (12)-month notice period, to ensure proper planning and orderly return of the operations of the Bank to its Headquarters after a final decision is taken by the Board of Governors.
- 8.1 Lastly, the Joint Steering Committee recommended that the Boards of Governors adopt the relevant Resolutions.

ITEM 1.8: Application of the Grand Duchy of Luxembourg to become a State Participant in the African Development Fund and a Member of the African Development Bank and Authorization of a Special Capital Increase for the Purpose Thereof (ADB/BG/WP/2009/06 – ADF/BG/WP/2009/11)

- 9 The Joint Steering Committee noted that the Boards of Directors had received and considered the application of the Grand Duchy of Luxembourg to become a State participant of the African Development Fund and a member of the African Development Bank, and that the Government of Luxembourg had agreed to participate in the Fund according to the terms and conditions governing the participation and subscription of original participants in the Fund. Luxembourg would make an initial subscription of UA 10,272,880, and participate in the ADF-11 with a subscription of UA 6,813,117.
- 9.1 With regard to the ADB, the Joint Steering Committee took note that the Government of the Grand Duchy of Luxembourg had agreed to make an initial subscription of 3,235 shares of the stock reserved for subscription by non-regional member countries at a value of UA 10,000 per share. As there are currently not enough GCI-V shares available for subscription by non-regional countries to allow the subscription by the Grand Duchy of Luxembourg of the desired number of shares, it was necessary to authorize a special increase in the authorized share capital of the Bank to allow for such subscription, in accordance with the provisions of Article 5(3) of the Bank Agreement.
- 9.2 The Joint Steering Committee therefore invited the Boards of Governors to endorse the following recommendations of the Boards of Directors: (i) to approve the application of the Grand Duchy of Luxembourg to become a State participant of the African Development Fund and a member of the African Development Bank; and (ii) to authorize a special capital increase of the authorized share capital of the Bank to allow for (a) subscription by a non-regional country of the minimum number of shares required for it to become a member and (b) subscription by regional members of the number of shares necessary to comply with 60/40 ratio requirement between the shares held by regional and non-regional members. Lastly, the Joint Steering Committee recommended that the Boards of Governors adopt the relevant Resolutions.

ITEM 1.9 Progress Report on the Implementation of the Resolutions for the Participation of the Republic of Turkey in the Fund and Membership in the Bank (ADB/BG/IF/2009/09 – ADF/BG/IF/2009/06)

- 10 The Joint Steering Committee recalled that the Boards of Governors adopted Resolutions authorizing the Republic of Turkey's participation in the Fund, its membership of the Bank and a special capital increase for such membership in the Bank. Since then, Management and the Boards of Directors have submitted draft instruments to be completed by Turkey as part of the process of signing and adhering to the Agreements establishing the Bank and the Fund, respectively.
- 10.1 The Joint Steering Committee noted that Turkey had indicated its willingness and ability to complete the internal procedures required under its laws to materialize its participation in the Fund and membership in the Bank, as soon as it is able to conclude negotiations with one of the non-regional member constituencies to enable its representation on the Boards of Directors of the Bank and the Fund. Those

discussions are currently well advanced and the Boards of Directors are hopeful that they would be concluded in due course.

10.2 The Joint Steering Committee therefore recommends that the Boards of Governors take note of the above-mentioned Progress Report.

ITEM 1.10 Update on the Implementation and Financing of the Heavily Indebted Poor Country (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI) (ADB/BG/IF/2009/08)-(ADF/BG/IF/2009/05)

11 The Joint Steering Committee noted that as at the end of March 2009, 20 out of the 33 potentially eligible regional member countries had reached completion point, qualifying for irrevocable debt relief assistance from the HIPC Initiative and MDRI debt cancellation. Nine RMCs which reached decision point earlier are expected to reach completion point by 2011. Four regional member countries were yet to reach decision point. The countries concerned are all fragile States with recent history of conflict or ongoing political instability.

11.1 The Committee further took note that under the HIPC Initiative, the Bank Group had to date provided debt relief assistance of US\$ 2.5 billion, in nominal terms, from internal resources and donor contributions made through the HIPC Trust Fund, to 29 regional member countries that had reached completion and decision points. That amount constituted 44% of the total US\$ 5.7 billion debt relief committed under the Initiative. Under the MDRI, the ADF would forego an estimated UA 5.6 billion (in nominal terms) of credit reflows from the 33 potentially eligible HIPCs over the 2006-2054 MDRI period.

11.2 For the ADF-11 disbursement period (2008-2020), the Committee observed that donor commitments had been received for 86% of the total estimated MDRI cost, of which 57% were unqualified and 29% qualified. The costs not covered by either qualified or unqualified commitments remained high at 14% and the structural gap represented UA 3.9 million or 0.3%. That further highlighted the need for the Bank Group to mobilize additional resources in order to meet its obligation to provide debt relief under the HIPC Initiative, as well as the need for donors to increase their commitment to fully finance the current and projected MDRI costs.

