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ECONOMIC COMMISSION FOR AFRICA  
Preparatory Meeting: Conference of  
Finance Ministers on the Establishment  
of an African Development Bank  
Khartoum, 16-27 July 1963

Original: ENGLISH

REPORT OF THE PREPARATORY MEETING TO THE  
CONFERENCE OF FINANCE MINISTERS ON THE ESTABLISHMENT OF AN  
AFRICAN DEVELOPMENT BANK

## TABLE OF CONTENTS

Page

Report of the Preparatory Meeting to the Conference of  
Finance Ministers on the Establishment of an African  
Development Bank

APPENDIX A	: Opening Statement by the Minister of Finance and Economics of the Republic of Sudan to the Preparatory Meeting of the Finance Ministers' Conference	
APPENDIX B	: Opening Statement by the Representative of the Executive Secretary of the UN Economic Commission for Africa	
APPENDIX C	: List of Participants to the Preparatory Meeting	
APPENDIX D	: Report of the Commission on Capital Subscriptions and other Technical Matters	
APPENDIX E	: Report of the Commission on Interim Arrangements and the Location of the Bank: Interim Arrangements	
APPENDIX F	: Report of the Commission on Interim Arrangements and the Location of the Bank: Location of the Bank	
- - - - -		
ANNEX I	: Rules of Procedure of the Conference of Finance Ministers (Resolution 1)	
ANNEX II	: Signature of Diplomatic Instruments relating to the African Development Bank (Resolution 2)	1
	- <u>Draft Agreement establishing the African Development Bank</u>	2-8,2
	- <u>Draft Protocol to the Agreement establishing the African Development Bank concerning the Appointment and Duties of the Trustees</u>	83-85

TABLE OF CONTENTS  
(continued)

	<u>Page</u>
ANNEX II (cont.)	
- <u>Draft Protocol establishing Interim Arrangements for the African Development Bank</u>	86-99
- <u>Draft Protocol on the Signature by the Government of Kenya of the Agreement establishing the African Development Bank</u>	100-101
- <u>Accession to the Agreement establishing the African Development Bank by the Associate Members of the ECA (Resolution 3)</u>	102
- <u>The African Development Bank and the Republic of South Africa (Resolution 4)</u>	103

A meeting of senior officials and experts preparatory to a Conference of Finance Ministers on the establishment of an African Development Bank was held in Khartoum from 16 to 27 July, convened by the Executive Secretary of the Economic Commission for Africa, in accordance with Commission resolution 52(IV).

The following countries were represented: Algeria, Burundi, Cameroun, Central African Republic, Chad, Congo (Brazzaville), Congo (Leopoldville), Dahomey, Ethiopia, Federation of Rhodesia and Nyasaland, Ghana, Guinea, Kenya, Liberia, Libya, Madagascar, Mali, Mauritania, Mauritius, Morocco, Nigeria, Senegal, Somalia, Sudan, Tanganyika, Tunisia, Uganda, United Arab Republic, Zanzibar. The following countries sent observers: Belgium, Czechoslovakia, France, India, Italy, Netherlands, Sweden, Switzerland, Union of Soviet Socialist Republics, United Kingdom, United States of America. The following organizations also sent observers: UN Special Fund, FAO, UNESCO, Afro-Asian Organization for Economic Co-operation, and CCTA.

At its opening session the Preparatory Meeting was addressed by H.E. Sayed Abdol Majid Ahmed, Minister of Finance and Economics of the Republic of Sudan, and by the representative of the Executive Secretary of the UN Economic Commission for Africa. The text of their statements is reproduced in Appendix A and Appendix B respectively.

At its first meeting, the Preparatory Meeting adopted resolution No.1 (see Annex I) recommending the Rules of Procedure for the Conference of Finance Ministers and agreeing to be governed by the same Rules of Procedure insofar as they were applicable.

Mr. H. BEHEIRY (Sudan) was elected Chairman and Mr. G. MARZOUK (UAR) and Mr. L. KANDE (Senegal) were elected Vice-Chairmen.

In accordance with the Rules of Procedure, a Steering Committee, a Drafting Committee, a Commission on Capital Subscriptions and a Commission on Interim Arrangements for the Bank and its Location were set up, with the following officers and members: the Steering Committee consisted of the Chairman, the two Vice-Chairmen and the Chairmen of the Committees and Commissions, together with the representatives of Ghana and Kenya.

The Chairman of the Drafting Committee was Mr. MANGASHA (Ethiopia), the Vice-Chairman was Mr. HAWALLA (Tanganyika) and the members were Burundi, Cameroun, Dahomey, Madagascar, Mali, Nigeria and Sudan. The Chairman of the Commission on Capital Subscriptions was Mr. AKINRILE (Nigeria), the Vice-Chairman was Mr. MATHOS (Guinea) and the members were Chad, Mauritania, Mauritius, Somalia, UAR, Uganda and Zanzibar. The Chairman of the Commission on Interim Arrangements for the Bank and its Location was Mr. BENNANI (Morocco), the Vice-Chairman was Mr. KWATENG (Ghana) and the members were Algeria, Cameroun, Central African Republic, Kenya, Liberia, Libya, Mali, Sudan, Tunisia and Uganda.

The Steering Committee met every day to review the progress of work of the Preparatory Meeting and its subsidiary bodies. It dealt with credentials and reported on this matter to the Preparatory Meeting on 26 July. The Preparatory Meeting in its turn accredited representatives and observers as mentioned in Appendix C to this report.

The Chairman of the Committee of Nine on the Establishment of an African Development Bank, Mr. BURTON (Liberia) introduced the final report of the Committee (E/CN.14/FNAB/1) and gave an account of the steps which had led to the present Meeting.

The Commission on Capital Subscriptions held three meetings and its report to the Preparatory Meeting is attached as Appendix D.

The Commission on Interim Arrangements for the Bank and its Location held six meetings and its report to the Preparatory Meeting is attached as Appendices E and F. The Preparatory Meeting, in examining the report of the Commission, considered the question of subscriptions to and voting in the Interim Arrangements. After discussion it was agreed that the subscriptions to the Interim Arrangements should be either \$20,000 or \$40,000 per annum; that voting should be on the basis of one vote per country, and that a two-thirds majority would be required for the election of the Chief Executive and the Advisory Committee.

The Preparatory Meeting reviewed in plenary session the Draft Agreement establishing an African Development Bank submitted to it by the Executive Secretary on behalf of the Committee of Nine.

After considering the reports addressed to it by the Commission on Capital Subscriptions and other technical matters and the Commission on Interim Arrangements and Location, and after considering the text of the Draft Agreement and related protocols as amended by the Drafting Committee, the Preparatory Meeting in plenary session decided to adopt resolutions 2, 3 and 4. The texts of these resolutions and of the revised Draft Agreement and related protocols are attached as Annex II.

The Preparatory Meeting expressed its warm thanks to the Government and people of the Sudan for the welcome which had been extended to the Meeting, its appreciation of the work of the Committee of Nine and its thanks to the Chairman of the Preparatory Meeting, the other officers and the secretariat.

APPENDIX A

OPENING STATEMENT BY H.E. SAYED ABDEL MAJID AHMED  
MINISTER OF FINANCE AND ECONOMICS OF THE REPUBLIC OF SUDAN  
TO THE PREPARATORY MEETING OF THE FINANCE MINISTERS CONFERENCE

Honourable Chiefs of Delegations,  
Delegates,  
Friends,

It is with great pleasure that I have the honour to welcome you all on behalf of H.E. the President El Ferik Ibrahim Aboud, and the Government and people of the Sudan to this vital and historic meeting in our capital Khartoum.

In fact I wondered if such a formal welcome was really necessary. For those of you who have had glimpses of our countryside from the air, who have seen the stretches of sand, the patches of green and Khartoum with its lively contrasts of old and new, must have observed something which is in one way or another similar or reminiscent of conditions back home. If you have the chance (as I am sure you will) to see parts of our country further North, South, East or West you will find how African conditions in all their varieties and similarities are represented in the Sudan. And I hope you will also appreciate how we, like many other African states, have managed through the years to mould our people into one nation engaged in building a common future.

In short you are at home. If you find us lacking in physical comfort please forgive us. For you will never find us lacking in friendship, brotherhood and dedication to the cause of African unity and specifically the cause of the African Development Bank.

