1. The Forty-Seventh Annual Meeting of the Board of Governors of the African Development Bank (ADB) and the Thirty-Eighth Annual Meeting of the Board of Governors of the African Development Fund (ADF) were held jointly on 31 May and 1 June 2012 at the Arusha International Conference Centre, Arusha, Tanzania. His Excellency Mr. William Augustao MGIMWA, Minister of Finance as well as Governor for Tanzania and Chairperson of the Boards of Governors conducted the deliberations in the presence of Mr. Donald KABERUKA, President of the African Development Bank Group.

1.1 About 2251 participants and a thousand virtual attendees per day, comprising Governors, Alternate Governors, members of the Boards of Directors, Delegates, Staff and Observers, attended the 2012 Annual Meetings.

1.2 The theme of the 2012 Annual Meetings was “Africa and the Emerging Global Landscape – Challenges and Opportunities”. The plenary sessions were preceded by meetings of the subsidiary organs of the Boards of Governors and side events related to the theme of the Annual Meetings. These included the High Level Seminars on: (i) Opportunities and Challenges of the Global Financial Crisis; (ii) Greening the Economy: Opportunity for Growth; (iii) Emerging Issues in African Economies; and (iv) Good Financial Governance in Africa. The Governors’ Dialogue focused on the proposed 2013-2022 Long Term Strategy of the African Development Group. Governors’ statements were broadcast through the Bank’s web site and on screens at the venue of the Annual Meetings.

OPENING CEREMONY

2. The formal opening ceremony was held at the Arusha International Conference Centre, Arusha, Tanzania on 31 May 2012 and was presided by His Excellency, Dr. Jakaya Mrisho KIKWETE, President of the United Republic of Tanzania. Also present at the opening ceremony were His Excellency, Mr. Alassane OUATTARA, President of the Republic of Côte d’Ivoire, His Excellency, Mr. Festus MOGAE, Former President of Botswana, His Excellency, Mr. Omar KABBAJ, Representative of the King of Morocco, His Majesty, King Mohamed VI and Mr. Magessa MULONGO, Arusha Regional Commissioner. The former Presidents of the African Development Bank, Messrs. Kwame FORDWOR, Wila MUNGOMBA and Babacar NDIAYE were also in attendance. The Executive Secretary of the Economic Commission for Africa, Mr. Abdoulie JANNEH, and the Vice President for Africa region of the World Bank, Mr. Makhtar DIOP were also present.

2.1 In his address, His Excellency Mr. William Augustao MGIMWA, Minister of Finance as well as Governor for Tanzania and Chairperson of the Boards of Governors, welcomed all the participants to Arusha and Tanzania. He thanked the Bank for giving Tanzania the opportunity to host the Annual meetings for the first time and expressed appreciation to His Excellency, President KIKWETE and His Excellency, President OUATTARA for their presence. With regard to the deliberations of the Annual meetings, he pointed out that despite the challenges
facing the continent including the adverse effects of the financial crises, Africa has huge potentials and the meetings should serve as a forum to reflect on ways of maximizing these potentials. He also suggested that the Governors could discuss ways of improving the effectiveness of future annual meetings and the side events.

2.2 Presenting a statement on behalf of His Majesty, King Mohamed VI, King of Morocco, Mr. Omar KABBAJ, commended the African Development Bank for consolidating its achievements despite the difficult economic environment. He noted that although African economies are performing well, they are not immune to crisis. He therefore advocated that the groundwork be laid for sustainable and inclusive development through firm commitment to regional integration, good governance and the development of infrastructure. He urged the Bank to bear these challenges in mind while shaping its Long Term Strategy and preserve its global competitiveness by mobilizing financing schemes for regional member countries. Finally, he expressed confidence in the Bank’s ability to fulfill its mandate and hoped that the theme of the Arusha Annual meetings will help to deepen the Bank’s initiatives and chart the way forward for the continent.

2.3 In his opening statement, Mr. Donald KABERUKA, President of the Bank Group thanked the Government and people of Tanzania for organising the meetings and for the warm hospitality extended to all the participants. He thanked President Kikwete and President Ouattara for attending the opening ceremony and acknowledged the presence of South Sudan, the new member of the Bank and Australia, an observer who is already considering membership.

2.4 He then focussed the rest of his statement mainly on the need for African countries to progress from simple economic growth to economic transformation. He argued that although African economies continue to perform strongly, there is need for soberness because of the uncertainty resulting from internal conflicts and vulnerability to external shocks. He therefore expressed the confidence that the Managers of African economies are competent and will know what measures to take to create a new era for Africa. He outlined the actions taken by the Bank to address the major challenges facing the continent and assured that the Bank will continue to mainstream issues of critical importance to the continent’s development.

2.5 Mr. Kaberuka suggested that Africa can sustain its new dynamics by rebuilding capacity to absorb external shocks, focussing on job creation, avoiding the resource curse through careful management of natural resources, investing in skills development, developing energy, connectivity and regional integration and ensuring food security through growth, trade and investment. He added that the proposed Long Term Strategy will enable the Bank to assist Regional Member Countries to actualise these large projects in a radically changing landscape.

2.6 He concluded by thanking the Authorities of Tunisia for hosting the Temporary Relocation Agency of the Bank and hoped that the discussion of the Bank’s return to its Headquarters will lead to a roadmap for an orderly return in conditions that will enable the Bank to continue to provide first class services to its clients.

2.7 President Alassane OUATTARA started his statement by thanking his Tanzanian colleague for the invitation extended to him to attend the meeting. He acknowledged the role played by various countries in the resolution of the
situation in Côte d'Ivoire and commended the Bank and in particular, President Kaberuka for the support to Côte d'Ivoire. He expressed confidence in the future of the Bank.

2.8 With regard to the theme of the 2012 Annual Meetings “Africa and the Emerging Global Landscape – Challenges and Opportunities”, he lauded the resilience of African economies but emphasized that Africa still needs to increase its global market share and be responsive to international market demands. He hoped that the Bank will address these challenges in its Long Term strategy by mobilizing huge effort to bridge infrastructure gap in the continent, increasing its support to Small and Medium Scale Entreprises and public/private partnership and deepening its financial advisory role and knowledge products.

2.9 He then informed the delegates that considerable progress has been made by the Government of Côte d'Ivoire not only in achieving normalization of the security situation but also restoring democracy and maintaining a sure path towards reconciliation. The security and political situation in the country was now more conducive for the Bank to operate, in contrast with the situation that existed at the time of the Bank’s temporary relocation of its operations from Côte d’Ivoire. While thanking the Republic of Tunisia for hosting the Bank, its staff and their families during the years of its temporary relocation, he requested the Bank to start the process of its return to Abidjan and expressed the determination of the Government of Côte d’Ivoire to take necessary measures to enable the Bank and its staff to become operational as soon as possible following the return. The President expressed the hope that the Bank will celebrate its 50th Anniversary at its Headquarters in Abidjan.

2.10 On behalf of the Government and people of Tanzania, His Excellency Dr. Jakaya Mrisho KIKWETE, President of the United Republic of Tanzania, welcomed the delegates to his country and thanked the Bank for giving Tanzania the opportunity to host the Bank Group Annual Meetings for the first time.

2.11 Commenting on the theme of the Annual meetings, he once again lauded the resilience of African economies despite the global financial crises and expressed the confidence that African economies can excel if more emphasis were placed on regional integration, development of infrastructure and on exploiting the opportunities offered by alternative (BRICS) markets. He also proposed three areas that he would like the Bank to take into account in developing its Long Term Strategy, namely, the need to address financing gaps for the development of infrastructure, the need to provide support for agricultural transformation and the need to support Small and medium Scale Entreprises and mobilise resources for the continent’s industrialisation.

