

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



BOARDS OF GOVERNORS

**FORTY-SECOND ANNUAL
MEETING OF THE ADB
SHANGHAI, CHINA
16 AND 17 MAY 2007**

**THIRTY-THIRD ANNUAL
MEETING OF THE ADF
SHANGHAI, CHINA
16 AND 17 MAY 2007**

OFFICIAL RECORD

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1. The Forty-Second Annual Meeting of the Board of Governors of the African Development Bank (ADB) and the Thirty-Third Annual Meeting of the African Development Fund (ADF) were held jointly on 16 and 17 May 2007, at the International Convention Center in Shanghai, China, under the chairmanship of **His Excellency Dr. Zhou Xiaochuan**, Chairperson of the Boards of Governors and Governor of the People's Bank of China. The Annual Meetings were opened in the presence of **Mr. Donald KABERUKA**, President of the African Development Bank Group.
 - 1.1 The 2007 Annual Meetings were attended by about 2,500 participants, comprising Governors, Alternate Governors, members of the Boards of Directors, Delegates, Staff and Observers as well as local participants. This is the highest ever attendance at the Annual Meetings.
 - 1.2 The Meetings were preceded on Sunday, 13 May 2007, by the thematic seminar on "Development Finance and China-Africa Economic Cooperation" and the launching of the African Economic Outlook. Other key events organized within the framework of the Annual Meetings included the Ministerial Round Table graced by the participation of three (3) Heads of State, and related High Level Seminars on: (i) "Africa and Asia: Entrepreneurship and Private Sector Development in Africa"; (ii) "Human Capital and Technology for Development – Lessons from Asia"; and (iii) "Regional Cooperation – Addressing Trans-Boundary Challenges". Seminars were also held for Governors on the enhanced performance-based allocation as well as growth and responsibility in Africa, which was a presentation on the German G8/EU program and panel discussion on sustainable private investment in Africa. Other presentations focused on: (i) the Role of Corporate Governance in Private Sector Development: Exploring Partnership and Practices in Asia; (ii) African Investment, Financing and Risks; (iii) Bank Group's Financial Situation and Operations; (iv) Africa's Re-Indebtedness following the HIPC and MDRI Cancellations: Proposals for better Debt Governance, (v) Fragile States and the Role of Extractive Industries in Africa; (vi) Climate Change and the Challenge for Development; (vii) Environmental Considerations for Sustainable Development; and (viii) African Bond Markets: Leveraging the Gains of the Past Few Years.

OPENING CEREMONY

2. The formal opening ceremony was held in the Conference Hall of the Shanghai International Convention Center, Shanghai, China, on Wednesday, 16 May 2007, and was presided over by **His Excellency Wen Jiabao**, Prime Minister of the People's Republic of China. **His Excellency Pedro Pires**, President of the Republic of Cape Verde, **His Excellency Marc Ravalomanana**, President of the Republic of Madagascar and **His Excellency Paul Kagame**, President of the Republic of Rwanda, were also present.
 - 2.1 In his welcome address **His Excellency Dr. Zhou Xiaochuan**, Chairperson of the Boards of Governors and Governor for the People's Bank of China, extended a warm welcome to his peers and their respective delegations. The attendance

by the Heads of State was a source of inspiration for the Government and people of China, and a powerful testimony to their support and commitment to poverty reduction and development in Africa. He drew attention to the fact that it was the first time that the ADB Group was holding its Annual Meetings in Asia and thanked his colleagues for the trust they had placed in China. The Governor also said that he was confident that the Meetings would mark the starting point for all parties to intensify cooperation and promote development in both Asia and Africa. Furthermore, he expected that the Annual Meetings would enhance and further deepen the existing cooperation between China and Africa.

- 2.2 In his opening statement, **His Excellency Wen Jiabao** Prime Minister of the People's Republic of China also warmly welcomed all participating Heads of State and Governors to Shanghai and wished them a pleasant stay and fruitful deliberations. He seized the opportunity to urge the international community, particularly the developed countries, to deliver on their pledged assistance to Africa, take effective measures to reduce or cancel African debt, improve trade terms, facilitate market access for Africa and promote technology transfer, thus helping the continent to build adequate capacity for self development. He assured the audience that the Government and people of China were committed to peace and development in Africa.
- 2.3 Concluding, the Prime Minister declared the meeting open and wished Governors success in their deliberations.
- 2.4 In his statement, **Mr. Donald KABERUKA**, President of the Bank Group observed that the Bank was greatly honored by the presence of the Prime Minister of the People's Republic of China and three eminent African leaders at the opening ceremony of its Annual Meetings. The presence of the four leaders was a powerful testimony to the importance of the Africa-Asia partnership and their interest in the Institution. The President thanked the Government and people of China for graciously accepting to host the Bank Group's Annual Meetings and providing excellent facilities for their success. President Kaberuka then recognized the presence of Messrs. Kwame Fordwor, Willa Mung'omba, Babacar N'Diaye and Omar Kabbaj, his illustrious predecessors, who had accepted the Bank's invitation. He also expressed his gratitude to the Government and people of Tunisia, whose legendary hospitality had enabled the Bank to continue its normal operations from its Temporary Relocation Agency (TRA) in Tunis. He went on to extend his commendation to the Authorities of the Bank's host country, Cote d'Ivoire for their efforts at promoting peace and national reconciliation under the Ouagadougou Agreement. Finally, the President was particularly grateful to Honorable Dr. Zhou Xiaochuan, Governor of the People's Bank of China, for the wisdom and clear-sightedness with which he directed the deliberations of the Bureau, the Joint Steering Committee and the Governors' Consultative Committee (GCC).
- 2.5 The President pointed out that the holding of the Bank Group's Annual Meetings in China was not accidental given the longstanding economic ties between Africa and Asia. Besides, the Asian experience and capacity for rapid economic transformation resulting in an early graduation from aid dependency could serve as model for the African continent.
- 2.6 With regard to the undertakings he made before the Governors during the 2006 Annual Meetings in Ouagadougou, the President assured Governors that in spite

of challenges, the Bank was making progress on all fronts and that the process of its repositioning was on course. The Institution's financial base had been further consolidated, its financial ratios compared favorably with those of its comparators and the medium-term outlook was robust. Also, the rating agencies had reaffirmed the triple AAA and AA+ rating for the Bank's senior and subordinated debt, respectively. Finally, all three (3) windows reported strong earnings in 2006.

- 2.7 With respect to the Nigeria Trust Fund, the President recalled that the Government of Nigeria had granted to the NTF a one-year extension in 2006 to complete the evaluation of the NTF operations by a consultant. As a result, no commitments were made from that window in 2006. Management had sought and obtained approval from the Nigerian Authorities for an additional one year extension of the duration of the NTF to allow the Bank and Nigeria to review the outcome of the consultant's study and to determine the way forward. He underlined that the NTF was a powerful symbol of African solidarity and that he was looking forward to an early conclusion of the review.
- 2.8 Regarding the private sector, the President voiced his conviction that like Asia, the future for the economies of African countries would be private sector driven. The Bank should gear itself up to play a catalytic role in the sector, enhance the investment climate and respond to demand. However, the significant risks involved in private sector operations required Management to be prudent and rigorous in project selection, credit review, processing procedures, choice of partners and internal capacity building. The Bank had also successfully implemented a borrowing strategy of issuing bonds in local currencies with a maturity of one to two years.
- 2.9 As far as operations were concerned, the President pointed out that the Bank Group substantially increased its financing activities in 2006, including the Bank's largest single operation in its history of USD 0.5 billion to support Egypt's financial sector reform. Concerning the ADF, nearly 70% of the ADF X replenishment had been committed and much progress had been made with regard to multinational operations, in support of regional integration, which had expanded considerably. Overall, the pipeline of projects was healthy.
- 2.10 With reference to decentralization and field presence, 22 out of the planned 25 offices had been opened and Management would steadily consolidate and strengthen Bank Group field presence while ensuring strong fiduciary checks and balances. Member countries should therefore take full advantage of the Bank's presence on the ground aimed at reinforcing its operations and policy dialogue. It was within that context that the President drew attention to the enduring challenges posed by loan disbursements, project portfolio quality and development effectiveness. He indicated that loan ratification process continues to experience delays and that borrowing member countries continue to encounter problems in meeting conditions for loan effectiveness. Such delays impact on loan disbursements but the existence of the Bank's field offices should ease those difficulties.
- 2.11 With regard to prospects for African economies, Mr. Kaberuka stressed that several countries had a fair chance of following in Asia's footsteps provided they could: (i) build on the emerging dynamics of peace and stability, conducive for investments; (ii) maintain the pace of reforms and avoid temptations of policy or

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- governance slippages; (iii) enhance institution building; (iv) ensure effective debt and natural resource management; and (vi) reduce the cost of doing business.
- 2.12 While observing that the status of Africa's economies in the next decade would primarily depend on Africans themselves, the President felt that the international community had an opportunity to make an impact by reversing the decline in core aid levels observed in 2006 and making a determined effort to find a compromise among partners in the trade negotiations. The Bank Group would take advantage of the ongoing ADF-XI negotiations with its partners to reposition the Institution as a preferred channel of choice for supporting this emerging African resurgence. To attain that objective, the Bank should be selective in its interventions and concentrate its efforts and resources on areas where it could be most effective; hence the Bank's evolving approach to private sector strategy, infrastructure, regional integration and governance.
- 2.13 Concerning Fragile States, The President recalled that the Bank created a Post Conflict Facility in 2004, which had been relatively successful in helping such nations in clearing payment arrears. The President expressed gratitude to the CEMAC member countries and the Republic of South Africa for their financial contribution to the payment of the arrears of the Central African Republic.
- 2.14 Furthermore, the strategy adopted by the Bank in 2005 for the middle income countries (MIC) and the creation of the MIC Trust Fund was bearing fruit but there was a need to sharpen the instruments and increase the menu of options available to countries that are key to the achievement of the objectives of regional integration.
- 2.15 With regard to climate change, the President explained that the Bank was developing a clean energy and development framework in collaboration with sister institutions to reduce vulnerability and enhance adaptive capacity of poor countries and integrate those actions in various national strategies for poverty reduction and sustainable development.
- 2.16 On the Infrastructure Consortium, the President explained that the Bank was set to be a leader on infrastructure as Management was convinced that Africa's development process could be accelerated through greater market integration facilitated by better infrastructure. The Bank already had a pipeline of USD 1 billion projects.
- 2.17 Addressing the Bank Group's water initiatives, the President recalled that the Bank undertook a series of initiatives in water and sanitation. The Institution would have spent at the end of 2007 USD 767 million for a total of 19 programs. The Bank should strengthen its capacity to respond to countries with enormous needs but with little or no resource allocation such as those emerging from conflicts. To increase the chances of meeting a number of key MDGs, the President urged regional member countries (RMCs) to give priority to water and thanked donors who had supported the Bank's resource mobilization efforts.
- 2.18 Referring to the Bank's effectiveness agenda, the President observed that the ADB Group should have the capacity to deliver excellence with a view to obtaining actual results. That is the objective of the new organizational structure and the current reform program. With the Board's approval of the Human Resources Strategy, the Bank is set to assert its leadership role in the areas of infrastructure, water, regional integration and governance. The Bank should not
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only be a financier but also a center of knowledge. Management was in the process of drawing up a Medium-Term Strategy for the 2008-2010 period that would articulate Bank Group ambitions and realistic deliverables, set out priorities and provide the strategic framework for the Institution as a whole. In that regard, he informed Governors that a High-Level Panel had been set up to advise on the Bank's strategic role in a changing Africa. In addition to making recommendations, the Panel would play an advocacy role by building a consensus for a vision and a long-term strategy for its realization.