11.3 The Joint Steering Committee then invited the Boards of Governors to take note of the update on implementation and financing of HIPC and MDRI.

ITEM 1.11 The Annual Report of 2008 for the Independent Review Mechanism (ADB/BG/IF/2009/01)-(ADF/BG/IF/2009/01)

12 The Joint Steering Committee recalled that the Independent Review Mechanism (IRM) became effective in 2006, but operated in its full capacity only in 2008. They also recalled that the initially proposed staff positions were filled, and the members of the IRM Roster of Experts were duly appointed by the ADB Group Boards of Directors. That enabled the Compliance Review and Mediation Unit (CRMU) to pursue more rigorous efforts with regard to compliance review and outreach activities. The Joint Steering Committee then took note of the activities undertaken by the IRM in 2008, particularly the (i) completion of the first independent compliance review of the Bujagali Hydropower and Interconnection Projects in Uganda; (ii) successful organization by CRMU of outreach activities in seven Bank Group regional member countries, in addition to several internal meetings organized for the Bank's staff at the Temporary Relocation Agency (TRA) in Tunis and in the Field

Offices; (iii) preparation and distribution of quarterly electronic newsletters by which CRMU informs civil society organizations and other interested parties about the Mechanism's activities; (iv) the creation of a web site that serves as a principal communication tool for CRMU; (v) hosting the fifth annual meeting of the Principals of Independent Accountability Mechanisms (IAMs) of international and bilateral financing institutions; and (VI) organizing a seminar on the IRM for the Boards of Directors of the Bank Group at the end of 2008.

- 12.1 The Joint Steering Committee recommends that the Boards of Governors take note of the above information document.

ITEM 1.12 Information Paper on Bank Group Water Sector Activities and Initiatives in 2008 (ADB/BG/IF/2009/04)-(ADF/BG/IF/2009/03)

- 13 The Joint Steering Committee considered the above information paper, which provides a snapshot of activities, achievements and challenges faced in 2007 and suggestions for the way forward. It noted with satisfaction that the Bank continued to pursue a strategy of: (i) significantly increasing water supply and sanitation financing; (ii) focusing primarily on the poorest 65% of the population living in rural areas; (iii) sustaining support for peri-urban areas and small and medium towns, with increasing focus on urban sanitation; (iv) promoting integrated water resources management and trans-boundary water resources management; (v) supporting an enabling environment to attract more resources; and (vi) building appropriate partnerships.

- 13.1 The Joint Steering Committee also took note that the Bank's water supply and sanitation interventions continued in 2008 through its normal lending operations funded from the ADB and ADF windows, combined with complementary activities funded through the three main initiatives underpinning the Bank's water sector strategy, namely: (i) the Rural water Supply and Sanitation Initiative (RWSSI); (ii) the African Water Facility (AWF), and (iii) the Multi-Donor Water Partnership Program (WPP). In addition, the Bank continued to engage in the urban water sub-sector by supporting five new urban water and sanitation operations in 2008.

- 13.2 The Joint Steering Committee recommended that the Boards of Governors take note of the above information document.

ITEM 1.13 Information Update on Bank Group Response to Africa Food Crisis (ADB/BG/IF/2009/02)-(ADF/BG/IF/2009/02)

- 14 The Joint Steering Committee recalled that the Boards of Directors approved the Africa Food Crisis Response (AFCR) on 24 July 2008, for a period of six months under Resolution B/BD/2008/14/Rev.1-F/BD/2008/09/Rev.1. On 9 February 2009, through Resolution B/BD/2009/05-F/BD/2009/03, the Boards extended that period for a further six months ending 23 July 2009 to allow the implementation of the remaining activities.

- 14.1 The Joint Steering Committee further recalled that the AFCR was the Bank's framework for accelerated support to regional member countries affected by increased food prices. Its main objectives included, among other things: (i) reduce vulnerability of the poor to high and unstable food prices; (ii) support for broad based growth through increased agricultural productivity, market participation and strengthened government policies for sustainable agricultural development; and (iii) strengthening adequate capacity of governments to ensure an enabling environment for sustainable agriculture growth, including by the private sector. Overall, the AFCR

was projected to avail approximately UA 496.57 million in the short term and UA 1.4 billion in the medium to the long term.

14.2 The Committee then took note of the significant progress that AFRC had made in implementing its short interventions as well as some of its long term responses within the last 8 months. During the current extended period (January to July 2009), the Bank Group would focus on the implementation of the remaining short-term activities and would ensure that all operations are fully implemented, supervised, monitored and their impact evaluated. The medium and long term responses would continue to be implemented with special attention to gender mainstreaming and climate change, and reported upon. Lastly, the Joint Steering Committee recommends that the Boards of Governors take note of the above Information Update.