2.12 Lastly, he expressed satisfaction with the role the Bank has been playing in the continent and called for greater shareholder support for the institution. He then declared the 2012 Annual Meetings open and wished the delegates success in their deliberations.

CONSIDERATION OF AGENDA ITEMS

3 The Rapporteur of the Joint Steering Committee, the Temporary Alternate Governor for South Africa, presented a summary of the conclusions reached by the Joint Steering Committee of the Boards of Governors of the Bank and the Fund, at its meeting held on 30 May 2012 at the Arusha International Conference
3.1 The Boards of Governors noted that the Joint Steering Committee had considered the following agenda items:

- By-election of Executive Directors of the African Development Bank and Selection of Executive Directors of the African Development Fund;
- Appointment of the Bank Group’s External Auditors for the years 2012 to 2016;
- Update on the Implementation and Financing of the Heavily Indebted Poor Country (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI);
- Information Paper on Bank Group Water Sector Activities and Initiatives in 2011;
- Application of the Republic of South Sudan to become member of the African Development Bank and authorisation for a related special capital increase;
- The Annual Report and Audited Financial Statements for the Financial Year Ended 31 December 2011;
- Allocation and Distribution of the Net Income of the ADB for the Financial Year Ended 31 December 2011;
- Distribution of the Net Income of the NTF for the Financial Year Ended 31 December 2011;
- Designation of Three Members of the Standing Committee of the Board of Governors on the Conditions of Service of Elected Officers to serve from the end of the 2012 Annual Meetings to the end of the 2015 Annual Meetings;
- Report on the Implementation of the GCI-VI;
- New Partnership for Africa’s Development (NEPAD) Infrastructure Program – Annual Report 2011;
- Annual Report and Audited Special Purpose Financial Statements for the Year ended 31 December 2011.

3.2 The Boards of Governors then noted that the Joint Steering Committee had unanimously agreed on these items, as reflected in the various recommendations. The Boards of Governors also took note of the abstention of the Governor for the United States of America concerning the Appointment of External Auditors for the Financial Years 2012-2016.

3.3 The Boards of Governors then approved the recommendations contained in the report of the Joint Steering Committee and adopted the relevant resolutions.

Report of the Fourteenth Governors’ Consultative Committee (GCC) Meeting of 29 May 2012

4 The First Vice Chairperson of the Boards of Governors and the Governors’ Consultative Committee (GCC), the Governor for Saudi Arabia presented a
summary of the conclusions reached at the fourteenth (14th) meeting of the Governors’ Consultative Committee (GCC) held on 29 May 2012 at the Arusha International Conference Centre, Arusha, Tanzania. He, then, invited the Board of Governors to consider and take note of the report on the African Economic Outlook for 2012 with special focus on promoting youth employment and the recommendation on the presentation made by the Governor for Côte d’Ivoire on the Bank’s return to its Headquarters.

4.1 The Board of Governors took note of the GCC recommendations as detailed in the report of the Fourteenth Meeting of the Governors’ Consultative Committee (GCC).

Report of the meeting of the Standing Committee on the Conditions of Service of Elected Officers

5 The Chairperson of the Standing Committee on the Conditions of Service of Elected Officers, the Governor for Botswana presented a summary of the conclusions reached at the meeting of the Committee held on 19 April 2012 in Washington, DC U.S.A., to review the remuneration of the President and Executive Directors of the Bank Group.

5.1 The Board of Governors approved a 3.17% Cost of Living Adjustment in the salary and personal allowance of the Bank Group President and a 3.17% Cost of Living Adjustment in the salary of Executive Directors of the Bank Group given the technical proposals made by the External Consultant, the financial soundness of the Bank and the fact that the President’s salary and personal allowance have not been adjusted since 2008, while the salaries of Executive Directors have not been adjusted since 2007. The Board of Governors adopted the relevant draft resolutions.

5.2 The Board of Governors took note of the “No” votes registered by the Governors for Canada, Denmark, Finland, India, Italy, Japan, the Netherlands, Norway, Spain, Sweden, the United Kingdom and the United States of America regarding the salary adjustment of Elected Officers.

5.3 Finally, the Board of Governors noted that the Standing Committee designated the Governor for Cameroon as its new Chairperson for the period 2012-2013.

The Governors’ Dialogue

6 Governors welcomed the dialogue on the Bank’s Long Term Strategy 2013 to 2022 and the emphasis placed on inclusive economic growth and access to economic opportunities for all. In particular, they commended the Bank for including the empowerment of Women as key political, economic and social actors in Africa as well as drivers of economic competitiveness. They also recognised the Bank’s role as a key development partner for vulnerable states and urged the Bank to refine its approach to provide more comprehensive support in the key areas of capacity building, generating employment, providing basic infrastructure, and reducing insecurity.

6.1 Governors welcomed the Bank’s proposal to foster growth that is both inclusive and green but also noted that the Bank’s approach to green growth will take into account the specificities and comparative advantage of Regional Member Countries.
6.2 Finally, they acknowledged the need for the Bank to seek new and creative ways of mobilizing resources for the development of the continent and of leveraging its own resources to ensure greater development impact.

RESOLUTIONS ADOPTED AND DECISIONS TAKEN

The Resolutions adopted and the decisions taken concern the following issues:

- By-election of Executive Directors of the African Development Bank and Selection of Executive Directors of the African Development Fund;
- Appointment of the Bank Group’s External Auditors for the financial years 2012 through 2016;
- Accession of the Republic of South Sudan to the African Development Bank Agreement and authorisation for a related special capital increase;
- Annual Report and Audited Financial Statements for the Financial Year Ended 31 December 2011;
- Allocation and Distribution of Allocable Income of the ADB for the Financial Year Ended 31 December 2011;
- Distribution of Part of the Income of the NTF for the Financial Year Ended 31 December 2011;
- Designation of Three Members of the Standing Committee of the Board of Governors on the Conditions of Service of Elected Officers to serve from the end of the 2012 Annual Meetings to the end of the 2015 Annual Meetings;
- Annual Report and Audited Special Purpose Financial Statements for the Year ended 31 December 2011;
- Annual Review of the Remuneration of Elected Officers.
SUMMARY OF THE KEY POINTS OF GOVERNORS’ STATEMENTS

8 In their respective statements, the Governors expressed gratitude to the Government and people of Tanzania for the warm hospitality extended to them and members of their respective delegations and for the excellent facilities provided for their meetings.

8.1 The Governors also expressed their appreciation to the President of the African Development Bank Group, the Board of Directors and staff of the Bank for the considerable effort deployed to advance the work of the Bank. The Governors observed that the Annual meetings were taking place at a time of continued challenge and uncertainty in the global economy. However, in the midst of these uncertainties, African economies have shown great dynamism, growth and promise. They, therefore called on the Bank to intensify its role as a source of knowledge, partnership and finance to assist Regional Member Countries make the coming decade one of growth, poverty reduction and opportunity.

8.2 The Governors acknowledged the progress made in implementing the internal reforms agreed within the framework of the Sixth General Capital Increase and the Twelfth replenishment of the African Development Fund. They also noted the progress made by the Bank on key policy reforms that will better position it as a partner for African growth and development, including the finalisation of the cross debarment agreement among international financial institutions, an important and long-awaited anti-corruption measure. They also expressed support for the Bank’s decentralization process and welcomed its new policy on Disclosure and Access to Information as an important step in building confidence and transparency in the Bank.