- 2.19 Finally, President Kaberuka indicated to the Governors that he was looking forward to a successful ADF-XI replenishment, which would respond to the pressing needs. It was in that respect that he informed Governors that the Republic of Turkey had formally applied to be the 78th member of the Bank Group.

CONSIDERATION OF AGENDA ITEMS

- 3 The Board of Governors, at their First Sitting, adopted the Provisional agenda for the annual meetings. The Rapporteur, the Governor for Morocco, 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, 14 May 2007, at the Shanghai International Convention Center, Shanghai, the People's Republic of China. Present at the meeting was Mr. Donald Kaberuka, President of the African Development Bank Group together with representatives of Botswana, Cameroon, Comoros, Guinea, India, Italy, Japan, Liberia and Morocco,
- 3.1 The Boards of Governors thanked the Governor for Morocco for the report, and noted that the Governors for Germany, the Netherlands, United Kingdom and United States voted against the proposal in paragraph 15.1 of the report concerning the distribution of the Bank's 2006 net income. The Boards of Governors also recalled that Japan, Italy, France and Belgium had abstained on the issue during the Joint Steering Committee (JSC) meeting held on 14 May 2007, as indicated in paragraph 15.3 of the JSC Report.
- 3.2 In accordance with the procedure adopted at the 2002 Annual Meetings, the Boards of Governors approved the recommendations put forward by the Committee and adopted the relevant resolutions. The Report of the Joint Steering Committee is attached as Annex.

General Election of Executive Directors of the Bank and the Selection of Executive Directors of the Fund

- 3.3 The Secretary-General recalled the Rules governing the General Election of Executive Directors of the Bank. He further recalled the timetable for the general election of the Executive Directors of the Bank and selection of Executive Directors of the Fund. Noting that Governors had nominated only one candidate for each electoral seat by the stipulated deadline, and that each of the said candidates was duly qualified, the Chairperson of the Boards of Governors declared the candidates nominated by the Governors duly elected to act as

Executive Directors of the Bank and for candidates nominated by non-regional countries, duly selected to act as Executive Directors of the Fund.

Temporary Relocation of the operations of the Bank

- 3.4 The report of the meeting of the Governors' Consultative Committee (GCC) containing the recommendations of the GCC to the Board of Governors was circulated to the Governors together with the draft resolution attached thereto for approval. Since no objection was received by the Secretary General of the Bank, the Report was therefore deemed approved. The said report is attached as an annex.
- 3.5 The Report of the Steering Committee on the Election of the President was circulated to the Boards of Governors of the Bank for information. The said report is attached as an annex.

RESOLUTIONS ADOPTED

A. For the Bank

- a. Annual Report and Audited Financial Statements for the Financial Year Ended 31 December 2006 (B/BG/2007/01);
- b. Distribution of Part of the Net Income of the African Development Bank for the Financial Year Ended 31 December 2006 (B/BG/2007/02);
- c. Distribution of Part of the Net Income of the Nigeria Trust Fund for the Financial Year Ended 31 December 2006 (B/BG/2007/03);
- d. The General Election of the Executive Directors of the African Development Bank (B/BG/2007/06);
- e. 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 (B/BG/2007/07);

B. For the Fund

- a. Annual Report and Audited Special Purpose Financial Statements for the Financial Year Ended 31 December 2006 (F/BG/2007/02);
- b. The Selection of the Executive Directors of the African Development Fund (F/BG/2007/05);
- c. 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 (F/BG/2007/06);

C For the Bank and the Fund

- a. Appointment of External Auditors for the Financial Years 2007 through 2011 (B/BG/2007/04 – F/BG/2007/03);
- b. Dates and Venue of the Forty-Third Annual Meeting of the Board of Governors of the Bank and the Thirty-Fourth Annual Meeting of the Board of Governors of the Fund (2008) (B/BG/2007/05 – F/BG/2007/04);
- c. Vote of Thanks of the Boards of Governors to His Excellency Mr. Wen Jiabao, Premier of the People's Republic of China (B/BG/2007/08 – F/BG/2007/07);
- d. Vote of Thanks of the Boards of Governors to His Excellency Mr. Pedro Pires, President of the Republic of Cape Verde (B/BG/2007/09 – F/BG/2007/08);
- e. Vote of Thanks of the Boards of Governors to His Excellency Mr. Marc Ravalomanana, President of the Republic of Madagascar (B/BG/2007/10 – F/BG/2007/09);
- f. Vote of Thanks of the Boards of Governors to His Excellency Mr. Paul Kagame, President of the Republic of Rwanda (B/BG/2007/11 – F/BG/2007/10);
- g. Vote of Thanks of the Boards of Governors to outgoing Chairperson, the Bureau, the Joint Steering Committee and the Governors Consultative Committee (B/BG/2007/12 – F/BG/2007/11);
- h. Vote of Thanks of the Boards of Governors to National Organizing Committee of the 2007 Annual Meetings (B/BG/2007/13 – F/BG/2007/12);
- i. Vote of Thanks of the Boards of Governors to the Outgoing External Auditors (B/BG/2007/14 – F/BG/2007/13);
- j. Vote of Thanks of the Boards of Governors to the Boards of Directors, Management and Staff (B/BG/2007/15 – F/BG/2007/14).

SUMMARY OF THE KEY POINTS OF GOVERNORS' STATEMENTS

4. Governors, in their respective statements, expressed gratitude to the Government and people of the People's Republic of China for hosting the 2007 Annual Meetings of the Bank Group, the warm hospitality extended to them and their delegations, as well as the excellent facilities put at their disposal. They noted that the generosity of the Chinese Authorities was a perfect illustration of their commitment to Africa.
- 4.1 The Governors generally endorsed the main thrusts of the Bank's vision and noted a visible improvement in the Bank's approach to the development problems facing regional member countries. On the whole, their interventions centered around the main issues which constitute the priorities the Bank should address taking into account global economic trends; the current situation of the economies of African countries and the challenges which the Bank must meet to reinforce its leadership role in supporting the economic and social development efforts of its regional member countries.
- 4.2 The priorities identified include, among others : the effective operationalization of the strong potential for south-south cooperation between Asia and Africa; the mobilization of all development partners; aid coordination to undertake coordinated and harmonized interventions: hence the need to effectively implement the Paris Declaration on Harmonization to avoid duplication of efforts; a substantial replenishment of concessional resources within the context of ADF-XI; enhanced Bank competitiveness through selective interventions with high added value; portfolio selectivity; focusing on results; the Bank's flexibility to adapt to the diversity of its members, particularly with regard to middle income countries and fragile states, and better respond to their needs; the need for the Bank to adapt its communication process to accommodate the needs of Portuguese speaking countries; an appreciable increase in the level of disbursement, enhanced support to the private sector; increased support to regional integration particularly through the development of infrastructure financing; the need to successfully implement the decentralization process, which would be decisive for improving the Bank's development effectiveness; linked to the issue of decentralization, an appropriate delegation of authority to external offices, a more active support to the efforts of regional member countries in the water and sanitation sector as well as their efforts to fight against the consequences of climatic changes. They welcomed the drawing up of the 2008-2010 Medium Term Strategic Plan and in this regard are looking forward to the report of the Independent High-Level Panel to advise on the Bank's strategic role.
- 4.3 Governors welcomed the ongoing institutional reforms aimed at enhancing the operational efficiency of the Bank as well as its capacity to effectively and efficiently meet the needs and expectations of its borrowing members. In that regard, they underscored the need to accelerate the consolidation phase of those reforms so that the Bank could implement the strategic priorities set.
- 4.4 They expressed satisfaction at the ongoing process of peace and reconciliation in Cote d'Ivoire, host country of the Bank and expressed the hope that the established timetable would be observed so as to facilitate the return of the Bank's activities to its headquarters in an orderly manner. They also seized the

opportunity to thank Tunisia, the host to the Bank's Temporary Relocation Agency since 2003, for all the measures it had taken to ensure that the Bank continued its activities in the most optimal conditions possible.

- 4.5 Governors also commended members of the outgoing Board of Directors, who spared no effort during their mandate, which was marked by achievements of crucial importance to the Bank, such as the temporary relocation of the operations of the Bank, the election of a new President, the adoption and implementation of the reforms aimed at enhancing the Bank Group's development effectiveness.
- 4.6 Concluding, Governors pointed out that the year 2007 should be a year of delivery. They are aware that development financing is a long-term activity but are confident that the Bank will meet the challenge. They stressed that they place high hopes in the Bank due to the dynamism and competence of the new management team; they, therefore, reiterated their strong support to the Bank and its President.

