

Chairperson's Summary of the Non-Regional Governors

Consultative Forum on the Sixth General Capital Increase of the

African Development Bank

Cape Town, February 24, 2010

1. The Non-regional Governors of the African Development Bank held a consultative meeting on the Sixth General Capital Increase in Cape Town, South Africa, on February 24, 2010. The purpose of the meeting was to: (i) assess progress on the proposed Sixth General Capital Increase ("GCI-VI"), and (ii) provide strategic guidance on the way forward. The meeting was chaired by the representative of the Governor for Portugal, Mr. Enrique GALAN, given that Portugal is the Vice Chairperson of the Board of Governors.
2. In his opening remarks, the President of the Bank, Dr. Donald KABERUKA, noted that the Forum was organized in response to the directive of the Governors Consultative Committee (GCC), at its September 11, 2009 meeting, to ensure a broad and inclusive consultation on the GCI-VI beyond the membership of the GCC. The President also referred to the endorsement of the GCI-VI by the African Union, the Regional Governors, and the Committee of Ten (C10).
3. The Non-regional Governors took careful note of the February 12, 2010 Communiqué of the Regional Governors which expressed the determination to build a strong world class and well capitalized African institution.
4. After examining Management's proposals outlining the strategic context for the GCI, as well as various scenarios, terms and modalities related thereto, the Non-regional Governors concluded that there was a strong case for a GCI-VI. Furthermore, there was a strong consensus for a substantial GCI to support a significant increase in lending volumes, including to private sector in low income countries (LICs). Governors noted that such an increase should be seen as a strong vote of confidence in the Bank. The Governors noted that the modalities of the GCI-VI should facilitate participation by all shareholders and, in this regard, expressed support for differentiated payment terms for LICs. They commended the Bank for a swift and flexible response to the financial crisis, consistent with the G20's demand for a counter-cyclical role. They also commended the Bank for making full use of the strength of its balance sheet, in complementarity with other development partners.
5. Governors commended Canada and South Korea for their offer to subscribe, pending a GCI-VI, to non-voting callable shares of the Bank, and noted the related approval by the Board of Governors on February 22, 2010.

6. The Governors welcomed the marked progress made by the Bank and the increased relevance of its activities across the spectrum of its regional member countries (RMCs) - middle income, low income and fragile states- including the increasing volume of private sector lending in RMCs, especially LICs. They further called on the Bank to leverage for the benefit of RMCs, the combined strength of the financing windows and its facilities, consistent with the "One Bank" model.
7. Governors acknowledged the enhanced advocacy role of the Bank, its convening power and comparative advantage as an institution committed to the development of Africa.
8. The Governors directed that the GCI-VI be accompanied with a package consisting of a longer term strategy (updating the existing strategy), continued reform agenda, and action plan. They emphasized the importance of robust risk and corporate management, and welcomed the ongoing external review of risk management policies and practice. They further emphasized the need for a review of the Bank's income model and a coherent and comprehensive results framework covering all of the Bank's operations and including the reform agenda. In addition, the Governors underscored the importance of effective division of labor with other MDBs, enhanced management of the Bank's operations pipeline, continued strengthening of delivery capacity, and decentralization.
9. Governors called on management to prepare a document for review by the Board of Directors, reflecting the outcome of consultations with both the Regional and Non-regional Governors, as well as the discussions with Civil Society.
10. A formal discussion by the GCC is scheduled for April 22<sup>nd</sup> 2010 in Washington, D.C., to firm-up the GCI-VI proposals for consideration by the Board of Governors at the 2010 Annual Meetings.
11. Governors expressed their appreciation to the Government and people of South Africa for the warm hospitality.