8.3 The Governors commended the Bank for the extensive consultation held with stakeholders in the process of preparing its Long Term Strategy and outlined the areas that they would wish the Bank to take into account in developing the Long Term Strategy: (i) the Bank should deepen its effort at becoming a knowledge institution and play a greater role in assisting member countries to develop institutional capacity, strengthen public finance management and encourage good governance and domestic resource mobilization; (ii) the Bank should pursue its effort in developing infrastructure, pay greater attention to Climate change adaptation and mitigation and promote inclusive growth and green economy; (iii) the Bank should mainstream gender in all its strategies, policies and operations; (iv) the Bank should broaden dialogue with national authorities and other stakeholders, including the private sector and the civil society on the need to promote private sector development and conducive business environment; and finally, (v) the Bank should continue its support for economic transition in North Africa, strengthen risk governance, deepen the focus on results and impact and promote regional integration.
8.4 Finally, the Governors expressed satisfaction with the Bank Group’s scorecard and welcomed the President’s commitment to scale up the effectiveness of operations and the rates of disbursement.

Cecilia AKINTOMIDE
Vice President and Secretary General of the Bank Group
## ANNEXES

<table>
<thead>
<tr>
<th>Annex 1</th>
<th>Resolutions adopted during the 2012 Annual Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annex 2</td>
<td>Report of the Meeting of the Joint Steering Committee, held on 30 May 2012</td>
</tr>
<tr>
<td>Annex 3</td>
<td>Report of the Fourteenth Meeting of the Governors’ Consultative Committee (GCC), held on 29 May 2012</td>
</tr>
</tbody>
</table>
Annex 1

LIST OF RESOLUTIONS ADOPTED

(i) By-Election of Executive Directors of the African Development Bank (B/BG/2012/02);

(ii) Selection of Executive Directors of the African Development Fund (F/BG/2012/01);

(iii) Appointment of External Auditors for the Financial Years 2012 through 2016 (B/BG/2012/03-F/BG/2012/02);

(iv) Resolution Authorizing a Special Capital Increase (B/BG/2012/04);

(v) Resolution Authorizing the Accession of the Republic of South Sudan to the African Development Bank Agreement (B/BG/2012/05);

(vi) Annual Report and Audited Financial Statements for the Financial Year ended 31 December 2011 (B/BG/2012/06);

(vii) Allocation and Distribution of Allocable Income of the African Development Bank for the Financial Year ended 31 December 2011 (B/BG/2012/07);

(viii) Distribution of Part of the Income of the Nigeria Trust Fund for the Financial Year ended 31 December 2011 (B/BG/2012/08);

(ix) Annual Report and Audited Special Purpose Financial Statements for the Financial Year ended 31 December 2011 (F/BG/2012/03);

(x) Annual review of the Remuneration of the President (B/BG/2012/09) (Distributed separately)

(xi) Annual review of the Remuneration of Executive Directors (B/BG/2012/10). (Distributed separately)
AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND

BOARDS OF GOVERNORS

FORTY-SEVENTH ANNUAL MEETING OF THE ADB
THIRTY-EIGHTH ANNUAL MEETING OF THE ADF

ARUSHA, TANZANIA
31 MAY AND 1 JUNE 2012

RESOLUTIONS ADOPTED AT THE 2012 ANNUAL MEETINGS
THE BOARD OF GOVERNORS,

HAVING REGARD TO:

(i) 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");

(ii) The Rules for the Election of Executive Directors of the African Development Bank contained in Resolution B/BG/2002/04; and

(iii) The maximum term limits for members of the Board of Directors of the Bank, set forth in Article 33(4) of the Bank Agreement;

RECALLING Resolution B/BG/2010/16 on the General Election of Executive Directors adopted on 28 May 2010 by which this Board elected the members of the Board of Directors of the Bank, for a term not exceeding three years with effect from 1st July 2010;

NOTING that Governors 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 three (3) persons, whose names appear below, in the order of magnitude of the total shareholding that counted towards the election of each of them, are duly elected as members of the Board of Directors of the Bank, with effect from the date specified for that purpose; and

(ii) In accordance with Article 33(4) of the Bank Agreement, which sets the maximum term limits for Executive Directors, no Executive Director shall serve beyond the maximum applicable term limit.
<table>
<thead>
<tr>
<th>Executive Directors(^1)</th>
<th>Countries Represented *</th>
<th>Voting Power**</th>
<th>Date of Assumption of Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Hau Sing TSE</td>
<td>Canada</td>
<td>3.940</td>
<td>15 September 2011</td>
</tr>
<tr>
<td></td>
<td>China</td>
<td>1.167</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Korea</td>
<td>0.472</td>
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<tr>
<td></td>
<td>Kuwait</td>
<td>0.169</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Total</td>
<td>**</td>
<td>5.749****</td>
<td></td>
</tr>
<tr>
<td>Mr. Amadou KONE</td>
<td>Côte d’Ivoire</td>
<td>3.853</td>
<td>8 September 2011</td>
</tr>
<tr>
<td></td>
<td>Guinea</td>
<td>0.431</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Equatorial Guinea</td>
<td>0.067</td>
<td></td>
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<td>**</td>
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<tr>
<td>Total</td>
<td>**</td>
<td>4.351</td>
<td></td>
</tr>
<tr>
<td>Mr. Mohamed Samy Saad ZAGHLOUL</td>
<td>Egypt</td>
<td>5,600</td>
<td>[ ] 2012***</td>
</tr>
<tr>
<td></td>
<td>Djibouti</td>
<td>0,030</td>
<td></td>
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<td></td>
<td>**</td>
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<td></td>
</tr>
<tr>
<td>Total</td>
<td>**</td>
<td>5.631****</td>
<td></td>
</tr>
</tbody>
</table>

**Note:**

1. * The Executive Director’s country of origin is underlined.
3. *** Exact date to be confirmed.
4. **** Slight difference may occur in total due to rounding.

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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.
AFRICAN DEVELOPMENT FUND

BOARD OF GOVERNORS

Resolution F/BG/2012/01

Adopted at the First Sitting of the Thirty-Eighth Annual Meeting of the African Development Fund, on 31st May 2012

Selection of 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 Schedule B to the Fund Agreement;

RECALLING Resolution F/BG/2010/05 on the Selection of Executive Directors, adopted on 28 May 2010 by which this Board selected the members of the Board of Directors of the Fund, for a term of three years with effect from 1st July 2010;

DECLARES that the following person whose name appears below is duly selected member of the Board of Directors of the African Development Fund, with effect from 15th September 2011:

<table>
<thead>
<tr>
<th>Executive Director*</th>
<th>Countries Represented *</th>
<th>Voting Power**</th>
<th>Date of Assumption of Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Hau Sing TSE</td>
<td>Canada: 3.715</td>
<td></td>
<td>15th September 2011</td>
</tr>
<tr>
<td></td>
<td>China: 0.936</td>
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<tr>
<td></td>
<td>Korea: 0.473</td>
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<td></td>
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<td></td>
<td>Kuwait: 0.446</td>
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<tr>
<td></td>
<td>Total: 5.571***</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note:
(1)* The Executive Director’s country of origin is underlined.
(2)** ADF Voting Powers as at 31 March 2012.
(3)*** Slight difference may occur in total due to rounding.