Modibo I. TOURE
Secretary-General

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



BOARDS OF GOVERNORS

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

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

**SHANGHAI, PEOPLE'S REPUBLIC OF CHINA
16 AND 17 MAY 2007**

RESOLUTIONS ADOPTED AT THE 2007 ANNUAL MEETINGS

AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2007/01

Adopted at the First Sitting of the Forty-Second Annual Meeting
of the African Development Bank, on 16 May 2007

Annual Report and Audited Financial Statements for the Financial Year ended 31 December 2006

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 2006 Annual Report of the Board of Directors, contained in Document ADB/BD/WP/2007/21;
- (ii) The Report of the External Auditors for the Financial Year ended 31 December 2006;
- (iii) The Audited Financial Statements of the Bank for the Financial Year ended 31 December 2006, contained in Document ADB/BD/WP/2007/23;
- (iv) The Audited Financial Statements of the Special and Trust Funds for the Financial Year ended 31 December 2006, contained in document ADB/BD/WP/2007/24; and
- (v) The Audited Financial Statements of the Nigeria Trust Fund for the Financial Year ended 31 December 2006, contained in document ADB/BD/WP/2007/25;

APPROVES the 2006 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 2006.

AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2007/02

Adopted at the First Sitting of the Forty-Second Annual Meeting of the African Development Bank, on 16 May 2007

Distribution of Part of the Net Income of the African Development Bank for the Financial Year Ended 31 December 2006 Using Allocable Income as the Basis of 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/2005/01, adopted by the Board of Governors of the African Development Fund (the "Fund"), authorizing the Tenth Replenishment of the resources of the Fund ("ADF-X"), 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/2005/05 of this Board, adopted on 18 May 2005, by which this Board: (a) authorized the distribution of part of the net income of the Bank for the year ended 31 December 2004; (b) decided to contribute to the ADF-X by successive distributions from allocable income over a three (3)-year period, commencing with the distribution from allocable income for the financial year ended 31 December 2004, the total amount equivalent to the income resulting from the clearance of arrears under the Post Conflict Country Facility (PCCF) administered by the Fund, during the above-mentioned three (3)-year period; and (c) decided that such successive distributions shall be in addition to any other contribution to the ADF-X, which this Board may approve in each of the relevant years;

HAVING CONSIDERED:

- (i) The Financial Statements for the financial year ended 31 December 2006, and confirmed that such Financial Statements indicate an income before transfers approved by the Board of Governors of One Hundred and Ninety-Four Million and Thirty Thousand Units of Account (UA 194,030,000), 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 One Hundred and Sixty-Eight Million Eight Hundred and Sixty Thousand Units of Account (UA 168,860,000); and
- (ii) The Report of the Board of Directors contained in Document ADB/BG/WP/2007/10 (the "Report"), and the recommendations therein, related to the distribution of part of the net income for the year 2006, 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 Thirty-six Million Eight Hundred and Sixty Thousand Units of Account (UA 36,860,000 Million), from the 2006 allocable income;

- (ii) Decides to allocate to the Surplus Account Twenty-one Million Five Hundred and Ninety Thousand Units of Account (UA 21,590,000) from the balance of the 2006 Allocable Income and authorizes the Board of Directors to adopt the necessary modalities for distributions by the Board of Governors from the Surplus Account; and
- (iii) Approves the following distribution from the balance of the 2006 allocable income for the purposes stated below:
 - (a) Thirteen Million Seven Hundred Thousand Units of Account (UA 13,700,000) for the ADF-X (consisting of the contribution of Three Million Seven Hundred Thousand Units of Account (UA 3,700,000) equivalent to the 2006 cash flows attributable to the clearance of interest arrears on Post-Conflict Country loans, and Ten Million Units of Account (UA 10,000,000), being an additional contribution for the ADF-X);
 - (b) Sixty-Five Million and Seventy Thousand Units of Account (UA 65,070,000) (equivalent to the interest income realized in 2006 on Bank loans to the Democratic Republic of Congo (DRC)), for purposes of a Special Account dedicated to the debt service of part of the consolidated loans of DRC;
 - (c) Ten Million Units of Account (UA 10,000,000) for the benefit of the Technical Assistance Fund for the Middle Income Countries; and
 - (d) Twenty-One Million Six Hundred and Forty Thousand Units of Account (UA 21,640,000) for the benefit of the Heavily Indebted Poor Countries (HIPC) Initiative.

AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2007/03

Adopted at the First Sitting of the Forty-Second Annual Meeting
of the African Development Bank, on 16 May 2007

Distribution of Part of the Net Income of the Nigeria Trust Fund for the Financial Year Ended 31 December 2006

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 (NTF), in particular Section 13.1 (Termination of the Fund); 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 2006, and confirmed that such Financial Statements indicate an income before transfers approved by the Board of Governors of Thirteen Million Seven Hundred and Ninety-nine Thousand Units of Account (UA 13,799,000) and
- (ii) The Report of the Board of Directors contained in Document ADB/BG/WP/2007/04, and the recommendation therein, related to the distribution of part of the net income of the NTF for the financial year ended 31 December 2006;

HEREBY:

- (i) Decides to make provision for reserves of the NTF, in the amount of Twelve Million Four Hundred and Nineteen Thousand One Hundred Units of Account (UA 12,419,100), from the 2006 net income; and
- (ii) Approves the distribution for the benefit of the HIPC Initiative, of ten percent (10%) of the 2006 net income of the NTF, in the amount of One Million Three Hundred and Seventy-Nine Thousand Nine Hundred Units of Account (UA 1,379,900).

AFRICAN DEVELOPMENT FUND

BOARD OF GOVERNORS

Resolution F/BG/2007/02

Adopted at the First Sitting of the Thirty-Third Annual Meeting of the African Development Fund, on 16 May 2007

Annual Report and Audited Special Purpose Financial Statements for the Financial Year ended 31 December 2006

THE BOARD OF GOVERNORS,

HAVING REGARD to the Agreement Establishing the African Development Fund (the "Fund"), in particular Article 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 2006 Annual Report of the Board of Directors, contained in Document ADF/BD/WP/2007/18;
- (ii) The Report of the External Auditors for the Financial Year ended 31 December 2006; and
- (iii) The Special Purpose Financial Statements of the Fund for the Financial Year ended 31 December 2006, contained in Document ADF/BD/WP/2007/20;

APPROVES the 2006 Annual Report of the Board of Directors and the Audited Special Purpose Financial Statements for the Financial Year ended 31 December 2006.

BOARDS OF GOVERNORS

Resolution B/BG/2007/04 – F/BG/2007/03

Adopted at the First Sitting of the Forty-Second Annual Meeting of the African Development Bank

(the "Bank") and the Thirty-Third Annual Meeting of the African Development Fund (the "Fund"), on 16 May 2007

Appointment of External Auditors for the Financial Years 2007 through 2011

THE BOARDS OF GOVERNORS,

HAVING REGARD to: (i) the Agreement Establishing the African Development Bank (the "Bank"), in particular Article 29 (Board of Governors: Powers); (ii) the Agreement Establishing the African Development Fund (the "Fund"), in particular Article 23 (Board of Governors: Powers); (iii) the General Regulations of the Bank, in particular Article 11; and (iv) the General Regulations of the Fund, in particular Article 11;

RECALLING:

- (i) Resolution B/BG/95/08 - F/BG/95/03 adopted by the Boards of Governors of the Bank and the Fund, respectively, on 24 May 1995, by which the Boards decided that the External Auditors for the Bank and the Fund "for 1997 and beyond, shall be appointed for five-year terms on the basis of international competitive bidding in which the incumbent External Auditors shall be invited to compete"; and
- (ii) Resolution B/BG/2001/05 – F/BG/2001/04 re-appointing Deloitte & Touche LLP for a further five-year term;

CONSIDERING:

- (i) That the five-year term of the current External Auditors will end upon the completion of the audit of the 2006 financial statements; and
- (ii) The Report of the Boards of Directors of the Bank and the Fund contained in Document ADB/BG/WP/2007/11 – ADF/BG/WP/2007/07, in particular the recommendation therein, which is based on the technical and financial evaluation of bids submitted pursuant to an international competitive bidding;

DECIDE THAT:

- (i) The External Auditors of the Bank and the Fund shall serve for a term of five (5) years, renewable once; and
- (ii) KPMG (France) is hereby appointed as the External Auditors of the Bank and the Fund for the financial years 2007 through 2011;

AUTHORIZE Management to conclude an agreement with KPMG (France), and in the event that an agreement is not reached between the Bank and KPMG (France), to commence negotiations, in consultation with the Boards of Directors, with the second ranked firm, Mazars (London), and conclude an agreement with Mazars (London).

BOARDS OF GOVERNORS

Resolution B/BG/2007/05 – F/BG/2007/04

Adopted at the First Sitting of the Forty-Second Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Third Annual Meeting of the African Development Fund (the "Fund"), on 16 May 2007

Dates and Venue of the Forty-Third Annual Meeting of the Board of Governors of the Bank and the Thirty-Fourth Annual Meeting of the Board of Governors of the Fund (2008)

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/2007/03 - ADF/BG/WP/2007/04 (the "Proposal") on the Dates and Venue of the Forty-Third Annual Meeting of the Board of Governors of the Bank and the Thirty-Fourth Annual Meeting of the Board of Governors of the Fund, (collectively, the "2008 Annual Meetings");
- (iii) The invitation of the Government of the Republic of Mozambique, expressing its desire to host the 2008 Annual Meetings in **Maputo, Mozambique**; and
- (iv) The recommendation of the Boards of Directors contained in the Proposal;

RESOLVE to hold the 2008 Annual Meetings in **Maputo, Mozambique**, from **14 to 15 May 2008**.

AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2007/06

Adopted at the Second Sitting of the Forty-Second Annual Meeting of the African Development Bank, on 16 May 2007

The General Election of the 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");
2. The Rules for the Election of Executive Directors of the African Development Bank; and
3. The maximum term limits for members of the Board of Directors of the Bank, set forth in Article 33(4) of the Bank Agreement;

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:

- (i) The eighteen (18) persons, whose names appear below, in the order of magnitude of the total shareholding that counted towards his/her election, are duly elected as members of the Board of Directors of the Bank, with effect from 1st July 2007;¹
- (iii) In accordance with Article 33(4) of the Bank Agreement, which sets the maximum term limits for Executive Directors, the following persons may not serve beyond the date on which they each attain their respective maximum cumulative term of office, as specified herein:
 - Mr. François ARSENAULT;
 - Mr. Omar BOUGARA;
 - Ambassador Cynthia PERRY; and
 - Mr. Ahmed Taher TABIB.

