



## MEMORANDUM

**TO :** THE BOARD OF GOVERNORS

**FROM :** THE BOARD OF DIRECTORS

**SUBJECT :** RESOURCES OF THE NIGERIAN TRUST FUND

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1. The Federal Republic of Nigeria has approached the Bank requesting a withdrawal of Two Hundred Million Dollars (US\$200,000,000) from the *corpus* of the Nigeria Trust Fund ("NTF").
2. The NTF is a special fund established in accordance with Article 8 of the Bank Agreement, and administered by the Bank as a lending window. The NTF was established by agreement signed on 26 February 1976 between the African Development Bank and the Federal Republic of Nigeria for a duration of thirty (30) years. The duration of the NTF expired on April 25, 2006, but subsequently, the Bank and the Federal Republic of Nigeria agreed to three extensions of the duration of the NTF. As an interim measure, the Federal Republic of Nigeria and the Bank entered into two successive one-year extensions, covering the period from April 26, 2006 to April 25, 2008. The third extension, approved by the Board of Governors during the 2008 Annual Meetings in Maputo, Mozambique by resolution B/BG/2008/12 following the completion of discussions, extended the duration of the NTF for a further period of ten years with effect from 26 April 2008. In November 2008, the Board of Directors approved Operational Guidelines for the administration of the NTF.
3. As of December 2008, the resources of the NTF are estimated to be in the amount of US\$330,000,000. The Federal Republic of Nigeria by a letter dated 29 December 2008 is seeking a withdrawal of funds from the *corpus* of the trust fund. Although the withdrawal would result in a reduction of funds from the NTF, the Bank, however, 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, Management has confirmed 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.

4. The Agreement between the Federal Republic of Nigeria and the Bank for the establishment of the NTF does not provide for the withdrawal of NTF resources for purposes other than regular operations and payment of administrative charges. The establishment or acceptance of administration of special funds such as the NTF is within the exclusive powers of the Board of Governors as set forth in Article 29 of the Agreement Establishing the African Development Bank. Thus, withdrawal of the funds from the corpus of the NTF outside of the terms set forth in the NTF Agreement requires the approval of the Board of Governors.
5. It should be noted that in 2004, the Board of Governors by Resolution B/BG/2003/11 approved, at the request of the Federal Republic of Nigeria, a withdrawal in the amount of Twenty-five Million Dollars (US\$25,000,000) from the corpus of the NTF for the establishment of the Nigeria Technical Cooperation Fund.
6. In 2006, the Federal Republic of Nigeria also withdrew Two Hundred Million (US\$200,000,000) from the corpus of the NTF, following the expiration of the NTF in 2006. This withdrawal did not require approval from the Board of Governors because it was effected by the Bank within the context of the expiration of the duration of the NTF and its termination, and therefore in accordance with Article XIII (13.4) of the NTF Agreement.
7. The Board of Governors is invited to approve the request of the Federal Republic of Nigeria for the withdrawal in the amount of Two Hundred Million (US\$200,000,000) from the corpus of the NTF.

**AFRICAN DEVELOPMENT BANK**

**BOARD OF GOVERNORS**

**Resolution B/BG/2009/[ ]**

**[Adopted at the First Sitting of the [ ] Annual Meeting**

**of the African Development Bank on [ ] 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 Dollars (US\$200,000,000) from the NTF; and
- (ii) The Report of the Board of Directors contained in Document ADB/BG/WP/2009/[ ], and the recommendation therein;

**HEREBY:**

1. Approves the variation of the terms of the NTF Agreement to permit the Board of Directors to appropriate Two Hundred Million Dollars (US\$200,000,000) from the corpus of the NTF as requested by the Federal Republic of Nigeria; and
2. Authorizes the President to take other measures necessary for the implementation of this Resolution.