Gentlemen,

For all African countries - and the Sudan is no exception - freedom has posed the great question of social and economic development as the major challenge of our generation as well as that of many generations to

come. Our experiences have shown that though independently some measure of success can be achieved in the tasks of social and economic development by individual nations, progress cannot be complete nor will the goal of African unity be speedily realized unless we Africans evolve the required means of cooperation and coordination in the fields of economic and trade.

Hence the importance of the African Development Bank. Suffice it to mention the relative isolation from each other in which we live, the inadequacy of communications of all types between African countries, and the consequent handicaps to the promotion of inter-African trade.

Our delegates have in the previous meetings persistently emphasized beyond measure of doubt the dedication of the Government of the Republic of Sudan to the cause of the African Development Bank. I wish to take this opportunity to declare that we will spare no effort nor consider any sacrifice too great to bring about the effective establishment of the Bank.

Though we can look back with satisfaction at the progress so far achieved, it can be rightly said that your deliberations in this meeting represent a crucial stage in the development of this project. For on the outcome of your deliberations depends largely the success of the conference of the Finance Ministers. I am sure you are deeply conscious of the great and historic responsibilities that have been placed upon your shoulders and that no effort should be spared to crown this meeting with the achievements which all Africans eagerly await.

Gentlemen,

I am sure you will agree with me in this connection that we cannot refer to the progress made toward the establishment of the African Development Bank without mentioning the vital role played by the Committee of Nine in this respect. I should like to pay tribute to the members of this Committee for their untiring endeavours in carrying out the mandate entrusted upon them by resolution 52 (IV) and in justifying our confidence in their ability. The documents before you clearly indicate the extent of



their contacts with African and non-African Governments and institutions, their careful and meticulous investigation of the possible financial and administrative structure of the Bank and their recommendations regarding the nature and extent of its operations. They culminated their long and vigorous efforts by preparing a well-conceived charter for the Bank now for your consideration.

In your efforts now as well as in the past you will no doubt be ably assisted by the Executive Secretary, his team of advisers and staff. I would like to take this opportunity to thank the Executive Secretary and his staff for all they have done to enable us to welcome you here.

Gentlemen,

Once again I extend a cordial welcome to you and express the hope that you will have a pleasant stay in our midst. We in the Sudan have a saying to the effect that he who drinks from the Nile will always come again. I am sure by the end of your deliberations you and the African Development Bank in turn will have drunk deep from the Nile. And according to the saying, I hope, time will show that you will come back.

May God bless your efforts.

Long live African unity in the service of freedom, peace and prosperity for all mankind.

Thank you.

APPENDIX B

OPENING STATEMENT BY Mr. A. F. EWING, REPRESENTATIVE OF THE EXECUTIVE SECRETARY OF THE ECONOMIC COMMISSION FOR AFRICA, TO THE PREPARATORY MEETING OF THE FINANCE MINISTERS CONFERENCE, KHARTOUM

Mr. Minister, Your Excellencies, Ladies and Gentlemen,

This is, as you know, a meeting preparatory to the Conference of Finance Ministers on the establishment of an African Development Bank. It is called under the auspices of the United Nations but is not, strictly speaking, a UN conference. Nonetheless, it gives me great pleasure to extend, in the name of the Secretary-General, U Thant, Mr. Gardiner, the Executive Secretary of ECA, myself and my colleagues, both from ECA and other departments of the UN, a warm welcome to you. We are all of us indebted to the Government of the Sudan for the admirable arrangements they have made for us, for the hospitality already extended, and the much more which we know is to come - perhaps almost too much - and to which we all look forward. It is never easy to mount a large international conference away from an established UN office. The Government of the Sudan have succeeded in providing first-class facilities of every kind. May I take this opportunity of mentioning in particular two names of eminent Sudanese officials who have done much to make this meeting possible. One is Mr. Gamal Youssef, Under-Secretary, Ministry for Foreign Affairs, who has had a special responsibility in directing the arrangements for this meeting. I should also like to thank his colleagues who have worked with him. The other is Mr. Mamoun Bohairy, the Governor of the Bank of the Sudan, who was a member of the Committee of Nine. Finally, Mr. Minister, may I express our very special thanks to you for the warm words of welcome which you have just delivered.

It is not my intention to describe at length the history of the preparations for the Bank and the steps that have been taken so far towards its establishment. Much of the credit for the remarkable progress which has been made so far is due to the Committee of Nine. I would like to take this opportunity, on behalf of the Executive Secretary of ECA, of thanking this Committee, and in particular its Chairman, Mr. Romeo Horton, for all that has been done. I believe that this meeting will wish to give the floor at

an early stage to Mr. Horton, so that he can give you a more detailed account than would be appropriate for me on the preparatory work so far undertaken.

The Committee of Nine has finished its labours and we were all encouraged by the unanimous resolution passed at the fifth session of ECA in Leopoldville, commending the preparatory work and urging the early establishment of the Bank. More important still, we were all heartened by the most positive attitude to the Bank taken at the recent Conference of Heads of African States held in Addis Ababa. Their resolution urged the Finance Ministers of all African states to see that the establishment of the Bank became a reality.

We are meeting here as a Preparatory Committee to the Conference of Finance Ministers. The draft agreement, the elaboration of which has been the major contribution of the Committee of Nine, is before you. It has been circulated to and examined by all African governments and it is to be noted that there have been so far few comments. We believe that it is important that this wider circle should examine thoroughly the draft agreement. It is our hope, however, that this meeting will be able to recommend unanimously to the Finance Ministers an agreed draft text.

There are some problems which the Committee of Nine were unable to resolve completely. We hope that the Preparatory Meeting will be able to arrive at clear-cut recommendations on capital subscriptions. The Preparatory Meeting will also have to consider recommendations on the location of the Bank. We have been encouraged by the number of countries who are willing to offer facilities. We hope the same generous spirit will make possible an agreed recommendation on which of these countries should be invited to provide host facilities for the Bank. There is one more major problem which we believe deserves detailed study by this meeting. There is good reason to believe that governments will be in a position at the end of the Finance Ministers Conference, to sign the agreement, even though there is bound to be a period of time before the agreement is ratified and the Bank can start its operations. This is why we have elaborated proposals for what we have called interim arrangements. There would seem to be two basic alternatives facing this meeting and, in turn, the Conference of Finance Ministers. One possibility would be to invite the Executive

Secretary of ECA and a small ad hoc Committee of African governments to undertake certain tasks between the signing of the agreement and its ratification, and to make the necessary detailed administrative preparations for the establishment of the Bank. The second alternative would be to set up the interim arrangements which we have envisaged in our paper E/CN.14/PMAB/7 and Add.1. Such an African body would seem to be in a position to carry out much more effectively the tasks which might, on the alternative hypothesis envisaged, be entrusted to the Executive Secretary of ECA, but it would be able to do much more. It would be in a position to carry out serious enquiries with a view to preparing a stock of potential bankable projects for the Bank itself when established. It would be able to prepare the ground for negotiations between the Bank and between African and non-African countries with a view to feeding it the maximum possible resources. It would begin to attract and train African personnel. Thus, interim arrangements of this kind would be a genuine precursor of the Bank. In other words, they would be a means of demonstrating at once that Africa means business about its Bank and is well able to provide the direction and expertise required to run it. The establishment of interim arrangements along these lines would demand some sacrifice from African countries both in money and personalities. However, it may also be possible to attract both from the UN and elsewhere additional funds for carrying out these interim arrangements.

If the Preparatory Meeting does its work well it should greatly simplify the task of the Finance Ministers. The Ministers will have to take definite decisions on the draft agreement, on capital subscriptions, on the location of the Bank and on the interim arrangements. It seems reasonable to hope that all necessary preparations for the taking of these decisions will have been made by the time the Preparatory Meeting has completed its work.

In conclusion, may I take this opportunity of introducing my colleagues, some of whom are already well known to you. During the Preparatory Meeting I shall represent the Executive Secretary, who will join us for the Finance Ministers Conference. We are also likely to have the pleasure of the participation of Mr. Philippe de Seynes, the Under-Secretary in charge of the UN Economic and Social Affairs Department. Mr. Mancini will be Secretary of the Preparatory Meeting. The Executive Secretary, Mr. Gardiner, ex officio,

will be Secretary of the Finance Ministers Conference, but the immediate duties of this office will continue to be discharged by Mr. Mancini. Many of you know Dr. Singer, who is now associated with ECA and has been associated with this project from its early days. It is a matter of real regret that Mr. Lachman, Chief of the Fiscal Branch at UN Headquarters, is not able to be with us owing to illness. We are fortunate, however, to have with us his immediate collaborator, Mr. Ganjei. We are again fortunate to have with us our two eminent consultants, Mr. El-Emary and Mr. Elkin.