¹

Please note that under the column titled 'Countries Represented', member countries are listed by constituency, starting with the country of origin of the elected Executive Director, and followed by the other member countries in the constituency.

<u>Executive Director</u>	<u>Countries Represented</u>	<u>Voting Powers as at 30.04.07*</u>
1. Dr. Mansur MUHTAR	<u>Nigeria</u>	8.758
	Sao Tome & Principe	0.096
	<u>Total of Constituency</u>	<u>8.854</u>
2. Mr. Ian BONONGWE	<u>Malawi</u>	0.322
	South Africa	4.438
	Zambia	1.250
	Mauritius	0.666
	Swaziland	0.356
	Lesotho	0.179
	<u>Total of Constituency</u>	<u>7.211</u>
3. Mr. Richard DEWDNEY	<u>United Kingdom</u>	1.680
	Germany	4.090
	Netherlands	0.869
	Portugal	0.264
	<u>Total of Constituency</u>	<u>6.903</u>
4. Mr. Tetsuya UTAMURA	<u>Japan</u>	5.439
	Austria	0.467
	Brazil	0.465
	Argentina	0.292
	Saudi Arabia	0.219
	<u>Total of Constituency</u>	<u>6.882</u>
5. Mr. François ARSENAULT²	<u>Canada</u>	3.728
	China	1.126
	Spain	1.071
	Kuwait	0.468
	Korea	0.467
	<u>Total of Constituency</u>	<u>6.860</u>
6. Mr. Emmanuel CARRERE	<u>France</u>	3.728
	Italy	2.405
	Belgium	0.659
	<u>Total of Constituency</u>	<u>6.792</u>
7. Mr. Andrew Ndaamunhu BVUMBE	<u>Zimbabwe</u>	2.066
	Botswana	2.139
	Angola	1.180
	Mozambique	0.651
	Namibia	0.363
	<u>Total of Constituency</u>	<u>6.399</u>
8. Ambassador Cynthia S. PERRY³	<u>United States of America</u>	6.184
	<u>Total of Constituency</u>	<u>6.184</u>

* Numbers are rounded to the nearest decimal.

² Mr. Arsenault will attain his cumulative term of office on 14 September 2009.

³ Ambassador Perry will attain her cumulative term of office on 2 December 2007.

9. Mr. Laurent GUYE	<u>Switzerland</u>	1.469
	Sweden	1.546
	Denmark	1.169
	Norway	1.169
	Finland	0.510
	India	0.248
	<u>Total of Constituency</u>	<u>6.111</u>
10. Dr. Hassan Ali Ali KHEDR	<u>Egypt</u>	5.089
	Djibouti	0.083
	<u>Total of Constituency</u>	<u>5.172</u>
11. Mr. Mohamed MAHROUG	<u>Morocco</u>	3.303
	Tunisia	1.408
	Togo	0.185
	<u>Total of Constituency</u>	<u>4.896</u>
12. Mr. Peter A.G. SINON	<u>Seychelles</u>	0.084
	Ethiopia	1.602
	Kenya	1.463
	Tanzania	0.855
	Uganda	0.527
	Rwanda	0.163
	Eritrea	0.119
	<u>Total of Constituency</u>	<u>4.813</u>
13. Mr. Omar BOUGARA⁴	<u>Algeria</u>	3.792
	Madagascar	0.669
	Guinea Bissau	0.056
	<u>Total of Constituency</u>	<u>4.517</u>
14. Professor Tchétché N'GUESSAN	<u>Côte d'Ivoire</u>	3.699
	Guinea	0.430
	Equatorial Guinea	0.173
	<u>Total of Constituency</u>	<u>4.302</u>
15. Mr. Frédéric Assomption KORSAGA	<u>Burkina Faso</u>	0.427
	Gabon	1.213
	Senegal	1.039
	Mali	0.460
	Niger	0.279
	Benin	0.221
	Cape Verde	0.104
	Chad	0.103
	Comoros	0.049
	<u>Total of Constituency</u>	<u>3.895</u>
16. Mr. Ahmed Taher TABIB⁵	<u>Libya</u>	3.643
	Mauritania	0.174
	Somalia	0.116

⁴ Mr. Bougara will attain his cumulative term of office on 28 April 2008.

⁵ Mr. Tabib will attain his cumulative term of office on 9 September 2008.

17. Mr. Francis T. KARPEH	<u>Liberia</u>	0.220
	Ghana	2.273
	Sudan	0.428
	Sierra Leone	0.268
	Gambia	0.175
	<u>Total of Constituency</u>	<u>3.364</u>
18. Mr. Serge Blaise ZONIABA	<u>Congo (Brazzaville)</u>	0.475
	Dem. Rep. of Congo	1.059
	Cameroon	1.042
	Burundi	0.263
	Central African Republic	0.072
	<u>Total of Constituency</u>	<u>2.911</u>

DECIDES for the purpose of the present General Election of the Board of Directors, to waive the requirement, that no person who receives less than six (6) per cent of the total voting power of regional members shall be considered as elected.

AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2007/07

Adopted at the Second Sitting of the Forty-Second Annual Meeting of the African Development Bank, on 16 May 2007

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;
- (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
- (v) Resolution B/BG/2005/02 and Resolution B/BG/2006/01 adopted by this Board respectively on 18 May 2005 and 17 May 2006, 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 two (2) consecutive twelve (12)-month periods;

HAVING CONSIDERED:

- (i) The Report of the seventh 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;
- (ii) Takes note of the progress made by the Host Country towards achieving 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 2007;
- (iv) Directs the Board of Directors 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 in April 2008 to provide guidance to the Board of Governors on the issues referred to above in paragraph (iv) relating to the Bank's return to Abidjan and anything else judged relevant, and to recommend a final decision to be taken by the Board of Governors at the 2008 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/2007/05

Adopted at the Second Sitting of the Thirty-Third Annual Meeting of the African Development Fund, on 16 May 2007

Selection of the Executive Directors of 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 23(1) (Board of Governors: Powers), 27 (Board of Directors: Composition) and 29 (Voting), as well as Annex B to the Fund Agreement;

DECLARES that the following six (6) persons whose names appear below are duly selected members of the Board of Directors of the African Development Fund, with effect from 1 July 2007:¹

¹

Please note that under the column titled "Countries Represented", State participants are listed by constituency, starting with the country of origin of the designated Executive Director, and followed by the other State participants in the constituency.

<u>Executive Director</u>	<u>Countries Represented</u>	<u>Voting Powers as at 30.04.07*</u>
1. Mr. Laurent GUYE	<u>Switzerland</u>	2.047
	Sweden	2.647
	Norway	2.054
	Denmark	1.550
	Finland	0.857
	India	0.208
	<u>Total of Constituency</u>	<u>9.363</u>
2. Mr. Richard DEWDNEY	<u>United Kingdom</u>	3.020
	Germany	4.833
	Netherlands	1.678
	Portugal	0.390
	<u>Total of Constituency</u>	<u>9.921</u>
3. Mr. Emmanuel CARRERE	<u>France</u>	5.099
	Italy	3.125
	Belgium	0.954
	<u>Total of Constituency</u>	<u>9.178</u>
4. Mr. Tetsuya UTAMURA	<u>Japan</u>	6.597
	Saudi Arabia	0.760
	Austria	0.711
	Brazil	0.431
	Argentina	0.006
	<u>Total of Constituency</u>	<u>8.505</u>
	5. Mr. François ARSENAULT	<u>Canada</u>
Spain		0.918
China		0.905
Kuwait		0.582
Korea		0.418
<u>Total of Constituency</u>		<u>6.820</u>
6. Ambassador Cynthia S. PERRY		<u>United States of America (U.S.A.)</u>
	<u>Total of Constituency</u>	<u>6.183</u>
	United Arab Emirates	0.028

* Numbers are rounded to the nearest decimal.

AFRICAN DEVELOPMENT FUND

BOARD OF GOVERNORS

Resolution F/BG/2007/06

Adopted at the Second Sitting of the Thirty-Third Annual Meeting
of the African Development Fund, on 16 May 2007

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;
- (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;
- (v) Resolution B/BG/2005/02 and Resolution B/BG/2006/01 adopted by the Board of Governors of the Bank, respectively, on 18 May 2005 and 17 May 2006, concerning the twelve (12)-months review of the Temporary Relocation Period, by which that Board resolved that the situation in the host country of the Headquarters of the Bank was not yet conducive for a return of the operations of the Bank to the Headquarters and accordingly extended the Temporary Relocation Period for two consecutive twelve (12) month periods and the concurrence of this Board, with the decisions contained in both Resolutions, as indicated in its Resolutions F/BG/2005/03 and F/BG/2006/01, adopted respectively on 18 May 2005 and 17 May 2006; and
- (vi) Resolution B/BG/2007/07 adopted on 16 May 2007 by the Board of Governors of the Bank concerning the twelve (12)-month review of the Temporary Relocation Period (the "2007 Temporary Relocation Period Resolution");

HAVING CONSIDERED:

- (i) The Report of the seventh 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 2007 Temporary Relocation Period Resolution;

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.

BOARDS OF GOVERNORS

Resolution B/BG/2007/08 – F/BG/2007/07

Adopted on 17 May 2007 at the Closing Session of the Forty-Second Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Third Annual Meeting of the African Development Fund (the "Fund") (collectively, the "Annual Meetings")

Vote of Thanks of the Boards of Governors to His Excellency, WEN JIABAO, Premier of the People's Republic of China

THE BOARDS OF GOVERNORS,

AT THE END OF THE DELIBERATIONS of the Annual Meetings held in **SHANGHAI, PEOPLE'S REPUBLIC OF CHINA**, from 16 to 17 May 2007;

GRATEFUL for the cordial and fraternal reception as well as the hospitality of the Government and the people of the People's Republic of China, and for the excellent facilities generously provided to ensure the success of the Annual Meetings;

COGNISANT of the unwavering and strong support of the People's Republic of China to the Bank and the Fund;

EXTEND to His Excellency **Premier WEN JIABAO**, of the People's Republic of China their profound gratitude for the sumptuous Banquet as well as the wise counsel on development issues contained in his keynote address, and express to the Government of the People's Republic of China their profound appreciation for its continued support to the Bank and the Fund; and

SINCERELY WISH the people of the People's Republic of China and their illustrious leaders the highest degree of success in all their development endeavours.