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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.
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 the terms of Resolution B/BG/2007/04 and Resolution F/BG/2007/03 adopted by the Boards of Governors of the Bank and the Fund, respectively, on 16 May 2007, by which the Boards:

(i) decided that the External Auditors of the Bank and the Fund shall serve for a term of five (5) years, renewable once; and

(ii) appointed KPMG (France) as the External Auditors of the Bank and the Fund for the financial years 2007 through 2011;

CONSIDERING:

(i) that the five-year term of the current External Auditors will end upon the completion of the audit of the 2011 financial statements; and

(ii) the Report of the Boards of Directors of the Bank and the Fund contained in Document ADB/BG/WP/2012/02 – ADF/BG/WP/2012/02, in particular the recommendation therein regarding the renewal of the appointment of KPMG (France) based on its satisfactory performance over the last five years;

DECIDE THAT KPMG (France), the incumbent, be and is hereby appointed as the External Auditors of the Bank and the Fund for the financial years 2012 through 2016.
AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2012/04

Adopted at the First Sitting of the Forty-Seventh Annual Meeting of the African Development Bank, on 31st May 2012

Authorizing a Special Capital Increase

THE BOARD OF GOVERNORS,

HAVING REGARD TO:

(i) The Agreement Establishing the African Development Bank (the "Bank Agreement"), in particular Articles 5(3) and (4) (Authorization for a Capital Increase and allocation of Capital Stock), Article 6 (Subscription of Shares), Article 7 (Payment of Subscription) and Article 29 (Board of Governors Powers);

(ii) Resolution B/BG/98/04 pursuant to which this Board approved, inter alia, the amendment to Article 5(4) of the Bank Agreement to provide that the authorized capital stock and any increase thereof shall be allocated for subscription to regional and non-regional members so that the regional Members shall hold sixty percent of the total voting power and the non-regional Members forty percent of the total voting power; and

(iii) Resolution B/BG/2010/08 pursuant to which the authorized capital stock of the Bank was increased to sixty-seven billion six hundred and eighty-seven million four hundred and sixty thousand Units of Account (UA 67,687,460,000)¹, with a par value of ten thousand Units of Account (UA10,000) for each share as a result of the conclusion of the Sixth General Capital Increase (GCI-VI);

AND HAVING CONSIDERED the recommendations contained in the Report of the Board of Directors, (Document ADB/BG/WP/2012/03);

HEREBY DECIDES:

1. To authorize a Special Capital Increase of the authorized share capital of the Bank to allow for:
   (i) subscription by a new regional member country (the Republic of South Sudan) of the minimum number of shares required for it to become a member; and (ii) subscription by non-regional members of the number of shares necessary to comply with the 60/40 ratio requirement between the shareholding of regional and non-regional members;

¹ The amount of UA 67,687,460,000 represents the total amount of the Bank’s authorized capital following a 200% increase (that is, an increase of UA 43,740,000,000), plus UA 2,077,460,000 comprising: (i) the temporary increase in non-voting callable capital allocated to Canada and the Republic of Korea under Resolution B/BG/2010/02; and (ii) the special capital increases authorized under Resolutions B/BG/2008/07 and B/BG/2009/05 to allow for the subscriptions by the Republic of Turkey and the Grand Duchy of Luxembourg respectively.
2. To increase the authorized capital of the Bank from UA 66,054,500,000 to UA 67,169,190,000, with a corresponding increase of the number of shares from 6,605,450 to 6,716,919, with the creation of 111,469 new shares, out of which 66,881 shall be available for subscription by the Republic of South Sudan and 44,588, shall be available for subscription by non-regional members. The additional shares shall be of a par value of ten thousand Units of Account (UA 10,000) for each share and shall be subject to the same terms and conditions as the shares authorized in the Sixth General Capital Increase of the Bank (GCI-VI); and

3. To authorize the Board of Directors, in close consultation with the President of the Bank, to take the necessary measures for the timely implementation of this Resolution.

2. The amount of UA 66,054,500,000 represents the total amount of the Bank’s authorized capital (UA 67,687,460,000, Resolution B/BG/2010/08) less the temporary increase in non-voting callable capital allocated to Canada (UA 1,632,960,000), which has been retired following the effectiveness of Canada’s subscription to GCI-VI.
AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2012/05

Adopted at the First Sitting of the Forty-Seventh Annual Meeting of the African Development Bank, on 31st May 2012

Authorizing the Accession of the Republic of South Sudan to the African Development Bank Agreement

THE BOARD OF GOVERNORS,

HAVING REGARD to Articles 3(1), 5, 6(1), 7, 29, and 64(2) of the Agreement Establishing the African Development Bank (the "Bank Agreement"), and Article 13 of the Bank’s General Regulations;

CONSIDERING the Declaration of Intent presented by the Government of South Sudan to the Bank dated 5 May 2011, by which the said Government indicated its decision to seek membership of the Bank.

CONSIDERING further, the Report of the Board of Directors (Doc. ADB/BG/WP/2012/03) on the exchange of views and negotiations with the Government of the Republic of South Sudan;

WELCOMING the said Declaration of Intent;

CONSIDERING that, before becoming a separate and independent State, South Sudan was an integral part of the Republic of Sudan, a regional member country of the Bank;

NOTING the agreement and arrangements between the new State and the Republic of Sudan regarding succession to the assets and liabilities (including the assets and liabilities arising from membership of the Bank based on the “Zero Option”);

DESIROUS, for its part, of aiding the Republic of South Sudan to become a member of the Bank at the earliest opportunity;

RESOLVES that the Republic of South Sudan shall become a member of the Bank on the following terms:

1. The Republic of South Sudan shall initially subscribe to a minimum of 66,881 shares of the capital stock of the Bank; such shares to consist of 4,013 paid-up shares and 62,868 callable shares to be issued at par;

2. The payment of the amount initially subscribed to the paid-up capital stock shall be made in twelve (12) consecutive equal annual instalments; the first of which shall be paid by the Republic of South Sudan on or before the date it deposits its instrument of Accession under Article 64 of the Bank Agreement and in accordance with the terms of this Resolution;

3. The second and subsequent instalments payable under this Resolution shall fall due on the anniversary dates of the payment made in the first year;

4. At the option of the Republic of South Sudan, payment for the paid-up portion of its subscription shall be made either:

   (a) by conversion at a rate equal to the average of the exchange rates (rounded up to six significant figures) prevailing during the thirty (30)-day period ending seven (7) days before the date of subscription in the case of the first payment, and seven (7) days before the date of payment, in the case of subsequent payments.
(b) by fixing, up to one year in advance of the payment date of an installment, the exchange rate between a specified currency and the SDR; provided that the difference between the exchange rate fixed in advance and the exchange rate on the payment date will be factored into the computation of the subsequent installment amount due from the South Sudan. That is to say, any shortfalls or excesses will either increase or reduce the subsequent installment amount. No adjustment will be made for the final installment amount.

(c) at the request of South Sudan if it elects to pay in United States Dollars, Euro, Pounds Sterling or Japanese Yen, for the duration of its subscription period, the exchange rate is fixed between the currency specified and the SDR at a rate equal to the average of the exchange rates (rounded up to six significant figures) prevailing during the thirty (30) day period ending seven (7) days before the date of the adoption of the GCI-VI Resolution. In this case, the exchange rates applicable are: for the US Dollar (1.49356), the Euro (1.15763), Pounds Sterling (0.998325) and Japanese Yen (138.630).

5. All other conditions of subscription shall, except to the extent of any inconsistency with the provisions of this Resolution, be as set out in the Resolution B/BG/2010/08 authorizing the Sixth General Capital Increase of the Bank (GCI-VI) adopted at the 45th Annual Meeting on 27 May 2010.