Preparations for the establishment of the African Development Bank have so far been one of the major activities of the ECA. We are convinced that this project will soon become a reality. It remains only to wish you every success.

APPENDIX C  
APPENDICE C

LIST OF PARTICIPANTS  
TO THE PREPARATORY MEETING OF THE CONFERENCE OF  
FINANCE MINISTERS ON THE AFRICAN DEVELOPMENT BANK, 16-27 JULY 1963

LISTE DES PARTICIPANTS  
A LA REUNION PREPARATOIRE A LA CONFERENCE DES MINISTRES DES  
FINANCES SUR LA CREATION D'UNE BANQUE AFRICAINE DE DEVELOPPEMENT  
16-27 JUILLET 1963

Algérie  
Algeria

Representative:  
Représentant:

M. Hocine Bonjolles  
Chargé de mission  
Ministère des Affaires étrangères  
Alger

Members:  
Membres:

S.E. M. Lakhdar Brahimi  
Ambassadeur de la République algérienne  
au Caire  
Le Cairo  
M. Hachein Larabi  
Chargé de mission à la Présidence du  
Conseil  
Alger

Burundi

Representative:  
Représentant:

M. Eric Manirakiza  
Administrateur de la Banque d'émission  
Usumbura

Cameroun

Representative: M. Alfred Ngando-Black  
Représentant: Directeur de la Division Amérique-Asie-ONU  
Ministère des Affaires étrangères  
Yaoundé

Alternate Representative: M. Louis Essongué  
Représentant suppléant: Directeur des Affaires bancaires  
Ministère des Finances  
Yaoundé

Adviser: M. Albert Njeng-Bikim  
Conseiller: Chargé de mission de la Banque  
camerounaise de Développement  
Yaoundé

Central African Republic  
République Centrafricaine

Representative: M. Ibrahim Tinor  
Représentant: Directeur du Contrôle financier  
Ministère des Finances  
Banqui

Adviser: M. François Pehoua  
Conseiller: Directeur des Contributions directes  
et Administrateur de la Banque  
nationale de Développement  
Ministère des Finances  
Banqui

Chad  
Tchad

Representative: M. Diguimbaye  
Représentant: Directeur du Plan et Président  
de la Banque de Développement  
du Tchad  
Fort-Lamy

Alternate Representative: M. Abakar Abdelkerim  
Représentant suppléant: Conseiller à l'Ambassade du Tchad au  
Soudan  
Khartoum

Congo (Brazzaville)

Representative: M. Bernard Banza Bouiti  
Représentant: Directeur général de la Banque nationale  
de Développement du Congo  
Brazzaville

Congo (Leopoldville)

Representative: M. Julien Kasongo  
Représentant: Directeur au Ministère des Affaires  
étrangères  
Leopoldville

Members: M. Jean N'sole  
Membres: Vice-Président du Conseil monétaire  
Leopoldville

M. Thomas Togba  
Ordonnateur Assistant des Finances  
Publiques  
Ministère des Finances  
Leopoldville

M. Jean-Pierre Simba  
Directeur au Ministère du Plan et du  
Développement industriel  
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M. Jacques Simon  
Conseiller au Ministère du Plan et  
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Leopoldville



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Representative:  
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Directeur de l'Office des Changes

M. N. Soglo  
Inspecteur des Finances  
Conseiller technique du Ministre des  
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Ethiopia  
Ethiopia

Representative:  
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Représentant:

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Chef de la Division économiques des  
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Adviser:  
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M. Ely Lobel  
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Mauritania  
Mauritanie

Representative:  
Représentant:

M. Mohamed Salem Ould M'Khaïtrat  
Directeur du Cabinet du Ministre du  
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Nouakchott

Mauritius  
Ile Maurice

Representative:  
Représentant:

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Finance  
Mauritius

Morocco  
Maroc

Representative:  
Représentant:

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Senegal  
Sénégal

Representative:  
Représentant:

M. Louis Kandé  
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de Développement  
Dakar

Somalia

Somalia

Representative:  
Représentant:

Mr. Saïd Mohamed Ali  
Vice-Director  
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Alternative Representative:  
Représentant suppléant:

Mr. Mahmoud Sheik Ahmed  
Legal Adviser  
Mogadiscio

Sudan

Soudan

Representative:  
Représentant:

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Governor of the Bank of Sudan  
Khartoum

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Under Secretary  
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Under Secretary for Economic Planning  
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Mr. Taha Abdel Sayed  
Deputy Under Secretary  
Ministry of Finance & Economics  
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Mr. Ismail Mohammed Bakheit  
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Ministry of Finance & Economics

Mr. Mohammed Keilani  
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Representative:  
Représentant:  
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(Chef de Délégation)

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Ministry of Foreign Affairs  
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D. Adel El Gowhary  
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Representative:  
Représentant:

Mr. A.C.C. Roberts, O.B.E.  
Acting Permanent Secretary (Finance)  
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France

M. Hubert Calloud  
Attaché financier  
Ambassade de France  
Beyrouth

M. Louis Japiot  
Attaché commercial adjoint  
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India  
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H.E. Mr. D.S.K. Hosla  
Ambassador of India  
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Mr. E.H. Michiels van Keulenich  
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M. Etienne Suter  
Chargé d'Affaires de Suisse au Soudan  
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Sweden  
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H.E. Mr. Ake Sjolín  
Ambassador of Sweden to Ethiopia  
Swedish Embassy  
Addis Ababa  
Ethiopia

Mr. P. Kottis  
First Secretary  
Swedish Embassy  
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United Kingdom  
Roynume-Uni

Mr. Thomas F. Griffin  
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Westacre, Winchester  
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United States of America  
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Mr. Thomas W. McElhinney  
Counsellor of Embassy  
American Embassy  
Khartoum

Mr. Giles M. Kelly  
First Secretary  
American Embassy  
Khartoum

USSR  
URSS

Mr. Alexander S. Maklakov  
Counsellor on Economic Affairs  
USSR Embassy  
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Mr. A.I. Perenko  
Attaché of the USSR Embassy  
Khartoum

ORGANIZATIONS  
ORGANISATIONS

Afro-Asian Organisation for  
Economic Co-operation

Mr. S.V. Desai  
Mr. Mekki Abbas  
Mr. Abdel Salam Aboulela  
D. M.A. Rifant

CCTA

Mr. Baba Kasse  
Special Assistant to the  
Secretary General of CCTA  
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Mr. Angelo De Tuddo  
Chief,  
Regional Analysis Branch

Special Fund  
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Mr. Ghufraan Faruqi  
Resident Representative of UN TAB and  
Director of Special Fund Programmes in the Sudan  
Mr. R.A. Beheiry

UNESCO

Mr. D. Vieyra

UNITED NATIONS OFFICERS  
FONCTIONNAIRES DES NATIONS UNIES

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Mr. Robert K.A. Gardiner	Executive Secretary Secrétaire exécutif
Mr. A.F. Ewing	Director, Division of Industry, Transport and Natural Resources, ECA, and Representative of the Executive Secretary at the Preparatory Meeting Directeur, Division de l'Industrie du Transport et des Ressources Naturelles, CEA, et Représentant du Secrétaire exécutif à la réunion préparatoire
Mr. Giovanni Mancini	Secretary to the Preparatory Meeting Secrétaire de la session
Mr. H. Singer	Acting Director, Division for Economic and Social Development, ECA, and Special Adviser to the Under-Secretary for Economic and Social Affairs Directeur par interim, Division du Développement économique et social, CEA, Conseiller spécial du Sous-Secrétaire aux affaires économiques et sociales
Mr. Dean Ganjei	Fiscal and Financial Branch, UN Headquarters Service d'études fiscales et financières
Mr. Gabeld El-Emary	Consultant Consultant
Mr. Alexander Elkin	Consultant Consultant
Mr. Rashid Beheiry	Information Officer Service de l'Information
Mr. A. Hahoutoff	Documents Officer Fonctionnaire chargé des documents
Mr. B.N. Theodossiou	Administrative Conference Officer Chargé de l'organisation de la Conférence et des questions administratives

APPENDIX D

REPORT OF THE COMMISSION ON CAPITAL SUBSCRIPTIONS  
AND OTHER TECHNICAL MATTERS

The Commission on Capital Subscriptions and Other Technical Matters completed its work in three successive sessions held on 18, 19 and 20 July 1963. Mr. O. AKINMILE (Nigeria) was in the Chair. Mr. G. MATHOS (Guinea) was Vice-Chairman. The following countries were members: Chad, Liberia, Mauritania, Mauritius, Somalia, UAR, Uganda and Zanzibar. Other countries attended most of the meetings.