ITEM 1.14: Information Note on the Implementation of the Decentralization Strategy (ADB/BD/IF/2009/07-ADF/BD/IF/2009/04)

15 The Joint Steering Committee took note that except in Angola, Algeria and South Africa, all the other Field offices were operational and met the basic requirements in terms of staff and equipment. Further pursuit and development of the process is necessary and ongoing. A sign of success is the fact that a significant share of operations and deliverables already involve Field Offices. The challenge for 2009 was to pursue the Bank Group's efforts to transfer competences and ownership as well as accountability to the field, as underlined by the preliminary results of the Independent Evaluation of Decentralization.

15.1 The Joint Steering Committee recommends that the Boards of Governors take note of the above Information Note.

4. ADB DOCUMENTS

ITEM 2.1: Progress Report on the African Legal Support Facility (ADB/BG/IF/2009/10)

16 The Joint Steering Committee noted that the Agreement establishing the Facility entered into force on 15 December 2008 when 29 countries and one international organization signed and nine of the countries deposited their instruments of ratification, acceptance or approval of the Agreement with its Provisional Depository. Management and the Board of Directors have continued to work towards the implementation of the activities of the Facility, notably by preparing the preliminary drafts of its Compendium of By-Laws, other Legal Instruments and Operational Guidelines. Further activities are being conducted during the 2009 Annual Meetings aimed at sensitizing more member countries to sign the Agreement establishing the Facility.

16.1 Accordingly, the Joint Steering Committee invites the Board of Governors to take note of the progress made so far in implementing the Facility and encourage member countries that are still lagging behind in signing the Facility's Agreement to do so during the current Annual Meetings, or soon thereafter, to permit the launching of its activities in June 2009.

ITEM 2.2 New Partnership for Africa's Development (NEPAD) Infrastructure Program – Annual Report 2008 (ADB/BG/IF/2009/06)

17 The Joint Steering Committee noted that significant progress had been made in the development and implementation of NEPAD projects and programs, particularly in the area of infrastructure development. The Committee, however, observed that, notwithstanding the progress, there was still need to scale up funding for project preparation and implementation, especially the Flagship projects, as well as attracting more private sector participation. Furthermore, it stressed the need to deliver on the PIDA study, forge partnerships for infrastructure development and support capacity building for regional member countries to enable them to develop and implement projects and programs.

17.1 The Committee also took note that the low level of development of the local private sector continues to pose a serious impediment to an accelerated development and implementation of infrastructure projects and programs. In the Committee's view, countries, as a matter of urgency, should accelerate actions to support the development of their local private sector to ensure sustainability of key investments within the NEPAD framework. This is another area in which the Bank will focus its consultations with regional member countries and other key stakeholders. Lastly, the Joint Steering Committee recommends that the Board of Governors take note of the 2008 Annual report of NEPAD's Infrastructure Program.

ITEM 2.3 Designation of Three Members of the Standing Committee on the Conditions of Service of Elected Officers for the Period from the end of the 2009 Annual Meetings to the end of the 2012 Annual Meetings (ADB/BG/WP/2009/01)

18 The Joint Steering Committee noted that in compliance with the terms of reference of the Standing Committee on the Conditions of Service of Elected Officers, particularly the provisions governing the mandate of its members, Benin, Burkina Faso and China would be completing their three-year term by the end of the 2009 Annual Meetings, and, accordingly, the three countries should be replaced.

18.1 The Joint Steering Committee observed that the criteria for identifying the three incoming members had been correctly applied and therefore requested that the Board of Governors endorse the recommendation of the Board of Directors to designate Djibouti, Botswana and Belgium as new members of the Standing Committee to serve from the end of the 2009 Annual Meetings to the end of the 2012 Annual Meetings.

ITEM 2.4 Timetable and Procedure for the Invitation, Deposit and Verification of Conformity of Individual Candidatures for the Post of President of the Bank with the Conditions of Eligibility set forth under Article 36 of the Bank Agreement (ADB/BG/WP/2009/10)

19 The Joint Steering Committee noted that the Steering Committee on the Election of the President had already taken note during its meeting of 11 May 2009 that the term of office of the serving President ends on 31 August 2010, and that accordingly, the election of the President will have to be conducted during the 2010 Annual Meeting of the Board of the Bank. In this regard, the Committee further noted that in connection with the preparations for an election, Article 2 of the amended Election Rules provides for the Steering Committee, with the authorization of the Board of Governors, to adopt its own procedures for the invitation, deposit and verification of individual candidatures in compliance with the eligibility criteria set out under Article

36 of the Bank Agreement and the conditions of candidature set forth under the Election Rules.

19.1 In view of the foregoing, the Joint Steering Committee recommends that the Board of Governors approve the following Timetable and Procedure for the Election of the President of the African Development Bank during the 2010 Annual Meeting:

- Invitation to Governors to submit candidatures: 1 July 2009
- Final date and time for delivery of candidatures: 1 February 2010 at 5 p.m. Tunis local time
- Verification of candidatures by Steering Committee: 9-11 February 2010
- Settlement and Publication of registered candidates: 20 February 2010

19.2 The Joint Steering Committee also recommends that the Board of Governors take note of the above Timetable and Procedure for the election of the President as recommended by the Steering Committee.