BOARDS OF GOVERNORS

Resolution B/BG/2007/09 – F/BG/2007/08

Adopted on 17 May 2007 at the Closing Session of the Forty-Second Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Third Annual Meeting of the African Development Fund (the "Fund") (collectively, the "Annual Meetings")

Vote of Thanks of the Boards of Governors to His Excellency, PEDRO PIRES, President of the Republic of Cape Verde

THE BOARDS OF GOVERNORS,

AT THE END OF THE DELIBERATIONS of the Annual Meetings held in **SHANGHAI, PEOPLE'S REPUBLIC OF CHINA**, from 16 to 17 May 2007;

EXPRESS their profound gratitude to His Excellency **PEDRO PIRES**, President of the Republic of Cape Verde, for having graciously consented to honour the Bank Group by his presence at the opening ceremony of the Annual Meetings, and for his inspiring speech to the Ministerial Round Table on "Africa and Asia: Partners in Development";

SINCERELY WISH His Excellency **President PEDRO PIRES** and the people of Cape Verde the most resounding success in their noble task of economic development and the social progress of their country and the continent of Africa.

BOARDS OF GOVERNORS

Resolution B/BG/2007/10 – F/BG/2007/09

Adopted on 17 May 2007 at the Closing Session of the Forty-Second Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Third Annual Meeting of the African Development Fund (the "Fund") (collectively, the "Annual Meetings")

Vote of Thanks of the Boards of Governors to His Excellency, MARC RAVALOMANANA, President of the Republic of Madagascar

THE BOARDS OF GOVERNORS,

AT THE END OF THE DELIBERATIONS of the Annual Meetings held in **SHANGHAI, PEOPLE'S REPUBLIC OF CHINA**, from 16 to 17 May 2007;

EXPRESS their profound gratitude to His Excellency, **MARC RAVELOMANANA**, President of the Republic of Madagascar, for having graciously consented to honour the Bank Group by his presence at the opening ceremony of the Annual Meetings, and for his inspiring speech to the Ministerial Round Table on "Africa and Asia: Partners in Development";

SINCERELY WISH His Excellency **President MARC RAVELOMANANA** and the people of Madagascar the most resounding success in their noble task of economic development and the social progress of their country and the continent of Africa.

BOARDS OF GOVERNORS

Resolution B/BG/2007/11 – F/BG/2007/10

Adopted on 17 May 2007 at the Closing Session of the Forty-Second Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Third Annual Meeting of the African Development Fund (the "Fund") (collectively, the "Annual Meetings")

Vote of Thanks of the Boards of Governors to His Excellency, PAUL KAGAME, President of the Republic of Rwanda

THE BOARDS OF GOVERNORS,

AT THE END OF THE DELIBERATIONS of the Annual Meetings held in **SHANGHAI, PEOPLE'S REPUBLIC OF CHINA**, from 16 to 17 May 2007;

EXPRESS their profound gratitude to His Excellency, **PAUL KAGAME**, President of the Republic of Rwanda, for having graciously consented to honour the Bank Group by his presence at the opening ceremony of the Annual Meetings, and for his inspiring speech;

SINCERELY WISH His Excellency **President PAUL KAGAME** and the people of Rwanda the most resounding success in their noble task of economic development and the social progress of their country and the continent of Africa.

BOARDS OF GOVERNORS

Resolution B/BG/2007/12 – F/BG/2007/11

Adopted on 17 May 2007 at the Closing Session of the Forty-Second Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Third 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 and the Governors Consultative Committee

THE BOARDS OF GOVERNORS,

AT THE END OF THE DELIBERATIONS of the Annual Meetings held in **SHANGHAI, PEOPLE'S REPUBLIC OF CHINA**, from 16 to 17 May 2007;

GRATEFUL to the Honorable **Dr. ZHOU XIAOCHUAN**, Governor of the People's Bank of China, who served as Chairperson of the Boards of Governors during the period from the closure of the 2006 Annual Meetings to the closure of the 2007 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 as well as (i) the Joint Steering Committee of the Boards of Governors and (ii) the Governors Consultative Committee;

COGNISANT of the constant cooperation and active participation of the Vice-Chairpersons of the Bureau and Members of the Joint Steering Committee and the Governors Consultative Committee;

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 and the Governors Consultative Committee;

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

BOARDS OF GOVERNORS

Resolution B/BG/2007/13 – F/BG/2007/12

Adopted on 17 May 2007 at the Closing Session of the Forty-Second Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Third Annual Meeting of the African Development Fund (the "Fund") (collectively, the "Annual Meetings")

Vote of Thanks of the Boards of Governors to the National Organizing Committee of the 2007 Annual Meetings

THE BOARDS OF GOVERNORS,

AT THE END OF THE DELIBERATIONS of the Annual Meetings held in **SHANGHAI, PEOPLE'S REPUBLIC OF CHINA** from 16 to 17 May 2007;

GRATEFUL for the quality of the organization of all the activities of the 2007 Annual Meetings as well as the generosity with which the Chinese 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 Chinese Authorities and the National Organizing Committee for the 2007 Annual Meetings (the "Organizing Committee") conducted their responsibilities, assured the success of the Annual Meetings;

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

BOARDS OF GOVERNORS

Resolution B/BG/2007/14 – F/BG/2007/13

Adopted on 17 May 2007 at the Closing Session of the Forty-Second Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Third Annual Meeting of the African Development Fund (the "Fund") (collectively, the "Annual Meetings")

Vote of Thanks of the Boards of Governors to the Outgoing External Auditors

THE BOARDS OF GOVERNORS,

AT THE END OF THE DELIBERATIONS of the Annual Meetings held in **SHANGHAI, PEOPLE'S REPUBLIC OF CHINA**, from 16 to 17 May 2007;

GRATEFUL for the quality of the services and the high professionalism of Deloitte & Touche LLP, as External Auditors of the Bank and the Fund for the financial years 1996 to 2006;

EXTEND to Deloitte & Touche LLP on behalf of the Bank and the Fund their gratitude for the services provided; and

SINCERELY WISH Deloitte & Touche LLP the highest degree of success in their activities.

BOARDS OF GOVERNORS

Resolution B/BG/2007/15 – F/BG/2007/14

Adopted on 17 May 2007 at the Closing Session of the Forty-Second Annual Meeting of the African Development Bank (the "Bank") and the Thirty-Third 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 held in **SHANGHAI, PEOPLE'S REPUBLIC OF CHINA**, from 16 to 17 May 2007;

NOTING the ongoing implementation of the institutional reforms in the Bank, as well as the competence and dedication with which the Boards of Directors, Management and Staff have conducted the general operations and other activities of the Bank and the Fund, and the significant decisions of the Boards of Directors, which will positively contribute to the social and economic development of the regional members of the Bank;

FURTHER NOTING the valuable contributions of the outgoing members of the Board of Directors of the Bank and the Fund to the work of the Boards of Directors, and generally towards the fulfillment of the mandate of the Bank and the Fund;

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

AFRICAN DEVELOPMENT BANK AFRICAN DEVELOPMENT FUND



BOARDS OF GOVERNORS

**FORTY-SECOND ANNUAL
MEETING OF THE ADB
SHANGHAI, CHINA
16 AND 17 MAY 2007**

**THIRTY-THIRD ANNUAL
MEETING OF THE ADF
SHANGHAI, CHINA
16 AND 17 MAY 2007**

**REPORT OF THE MEETING OF THE JOINT
STEERING COMMITTEE HELD ON 14 MAY 2007**

AFRICAN DEVELOPMENT BANK
ADB/BG/SC/WP/2007/01

AFRICAN DEVELOPMENT FUND
ADF/BG/SC/WP/2007/01
15 May 2007
Original: ENGLISH

**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 Botswana, Cameroon, Comoros, Guinea, India, Italy, Japan, Liberia and Morocco, met on 14 May 2007, at 10.00 hrs, at the Shanghai International Convention Center, in Shanghai, China, in the presence of **Mr. Donald KABERUKA**, President of the African Development Bank Group.
- 1.1 The Governor for China, Chairperson of the Boards of Governors and Governor of the People's Bank of China presided over the meeting. He was assisted by his two Vice-Chairpersons, the Governors for Gabon and the Gambia. The Governor for Morocco was designated as Rapporteur.

I. JOINT DOCUMENTS

ITEM 1.2 Adoption of the Provisional Agenda (ADB/BG/AG/2007/42/Prov.2-ADF/BG/AG/2007/33/Prov.2)

- 2 The Joint Steering Committee considered and took note of the Provisional Agenda of the 2007 Annual Meetings and recommend that the Boards of Governors adopt it.

ITEM 1.3 Adoption of the Summary Records of the Forty-First (41st) Annual Meeting of the ADB and Thirty-Second (32nd) Annual Meeting of the ADF (Ouagadougou 2006) (ADB/BG/SR/2006/41 – ADF/BG/SR/2006/32)

- 3 The Joint Steering Committee recalled that the above Summary Records were transmitted to Governors on 16 February 2007, for comments with a deadline of 30 March 2007. The Committee noted that no comments were received by the stipulated deadline and therefore recommend that the Boards of Governors adopt the Records.