Bases for allocation of Capital Subscriptions and adoption of criteria for measurement of economic capacity of Member Countries (Articles 6, 65 and Annex A to the Draft Agreement - Document E/CN.14/FMAB/4/Add.1).

The Commission discussed in considerable detail the criteria on the basis of which capital subscriptions of the Bank should be allocated among Member Countries. There was general agreement on the principle of economic capacity recommended by the Committee of Nine as the criteria for allocation of capital subscriptions. A number of representatives raised questions on the methods adopted in the Note by the Executive Secretary (Doc. E/CN.14/FMAB/11) for the determination of economic capacity and also indicated some doubts as to the reliability of some of its statistics. The Commission agreed that the determination of relative economic capacity and formulation of the bases for capital allocation did not lend itself to scientific precision, particularly taking into account the widely varying economic structure of African countries, the inadequacy of statistical data and the lack of up-to-date information. The members

who had participated in the work of the Committee of Nine (whose report (E/CN.14/FMAB/11) was at the disposal of the Commission) and the Secretariat, too, indicated that in the course of their work they had examined many alternative formulae; those included in the document before the Commission represented a fairly satisfactory selection of the most applicable and relevant formulae for the purpose. It was specifically emphasized that application of the various formulae and assignment of varying weights to different economic factors did not result in a great deal of variation in the allocation; this was thought to be indicative of some measure of reliability in the computation made and the bases of relative economic capacity arrived at.

The Commission discussed the relative merits of the alternative formulae and agreed that classification of countries according to different groups and categories was the least desirable formula. A number of representatives considered the possibility of applying the UN assessment scale but thought the lower limit should be considerably reduced as it would impose an excessive burden on the small countries. The discussion which followed showed clearly that since a large number of African countries fall into the minimum category under the UN assessment formula, determination of their relative position would require the use of some criteria and the result would not differ materially from the alternative formulae shown in the Note. Some members also pointed out that the adoption of the UN assessment scale would obviously tend to favour the larger countries which, however, did not press for its selection. The Commission evaluated the distribution of capital subscriptions according to the integrated formula presented in document E/CN.14/FMAB/11 and found the resulting allocation of subscriptions among the Member Countries in conformity with the relative economic capacity of members as far as it could be ascertained in the light of available data. The Commission thus recommended the adoption of the capital allocations shown in the Annex to this Report which are primarily based on the integrated formula - at current prices - included in the Note by the Executive Secretary.

The Commission also unanimously agreed with the recommendation of the Committee of Nine that in order to avoid extreme differences between members' subscriptions there should be minimum and maximum limits equivalent, respectively, to 1 million and 30 million units of account. Representatives of the smaller countries stressed, however, that this lower limit would still represent a heavy burden for them and that acceptance of the lower limit would reflect a great measure of sacrifice on their part in the cause of African solidarity.

The Commission considered the special position of Kenya, whose date of independence was recently announced. However, the Commission decided that in view of technical difficulties of rearranging the data, it was not possible at this late stage to incorporate Kenya's capital subscription into the total of 200 million units of account. At the same time, the Commission recommended that suitable arrangements be made as soon as possible for determination of Kenya's contribution.

Authorized Capital and Payment of Subscriptions

(Articles 5, 7 and 65 of the Draft Agreement - Doc. L/CN.14/FKAB/4/Add.1)

The Commission unanimously supported the recommendations of the Committee of Nine on the authorized capital, as specified in Article 5 of the Draft Agreement. The Commission felt that the authorized capital of 200 million units of account (equivalent to US dollars) would be inadequate, having regard to the growing needs for development funds in Africa, but expressed the hope that the financial resources of the Bank would be substantially increased in the course of its operation. The Representatives also indicated their agreement with the division of the authorized capital into an equal number of paid-up shares and callable shares.

As to the payment of subscriptions and the schedule of instalments, the small countries expressed the same concern regarding the size of early instalments as they had shown with respect to the allocated amount of their share subscriptions. The Representative of Congo (Leopoldville)



drew the attention of the Commission to the present economic difficulties of his country and proposed special treatment whereby instalments would be paid in lower amounts in early years and be distributed over a period of ten instead of five years, as envisaged in the Article 7 of the Draft Agreement. The Commission sympathetically examined this proposal but decided that it was inadvisable to provide for exceptions in the text of the Agreement. It assured the Representative of Congo (Leopoldville), however, that in view of the special situation of his country it would bring the matter to the attention of the Plenary Meeting recommending that a resolution on the subject should be placed before the Conference of Finance Ministers.

Allocation of Voting Power

(Article 35 of the Draft Agreement - Doc. /CR.14/FRAB/4/Add.1)

The Commission felt that since it had accepted the principle that initial subscriptions of members should vary according to their economic capacity, it agreed that a formula allocating voting power to members strictly in proportion to their subscriptions, for instance one share - one vote, would conflict with the principles underlying African solidarity. The Commission also agreed that the allocation of voting power to members strictly on equal terms would not correspond to the true nature of the venture. It was realized that in a financial organization of this nature there should be some differences between the voting power assigned to large contributors as compared with small subscribers, the aim, of course, being that no single country or groups of countries should be able to exercise undue influence on the policy organs of the Bank. The Commission adopted the recommendation of the Committee of Nine which seeks to reconcile the principles of equality and proportionality of voting power, as specified in Article 35 of the Draft Agreement. A table showed that the voting power of the large contributors was considerably lower in proportion to their capital subscriptions as compared with the small contributors. The data are reproduced in the Annex to this report.

Matters referred to the Commission by the Plenary

The Commission also considered various matters specifically referred to it by the Plenary Meeting, particularly amendments proposed to Articles 6 and 7 of the Draft Agreement. The discussions resulted in a recommendation by the Commission that the principles proposed by the Committee of Nine should be maintained. The Commission also considered a proposal by the Government of Gambia that the minimum of one million units of account for initial subscriptions should apply to initial members only, not to States which will become eligible for membership on the attainment of independence. General sympathy was expressed with the position of such countries as Gambia and others in similar circumstances, but the Commission did not feel it should recommend an exemption from the minimum in the Agreement. Any special circumstances applying to new Member Countries would no doubt be considered by the Board of Governors at the appropriate time.

Report of the Commission on Capital Subscriptions and other Technical Matters

Annex

Recommended Capital Subscriptions and Voting Power

<u>No.</u>	<u>Country</u>	<u>Fixed Votes</u> (Art. 35 of Draft. Agr.)	<u>Subscriptions and Related Votes</u> (Primarily based on integrated formula - current prices - Table 12 Dec. 5/CX.4/ FLAB/11 (in mln. units of. account)	<u>No. of Votes</u> 1 vote per share of par value of 10,000 units - Art. 5 of Draft Agr.	<u>Total Votes</u> per country (fixed votes + share votes)	<u>Total Votes</u> of each country as percentage of all votes
1.	Algeria	625	24.50	2,450	3,075	7.7
2.	Burundi	625	1.20	120	745	1.9
3.	Cameroon	625	4.00	400	1,025	2.6
4.	Centr. A.R.	625	1.00	100	725	1.8
5.	Chad	625	1.60	160	785	2.0
6.	Congo B.	625	1.50	150	775	1.9
7.	Congo L.	625	13.00	1,300	1,925	4.8
8.	Dahomey	625	1.40	140	765	1.9
9.	Ethiopia	625	6.30	630	1,255	3.1
10.	Gabon	625	1.30	130	755	1.9
11.	Ghana	625	12.90	1,280	1,905	4.8
12.	Guinea	625	2.50	250	875	2.2
13.	Ivory Coast	625	6.00	600	1,225	3.1
14.	Liberia	625	2.60	260	885	2.2
15.	Libya	625	1.90	190	815	2.0
16.	Madagascar	625	5.20	520	1,145	2.9
17.	Mali	625	2.30	230	855	2.1
18.	Mauretania	625	1.10	110	735	1.8
19.	Morocco	625	15.10	1,510	2,135	5.3
20.	Niger	625	1.60	160	785	2.0
21.	Nigeria	625	24.10	2,410	3,035	7.6
22.	Rwanda	625	1.20	120	745	1.9
23.	Senegal	625	5.50	550	1,175	2.9
24.	Sierra Leone	625	2.10	210	835	2.1
25.	Somalia	625	1.00	100	725	1.8
26.	Sudan	625	10.10	1,010	1,635	4.1
27.	Tanganyika	625	5.30	530	1,155	2.9
28.	Togo	625	1.00	100	725	1.8
29.	Tunisia	625	6.90	690	1,315	3.3
30.	Uganda	625	4.60	460	1,085	2.7
31.	UAR (Egypt)	625	30.00	3,000	3,625	9.0
32.	Upper Volta	625	1.30	130	755	1.9
<b>Total</b>		<b>20,000</b>	<b>200.00</b>	<b>20,000</b>	<b>40,000</b>	<b>100.0</b>