ITEM 2.5 Amendments to Bank Regulations (ADB/BG/WP/2009/03)

20 The Joint Steering Committee considered the proposed amendments to the Financial Regulations of the Bank as well as the General Regulations of the Special Relief Fund. The Committee noted that the Board of Directors had endorsed both amendments, which came into effect on 1 January 2008 and 14 January 2009, respectively.

20.1 With regard to the Financial Regulations, the provisions amended were those of Article 4.2 (1), 4.3(2), 4.3 (3), 5.4(1), 5.6 (2) and 5.6 (3) pertaining respectively to Content of the Work Program, Content of the Capital and Administrative Expenditure Budgets, Progress Reports on Implementation, and Transfers within the Administrative and Capital Expenditure Budgets. The changes to the provisions of the Capital and Administrative Expenditure Budgets had been made particularly to: (i) enable changes in applicable international accounting standards to be applied without repeated amendments to the Regulations; (ii) enable greater fungibility of budgetary resources within an approved budgetary framework; and (iii) enhance efficiency in the management of budgetary resources.

20.2 As far as the Special Relief Fund was concerned, the Committee noted that the previous wording of Section 8 (4) required SRF resources to be used for procurement of goods and services in accordance with the provisions of Article 17 (1) (d) of the Bank Agreement. However, given the distinctive emergency nature of the operation, and the dependence on the procurement networks of international agencies or the relevant government agencies, the restriction of procurement eligibility of member States of the Bank would no longer be applicable to emergency operations.

20.3 The Joint Steering Committee therefore recommends that the Board of Governors take note of the above amendments as indicated in the Annex to the relevant working paper.

ITEM 2.6 Annual Report and Audited Financial Statements for the Financial Year ended 31 December 2008 (ADB/BG/WP/2009/05)

21 The Joint Steering Committee noted with satisfaction the unqualified opinion of the external auditors on the Bank's financial statements and therefore recommends that

the Board of Governors approve the Bank's annual report and audited financial statements for the year ended 31 December 2008 and adopt the relevant resolution.

21.1 In this regard, the Joint Steering Committee requests the Board of Governors to thank the Board of Directors, Management and the staff of the Bank for the work done and the encouraging results achieved.

ITEM 2.7: Distribution of Part of the Net Income of the ADB for the Financial Year ended 31 December 2008 (ADB/BG/WP/2009/06)

22 The Joint Steering Committee took note of the Bank's sound financial health, despite a slight decrease in its reserves from UA 2.53 billion at December 2007 to UA 2.47 billion at the end of 2008. The Bank's risk capital had also marginally decreased from UA 4.71 billion to UA 4.66 billion for the same period, while the risk capital utilization rate remained substantially unchanged at 43%, as at 31 December 2008, compared to 45% at the end of 2007.

22.1 In the light of the Bank's financial solidity, balanced against the development needs of its regional member countries, the Joint Steering Committee recommended that the Board of Governors approve the proposals of the Board of Directors regarding the allocation and distribution of the 2008 net income as follows :

- (i) Retain UA 80 million in reserves;
- (ii) Allocate UA 23.98 million to surplus account;
- (iii) Distribute an amount of UA 90.68 million to past undertakings (ADF – UA 25 million and DRC UA 65.68 million);
- (iv) Distribute an amount of UA 10 million to the MIC Trust Fund;
- (v) Distribute an amount of UA 2 million to the Fund for African Private Sector Assistance (FAPA); and
- (vi) Distribute an amount of UA 60 million to support the Fragile States Facility.

22.2 The Joint Steering Committee recalled that the allocation to surplus was in line with Article 42(1) of the Bank Agreement and that the first of such allocations was from the 2006 net income. The Joint Steering Committee also noted that recommendations for subsequent distributions of amounts allocated to surplus would be submitted for approval by the Board of Directors. It therefore recommended that the Board of Governors approve the above proposals and adopt the relevant Resolution.

22.3 Lastly, the Joint Steering Committee took note of the negative vote of the United States of America against these net income allocations.

ITEM 2.8: Distribution of the Net Income of the Nigeria Trust Fund for the Financial Year ended 31 December 2008 (ADB/BG/WP/2009/04)

23 The Joint Steering Committee took note that the Financial Statements of the NTF indicated a net income of UA 4,003,000 and an income before transfers approved by the Board of Governors of UA 5,987,000. It endorsed the recommendations of the Board of Directors to allocate the 2007 net income of the NTF as follows:

- 2.7 UA 3,404,300 from the 2008 net income to be retained in the reserves of the NTF; and

2.8 A distribution to the HIPC Initiative of 10 per cent of the 2008 net income of the NTF, in the amount of UA 598,700.

23.1 The Joint Steering Committee recommends that the Board of Governors approve those proposals and adopt the relevant Resolution.