ITEM 1.4 Designation of the Members of the Bureau and the Joint Steering Committee for the period starting from the end of the 2007 Annual Meetings to the end of the 2008 Annual Meetings (ADB/BG/WP/2007/02 – ADF/BG/WP/2007/03)

- 4 The Joint Steering Committee, in light of the proposal to host the 2008 Annual Meetings of the Bank Group in Maputo, Mozambique, recommends 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 2007 Annual Meetings to the end of the 2008 Annual Meetings:

- Chairperson : Mozambique
- First Vice-Chairperson : The Netherlands
- Second Vice-Chairperson : Ghana

4.1. The Joint Steering Committee also recommends 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 2007 Annual Meetings to the end of the 2008 Annual Meetings:

- Congo (Brazzaville)
- Djibouti
- Korea
- Kuwait
- Lesotho
- Mali
- Mauritania
- Nigeria
- Norway

ITEM 1.5 General Election of the Executive Directors of the African Development Bank and Selection of the Executive Directors of the African Development Fund (ADB/BG/WP/2007/01 – ADF/BG/WP/2007/01)

5 The Joint Steering Committee drew attention to the Boards of Governors' Resolutions B/BG/2001/12 and F/BG/2001/07 of 29 May 2001 concerning the General Election of ADB Executive Directors and the designation of ADF Executive Directors for the period 1 July 2001 to 30 June 2004. It took note of the amended Article 33 (4) of the ADB Agreement, limiting the term of office of an Executive Director to two terms of three years each as well as the relevant provisions of the Rules for the Election of Executive Directors, which stipulate that the general election shall be held during and at the venue of the Annual Meetings of the Boards immediately preceding the date of expiry of the term of office of the Executive Directors. In compliance with the above provisions and rules therefore, the Joint Steering Committee recommends that the ADB Board of Governors proceed with the election of nominees for the post of Executive Directors of the African Development Bank and adopt the relevant resolution.

5.1 The Joint Steering Committee also recommends that the ADF Board of Governors select the Executive Directors of the Fund in accordance with Article 27(2) and (3) as well as Schedule B (Part II) of the Agreement establishing the African Development Fund, and adopt the relevant resolution.

ITEM 1.6 Consolidated Seventh and Eighth Six-Monthly Assessment of the Situation in the Host Country (ADB/BG/WP/2007/06–ADF/BG/WP/2007/05)

6 The Joint Steering Committee noted that the Governors' Consultative Committee (GCC) would meet on Monday, 14 May 2007, at 5.00 p.m. to consider the above document.

ITEM 1.7: Appointment of the External Auditors of the African Development Bank Group for the Period 2007-2011 (ADB/BG/WP/2007/11–ADF/BG/WP/2007/07)

- 7 The Joint Steering Committee recalled Resolution B/BG/95/08 – F/BG/95/03 adopted by the Boards of Governors of the Bank and the Fund respectively, on 24 May 1995 stipulating that the External Auditors for the Bank and the Fund for 1997 and beyond shall be appointed for five-year terms on the basis of international competitive bidding in which the incumbent External Auditors shall be invited to compete. The Joint Steering Committee also recalled that the reappointment of the current External Auditors, Deloitte and Touche, for the second five year period would expire upon the completion of the audit of the 2006 financial statements. Based on the guidance received from the Audit and Finance Committee of the Boards of Directors (AUF1), the Bank initiated the process for the appointment of External Auditors for the financial years 2007 through 2011. The Boards of Directors reviewed the report of the AUF1 Committee, giving particular attention to the procedures, the technical and financial evaluation of bids submitted pursuant to an international competitive bidding and the guiding principles.
- 7.1 The Joint Steering Committee therefore recommends that the Boards of Governors endorse the proposals put forward by the Boards of Directors and adopt the relevant resolution concerning (i) the mandatory rotation of audit firms after a maximum period of ten (10) years of consecutive audit service; and (ii) the appointment of KPMG (France) as external auditors of the Bank Group for the financial years 2007 through 2011.

ITEM 1.8 Independent Review Mechanism (IRM) – Annual Report 2006 (ADB/BG/IF/2007/10– ADF/BG/IF/2007/07)

- 8 The Joint Steering Committee noted that the Boards of Directors approved the proposal to establish the Independent Review Mechanism (IRM) in June 2004. It also noted the activities that led to its establishment, the creation of the Compliance Review and Mediation Unit (CRMU) as well as the appointment of its Director in 2006. Furthermore, Committee members noted with satisfaction that a lot of progress had been made including, among other things, the acquisition of office space for the CRMU, installation of equipment and IT systems; development of information material and website as well as the recruitment of CRMU staff and the appointment of eminent experts for the Roster of Experts. The CRMU had published and circulated Information bulletins and brochures, organized meetings with NGOs and had held a seminar for Bank staff and elected officials in Tunis in November 2006.
- 8.1 The Joint Steering Committee therefore recommends that the Boards of Governors take note of the above Annual Report and Management's assurance that future Reports would include information and follow-up actions on mediation and compliance review activities, as well as trends emerging from Independent Review Mechanism (IRM) activities.
- 8.2 Finally, the Joint Steering Committee commended the Boards of Directors and Management for the above initiatives.

ITEM 1.9: Information Paper on the Implementation of the Multilateral Debt Relief Initiative (MDRI) by the African Development Fund (ADF) (ADB/BG/IF/2007/03– ADF/BG/IF/2007/03)

- 9 The Joint Steering Committee recalled that the MDRI was proposed by the G8 Heads of State in July 2005 and that over the 50-year implementation period of the HIPC and MDRI, the Bank would provide about US\$14 billion in debt relief, including US\$8.3 billion under the MDRI and more than US\$5.6 billion in nominal terms under the enhanced HIPC Initiative. This overall contribution would be equivalent to about 15 percent of the total cost of committed debt relief under HIPC and MDRI by IDA, IMF and ADB.
- 9.1 Within that framework, the Bank would continue to scale up and deepen its partnership with all the donors to help protect its regional member countries (RMCs) from contracting non-concessional loans that would worsen their debt dynamics. To that end, greater care would be required to prevent potential cross-subsidizing by ADF donors of non-concessional multilateral, bilateral and commercial creditors. That would constitute a major risk, which all stakeholders should jointly address, namely regional member countries, donors, and creditors going forward for the successful implementation of the debt cancellation initiatives in support of the achievement of an accelerated and sustainable strong socio-economic growth to meet the MDGs in less than 10 years.
- 9.2 Furthermore, the Joint Steering Committee noted that a quarterly progress report on the implementation of the HIPC and MDRI was submitted at regular intervals to keep the Bank's shareholders and stakeholders fully informed on donor financing of those Initiatives over the period. This would be scaled up and more focused to ensure additionality of financing as agreed with donors, in addition to preventing MDRI debt relief from leading to a change in the composition of external assistance. The Joint Steering Committee therefore invites the Boards of Governors to take note of the above Information Paper.
- 9.3 Finally, Committee members took note of the concern expressed by one Governor about the financing gap referred to in the document and the assurance of the Bank Group's President that Management would endeavour to mobilize resources from both internal and external sources to close the gap.

ITEM 1.10 Information Paper on the Implementation of the Decentralization Strategy (ADB/BG/IF/2007/06– ADF/BG/IF/2007/06)

- 10 The Joint Steering Committee recalled that the Boards of Directors of the Bank and Fund adopted two Resolutions on 27 September 1999 and 13 November 2002, respectively, on the establishment of a network of Field Offices in regional member countries to enhance dialogue with those countries, raise the Bank's profile, strengthen portfolio management and improve donor coordination. In that regard, the Boards of Directors approved a decentralization strategy in June 2004 that envisaged the opening of up to twenty-five (25) fully operational field offices by the end of 2006. As of April 2007, the Bank Group had signed Host Country Agreements for field offices with twenty-two (22) out of the twenty-five (25) countries identified. Those offices had been opened and are fully operational. Management had taken steps to ensure that the Bank signs the Host Country Agreements with the

three (3) remaining countries in due course, for the offices to be operational in 2007.

- 10.1 Committee members took note of the clarifications made by the President of the Bank Group that the Bank's regional offices should provide the full range of services for countries placed in the same cluster and that the nationals of those countries should be considered for vacant positions in their regional offices.
- 10.2 The Joint Steering Committee therefore recommends that the Boards of Governors take note of the Information Paper on the implementation of the Bank Group's decentralization strategy.

ITEM 1.11 Information Paper on Bank Water Sector Activities and Initiatives (ADB/BG/IF/2007/02– ADF/BG/IF/2007/02)

- 11 The Joint Steering Committee noted that the Bank Group had made significant strides in supporting water and sanitation over the past years. Lessons learned and challenges encountered had been instrumental in shaping the Bank's strategic approach for 2007 and beyond. The Joint Steering Committee further noted that the Bank Group would continue to scale up its support in the water sector and that the results of the on-going negotiations for ADF XI replenishment would be of great interest in that regard.
- 11.1 The Joint Steering Committee noted the clear need to promote and develop some specific areas which were not receiving appropriate attention at the national, regional and international levels, despite their key importance for economic and social development of African countries. Accordingly, special attention should be given to:
- (i) the priority accorded to sanitation and hygiene education;
 - (ii) water security (Infrastructure for water storage and protection against flood):
 - (iii) the increasing populations in the urban slums: and
 - (iv) alternative mechanisms of financing (including private sector participation) to supplement the limited national budgets and ODA financing.
- 11.2 The Joint Steering Committee also took note of the Bank's determination to play an advocacy role to mobilize stakeholders around those issues and to initiate actions aimed at finding appropriate solutions. With 2015 fast approaching, the required resources to reach the MDG targets should be mobilized over the next 6 years (by 2013) to ensure implementation of the programmes/projects by 2015.
- 11.3 The Joint Steering Committee recommends that the Boards of Governors take note of the above Information Paper.

ITEM 1.12 New Partnership for Africa's Development (NEPAD) – Annual Report 2006 for the Boards of Governors (ADB/BG/IF/2007/01– ADF/BG/IF/2007/01)

- 12 The Joint Steering Committee noted that in November 2001, the Heads of State and Government Implementation Committee (HSGIC) of NEPAD

requested the African Development Bank to provide technical assistance and advisory services in support of the implementation of the NEPAD Initiative. They specifically mandated the Bank Group to be the lead agency for infrastructure development and requested the Bank to also collaborate with the Economic Commission for Africa (ECA) on economic and corporate governance, while taking the lead role in developing banking and financial standards. As the process evolved, the Bank was also designated as a strategic partner to the African Peer Review Mechanism (APRM).