REPORT OF THE COMMISSION ON INTERIM ARRANGEMENTS  
AND THE LOCATION OF THE BANK

The Commission on Interim Arrangements and the Location of the Bank held six meetings between 19 and 24 July 1963. Mr. A. REFNANI (Morocco) was in the Chair and Mr. A. KWATENG (Ghana) was Vice-Chairman. The following countries were members: Algeria, Cameroun, Central African Republic, Kenya, Liberia, Libya, Mali, Sudan, Tunisia and Uganda. Other countries attended most of the meetings.

The Commission had two items on its agenda: consideration of Interim Arrangements between the signing of the Agreement and the establishment of the African Development Bank, and the location of the Bank.<sup>1/</sup>

Interim Arrangements

Interim arrangements were discussed on the basis of a note by the Executive Secretary of the Economic Commission for Africa (E/CN.14/FMAB/7) and a draft Protocol (E/CN.14/FMAB/7/Add.1/Rev.1). The Commission considered two alternatives. The first was the possibility of inviting the Executive Secretary of ECA and a small ad hoc Committee of African governments to undertake the Interim Arrangements and in particular the necessary detailed administrative preparations for the establishment of the Bank. The second alternative was to set up an autonomous African body with a Governing Body, an Advisory Committee and a Chief Executive, with more extended tasks, including not only the detailed administrative arrangements for the establishment of the Bank but also the preparation for negotiations between the Bank and African and non-African governments, the recruitment and training of African personnel, and activities in the field of project preparation. This second alternative therefore envisaged the Interim Arrangements as a genuine precursor of the Bank and a way of demonstrating that the Bank itself would soon become a reality.

Initially some governments felt that the first of these alternatives would be satisfactory, but after discussion it was unanimously decided to recommend the setting up of autonomous Interim Arrangements working in close co-operation with the Executive Secretary of ECA.

<sup>1/</sup> For the report of the Commission on the Location of the Bank, see Appendix F.

Agreement was reached on the functions of the Interim Arrangements, with the main emphasis on the physical establishment of the Bank, including all the necessary administrative preparations. It was also agreed that the Interim Arrangements should assess the potential sources of financing for the Bank and the relevant terms and conditions, with a view to determining borrowing capacity at an early stage. It was also agreed that there should be exploration of the possibilities of obtaining grants and other special funds. Attention should be paid to locating suitable staff for the Bank and making arrangements for training, where appropriate. There was a division of opinion as to how far the Interim Arrangements should go in the field of project study. Some countries felt that the Interim Arrangements should be encouraged to undertake feasibility studies with a view to preparing a stock of potential bankable projects for consideration by the Bank itself when established. Others felt that there were dangers in this procedure. Thus, attention might be diverted from the primary task of the Interim Arrangements, the preparations for the establishment of the Bank. It was also pointed out that there was some danger of the Bank itself being committed to the financing of particular projects before it had been established and had been able to formulate its own lending policy. Some delegations considered that the Interim Arrangements should concentrate on the study of multi-national projects along the lines suggested in a note by the secretariat (D/CN.14/FMAB/17).

After discussion it was unanimously agreed that the Interim Arrangements should undertake an inventory of projects in the course of being studied and, where appropriate, should carry further these studies, with the help of the ECA and other UN organs, in order to allow the Bank itself to carry out as quickly as possible its own detailed evaluation of projects and to choose those eligible for financing.

It was recommended that the Interim Arrangements should consist of a Governing Body, an Advisory Committee and a Chief Executive, with suitable staff, and that it should work in close co-operation with the Executive Secretary of EOA. It was felt that the Chief Executive, in recruiting staff, should be guided generally by the suggestions in Part E and Annex A of E/CN.14/FMAB/7, but should have a free hand within the framework of his budgetary provisions to depart from the pattern of staffing suggested. Thus it was felt that more emphasis should be given to the finding of financial and banking expertise and less to economists and accountants. It was also felt that it was not necessary to adhere strictly to UN scales of pay.

7. It was agreed to recommend a budget for the Interim Arrangements of up to \$ 2 million, which should be in two equal parts, one payable in two instalments and the other to be called upon if necessary. In this connexion the Commission heard a statement from the representative of the United Nations Special Fund and the Technical Assistance Board. It was stated that the Special Fund would be willing to consider a request for assistance through the advancing of a substantial fund on a refundable basis, even up to the limit of matching the contributions of African Governments. The Technical Assistance Board would be prepared to consider favourably requests for advisory services and fellowships, out of contingency funds, up to about \$ 200,000, until the end of 1964. It would also be possible to finance some experts and training projects out of the UN regular programmes of Technical Assistance. The Commission also agreed on the allocation of the contributions to the Interim Arrangements among the various African countries.

The Commission finally decided to recommend the signing of a Protocol establishing the Interim Arrangements for the African Development Bank. A draft Protocol in five parts covering general provisions; special assistance; finance; status, immunities, exemptions and privileges; and final provisions (E/CN.14/FMAB/7/Add.1/Rev.1) was accepted, subject to detailed review by the Drafting Committee.

APPENDIX F

REPORT OF THE COMMISSION ON INTERIM ARRANGEMENTS  
AND THE LOCATION OF THE BANK

Addendum

Location of the Bank

The discussion in the Commission on the location of the Bank was preceded by consideration in plenary session of the criteria which should govern the choice of the seat. In plenary it was generally agreed that the criteria proposed by the Committee of Nine were acceptable (E/CN.14/FMAB/1, paragraph 38). Different delegates attached differing importance, however, to these criteria. Among those which were admitted to be particularly important were accessibility, availability of African financial institutions and availability of qualified subordinate staff. It was generally felt that all countries which were candidates for the seat of the Bank were in a position to offer acceptable living conditions and other amenities. Several delegations did not believe that too much importance need be attached to the criterion of political stability, which was difficult to define. The plenary session requested the Commission to bear in mind these criteria, taking into account the discussion, as a basis for its deliberations.

The Commission noted that a large number of countries were willing to offer host facilities to the Bank. After discussion, however, a number of countries withdrew their candidature and indicated support for others. It was agreed to recommend that the Finance Ministers' Conference should decide on the location of the Bank, taking into account the general criteria elaborated, from among the following nine countries who wished to maintain their candidature: Cameroun, Central African Republic, Congo-Leopoldville, Ghana, Kenya, Libya, Sudan, Tunisia, UAR.

It was noted that additional data on the facilities offered by some countries had been received since the preparation of the secretariat's document on the location of the African Development Bank summarizing governments' proposals and facilities (E/CN.14/FMAB/6). The Commission requested the Executive Secretary to bring together this additional material and present it, together with document E/CN.14/FMAB/6, to the Conference of Finance Ministers.



ANNEX I

RULES OF PROCEDURE OF THE CONFERENCE

Resolution 1 adopted by the Preparatory Meeting at its first  
plenary session on 17 July 1963

The Preparatory Meeting,

1. Recommends to the Conference the adoption of the following Draft Resolution on the Rules of Procedure of the Conference which are attached to the present Resolution;
2. Agrees that the proceedings at the Preparatory Meeting shall be governed by the aforesaid Rules of Procedure insofar as they are applicable.

DRAFT RESOLUTION NO...  
ON THE RULES OF PROCEDURE OF THE CONFERENCE

The Conference,

On the recommendation adopted at its Preparatory Meeting;  
Agrees that its proceedings shall be governed by the Rules of Procedure set out in the Annex to this Resolution.