ITEM 2.9: Resources of the Nigeria Trust Fund (ADB/BG/WP/2008/09)

24 The Joint Steering Committee drew attention to the fact that the resources of the NTF as at December 2008 stood at US\$ 330,000,000. They also noted the fact that by letter dated 29 December 2008, the Government of the Federal Republic of Nigeria sought to withdraw the amount of US\$ 200,000,000 from the corpus of the Trust Fund. The Committee also noted from Management's confirmation that although the withdrawal would result in a reduction of funds under the NTF, the Bank would be able to revise the pipeline of projects to be financed to ensure the effective utilization of the balance of the resources, in furtherance of the development objectives, which informed the establishment of the NTF. Furthermore, the Steering Committee also made reference to Management's confirmation that the requested withdrawal would not compromise the NTF's ability to meet its obligations, including commitments already made for the financing of projects as well as administrative charges. The Joint Steering Committee therefore recommends that the Board of Governors approve the variation of the Terms of the NTF Agreement to permit the withdrawal of US\$ 200,000,000 from the corpus of the NTF, as requested by the Federal Republic of Nigeria, and to adopt the relevant Resolution.

ITEM 2.10: Increase in the Bank's Global Limit for Equity Participation from 10% to 15% of the Total Risk Capital (ADB/BG/WP/2009/07)

25 The Joint Steering Committee recalled that the Board of Directors had carefully reviewed the analysis carried out by Management justifying the proposed change to the Global Limit. In particular, the Committee noted that Executive Directors, while acknowledging the higher risk involved, were persuaded of the importance of equity investments in achieving the development objectives, as well as the limited availability of such resources on the continent, in contrast with the demand. Besides, the proposed increase to the Global Limit would facilitate the Bank's consideration of investments in equity in coming years.

25.1 The Joint Steering Committee also noted that the proposed increase of the Global Limit would be accompanied by appropriate risk management measures. In view of the foregoing, the Joint Steering Committee invited the Board of Governors approve the above proposal and adopt the relevant Resolution.

ITEM 2.11: Requests from the Minister of Planning and Development, Bank Group Governor for Mozambique, and the Minister of Finance, Bank Group Governor for South Africa, for an additional seat on the Board of Directors for the Southern Africa Sub-Region (ADB/BG/WP/2009/14)

26 The Joint Steering Committee took note that the Governors' Consultative Committee had considered the above request during its meeting held on the 11 May 2009. As a result, it invites the Board of Governors to endorse the recommendations of the GCC: (i) a Contact Group comprising members of the Bureau of the Board of Governors for the period from the end of the current Annual Meetings to the end of the 2010 Annual Meetings, should be set up to facilitate consultations among Governors; (ii) the Group should be assisted by Management, under the supervision

of the GCC in the discharge of its mandate, and be allowed to co-opt additional members, preferably 2 countries from Northern Africa, 2 from Central Africa and 2 from Southern Africa; and (iii) the Contact Group should report back to the GCC within three months.

ITEM 2.12: GCI-VI – Issues and Framework (ADB/BG/WP/2009/12)

27 The Joint Steering Committee recalled that the GCC had considered the above item at its meeting of 11 May 2009 and had taken note of the arguments advanced by Management in support of a sixth capital increase and the huge demand for that exercise by regional member countries. The Joint Steering Committee therefore invites the Board of Governors to endorse Management's proposal to commence consultation for GCI-VI on the understanding that Management will develop robust financial analysis to facilitate the consultation process.

27.1 Furthermore, the Joint Steering Committee requested Governors to take note of the observations made by certain members concerning the need to preserve cohesion and the spirit of equality among member countries. In this context, Governors should acknowledge the heavy burden that the acquisition of additional shares would place on very poor regional member countries and urge Management to reflect on appropriate solutions.

27.2 The Joint Steering Committee also took note of the conditions set out by some Governors for their support for the sixth capital increase, namely, that the Bank should: (i) concentrate on its areas of comparative advantage; (ii) avoid actions or operations that could negatively impact on its triple A rating; (iii) fully and effectively utilize existing resources and create alternative financial options to free up capital head room; (iv) strengthen its internal governance and human resources policies, with emphasis on results; and (v) demonstrate clear support for ADF countries, by synchronizing consultations on the sixth capital increase with those on ADF 12. In this regard, the Committee equally noted that the GCC endorsed a suggestion by France that the relevant resolution be amended to encourage Management to: (i) explore ways and means of increasing Bank financing to the poorest regional member countries; and (ii) propose various options for the enhancement of resources earmarked for the poorest countries.

27.3 Lastly, the Joint Steering Committee underlined the need to provide the Bank with the capacity to increase its support to its regional member countries, an objective which was consistent with the recent recommendations put forward by the African Union, the Committee of Ten and the G20. The Joint Steering Committee therefore recommends to the Board of Governors to authorize the GCC to commence consultations for the sixth capital increase of the Bank (GCI-VI), and to adopt the relevant Resolution.