- 12.1 Following the institutional restructuring of the Bank, the NEPAD Support Unit was converted in 2006 into the NEPAD, Regional Integration and Trade Department, responsible for advancing infrastructure development under the NEPAD Initiative, promoting regional integration, building trade capacity and strengthening the Bank's relationship with its stakeholders and partners. Activities under the Initiative had been greatly enhanced through its Short Term Action Plan (STAP), the NEPAD-Infrastructure Project Preparation Facility (NEPAD-IPPF) and Medium- to Long-Term Framework (MLTSF). Furthermore, NEPAD undertook activities in the area of banking standards in 2006.
- 12.2 The Joint Steering Committee therefore recommends that the Boards of Governors take note of the above status report.

ITEM 1.13: Progress Report on Institutional Reforms (ADB/BG/IF/2007/05–ADF/BG/IF/2007/05)

- 13 The Joint Steering Committee noted that the Boards of Directors approved the proposals for the reforms of the Bank on 7 April 2006. Phase I of the reform agenda of the Bank which focused on transitioning to the new organizational structure had been completed and the Bank had started the implementation of phase II of the reform agenda.
- 13.1 With the new organizational structure which became effective in July 2006, country focus and coordination of operations was improving; country presence had almost attained the desired level; management of available technical expertise had been rationalized and the Bank had firmly positioned itself to take a leadership role in infrastructure, water, NEPAD and regional integration initiatives. Also, private sector operations had been revamped for greater responsiveness and enhanced Bank participation. In addition to those achievements, the knowledge management function had been consolidated and the Bank was steadily gearing itself towards playing a more visible role in the generation, networking and dissemination of ideas and alternatives on Africa's development strategies. The Boards of Directors' recent approval of the Bank Group's Human Resources Strategy would enable Management to give priority to reforms in human resources management in 2007. Management would also pay increased attention to the budget framework and enhanced field presence.
- 13.2 The Joint Steering Committee recommends that the Boards of Governors take note of the above status report.

II. ADB DOCUMENTS

ITEM 2.1: **The Annual Report and Audited Financial Statements for the Financial Year Ended 31 December 2006 (ADB/BG/WP/2007/09)**

- 14 The Joint Steering Committee took note of the Board of Directors' observation that, notwithstanding the qualification to the independent audit opinion, the presentation by the Bank of member country subscriptions as equity, as opposed to liabilities, was consistent with the presentation of similar transactions by all other comparable multilateral development banks. The Board of Directors had also noted that the changes in international accounting standards do not alter the legal nature of member country subscriptions and that the international capital markets recognized the presentation of member country subscriptions to the capital of the Bank as equity.
- 14.1 The Joint Steering Committee therefore recommends that the Board of Governors endorse the Annual Report and Audited Financial Statements of the Bank for the year ended 31 December 2006 and approve the relevant resolution. The Joint Steering Committee also recommends that the Board of Governors commend the Board of Directors, Management and staff for the work done.

ITEM 2.2: **Distribution of the Net Income of the ADB for the Financial Year Ended 31 December 2006 (ADB/BG/WP/2007/10)**

- 15 The Joint Steering Committee noted that the Financial Statements indicated an income before transfers for the year ended 31 December 2006 of UA 194,030,000 and an allocable income of UA 168,860,000. It also noted the change in the Bank's accounting treatment of net income distribution. Thus with effect from 2006, the Bank had decided to treat all income transfers approved by the Board of Governors as expenses in income statement in the year in which such transfers were approved. Accordingly, the Board of Directors recommended that allocable income should thenceforth be defined as Financial Statements income before transfers approved by the Board of Governors. The Joint Steering Committee then took note of the Bank's sound financial health, reflected in the growth of its reserves from a restated amount of UA 2.27 billion at 31 December, 2005 to UA 2.31 billion at the end of 2006.
- 15.1 In the light of the Bank's financial solidity, balanced against the development needs of its regional member countries, the Joint Steering Committee recommends that the Board of Governors approve the proposals of the Board of Directors regarding the allocation and distribution of the 2006 net income as follows :
- (i) make provision for reserves, in the amount of Thirty-Six Million Eight Hundred and Sixty Thousand Units of Account (UA 36,860,000) from the 2006 allocable income;
 - (ii) Twenty-One Million Five Hundred and Ninety Thousand Units of Account (UA 21,590,000) to the surplus account from the balance of the 2006 allocable income and authorize the Board of Directors to adopt the necessary modalities for distribution by the Board of Governors from the surplus account;
 - (iii) approve the distribution from the balance of the 2006 allocable income

for the following purposes :

- (a) Thirteen Million Seven Hundred Thousand Units of Account (UA 13,700,000) for the ADF-X;
- (b) Sixty-Five Million and Seventy Thousand Units of Account (UA 65,070,000) for the purpose of a Special Account dedicated to the debt service of part of the consolidated loans of DRC;
- (c) Ten Million Units of Account (UA 10,000,000) for the benefit of the Technical Assistance Fund for the Middle Income Countries; and
- (d) Twenty-One Million Six Hundred and Forty Thousand Units of Account (UA 21,640,000) for the benefit of the Heavily Indebted Poor Countries (HIPCs) Initiative.

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

15.3 Finally, the Joint Steering Committee took note of the abstentions of Japan, Italy, France and Belgium as, in their opinion, the portion of the net income transferred to reserves was excessive, considering the current level of capitalization of the Bank and the arguments put forward in the document submitted to the Committee.

ITEM 2.3: Distribution of Part of the Net Income of the Nigeria Trust Fund (NTF) for the Financial Year ended 31 December 2006 (ADB/BG/WP/2007/04)

16 The Joint Steering Committee took note that the Financial Statements of the NTF indicate an income before transfers approved by the Board of Governors of Thirteen Million Seven Hundred and Ninety-Nine Thousand Units of Account (UA 13,799,000). It endorsed the recommendations of the Board of Directors to allocate the 2006 net income of the NTF as follows:

- (i) Twelve Million Four Hundred and Nineteen Thousand One Hundred Units of Account (UA 12,419,100), from the 2006 net income to be retained in the Reserves of the NTF; and
- (ii) An allocation to the HIPCs Initiative, of ten percent (10%) of the 2006 net income of the NTF, in the amount of One Million Three Hundred and Seventy-Nine Thousand and Nine Hundred Units of Account (UA 1,379,900).

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

ITEM 2.4: Report of the Governors' Consultative Committee concerning the Review of: (i) the Terms of Reference of the Steering Committee for the Election of the President and (ii) the Eligibility Criteria for Internal Candidatures for the Office of the President

17 The Joint Steering Committee noted that the Governor's Consultative Committee would meet at 5.00 p.m. on 14 May 2007 to consider the above document.

ITEM 2.5: Report of the Steering Committee for the Election of the President concerning its Review of the Procedure for Internal Candidatures for the Office of the President

18 The Joint Steering Committee took note that the Steering Committee would meet at 2.30 p.m. on 14 May 2007 to consider the above document.

ITEM 2.6: Status Report on the Nigeria Trust Fund (ADB/BG/IF/2007/04)

19 The Joint Steering Committee recalled that following the expiry of the Agreement establishing the Nigeria Trust Fund (NTF) on 25 April 2006, the Bank sought and obtained the agreement of the Government of the Federal Republic of Nigeria for an interim extension of the NTF by one year. The Government also informed the Bank that Nigeria was immediately withdrawing US\$ 200 million from the NTF, and that the Bank should wind down the NTF within that extension period. Management, however, welcomed the interim extension of the duration of the NTF as it would facilitate the completion of both the independent evaluation of the Fund and the discussions on its future.

19.1 The consultants engaged to undertake the evaluation submitted the draft report in February 2007, following which the Bank sought the comments of the Nigerian Government on the findings and recommendations. The final report would be issued after the incorporation of those comments and observations. Meanwhile, Management had requested and obtained from the Nigerian Authorities another interim extension of the NTF up to 25 April 2008, to provide both parties sufficient time to reflect on the future of the Fund.

19.2 The Joint Steering Committee also noted the Bank's view that the NTF had been an important partner of the ADB and which, apart from complementing the resources of the Bank, had been an excellent example of intra-African solidarity. Furthermore, in response to one Committee member, the Bank Group President explained that Management was in regular contact and dialogue with the Nigerian Authorities, with a view to maintaining the existence of the NTF, but that the final decision rests with the Nigerian Government.

19.3 The Joint Steering Committee therefore recommends that the Board of Governors take note of the above status report.

III. ADF DOCUMENTS

ITEM 3.1: Annual Report and Audited Special Purpose Financial Statements for the Year ended 31 December 2006 (ADF/BG/WP/2007/06)

20 The Joint Steering Committee took note of the above Financial Statements and expressed satisfaction at the good financial performance of the Fund during the 2006 financial year.

20.1 The Joint Steering Committee endorsed the Annual Report and Audited Special Purpose Financial Statements of the ADF for the financial year ended 31 December 2006 and recommends that the Board of Governors approve the said Statements and adopt the relevant Resolution.

ITEM 3.2: Report on the ADF-X Mid-Term Review and the First Meeting on the ADF-XI Consultations (ADF/BG/WP/2007/04/Rev.1)

- 21 The Joint Steering Committee noted with satisfaction that the ADF-X mid-term review was undertaken at the Hague, Netherlands, on 7 and 8 December 2006, in line with the directives of the ADF Deputies at the end of the ADF-X replenishment consultations. Committee members also noted that consultations on the replenishment of ADF-XI had commenced as recommended by the ADF-X mid-term review, and that the first consultative meeting was held in Dar-es-Salaam, Tanzania, on 14 and 15 March 2007.
- 21.1 The Joint Steering Committee recommends that the Board of Governors take note of the above Report.

IV. DATES AND VENUE OF THE NEXT ANNUAL MEETINGS

ITEM 4.1 Dates and Venue of the 2008 Annual Meetings of the Boards of Governors of the African Development Bank Group (ADB/BG/WP/2007/03 – ADF/BG/WP/2007/04)

- 22 The Joint Steering Committee drew attention to 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 the Annual meetings of the Bank Group. It noted that the Authorities of the Republic of Mozambique had requested to host the 2008 Bank Group Annual Meetings in Maputo and that the Boards of Directors had endorsed the request following the satisfactory assessment by a Bank delegation of the infrastructure and facilities required for the successful hosting of the Annual Meetings in Maputo.
- 22.1 In view of the foregoing, the Joint Steering Committee recommends to the Boards of Governors to adopt the relevant Resolution approving the joint holding of the Forty-Third ADB Annual Meeting and the Thirty-Fourth ADF Annual Meeting on 14 and 15 May 2008 in Maputo, Republic of Mozambique.
- 22.2 Finally, the Joint Steering Committee took note of the suggestion of one of its members that in future, Management review the sequence of the Agenda items to ensure that the item on the dates and venue of the subsequent Annual Meetings, which constitute the main criterion for designating the Chairperson of the Bureau of the Boards of Governors, was considered before the item concerning the designation of members of the Bureau and Joint Steering Committee.