RULES OF PROCEDURE

CHAPTER I

Representation and Credentials

Rule 1

Each State shall be represented at the Conference of Finance Ministers on the Establishment of an African Development Bank (hereinafter called the "Conference") by one representative and such alternate representatives, Advisers and Experts as the Government of that State may deem it necessary. When absent the Representative shall be replaced by an alternate representative.

Rule 2

- (a) The credentials and full powers of representatives and the names of alternate representatives, experts and observers shall be submitted to the Secretary of the Conference upon their arrival, if possible, not later than 24 hours after the opening of the Conference.
- (b) The credentials and full powers shall be issued either by the Head of State or Government, or by the Minister for Foreign Affairs.
- (c) The Secretary of the Conference shall submit the credentials and full powers to the Steering Committee.

Rule 3

Pending a decision of the Conference on their credentials, representatives, alternate representatives and experts of States invited to the Conference shall be entitled provisionally to participate in the Conference.

Rule 4

- (a) The United Nations and its specialized agencies shall be entitled to be represented at meetings of the Conference and, through their representatives, to participate, without vote, in the discussion.

(b) The Conference may invite observers from other international organizations or institutions concerned with the development of Africa or other under developed areas of the world to attend, on such conditions as it may determine, all or any of its meetings.

(c) The Conference may invite non-African governments and institutions which have shown an interest in the establishment of an African Development Bank to be represented by an observer, on such conditions as it may determine, at all or any of its meetings.

(d) The Chairman may invite an observer to participate, without vote, in the discussion.

## CHAPTER II

### Officers

#### Rule 5

The Conference shall, at its first meeting in plenary session, elect by an absolute majority of the States represented thereat from the representatives a Chairman of the Conference and two Vice-Chairmen.

#### Rule 6

The Chairman shall preside at the plenary meetings of the Conference.

#### Rule 7

If the Chairman is absent from a meeting or any part thereof, a Vice-Chairman shall take his place.

#### Rule 8

A Vice-Chairman acting as Chairman shall have the same powers and duties as the Chairman.

#### Rule 9

If the Chairman is unable to perform his functions, a new Chairman shall be elected.

Rule 10

The Chairman, or Vice-Chairman acting as Chairman, shall participate in the meetings of the Conference in that capacity and not as the representative of his Government. An alternate representative may represent that Government and exercise its right to vote.

Rule 11

(a) The Conference shall meet in plenary session as a Conference of Representatives.

(b) The Conference shall be organized as follows:

1. STANDING COMMITTEES:

- (i) A Steering Committee which shall currently review the progress of the work at the Conference and consider measures designed to co-ordinate and expedite its work, and which shall also examine the credentials and full powers submitted to it by the Secretary of the Conference; and
- (ii) A Drafting Committee which shall revise and co-ordinate the text of the Draft Agreement establishing the African Development Bank as well as draw up, revise or co-ordinate - as the case may be - the drafts of other diplomatic instruments and formal instruments and formal resolutions and recommendations to be signed or adopted by the Conference.

2. COMMISSIONS:

Commission I on Capital Subscriptions and other Financial Issues; and  
Commission II on Location of the Bank's Headquarters and on Interim Arrangements.

(c) In addition, the Conference, and each committee or commission may set up such working parties as it may deem will facilitate its task.

Rule 12

- (a) The Steering Committee shall be composed of the Chairman of the Conference, its two Vice-Chairmen, the Chairman of the committees and commissions, and of the representative of Kenya.
- (b) The Drafting Committee shall be composed of nine members elected by the Conference on the proposal of the Chairman.

Rule 13

Each State participating in the Conference may be represented by one person on the Drafting Committee, on Commission I and II, and on any working party of which it is a member. It may assign to these bodies such alternate representatives and advisers as it may require.

Rule 14

- (a) The Chairman of the Conference shall preside at meetings of the Steering Committee. In his absence, Rule 7 shall apply.
- (b) The Conference shall, at its first meeting in plenary session, elect a Chairman and a Vice-Chairman for the Drafting Committee and for Commissions I and II.
- (c) Each working party shall elect from its members a Chairman.
- (d) Before the election of the Chairman, the Executive Secretary of the United Nations Economic Commission for Africa (hereinafter called the "ECA"), or his Representative, shall act as the temporary Chairman of the Conference, committees, commissions and working parties.

Rule 15

The Chairman of the body by which a working party is set up, shall designate the members of that working party, subject to that body's approval.

Rule 16

- (a) The committees and commissions shall report to the Conference in plenary session. A working party shall report to the body by which it was set up.

(b) Reports of committees, commissions, and working parties shall, where required, call attention to the different views expressed by their members.

(c) Reports of the committees and commissions shall be referred to the Drafting Committee before their submission to the Conference if they recommend or imply the approval or signature of a diplomatic instrument or the adoption of a formal resolution or recommendation at the Conference.

#### Rule 17

These Rules of Procedure shall apply to the proceedings of the committees, commissions and working parties unless the Conference agrees otherwise in plenary session.

### CHAPTER IV

#### Conduct of Business

#### Rule 18

A majority of two-thirds of the States represented on the body concerned shall constitute a quorum.

#### Rule 19

In addition to exercising the powers conferred upon him elsewhere by these Rules, the Chairman shall declare the opening and closing of each plenary meeting of the Conference; shall direct the discussions at such meetings, ensure observance of these rules, accord the right to speak, put questions to the vote and announce decisions. He shall rule on points of order and, subject to these rules, shall have complete control of the proceedings and over the maintenance of order thereof. The Chairman may, in the course of the discussion, propose to the Conference the limitation of time to be allowed to speakers, the limitation of the number of times each representative may speak on any question, the closure of the list of speakers or the closure of the debate. He may also propose the suspension or the adjournment of the meeting or the adjournment of the debate on the particular subject or question under discussion.

#### Rule 20

The Chairman, in the exercise of his functions, remains under the authority of the Conference.

Rule 21

~~No person may address the Conference without having previously obtained the permission of the Chairman. Subject to Rules 22 and 23, the Chairman shall call upon speakers in the order in which they signify their desire to speak. The Secretariat shall draw up a list of such speakers. The Chairman may call a speaker to order if his remarks are not relevant to the subject under discussion.~~

Rule 22

~~The Chairman of a committee, commission or working party may be accorded precedence for the purpose of explaining the conclusion arrived at by his committee, commission or working party.~~

Rule 23

During the discussion of any matter, a representative may rise to a point of order, and that point of order shall be immediately decided by the Chairman in accordance with these Rules of Procedure. A representative may appeal against any ruling of the Chairman. The appeal shall be immediately put to vote and the Chairman's ruling shall stand unless over-ruled by a majority of the representatives present and voting. A representative rising to a point of order may not speak on the substance of the matter under discussion.

Rule 24

The Conference may limit the time to be allowed to each speaker and the number of times each representative may speak on any question. When the debate is limited and a representative has spoken his allotted time, the Chairman shall call him to order without delay.

Rule 25

During the course of a debate the Chairman may announce the list of speakers and, with the consent of the Conference, declare the list closed. He may, however, accord the right of reply to any representative if a speech delivered after he has declared the list closed makes this desirable.

Rule 26

During the discussion of any matter, a representative may move the adjournment of the debate on the particular subject or question under discussion. In addition to the proposer of the motion, two representatives may speak in favour of, and two against it, after which the motion shall immediately be put to the vote. The Chairman may limit the time to be allowed to speakers under this rule.

Rule 27

A representative may at any time move the closure of the debate on the particular subject or question under discussion, whether or not any other representative has signified his wish to speak. Permission to speak on the closure of the debate shall be accorded only to two speakers opposing the closure, after which the motion shall be immediately put to the vote. If the conference is in favour of the closure, the Chairman shall declare the closure of the debate. The Chairman may limit the time to be allowed to speakers under this rule.

Rule 28

During the discussion of any matter, a representative may move the suspension or the adjournment of the meeting. Such motions shall not be debated, but shall be immediately put to the vote. The Chairman may limit the time to be allowed to the speaker moving the suspension or adjournment of the meeting.

Rule 29

Subject to Rule 23, the following motions shall have precedence in the following order over all other proposals or motions before the meeting:

- (a) To suspend the meeting;
- (b) To adjourn the meeting;
- (c) To adjourn the debate on the particular subject or question under discussion; and
- (d) For the closure of the debate on the particular subject or question under discussion.