RESOLVES FURTHER to designate 30 June 2013 as the date on which South Sudan, on the deposit of its Instrument of Accession and making its initial payment to the capital stock of the Bank, in accordance with Article 64 (2) of the Bank Agreement, shall become a member of the Bank.
AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2012/06

Adopted at the First Sitting of the Forty-Seventh Annual Meeting of the African Development Bank, on 31st May 2012

Annual Report and Audited Financial Statements for the Financial Year ended 31 December 2011

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:


(iv) The Audited Financial Statements of the Nigeria Trust Fund for the Financial Year ended 31 December 2011, contained in document ADB/BD/WP/2012/24; and

(v) The Financial Statements of the Special and Trust Funds for the Financial Year ended 31 December 2011, contained in document ADB/BD/WP/2012/21 the summary of which is included as a note in the Audited Financial Statements of the Bank (Document ADB/BD/WP/2012/27);

APPROVES the 2011 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 2011.
AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2012/07

Adopted at the First Sitting of the Forty-Seventh Annual Meeting of the African Development Bank, on 31st May 2012

Allocation and Distribution of Allocable Income of the African Development Bank for the Financial Year Ended 31 December 2011

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/2011/01, adopted by the Board of Governors of the African Development Fund (the "Fund"), authorizing the Twelfth Replenishment of the resources of the Fund ("ADF-12"), 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/2011/05 of this Board, adopted on 9 June 2011, by which this Board authorized the allocation and the distribution of the allocable income of the Bank for the year ended 31 December 2010;

HAVING CONSIDERED:

(i) The Financial Statements for the financial year ended 31 December 2011, and confirmed that such Financial Statements indicate an income before transfers approved by the Board of Governors of One Hundred and Sixty-Four Million, Five Hundred and Ten Thousand Units of Account (UA 164,510,000), and an allocable income (Financial Statements income before distributions approved by the Board of Governors adjusted for certain unrealized gains or losses) in the amount of One Hundred and Ninety Two Million, Two Hundred and Fifty Thousand Units of Account (UA 192,250,000);

(ii) The Report of the Board of Directors contained in Document ADB/BG/WP/2012/05 (the "Report"), and the recommendations therein, relating to the retention in reserves of an amount of Eighty-Nine Million, Two Hundred and Fifty Thousand Units of Account (UA 89,250,000) from the allocable income for 2011, and the allocation and distribution of part of the income for the year; and

(iii) That the Report confirms that the financial situation of the Bank remains sound;

HEREBY:

(i) Approves the following distributions from the allocable income for the purposes stated below:

(a) Thirty-Five Million Units of Account (UA 35,000,000) contribution to the ADF-12 in recognition of the importance of providing support to ADF countries;
Sixty-Eight Million Units of Account (UA 68,000,000) (equivalent to the interest income realized in 2011 on Bank loans to the Democratic Republic of Congo (the "DRC")), for purposes of a Special Account dedicated to the debt service of part of the consolidated loans of the DRC; and

(ii) Approves the following distributions from the Surplus Account for the purposes stated below:

(a) Two Million Units of Account (UA 2,000,000) for the benefit of the Technical Assistance Fund for the Middle Income Countries; and

(b) Five Million Units of Account (UA 5,000,000) for the benefit of the Special Relief Fund.
AFRICAN DEVELOPMENT BANK

BOARD OF GOVERNORS

Resolution B/BG/2012/08

Adopted at the First Sitting of the Forty-Seventh Annual Meeting of
the African Development Bank, on 31st May 2012

Distribution of Part of the Income of the Nigeria Trust Fund
for the Financial Year Ended 31 December 2011

THE BOARD OF GOVERNORS,

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

RECALLING:

(i) The terms of the Protocol Agreement between the Government of the Federal Republic of Nigeria (the "Government") and the Bank, dated 22 September 2003 (the "Protocol Agreement");

(ii) The desire of the Government, as expressed in the Protocol Agreement, to make additional resources available for debt reduction initiatives and, in that connection, the request of the Government that the Bank distribute ten per cent (10%) of the net income of the NTF, annually, for the benefit of the Heavily Indebted Poor Countries ("HIPCs") 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 2011, and confirmed that such Financial Statements indicate an income before distributions approved by the Board of Governors of One Million Five Hundred and Seventeen Thousand Units of Account (UA 1,517,000) and

(ii) The Report of the Board of Directors contained in Document ADB/BG/WP/2012/06, and the recommendation therein, related to the distribution of part of the income of the NTF for the financial year ended 31 December 2011;

HEREBY:

(i) Decides to transfer to the reserves of the NTF, the amount of One Million Three Hundred and Thirty-Four Thousand Units of Account (UA 1,334,000); and

(ii) Approves a distribution for the benefit of the HIPC Initiative, of ten percent (10%) of the 2011 income of the NTF before such distribution, in the amount of One Hundred and Fifty One Thousand Seven Hundred Units of Account (UA 151,700).
AFRICAN DEVELOPMENT FUND

BOARD OF GOVERNORS

Resolution F/BG/2012/03

Adopted at the First Sitting of the Thirty-Eighth Annual Meeting of the African Development Fund, on 31st May 2012

Annual Report and Audited Special Purpose Financial Statements for the Financial Year ended 31 December 2011

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:


(ii) The Report of the External Auditors for the Financial Year ended 31 December 2011; and


BOARDS OF GOVERNORS

FORTY-SEVENTH ANNUAL MEETING OF THE ADB
ARUSHA, TANZANIA
31 MAY AND 1 JUNE 2012

THIRTY-EIGHTH ANNUAL MEETING OF THE ADF
ARUSHA, TANZANIA
31 MAY AND 1 JUNE 2012

REPORT OF THE MEETING OF THE JOINT STEERING COMMITTEE HELD ON 30 MAY 2012
The Joint Steering Committee of the Boards of Governors of the African Development Bank (ADB) and the African Development Fund (ADF) met on 30 May 2012 at the Ngorongoro Block – Manyara – Arusha International Conference Centre, Arusha, Tanzania. Present at the meeting were the Governors for Belgium, Brazil, Canada, Democratic Republic of Congo, Egypt, Ghana, Mauritius and South Africa. The Governor representing the Republic of Benin was not in attendance.

1.1 His Excellency Mr. William Augustao MGIMWA, Minister of Finance as well as Governor for Tanzania and Chairperson of the Boards of Governors presided over the meeting. He was assisted by the First Vice-Chairperson, the Governor for Saudi Arabia and the Second Vice Chairperson, the Governor for Lesotho. Mr. Donald KABERUKA, President of the African Development Bank Group was also in attendance. The Governor for South Africa was designated as Rapporteur.

I. JOINT DOCUMENTS

ITEM 1.2: Adoption of the Provisional Agenda (ADB/BG/AG/2012/47/Prov.1- ADF/BG/AG/2012/38/Prov.1)

2 The Joint Steering Committee considered and took note of the Provisional Agenda of the 2012 Annual Meetings, attached hereto, and recommends that the Boards of Governors adopt it.

ITEM 1.3: By-Election of Executive Directors of the African Development Bank and Selection of Executive Directors of the African Development Fund (ADB/BG/WP/2012/01–ADF/BG/WP/2012/01)

3 The Joint Steering Committee noted that the Bank and the Fund had been notified that Executive Director Hassan Ali Ali KHEDR whose second term commenced on 1 July 2010 will be leaving the Bank on 31 May 2012 after serving on the Boards of Directors for a cumulative period of six years. In addition, Executive Directors Tchétché N’GUESSAN and Bruce MONTADOR whose second terms commenced on 1 July 2010 left the Bank on 7 September 2011 and 14 September 2011, respectively, before the end of their second mandate.

3.1 In that regard, it should be recalled that Article 33(3) of the Bank Agreement provides that “if the office of an Executive Director becomes vacant more than 180 days before the end of his or her term, a successor should be elected in accordance with the provisions of Annex B of the Agreement for the remainder of the term by the Board of Governors at its next session”. Furthermore, Paragraph 21 of the Rules for the Election of Executive Directors of the Bank requires the Board of Governors to confirm the election of the successor at the
next Annual Meeting. With respect to the Fund, Article 27(6)(b) of the Fund Agreement also provides that “should the office of an Executive Director become vacant before the expiration of his/her term of office, the vacancy should be filled by a new Executive Director selected by the State Participant whose votes his/her predecessor was entitled to cast. The successor should hold office for the remainder of the term of office of his/her predecessor”.