Other Business

- 23 Under Other Business, the Joint Steering Committee took note of the congratulatory message from one of its members to the President of the Bank Group on the occasion of his first Annual Meeting after a full year in office. The Committee member also commended the President for his achievements so far.

**The Rapporteur
Governor for Morocco**

AFRICAN DEVELOPMENT BANK

ADB/BG/SCE/2007/01

14 May 2007

Prepared by: SEGL

Original: FRENCH

**REPORT OF THE MEETING OF THE
STEERING COMMITTEE ON THE ELECTION OF THE PRESIDENT OF THE
BANK**

14 MAY 2007

**INTERNATIONAL CONVENTION CENTER
SHANGHAI, PEOPLE'S REPUBLIC OF CHINA**

REPORT OF THE MEETING OF THE STEERING COMMITTEE ON THE ELECTION OF THE PRESIDENT OF THE BANK

- 1 The Steering Committee on the Election of the President of the Bank met at the International Convention Center in Shanghai, China, on 14 May 2007, under the Chairmanship of **His Excellency Dr. Zhou Xiaochuan**, Governor for China and Chairperson of the Board of Governors and in the presence of **Mr. Donald Kaberuka**, President of the African Development Bank Group. The Governors for Botswana, Cameroon, Comoros, Guinea, India, Italy, Japan, Liberia and Morocco were also in attendance.

Adoption of the Agenda

- 2 The Steering Committee on the election of the President of the Bank adopted the following agenda:
 - Adoption of the Agenda;
 - Consideration of the Working Paper:
 - ❖ Review of the Procedures for Internal Candidatures for the position of the President of the Bank
 - Other Business

Review of the Procedures for Internal Candidatures for the position of the President of the Bank (ADB/BG/WP/2007/07)

- 3 The Steering Committee on the Election of the President of the Bank recalled that the Bank had requested a review of the procedures for internal candidatures for the election of the President of the African Development Bank. The study was conducted by an independent consultant who, under his terms of reference dated 8 January 2007, was requested to critically examine (i) the scope, (ii) adequacy and (iii) the application of the pertinent aspects of the Staff Rules of the Bank, as governing the procedure for internal candidatures for the position of the President of the Bank, and submit proposals, for improvement to the Steering Committee, for consideration.
- 4 The Steering Committee on the Election of the President of the Bank took note of the clarifications provided by the Secretary General and the General Counsel of the Bank on the rationale for submitting the consultant's report for consideration during the 2007 Annual Meetings.
- 5 Committee members also noted that the study made a detailed analysis of the above issues, but underlined the need to be given more time to review the proposals put forward and also receive recommendations from the Board of Directors on the report.
- 6 The Steering Committee on the Election of the President of the Bank then recommended as follows:

Report of the Meeting of the Steering Committee on the Election of the President of the Bank

- (i) To defer to a later date the consideration of the Review of the Procedures for Internal candidatures for the position of the President of the Bank; and to facilitate this task,
- (ii) To refer to the Board of Directors for an in-depth study the proposals contained in the report of the consultant , with a view to submitting appropriate recommendations to the Steering Committee on the Election of the President of the Bank, for consideration and decision.

AFRICAN DEVELOPMENT BANK

ADB/BG/GCC/2007/07

15 May 2007

Prepared by: SEGL

Original: FRENCH

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

14 MAY 2007

**INTERNATIONAL CONVENTION CENTER
SHANGHAI, PEOPLE'S REPUBLIC OF CHINA**

**REPORT OF THE SEVENTH MEETING OF THE
GOVERNORS' CONSULTATIVE COMMITTEE (GCC)**

- 1 The Governors' Consultative Committee (GCC) held its seventh meeting at the International Convention Center in Shanghai, China, on 14 May 2007, under the chairmanship of **His Excellency Dr. Zhou Xiaochuan**, Chairperson of the Boards of Governors, and in the presence of **Mr. Donald Kaberuka**, President of the Bank Group. Members of the Committee in attendance were Algeria, Canada, Cameroon, Cape Verde, Cote d'Ivoire, Italy, Japan, Libya, Morocco, Namibia, Norway, Rwanda, Sierra Leone, Swaziland, United Kingdom, and United States of America. The Governor for Egypt and the Governor for Ngeria did not attend the meeting. Several Governors and Alternate Governors attended the meeting as observers and Executive Directors were present in an advisory capacity.

Adoption of the Agenda

- 2 At the Chairman's proposal, the Committee adopted the Agenda contained in document ADB/BG/GCC/2007/01 – ADF/BG/GCC/2007/01 and decided to refer to the Boards of Directors for in-depth study and recommendations to the GCC, the document on the Review of the Terms of Reference of the Steering Committee for the Election of the President and the Eligibility Criteria for Candidatures for the Office of President of the Bank.

Introductory Remarks by the President of the Bank Group

- 3 In his opening remarks, the President of the Bank Group welcomed Committee members to Shanghai and on behalf of the Boards of Directors, Management and staff of the Bank, expressed the Bank Group's gratitude to the Government and people of China, the Authorities of the Shanghai municipality and the ADB Group Governor for China, His Excellency Dr. Zhou Xiaochuan, for the warm welcome extended to the various delegations participating in the 2007 Annual Meetings. He recalled that the GCC last met in Addis Ababa in June 2003 and that this meeting was of crucial importance on the issue of the Bank's temporary relocation from the Headquarters in Abidjan to its Temporary Relocation Agency (TRA) in Tunis. Furthermore, he drew attention to the fact that the Boards of Directors had already considered the document on the situation in the host country, and reiterated his appreciation to the Tunisian Authorities for putting excellent facilities at the Bank Group's disposal during the relocation period.

Consolidated Seventh and Eighth Six-Monthly Assessment of the Situation in the Host Country (ADB/BG/WP/2007/06 – ADF/BG/WP/2007/05)

- 4 The Governors' Consultative Committee recalled Resolution B/BG/2003/04 of the Board of Governors requiring the Board of Governors to carry out a substantive review of the situation in the host country every twelve months beginning from the 2004 Annual Meetings and that the Board of Directors conduct substantive reviews at six-monthly intervals to determine whether the situation was conducive for the return of the operations of the Bank to its

headquarters and, if necessary, convene a meeting of the Governors' Consultative Committee (GCC) to discuss the issue.

- 5 In his preliminary remarks, the Governor for Cote d'Ivoire expressed his profound gratitude to the Board of Directors and Management of the Bank for preparing the report and including it in the Agenda for the 2007 Annual Meetings. He pointed out that he had not requested the consideration of the document by the GCC since 2003, but that the recent positive developments in the host country had encouraged him to make that request in 2007. He recalled the decisive phase of the peace efforts with the signing in March 2007 of the Ouagadougou Agreement by the parties concerned, under the auspices of the current Chairperson of the Economic Community of West African States (ECOWAS), and endorsed by the African Union, the United Nations Organization and the international community at large.
- 6 He also recalled the warm welcome that the Boards of Directors and Management recently extended to him and his Prime Minister during their respective official visits to the Bank's Temporary Relocation Agency to confirm that Ivorians had finally decided to establish lasting peace and national reconciliation. He called on peace loving nations, the Boards of Governors, the Boards of Directors and Management of the Bank Group to take note of the progress made so far in implementing the Ouagadougou Agreement and urged them to actively support the peace process with a view to enhancing stability and creating an enabling environment for economic development in Cote d'Ivoire as well as the entire sub-region. He appealed to GCC members to clearly reaffirm that Abidjan remains the Headquarters of the Bank Group and to endeavour to set a timeframe for the Bank's return to Cote d'Ivoire, as well as measures to facilitate that return.
- 7 After an initial exchange of views on the principles that should underpin the Board of Governors' Resolution, the GCC members expressed satisfaction at the progress made by the Host Country, for which they thanked the parties concerned as well as the entire Ivorian population. They expressed their wishes for the normalization of the political situation in Cote d'Ivoire and the resumption of its normal relations with the Bank particularly through the clearance of its arrears. They expressed the hope that 2008 would be a definitive year on the issue of the Bank's temporary relocation and called on the country's Authorities to persevere in their peace efforts.
- 8 The GCC then considered the draft resolution submitted by Management and after amending sub-paragraphs (iv), (v) and (vi) thereof, recommended that the Board of Governors of the Bank adopt the said resolution with the following decisive paragraphs:
 - (i) reaffirm that the Headquarters of the Bank shall remain in Abidjan, Cote d'Ivoire;
 - (ii) take note of the progress made by the Host Country towards achieving peace and stability, but deciding that the situation in the Host Country of the Headquarters 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 from 3 June 2007;
 - (iv) direct the Board of Directors 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 April 2008 to provide guidance to the Board of Governors on the issues referred to above in paragraph (iv) relating to the Bank's return to Abidjan and anything else judged relevant, and to recommend a final decision to be taken by the Board of Governors at the 2008 Annual Meetings; and
 - (vi) decide that there shall be a twelve (12)-month notice period, after a final decision is taken by the Board of governors, to ensure proper planning and orderly return of the operations of the Bank to its Headquarters.
- 9 The Board of Directors and the President would be authorized to take measures for the implementation of the terms of the Resolution after its adoption. In this regard, the GCC encouraged Management to continue the Bipartite Committee meetings between the Bank and the Ivorian Authorities.
- 10 Finally, Committee members unanimously commended the Tunisian Authorities for hosting the Bank Group's Temporary Relocation Agency (TRA) at a time when the Institution is unable to continue to operate from its headquarters in Cote d'Ivoire.

Other Business

- 11 The Committee members observed that the Committee should not limit itself to issues concerning the temporary relocation of Bank Group operations but should rather endeavour to fully implement its mandate by extending its activities to policy and strategic matters, including among others the procedure for the election of the Bank's President.