5. ADF DOCUMENTS

ITEM 3.1: Annual Report and Audited Special Purpose Financial Statements for the Year ended 31 December 2008 (ADF/BG/WP/2009/03)

28 The Joint Steering Committee took note of the above financial statements and expressed satisfaction at the good financial performance of the Fund during the 2008 financial year.

28.1 The Joint Steering Committee endorsed the Annual Report and Audited Special

Purpose Financial Statements of the ADF for the financial year ended 31 December 2008 and recommends that the Board of Governors approve the said Statements and adopt the relevant Resolution.

ITEM 3.2: Progress Report on the Proposal for Enhancing the Governance Structures of the African Development Fund (ADF/BG/IF/2009/08)

- 29 The Joint Steering Committee recalled that the Board of Governors had considered during its previous Annual Meeting held in Maputo, Mozambique, a progress report on this subject and noted the emerging consensus around Option 2 in paragraph 3.2 of the document examined. The Committee therefore welcomed the revised proposal, which was in compliance with the request made by the Board of Governors at the 2008 Annual Meeting that the Board of Directors, in conjunction with Management study and clarify the technical modalities as well as legal and financial implications of implementing the above-mentioned second Option.
- 29.1 The study was undertaken by consultants whose recommendations addressed among other things: (i) the distribution of the Bank's voting rights in the Fund among regional member countries; (ii) increasing the number of ADF Executive Directors from 12 to 18; and (iii) allowing each RMC Director and Governor to cast his/her votes separately as representative of an RMC from those held as a representative of the Bank.
- 29.2 The Committee noted that members of the Board of Directors expressed divergent views when they considered the above recommendations at an informal meeting held on 20 April 2009. Furthermore, they expressed the need for further deliberations particularly on the distribution of voting rights, and underlined the need for further consultations with their Capitals. They also wondered whether it was prudent to make a decision now, given that the Bank was considering a general capital increase and possible reforms to the composition of its Board of Directors.
- 29.3 In the light of the foregoing, the Joint Steering Committee recommends that the Board of Governors take note of the further progress made in the course of the ongoing discussions for enhancing the governance structures of the Fund.

**The Rapporteur
Governor for Gabon**

AFRICAN DEVELOPMENT BANK



BOARD OF GOVERNORS

**REPORT OF THE MEETING OF THE
STEERING COMMITTEE ON THE ELECTION OF THE
PRESIDENT OF THE BANK HELD ON 11 MAY 2009**

DAKAR, SENEGAL, 11 MAY 2009

BOARD OF GOVERNORS

REPORT OF THE MEETING OF THE STEERING COMMITTEE ON THE ELECTION OF THE PRESIDENT OF THE BANK HELD ON 11 MAY 2009

- 1 The Steering Committee on the Election of the President of the Bank, comprising the Governors for Eritrea, Gabon, Malawi, Niger, Portugal, Saudi Arabia, Sierra Leone, Spain and Sudan met on 11 May 2009, at 15.30 hours, at the “Palais de Congrès, Hotel Méridien President in Dakar, Senegal. The Governor for Senegal, **His Excellency Mr. Abdoulaye DIOP**, Minister of State, Minister of the Economy and Finance of Senegal and Chairperson of the Boards of Governors, presided over the meeting.

Adoption of the Agenda

- 2 The Committee adopted the agenda as presented.

Consideration of the Agenda Item

Timetable and Procedure for the Invitation, Deposit and Verification of Conformity of Individual Candidatures for the Post of President of the Bank with the Conditions of Eligibility set forth under Article 36 of the Bank Agreement (ADB/BG/WP/2009/10)

- 3 The Steering Committee on the Election of the President of the Bank noted that the term of office of the serving President ends on 31 August 2010, and that accordingly, the election of the President will have to be conducted during the 2010 Annual Meeting of the Board of Governors of the Bank. In this regard, the Committee further noted that in connection with the preparations for an election, Article 2 of the amended Election Rules provides for the Steering Committee, with the authorization of the Board of Governors, to adopt its own procedures for the invitation, deposit and verification of individual candidatures in compliance with the eligibility criteria set out under Article 36 of the Bank Agreement and the conditions of candidature set forth under the Election Rules.

- 3.1 In view of the foregoing, the Committee recommends that the Board of Governors approve the following Timetable and Procedure for the Election of the President of the African Development Bank during the 2010 Annual Meeting:

- Invitation to Governors to submit candidatures: 1 July 2009
- Final date and time for delivery of candidatures: 1 February 2010 at 5 p.m. Tunis local time
- Verification of candidatures by Steering Committee: 9-11 February 2010
- Settlement and Publication of registered candidates: 20 February 2010

Steering Committee on the Election of the President

- 3.2 The Steering Committee also recommends that the Board of Governors take note of the above Timetable and Procedure for the election of the President.