Rule 30

Other proposals and amendments thereto shall normally be introduced in writing and handed to the Secretary of the Conference, who shall circulate copies to delegations. As a general rule, no proposal shall be discussed or put to the vote at any meeting of the Conference unless copies of it have been circulated to all delegations not later than the day preceding the meeting. The Chairman may, however, permit the discussion and consideration of amendments, or motions as to procedure, even though these amendments or motions have not been circulated or have been circulated only on the same day.

Rule 31

Subject to Rule 29, any motion calling for a decision on the competence of the Conference to discuss any matter or to adopt a proposal or an amendment submitted to it shall be put to the vote before the matter is discussed or a vote is taken on the proposal or amendment in question.

Rule 32

A motion may be withdrawn by its proposer at any time before voting on it has commenced, provided that the motion has not been amended by other representatives than the proposer. A motion which has thus been withdrawn may be reintroduced by any representative.

Rule 33

When a proposal has been adopted or rejected it may not be reconsidered unless the Conference, by a two-thirds majority of the representatives present and voting, so decides. Permission to speak on the motion to reconsider shall be accorded only to two speakers opposing the motion after which it shall be immediately put to the vote.

CHAPTER V

Voting

Rule 34

Each State represented at the Conference shall have one vote.

Rule 35

(a) Decisions of the Conference shall be adopted by a majority of the representatives present and voting, unless the Conference decides otherwise.

(b) For the purpose of these rules, the phrase "representatives present and voting" means representatives casting an affirmative or negative vote. Representatives who abstain from voting shall be considered as not voting.

Rule 36

The Conference shall normally vote by show of hands or by standing, but any representative may request a roll-call or a secret ballot. The roll-call shall be taken in the English alphabetical order of the names of the delegations at the Conference beginning with the delegation whose name is drawn by lot by the Chairman.

Rule 37

After the Chairman has announced the beginning of the vote, no representative shall interrupt the vote except on a point of order in connexion with the actual conduct of voting. The Chairman may permit representatives to explain their votes either before or after the voting. The Chairman may limit the time to be allowed for such explanations.

Rule 38

A representative may move that parts of a proposal or of an amendment shall be voted on separately. If objection is made to the request for division, the motion for division shall be voted upon. Permission to speak on the motion for division shall be given only to two speakers in favour and two speakers against. If the motion for division is carried, those parts of the proposal or of the amendment which are subsequently approved shall be put to the vote as a whole. If all operative parts of the proposal or of the amendment have been rejected, the proposal or the amendment shall be considered to have been rejected as a whole.

Rule 39

When an amendment is moved to a proposal, the amendment shall be voted on first. When two or more amendments are moved to a proposal, the Conference shall first vote on the amendment furthest removed in substance from the original proposal and then on the amendment next furthest removed therefrom, and so on, until all the amendments have been put to the vote. When, however, the adoption of one amendment necessarily implies the rejection of another amendment, the latter amendment shall not be put to the vote. If one or more amendments are adopted, the amended proposal shall then be voted upon. A motion is considered an amendment to a proposal if it merely adds to, deletes from or revises part of that proposal.

Rule 40

If two or more proposals relate to the same question, the Conference shall, unless it decides otherwise, vote on the proposals in the order in which they have been submitted. The Conference may, after voting on a proposal, decide whether to vote on the next proposal.

Rule 41

If, when one person or one delegation is to be elected, no candidate obtains in the first ballot the majority required, a second ballot shall be taken, which shall be restricted to the two candidates obtaining the largest number of votes. If in the second ballot the votes are equally divided, the Chairman shall decide between the candidates by drawing lots.

In the case of a tie in the first ballot among the candidates obtaining the second largest number of votes, a special ballot shall be held among them for the purpose of reducing the number of candidates to two. In the case of a tie among three or more candidates obtaining the largest number of votes in the first ballot, a second ballot shall be held among them, and if a tie then results among more than two candidates, the number shall be reduced to two by lot and a further ballot held in accordance with the first paragraph of this rule.

Rule 42

When two or more elective places are to be filled at one time under the same conditions, those candidates obtaining a majority in the first ballot shall be elected.

If the number of candidates obtaining such majority is less than the number of places to be filled, there shall be held additional ballots to fill the remaining places. The voting will be restricted to the candidates obtaining the greatest number of votes in the previous ballot, who shall number not more than twice the places remaining to be filled. However, in the case of a tie between a greater number of unsuccessful candidates, a special ballot shall be held for the purpose of reducing the number of candidates to the required number.

If three restricted ballots are inconclusive, unrestricted ballots shall follow in which votes may be cast for any eligible person or member. If three such unrestricted ballots are inconclusive, the next three ballots (subject to exception in the case similar to that of the tie mentioned at the end of the previous paragraph of this rule) shall be restricted to the candidates obtaining the greatest number of votes in the third of the unrestricted ballots. The number of such candidates shall not be more than twice the places remaining to be filled.

The following three ballots thereafter shall be unrestricted and so on, until all the places are filled.

CHAPTER VI

The Secretary of the Conference and the Secretariat

Rule 43

The Executive Secretary of the ECA or his representative shall act as the Secretary of the Conference and be responsible for the necessary secretarial arrangements therefor. In carrying out his functions he shall act on behalf of the Secretary-General of the United Nations.

Rule 44

The Secretary of the Conference shall attend or be represented at its meetings and the meetings of its committees, commissions, and working parties with the right to participate, without vote, in discussion and make proposals.

Rule 45

- (a) As regards his functions, the Secretary of the Conference shall be guided, where required and insofar as they are applicable, by Rules 22, 23, 27, and 28 of the Rules of Procedure of the ECA.
- (b) Upon the close of the Conference, the Secretary of the Conference shall, as Executive Secretary of the ECA, submit to the latter, at its next session, a detailed report on the progress and results of the Conference.
- (c) Subject to Rule 43, second sentence, the Secretary of the Conference shall, after its close, assist in giving proper and prompt effect to the decisions of the Conference.

Rule 46

The Secretariat shall receive, translate, reproduce and distribute documents, reports and resolutions of the Conference; interpret speeches made at meetings; prepare records of plenary meetings; reproduce reports and generally perform all other work which the Conference may require.

CHAPTER VII

Languages

Rule 47

- (a) English and French shall be the working languages of the Conference.
- (b) Speeches made in either of the working languages shall be interpreted into the other working language.
- (c) A participant may make a speech in a language other than the working languages. In this case he shall provide for the interpretation into one of the working languages.

(d) Records of the plenary sessions, reports of the Conference, drafts of diplomatic instruments and the formal resolutions and recommendations adopted by the Conference shall be made available in the two working languages.

## CHAPTER VIII

### Meetings

#### Rule 48

Unless the Conference agrees otherwise in plenary session, its meetings shall be held in private. Meetings of committees, commissions and working parties shall be held in private.

#### Rule 49

In the course of the Conference, the Secretary of the Conference, in consultation with the Chairman of the Conference, may issue communiqués on the progress of its work. At the close of the Conference, he shall, in consultation with the Chairman of the Conference, issue a communiqué summarising the results of the Conference.

## CHAPTER IX

### Records and Diplomatic Instruments

#### Rule 50

The Secretary of the Conference shall keep records of the plenary sessions; of the decisions and reports adopted at its plenary sessions; and of all documents prepared and adopted by the committees, commissions, and working parties. They shall be transmitted to the representatives and observers which participated in the meetings concerned as soon as possible. The recipients shall inform the Secretary of the Conference within the time fixed to this effect of any changes they desire to make.

Rule 51

- (a) The Final Act of the Conference shall list the States, international organizations and institutions represented at the Conference; set out the names of the representatives and observers by whom they were represented; and enumerate the diplomatic instruments approved or signed at, and the formal resolutions and recommendations adopted by the Conference, the text of such instruments, resolutions and recommendations being attached to the Final Act.
- (b) The draft of the Final Act shall be prepared by the Secretary of the Conference as its work develops and shall be approved by the Drafting Committee.
- (c) The original of the Final Act shall be signed by the representatives at the closing meeting of the Conference and shall be deposited by the Secretary of the Conference with the Secretary-General of the United Nations who shall communicate certified copies thereof to the signatory States.

Rule 52

Diplomatic instruments negotiated at the Conference for signature thereat, shall be signed at the closing meeting of the Conference after the full powers of the Representatives of the signatory States have been found by the Conference to be in good and due form.

CHAPTER X

Final Provisions

Rule 53

- (a) These Rules of Procedure may be amended or suspended by virtue of a decision of the Conference adopted in plenary session by an absolute majority of the States represented at the Conference.

(b) The Rules of Procedure shall not be amended until the Drafting Committee has reported on the proposed amendment.