3.2 The Joint Steering Committee noted that the countries represented by each of the three Executive Directors, Mr. Tchétché N’GUESSAN, Mr. Bruce MONTADOR and Dr. Hassan Ali Ali KHEDDR have notified the Bank of their successors, namely, Mr. Amadou KONE, Mr. Hau Sing TSE and Mr. Mohamed Samy Saad ZAGHLOUL, respectively.

3.3 The Joint Steering Committee therefore recommends that the Boards of Governors confirm the election and designation of the nominees as successors to the outgoing Executive Directors, from the date of their assumption of duty to 30 June 2013 and adopt the relevant draft Resolutions.

ITEM 1.4: Appointment of the Bank Group’s External Auditors for the years 2012-2016 (ADB/BG/WP/2012/02 - ADF/BG/WP/2012/02)

4 The Joint Steering Committee recalled that by Resolutions B/BG/2007/04 and F/BG/2007/03 adopted on May 16, 2007 the Boards of Governors of the Bank and the Fund appointed KPMG (France) as the External Auditors of the Bank and the Fund for the financial years 2007 through 2011. The Boards of Governors further decided that the External Auditors of the Bank Group shall serve for a term of five (5) years renewable once. The Joint Steering Committee also recalled that the appointment of KPMG as the Bank Group External Auditors in 2007 followed an international competitive bidding process as detailed in the Boards of Directors memorandum. It further noted that the Boards of Directors and Management have concluded, based on specific indicators, that the performance of KPMG has been satisfactory over the past five years of audits of the Bank Group and that the Engagement team provided by the firm was professional and constructive in their relationship with the Bank while at the same time maintaining their independence.

4.1 Based on this evaluation, the Joint Steering Committee recommends to the Boards of Governors to approve the reappointment of KPMG (France) as External Auditors of the Bank Group for a second and final five (5) year term covering the Financial Statements for the years 2012 to 2016 and adopt the relevant draft Resolution.

4.2 The Joint Steering Committee recorded the abstention of the Chair of the United States of America.

ITEM 1.5: Update on the Implementation and Financing of the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI) (ADB/BG/IF/2012/01–ADF/BG/IF/2012/01)

5 The Joint Steering Committee considered the Update on the Implementation and Financing of the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative. It noted that as at the end of March 2012, twenty six (26) of the thirty three (33) regional member countries potentially eligible for HIPC/MDRI debt relief assistance had reached the completion
point and qualified for irrevocable HIPC debt relief and MDRI debt cancellation.

5.1 The Joint Steering Committee also noted that under the HIPC initiative, the Bank Group had provided US$ 3.29 billion in nominal terms to 30 post-decision point Regional Member Countries (RMCs). Under the Multilateral Debt Relief Initiative (MDRI), the ADF will forego loan reflows estimated at UA 7.08 billion from the 33 RMCs potentially eligible for MDRI debt cancellation. As at end March 2012, the ADF had already foregone reflows worth UA 6.26 billion from the 26 countries that have reached the completion point and qualified for MDRI debt relief. The Bank Group will continue to be actively engaged in debt sustainability and debt management capacity building efforts in partnership with client countries and the Bretton Woods Institutions.

5.2 The Joint Steering Committee therefore recommends that the Boards of Governors take note of the above update on the implementation and financing of the HIPC and MDRI Initiative.


6 The Joint Steering Committee considered the above-mentioned report and took note of the activities carried out by the Bank Group’s Independent Review Mechanism (IRM) in 2011. Those activities included the Mechanism’s core functions of compliance review and problem-solving, as well as the implementation of its outreach strategy. IRM outreach in 2011 included the dissemination of the IRM information through regional and national workshops and sensitization sessions for local communities, 82 government agencies and 187 Bank staff in the Temporary Relocation Agency (TRA) of the Bank Group and Country Offices. The recruitment of two new members of the IRM Roster of Experts to replace the Experts whose terms end in 2011/2012 was finalized in December 2011.

6.1 The Joint Steering Committee therefore recommends that the Boards of Governors take note of the report.

ITEM 1.7: Information Paper on Bank Group Water Sector Activities and Initiatives in 2011 (ADB/BG/IF/2012/03–ADF/BG/IF/2012/03)

7 The Joint Steering Committee considered and took note of the Information Note on Bank Group Activities and Initiatives in the Water Sector in 2010. It expressed satisfaction that the Bank has continued to pursue its focus on water resource development and management as one of its core areas of intervention in order to take advantage of the unique potential of the sector to contribute to the attainment of other Millennium Development Goals (MDGs) on poverty reduction, health, education and gender. The Joint Steering Committee also took note of the Bank Group’s ability to significantly contribute to inclusive growth and to build capacity for climate resilience.

7.1 The Joint Steering Committee also noted the overview of the challenges faced in 2011 and the discussion of the way forward. While commending the Bank Group for the work being done in this sector, the Committee noted that the most urgent task facing the Bank Group in the sector remains ensuring the continued commitment to agreed levels of funding for the different initiatives.
so as to ensure adequate scaling up of service delivery. Member countries and development partners are therefore invited to work with the Bank to address the issue.

7.2 The Joint Steering Committee recommends that future Bank Group reports on water and sanitation sector initiatives should provide updates on disbursements and an overview of the results and outputs in Regional Member Countries.

7.3 The Joint Steering Committee recommends that the Boards of Governors take note of the above information.

II. ADB DOCUMENTS

ITEM 2.1: Application of the Republic of South Sudan to become member of the African Development Bank and Authorisation for a related special capital increase (ADB/BG/WP/2012/03)

8 The Joint Steering Committee recalled that the Board of Directors had received and considered the application of the Republic of South Sudan to become a member of the Bank. It also recalled that the Government of South Sudan has agreed to subscribe, by way of its initial subscription, to a minimum of 66,881 shares from the stock reserved for subscription by Regional Member Countries (RMCs) at a par capital value of UA 10,000 per share, on the terms and conditions of the Sixth General Capital Increase of the Bank (GCI-VI).

8.1 Given that there are currently not enough GCI-VI shares available for subscription by RMCs to allow the subscription by South Sudan of the number of shares provided above, the Joint Steering Committee noted that it is necessary to authorize a special increase in the authorized capital of the Bank to allow for such subscription, in accordance with the provisions of Article 5(3) of the Bank Agreement.

8.2 The Joint Steering Committee took note of the proposal to increase the authorized capital of the Bank by UA 1,114,690,000 thereby increasing the number of shares by 111,469.

8.3 The Joint Steering Committee noted the proposal to sign the membership Agreement in the presence of the delegates at the end of the first sitting of the Boards of Governors.

8.4 Therefore, in conformity with the provisions of Article 13 of the General Regulations of the Bank and as recommended by the Board of Directors, the Joint Steering Committee recommends that the Board of Governors approve the application of South Sudan to become a member of the Bank, authorise the necessary capital increase and adopt the relevant draft resolutions.


9 The Joint Steering Committee noted the unqualified opinion of the External Auditors on the Bank's financial statements and therefore recommends that the Board of Governors approve the Bank's balance sheet and statement of
profit and loss in accordance with Article 29(2)(g) of the Agreement establishing the Bank.

9.1 Consequently, the Joint Steering Committee recommends to the Board of Governors to approve the Annual Report and Audited Financial Statements for the Financial Year Ended 31 December 2011 and adopt the relevant draft Resolution.

9.2 The Joint Steering Committee also recommends that the Board of Governors commend the Board of Directors, Management and staff for the good results recorded despite the difficult global financial environment.