Mr. Abdoulaye DIOP
Chairperson, Board of Governors and Chair of the
Steering Committee on the Election of the President

AFRICAN DEVELOPMENT BANK

ADB/BG/GCC/2009/09

11 May 2009

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**REPORT ON THE NINTH MEETING OF THE
GOVERNORS' CONSULTATIVE COMMITTEE**

11 MAY 2009

PALAIS DES CONGRES, HOTEL MÉRIDIEN PR0SIDENT, DAKAR, SENEGAL

**REPORT OF THE NINTH MEETING OF THE GOVERNORS'
CONSULTATIVE COMMITTEE (GCC), DAKAR, SENEGAL**

- 1 The Governors' Consultative Committee (GCC) held its ninth meeting at the Palais des Congrès, Hôtel Méridien Président, Dakar, Senegal, on 11 May 2009, under the chairmanship of **His Excellency Mr. Abdoulaye DIOP**, Minister of State, Minister of the Economy and Finance of Senegal and Chairperson of the Boards of Governors. The meeting took place in the presence of **Mr. Donald KABERUKA**, President of the African Development Bank Group. Members of the Committee present were Algeria, Burkina Faso, Canada, Congo (Brazzaville), Cote d'Ivoire, Egypt, France, Japan, Liberia, Libya, Malawi, Morocco, Nigeria, Seychelles, Switzerland, United Kingdom, United States of America and Zimbabwe.

Adoption of the Agenda (Item 1)

- 2 The Governors' Consultative Committee approved the following agenda.
 1. Adoption of the Agenda (ADB/BG/GCC.9/2009/AG/Prov. 1
 2. Introductory Remarks by the President of the Bank Group
 3. Consideration of the Working Papers
 - 3.1 Consolidated Eleventh and Twelfth Six-Monthly Assessment of the Situation in the Host Country (ADB/BG/WP/2009/02 - ADF/BG/WP/2009/01)
 - 3.2 Requests from the Minister of Planning & Development, Bank Group Governor for Mozambique, and the Minister of Finance, Bank Group Governor for South Africa, for an additional seat on the Board of Directors for the Southern Africa Sub-Region
 - 3.3 Sixth General Capital Increase (GCI VI)
 - 4 Other Business

Consolidated Eleventh and Twelfth Six-Monthly Assessment in the Host Country (ADB/BG/WP/2009/02 – ADF/BG/WP/2009/01)

- 3 The Governors' Consultative Committee recalled Resolution B/BG/2003/04 of the Board of Governors, which called for a substantive review of the situation in the host country every twelve months, beginning from the 2004 Annual Meetings as well as substantive reviews at six-monthly intervals to assess whether the situation was conducive for the return of the Bank's operations to its Headquarters. In compliance with the above, the GCC considered the above-mentioned Report and took note of the continuous positive developments in the host country since the 2008 Annual Meetings, as confirmed by some of the Governors who attended the meeting. The United Nations security alert for part of the country, including Abidjan, had remained in

Phase II. However, the situation was not yet conducive enough for the return of the Bank's operations to its Headquarters.

- 4 The GCC therefore recommended to the Boards of Governors to endorse the above report and to:
 - (vii) reaffirm that the Headquarters of the Bank shall remain in Abidjan, Côte d'Ivoire;
 - (viii) take note of the progress made by the Host Country towards consolidating peace and stability, but decides that the situation in the Host Country is not yet conducive for an immediate return of the operations of the Bank to its Headquarters;
 - (ix) extend the Temporary Relocation Period for twelve (12) months;
 - (x) direct the Board of Directors to continue to closely monitor the situation in the Host Country in accordance with the following: (a) the normalization of the political and security situation; and (b) the existence of the basic facilities and infrastructure necessary for the effective operations of the Bank;
 - (xi) further direct the GCC to meet in 2010 to provide guidance to the Board of Governors on the issues referred to in paragraph (iv) above relating to the Bank's return to Abidjan and anything else judged relevant, and to recommend a decision to be taken by the Board of Governors at the 2010 Annual Meetings;
 - (xii) decide that there shall be a twelve (12)-month notice period, to ensure proper planning and orderly return of the operations of the Bank to its Headquarters after a final decision is taken by the Board of Governors.

- 4.1 Lastly, the GCC recommended that the Boards of Governors adopt the relevant resolution.

Conclusion and Recommendations

- 4.2 Based on the information provided in the report, the Committee proposed that the Boards of Governors approve Management's recommendations and adopt the relevant Resolutions.