ITEM 2.3: Allocation and Distribution of the Net Income of the ADB for the Financial Year Ended 31 December 2011 (ADB/BG/WP/2012/05)

10 The Joint Steering Committee noted that the African Development Bank earned a net income of UA 51.51 million for the financial year ended 31 December 2011. Income before distributions approved by the Board of Governors amounts to UA 164.51 million. Allocable income for 2011 amounts to UA 192.25 million compared to UA 236.12 million in 2010. Furthermore, the Committee took note of the overall sound financial position of the Bank.

10.1 In the light of the Bank’s financial solidity and given careful attention to the development needs of its regional member countries, the Board of Directors proposed the retention of UA 89,250,000 of the 2011 allocable income to strengthen reserves and made the following proposals regarding the allocation and distribution of the 2011 net income:

- Thirty-Five Million Units of Account (UA 35, 000,000) contribution to the ADF-12 in recognition of the importance of providing support to ADF countries;

- Sixty-Eight Million Units of Account (UA 68,000,000), for purposes of a Special Account dedicated to debt service of part of the consolidated loans of the Democratic Republic of Congo (DRC);

- Distributions from the surplus account for the purposes stated below:

  (a) Two Million Units of Account (UA 2,000,000) for the benefit of the Technical Assistance Fund for the Middle Income Countries (MICs); and

  (b) Five million Units of Account (UA 5,000,000), for the benefit of the Special Relief Fund.

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

ITEM 2.4: Distribution of the Net Income of the Nigeria Trust Fund (NTF) for the Financial Year ended 31 December 2011 (ADB/BG/WP/2012/06)

11 The Joint Steering Committee noted that the Nigeria Trust Fund (NTF) earned an income before transfers approved by the Board of Governors of One
Million Five Hundred and Seventeen Thousand Units of Account (UA\n1,517,000) for the financial year ended 31 December 2011.

11.1 The Joint Steering Committee also noted the Board of Directors’ proposal to allocate part of the 2011 net income of the NTF as follows:

- The transfer to the reserves of the NTF of the amount of One Million Three Hundred and Thirty Four Thousand Units of Account (UA 1,334,000); and
- The distribution, for the benefit of the HIPC Initiative, of ten percent (10%) of the 2011 Net Income of the NTF before such distribution, in the amount of One Hundred and Fifty One Thousand Seven Hundred Units of Account (UA 151,700).

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

ITEM 2.5: Designation of Three members of the Standing Committee of the Board of Governors on the Conditions of Service of Elected Officers to serve from the end of the 2012 Annual Meetings to the end of the 2015 Annual Meetings (ADB/BG/WP/2012/07)

12 The Joint Steering Committee noted that the current composition of the Standing committee is as follows: Djibouti, Botswana, Belgium, Cameroon and Finland. Djibouti, Botswana and Belgium will complete their respective three (3) year terms by the end of the 2012 Annual meetings, and accordingly need to be replaced in accordance with the Rules of Designation of members of the Standing Committee set forth in its terms of reference. The Joint Steering Committee also noted that in accordance with the Designation Rules mentioned above, the new regional members to be designated will be selected from the West I and West II regions and will be Côte d’Ivoire and Cape Verde, while the new non-regional member will be selected from the Asia and Middle East region, and will be India.

12.1 The Joint Steering Committee therefore recommends to the Board of Governors that the following countries: Côte d’Ivoire, Cape Verde and India be designated new members of the Standing Committee and should serve from the end of the 2012 Annual meetings to the end of the 2015 Annual meetings.

12.2 Furthermore, the Joint Steering Committee recommends to the Board of Governors to approve the following proposal regarding the new composition of the Standing Committee:

<table>
<thead>
<tr>
<th>Country*</th>
<th>Term of office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cameroun</td>
<td>2011-2014</td>
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<tr>
<td>Finland</td>
<td>2011-2014</td>
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<tr>
<td>Côte d’Ivoire</td>
<td>2012-2015</td>
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<tr>
<td>Cap-Vert</td>
<td>2012-2015</td>
</tr>
<tr>
<td>India</td>
<td>2012-2015</td>
</tr>
</tbody>
</table>

(*The names of the countries are written in the working language of the Bank selected by the Member Country for purposes of its communications and participation in Bank activities)

13 The Joint Steering Committee recalled that on 27 May 2010, the Board of Governors of the African Development Bank approved a 200% increase of the Bank’s capital resources (the Sixth General Capital Increase, GCI-VI), raising the authorized capital from UA 23.97 billion to UA 67.69 billion. This approval was accompanied by a number of institutional reform commitments (GCI-VI commitments) to be implemented by Management as part of the Bank’s broader reform agenda, aimed at achieving greater development effectiveness.

13.1 The Joint Steering Committee also noted that over the past year, there has been further implementation progress, resulting in enhanced transparency and accountability, improved delivery capacity and deeper result focus. The reforms also laid a good foundation upon which to further strengthen the Bank’s long term financial sustainability and increase its relevance to all RMCs.

13.2 The Joint Steering Committee recommends that the Board of Governors take note of the above-mentioned report.

ITEM 2.7: New Partnership for Africa’s Development (NEPAD) Infrastructure Program –Annual Report 2011 (ADB/BG/IF/2012/05)

14 The Joint Steering Committee recalled that NEPAD still has a key role to play in the African development agenda. In this regard, it noted that, going forward, the main priority will be to develop strong collaboration with NEPAD national offices and the Regional Economic Communities (RECs) for the delivery of the Comprehensive African Agriculture Development Programme (CAADP) and the Programme for Infrastructure Development in Africa (PIDA), which are the flagship programmes in agriculture and infrastructure, respectively.

14.1 The Joint Steering Committee also took note of the Bank Group’s continued support for NEPAD’s priority regional programmes through the development and delivery of Regional Integration Strategies.

14.2 The Joint Steering Committee therefore recommends to the Board of Governors to take note of the above-mentioned annual report.

14.3 The Joint Steering Committee also recommends that future Bank Group reports on NEPAD should better reflect disbursements, results and output.

III. ADF DOCUMENTS

ITEM 3.1: Annual Report and Audited Special Purpose Financial Statements for the Year ended 31 December 2011 (ADF/BG/WP/2012/03)

15 The Joint Steering Committee noted that the Annual Report and Audited Special Purpose Financial Statements for the Year ended 31 December 2011 and the unqualified opinion of the External Auditors confirm the financial strength of the African Development Fund. In this regard, the Joint Steering Committee commended the Board of Directors, Management and staff for their commitment to the work of the Fund, in particular the support for the low income African Countries.
15.1 The Joint Steering Committee, therefore, recommends that the Board of
Governors approve the Annual Report and Audited Special Purpose
Financial Statements for the Year ended 31 December 2011 and adopt the
related draft Resolution.

ITEM 4.1: Report of the Fourteenth Governors’ Consultative Committee
Meeting (ADB/BG/GCC/2012/14) (Document distributed separately)

16 The Joint Steering Committee recalled that the Governors’ Consultative
Committee (GCC) held its fourteenth (14th) meeting on 29 May 2012 in
Arusha, Tanzania to consider (i) Management’s presentation on the African
Economic Outlook for 2012, with special focus on promoting youth
employment, and (ii) discuss the presentation by the Governor for Côte
d’Ivoire on the return of the Bank to its Headquarters.

16.1 The Joint Steering Committee noted that the GCC, as a subsidiary organ of
the Board of Governors, will submit its report to the Board of Governors
during these Annual Meetings.

ITEM 5.1: Report of the Standing Committee on the Conditions of Service of
Elected Officers (ADB/BG/SCCS/2012/01) (Document distributed separately)

17 The Joint Steering Committee noted that the Standing Committee on the
Conditions of Service of Elected Officers met on 19 April 2012 in
Washington, DC U.S.A. to undertake a review of the conditions of service of
Elected Officers of the Bank, namely, the President and Executive Directors
of the Bank.