Requests from the Minister of Planning & Development, Bank Group Governor for Mozambique, and the Minister of Finance, Bank Group Governor for South Africa, for an additional seat on the Board of Directors for the Southern Africa Sub-Region

- 5 The Governors' Consultative Committee took note of the joint request by the Minister of Planning and Development, Bank Group Governor for Mozambique, and the Minister of Finance, Bank Group Governor for South Africa for an additional seat on the Board of Directors for the Southern Africa sub-region. The GCC considered the request as legitimate, more so as South Africa, by its voting power and influence in Africa and the world is deserving of a permanent seat on the Board of Directors.
 - 5.1 The Temporary Alternate Governor for South Africa clarified that the requests made by his country and Mozambique were neither for a permanent seat for

South Africa on the Board of Directors nor for an increase in the configuration of that Board. Rather, both Governors were seeking an expanded representation of the Southern African region. However, some GCC members expressed concern that the request was couched as a sub-regional demand whereas Board representation was not determined on a regional basis. Nevertheless, the Committee recognized the need to preserve the spirit of consensus, unity and harmony that has always characterized decisions in the Bank and suggested the setting up of a Contact Group to further engage all the stakeholders in a dialogue that would eventually lead to an acceptable solution. The Contact Group would be made up of the Bureau of the Board of Governors namely, Cote d'Ivoire, Portugal and Guinea Bissau, but may co-opt any regional member country that would facilitate the attainment of its objectives.

- 5.2 The Contact Group should, in close collaboration with the Management of the Bank, propose solutions to the GCC within three months, that could serve as basis for Governors to ensure that a consensus would be reached on the issue before the 2010 Annual Meetings. The Committee also took note of the offer from Algeria, Congo and Morocco to serve as co-opted members of the Contact Group.

Conclusion and Recommendations

- 28 In his summary, the Chairperson underscored that the core of the Contact Group would be made up of members of the Bureau for the period from the end of the current Annual Meetings to the end of the 2010 Annual Meetings namely, Cote d'Ivoire, Portugal and Guinea Bissau. The core group would co-opt additional members, preferably 2 countries from North Africa, 2 from Central Africa and 2 from Southern Africa.
- 29 Based on the foregoing, the GCC recommended that the Board of Governors take note and approve the measures taken with regard to the requests from the Minister of Planning & Development, Bank Group Governor for Mozambique, and the Minister of Finance, Bank Group Governor for South Africa, for an additional seat on the Board of Directors for the Southern Africa Sub-Region.

Sixth General Capital Increase (GCI VI) (ADB/BG/WP/2009/12)

- 6 The Committee invited Management to make a presentation on the need to strengthen the capitalization of the Bank. Management explained that based on the three lending scenarios presented in the document, the potential options to free up capital headroom can only provide temporary relief and not ensure a sustainable and long term increase in the Bank's lending capacity. According to Management the adequacy of the Bank's capital resources is determined through three strategic ratios which limit the maximum amount of debt and development related exposure that the Bank can carry on its balance sheet. For the Bank to maintain its AAA rating, the prudential ratios cannot exceed 100%. However, under the latest lending scenario, the prudential ratios would breach their limits by the end of 2010 instead of 2013.
- 6.1 The Committee further noted Management's proposal that to respond to the evident need for additional financing to RMCs, the Bank would require a 200% increase in its authorized capital, with a paid-in capital of 6% and an 8 year

payment period.

Deliberations

- 6.2 The GCC took note of the arguments advanced by Management in support of the sixth capital increase and the huge demand for resources by Regional Member Countries. It welcomed Management's proposal to commence consultations for a GCI-VI but emphasized that Management should put forward robust financial analysis specifically demonstrating demand to facilitate the consultation process.
- 6.3 The Committee took note of the observations made by certain members concerning the need to preserve cohesion and the spirit of equality among member countries. In this context, the GCC urged Management to bear in mind the burden that the acquisition of additional shares would place on very poor regional member countries and reflect on appropriate solutions that will enable the Bank to increase financing to them.
- 6.4 The GCC also took note of the conditions set out by some Governors for their support for the Sixth capital increase, namely, the Bank should: (i) concentrate on its areas of comparative advantage; (ii) avoid actions or operations that could negatively impact on its triple A rating; (iii) fully and effectively utilize existing resources and create alternative financial options to free up capital head room; (iv) strengthen its internal governance and human resources policies, with emphasis on results; and (v) demonstrate clear support to the poorest countries. In this regard, the GCC endorsed a suggestion by France that the relevant resolution be amended to encourage Management to: (i) explore ways and means of increasing Bank financing to the poorest regional member countries; and (ii) propose various options for the enhancement of resources earmarked for the poorest countries.

Conclusion and Recommendations

- 7 The GCC underlined the need to provide the Bank with the capacity to increase its support to its regional member countries, an objective which is consistent with the recent recommendations put forward by the African Union, the Committee of Ten and the G20. The GCC therefore recommended to the Board of Governors to authorize the GCC to commence consultations for a sixth capital increase of the Bank (GCI-VI), and to adopt the relevant resolution.

Other Business

- 8 Under "Other Business", the GCC took note of the concern expressed by the Governor for Libya regarding the Bank's Share Transfer Rules. According to the Governor, the AfDB Share Transfer Rules relied too heavily on IMF quotas and are, therefore, not quite adapted to the situation of regional member countries. The GCC recommended that the issue should be considered during the consultations on the GCI-VI.

Dakar, Senegal, 11 May 2009

**Mr. Abdoulaye DIOP
Chairperson, Board of Governors and Chair
of the Governors' Consultative Committee**