17.1 The Joint Steering Committee also noted that the Standing Committee will
submit its report and the related draft Resolution directly to the Board of
Governors for approval during these Annual Meetings.

The Rapporteur
Mr. Nhlanhla Musa NENE
Temporary Alternate Governor for South Africa
AFRICAN DEVELOPMENT BANK

FOURTEENTH MEETING OF THE
GOVERNORS’ CONSULTATIVE COMMITTEE (GCC)

REPORT OF THE GOVERNORS’ CONSULTATIVE COMMITTEE
(GCC) MEETING

ARUSHA, TANZANIA

29 MAY 2012
The Governors’ Consultative Committee (GCC) held its fourteenth meeting at the Ngorongoro Block – Mbayuwayu – Arusha International Conference Centre, Arusha, Tanzania on 29 May 2012, under the chairmanship of His Excellency Mr. William Augustao MGIMWA, Minister of Finance as well as Governor for Tanzania and Chairperson of the Boards of Governors. The meeting took place in the presence of Mr. Donald KABERUKA, President of the African Development Bank Group. Members of the Committee present were Algeria, Angola, Canada, Central African Republic, Côte d’Ivoire, Denmark, Egypt, France, Germany, Italy, Japan, Libya, Mauritius, Morocco represented by Tunisia, Nigeria, Senegal, South Africa, Sudan, Uganda and the United States of America.

Opening Statement by the Chairperson of the Governors’ Consultative Committee

In his capacity as Chairperson of the Board of Governors of the Bank as well as the GCC, His Excellency Mr. William Augustao MGIMWA welcomed his colleagues to Arusha and the meeting. He underscored the importance of the items on the agenda of the meeting and solicited the cooperation of his colleagues to ensure an efficient and fruitful meeting. He, then, commended the President, Management and staff of the Bank and the organising committee for the facilities secured to ensure the smooth conduct of the deliberations.

Adoption of the Agenda

Members of the GCC approved the agenda, attached to this report as Annex I.

Statement by the President of the African Development Bank

In his opening remarks, the President of the Bank, Mr. Donald KABERUKA, welcomed GCC members to Arusha and expressed his gratitude to Governors for attending the meeting. He also thanked the Government and people of Tanzania for their hospitality and congratulated the Chairperson of the Boards of Governors, His Excellency Mr. William Augustao MGIMWA on his appointment as the new Minister of Finance of Tanzania.

With regard to the items of the agenda, especially the proposal on the Bank’s return to its Headquarters, he expressed the hope that the GCC will reach a consensus that will be acceptable to all members.

Presentation by Vice President, Chief Economist

The Chief Economist presented the African Economic Outlook for 2012 (AEO) which focused on promoting youth employment. The Chief Economist gave an overview of Africa’s economic performance, highlighting generally the resilience of the economies and the maintenance of the growth momentum in the face of various crises. He however underscored that there were risks. On the theme of the AEO, he recalled that employment creation, including for the youth, was
always taken into consideration by the Bank in its support to member countries. He emphasised the need to promote youth employment, and in this connection taking into account the specificities of the supply and demand in each country as well as the need for gender balance.

5.1 He further argued that in the medium to long term, the most important source of employment will be the informal and rural sectors, as the public sector which hitherto had been the main employer of young and educated job seekers has limited prospect for expansion.

5.2 To expand the private sector and increase employment opportunities, he emphasised the need for Governments to create a conducive business environment for the private sector by providing infrastructure and access to finance, tailoring youth education and training to the needs of the private sector, relaxing the stringent regulation of the labour market and providing reliable statistics to underpin youth employment policy action.

Deliberations

6 The GCC thanked Management for the presentation and re-affirmed the importance of promoting youth employment so as to ensure inclusive growth and development. It commended the Bank for the work already done to support member countries in promoting youth employment. However, GCC members emphasised the need for the Bank to reflect on how to assist member countries to develop capacity, harmonise qualifications and facilitate labour mobility across countries. They also emphasised the need to give more visibility, support and training to upcoming entrepreneurs, and encourage venture capital funds.

6.1 The GCC also invited the Bank to develop and communicate short to medium term measures that can assist member countries promote youth employment, pending the long-term structural responses to address youth unemployment.

6.2 The Governors’ Consultative Committee (GCC) called on the Bank to study and collate best practices in youth employment and share them with Regional Member Countries.

Presentation by the Governor for Côte d’Ivoire

7 In his presentation on the Bank’s return to its Headquarters, the Governor for Côte d’Ivoire proposed the rapid return of the Bank to its Headquarters given the improvement in the security and political situation and the determination of the Authorities of Côte d’Ivoire to provide adequate accommodation, school and health facilities to enable staff to become operational as soon as possible following the return.

Deliberations

8 The Governors’ Consultative Committee commended the Republic of Côte d’Ivoire for the significant improvement in the situation of the country, in particular the security and political situation, and the effort made by the Authorities of that country to provide adequate accommodation, school and health facilities to enable the Bank return to its Headquarters. The GCC also expressed appreciation to the Republic of Tunisia for effectively hosting the Bank, its staff and their families during the years of its temporary relocation.
8.1 The GCC reaffirmed that Abidjan remains the location of the Headquarters of the Bank, and noted the considerable progress made by the Government of Côte d'Ivoire not only in achieving normalization of the security situation but also restoring democracy and maintaining a sure path towards reconciliation. The GCC noted that the security and political situation in the country was now more conducive for the Bank to operate, in contrast with the situation that existed at the time of the Bank’s temporary relocation of its operations from Côte d’Ivoire. The GCC therefore agreed in principle for the return of the Bank’s operations to its headquarters.

8.2 Members of the GCC reiterated that the issue had never been whether the Bank should return to its Headquarters, but the conditions and the timing of such return. In this connection, the GCC clarified that the return to Côte d’Ivoire should be predicated upon the approval by the Board of Governors of a detailed roadmap for the return of the Bank to its headquarters. The roadmap should be developed by the President, working with the Board of Directors and in consultation with the Ivorian authorities. The roadmap should provide for an orderly and phased return, taking into consideration the stability of the institution and the well-being of its staff members, the financial implications of the return as well as the risks and the measures to mitigate such risks. The roadmap should also include specific timelines and benchmarks, and provide for the monitoring of its implementation by the Board of Directors, with periodic reports to the Board of Governors.

8.3 The roadmap, following its endorsement by the Board of Directors, should be submitted for consideration by the Board of Governors through the GCC. The GCC intends to consider the roadmap at its next meeting in Tokyo in October 2012.

Next Step

9 The GCC will submit its Report to the Board of Governors during the Annual Meetings scheduled on 31 May and 1 June 2012 in Arusha, Tanzania.

Any Other Business

10 No matter was raised under “Any Other Business”.

Closing Remarks by the President of the Bank

11 Mr. Kaberuka, in his closing remarks, expressed his appreciation to the Chairperson for the wise and consensual manner in which he guided the meeting, and his deep appreciation to Governors, for their commitment to the success of the Bank which was evident at all times during the meeting. He assured the GCC that Management will give the greatest priority to the preparation of the roadmap. He noted that the proposed roadmap would serve an insurance for clarity and a communication document both internally within the Bank and externally with the Bank’s stakeholders.

Closing Remarks by the Chairperson of the GCC

12 The Chairperson of the Boards of Governors of the Bank as well as the GCC, His Excellency Mr. William Augustao MgilMwa, thanked his colleagues for their active participation and invaluable contribution to the success of this
meeting and reiterated his appreciation to the Management and staff of the Bank for the arrangements made to ensure the smooth conduct of the deliberations.

His Excellency Mr. William Augustao MGIMWA  
Minister of Finance of Tanzania  
Chairperson of the Boards of Governors and the Governors’ Consultative Committee (GCC)