(c) A Rule may be suspended provided that 24 hours' notice of the proposal for the suspension has been given. The notice may be waived if no representative objects.

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ANNEX II

SIGNATURE OF DIPLOMATIC INSTRUMENTS RELATING  
TO THE AFRICAN DEVELOPMENT BANK

Resolution 2 adopted by the Preparatory Meeting at its final Plenary Session  
on 27 July 1963

The Preparatory Meeting,

Recommends to the Conference the adoption of the following Draft Resolution on the Signature of Diplomatic Instruments relating to the African Development Bank:

DRAFT RESOLUTION  
ON THE SIGNATURE OF DIPLOMATIC INSTRUMENTS RELATING  
TO THE AFRICAN DEVELOPMENT BANK

The Conference,

1. Recalls the terms of the Charter of the Organization of African Unity, and also recalls that the Summit Conference of Independent African States, which met in Addis Ababa, Ethiopia, from 22 to 25 May 1963, welcomed the present Conference and resolved to give the respective Ministers of Finance instructions to take the necessary measures for the rapid establishment of the African Development Bank;
2. Notes, with satisfaction, that it has completed the consideration of the texts of the diplomatic instruments required to bring the African Development Bank rapidly into being and, in particular, approves the texts of the

- I. Draft Agreement Establishing the African Development Bank
- II. Draft Protocol to the Agreement Establishing the African Development Bank concerning the Appointment and Duties of the Trustees
- III. Draft Protocol Establishing Interim Arrangements for the African Development Bank
- IV. Draft Protocol on the Signature by the Government of Kenya of the Agreement Establishing the African Development Bank

which are set out in Annexes A, B, C and D hereto; and

3. Agrees that

- (a) the Agreement Establishing the African Development Bank shall be opened for signature forthwith; and that
- (b) each Signatory of the said Agreement shall, at the same time, sign the other diplomatic instruments mentioned hereinbefore.

## TABLE OF CONTENTS

	<u>Page</u>
Preamble	5
<u>Chapter I: Purpose, Functions, Membership and Structure</u>	
Article 1 Purpose	6
Article 2 Functions	7
Article 3 Membership and Geographical Area	7
Article 4 Structure	9
<u>Chapter II: Capital</u>	
Article 5 Authorized Capital	10
Article 6 Subscription of Shares	11
Article 7 Payment of Subscriptions	12
Article 8 Special Funds	14
Article 9 Ordinary Capital Resources	15
Article 10 Special Resources	16
Article 11 Separation of Resources	17
<u>Chapter III: Operations</u>	
Article 12 Use of Resources	18
Article 13 Ordinary and Special Operations	19
Article 14 Recipients and Methods of operations	20
Article 15 Limitations on Operations	21
Article 16 Provision of Currencies for Direct Loans	22
Article 17 Operational Principles	23
Article 18 Terms and Conditions for Direct Loans and Guarantees	25
Article 19 Commission and Fees	27
Article 20 Special Reserve	28
Article 21 Methods of Meeting Liabilities of the Bank (Ordinary Operations)	29
Article 22 Methods of Meeting Liabilities on Borrowings for Special Funds	30

	<u>Page</u>
<u>Chapter IV: Borrowing and other Additional Powers</u>	
Article 23 General Powers	31
Article 24 Special Borrowing Powers	33
Article 25 Warning to the Placed on Securities	34
Article 26 Valuation of Currencies and Determination of Convertibility	35
Article 27 Use of Currencies	36
Article 28 Maintenance of Value of the Currency Holdings of the Bank	38
<u>Chapter V: Organization and Management</u>	
Article 29 Board of Governors: Powers	39
Article 30 Board of Governors: Composition	40
Article 31 Board of Governors: Procedure	41
Article 32 Board of Directors: Powers	42
Article 33 Board of Directors: Composition	43
Article 34 Board of Directors: Procedure	44
Article 35 Voting	45
Article 36 The President: Appointment	46
Article 37 The Office of the President	47
Article 38 Prohibition of Political Activity, the International Character of the Bank	48
Article 39 Offices of the Bank	49
Article 40 Channel of Communications, Depositories	50
Article 41 Publication of the Agreement, Working Languages, Provision of Information and Reports	51
Article 42 Allocation of Net Income	52
<u>Chapter VI: Withdrawal and Suspension of Members, Temporary Suspension and Termination of Operations of the Bank</u>	
Article 43 Withdrawal	53
Article 44 Suspension	54
Article 45 Settlement of Accounts	55
Article 46 Temporary Suspension of Operations	57

	<u>Page</u>	
Article 47	Formation of Operations	58
Article 48	Liability of Members and Payment of Claims	59
Article 49	Distribution of Assets	60
<u>Chapter VII: Status, Immunities, Exemptions and Privileges</u>		
Article 50	Status	62
Article 51	Status in Member Countries	63
Article 52	Judicial Proceedings	64
Article 53	Immunity of Assets and Archives	65
Article 54	Freedom of Assets from Restrictions	66
Article 55	Privilege for Communications	67
Article 56	Personal Immunities and Privileges	68
Article 57	Exemption from Taxation	69
Article 58	Notification of Implementation	70
Article 59	Application of Immunities, Exemptions and Privileges	71
<u>Chapter VIII: Amendments, Interpretation, Arbitration</u>		
Article 60	Amendments	72
Article 61	Interpretation	73
Article 62	Arbitration	74
<u>Chapter IX: Final Provisions</u>		
Article 63	Signature and Deposit	75
Article 64	Ratification, Acceptance, Accession and Acquisition of Membership	76
Article 65	Entry into Force	77
Article 66	Commencement of Operations	78
ANNEX A	Initial Subscriptions to the Authorized Capital Stock of the Bank	79
ANNEX B	Election of Directors	81

DRAFT AGREEMENT ESTABLISHING THE  
AFRICAN DEVELOPMENT BANK

THE GOVERNMENTS on whose behalf this Agreement is signed;  
DETERMINED to strengthen African solidarity by means of economic  
co-operation between African States;  
CONSIDERING the necessity of accelerating the development of the  
extensive human and natural resources of Africa in order to stimulate  
economic development and social progress in that region;  
REALIZING the importance of co-ordinating national plans of economic  
and social development for the promotion of the harmonious growth of  
African economies as a whole and the expansion of African foreign trade  
and, in particular, inter-African trade;  
RECOGNIZING that the establishment of a financial institution common  
to all African countries would serve these ends;  
HAVE AGREED to establish hereby the African Development Bank  
(hereinafter called the "Bank") which shall be governed by the following  
provisions:

CHAPTER I

Purpose, Functions, Membership and Structure

Article 1

Purpose

The purpose of the Bank shall be to contribute to the economic development and social progress of its members - individually and jointly.

Article 2

Functions

- (1) To implement its purpose, the Bank shall have the following functions:
- (a) to use the resources at its disposal for the financing of investment projects and programmes relating to the economic or social development of its members, with special emphasis on:
    - (i) projects or programmes which by their nature or scope concern several members; and
    - (ii) projects or programmes designed to make the economies of its members increasingly complementary and to bring about an orderly expansion of their foreign trade;
  - (b) to undertake, or participate in, the selection, study and preparation of projects, enterprises and activities contributing to such development;
  - (c) to mobilize and increase in Africa, and outside Africa, resources for the financing of such investment projects and programmes;
  - (d) generally, to promote investment in Africa of public and private capital in projects or programmes designed to contribute to the economic development or social progress of its members;
  - (e) to provide such technical assistance as may be needed in Africa for the study, preparation, financing and execution of development projects or programmes; and
  - (f) to undertake such other activities and provide such other services as may advance its purpose.
- (2) In carrying out its functions, the Bank should co-operate with national regional and sub-regional development institutions in Africa. To the same end, it should co-operate with other international organizations pursuing a similar purpose and with other institutions concerned with the development of Africa.
- (3) The Bank shall be guided in all its decisions by the provisions of Articles 1 and 2 of this Agreement.

Article 3

Membership and Geographical Area

- (1) Any African country which has the status of an independent State may become a member of the Bank. It shall acquire membership in accordance with paragraph (1) or paragraph (2) of Article 6A of this Agreement.
- (2) The geographical area to which the membership and development activities of the Bank may extend (referred to in this Agreement as "Africa" or "African", as the case may be) shall comprise the continent of Africa and African islands.



Article 4

Structure

The Bank shall have a Board of Governors, a Board of Directors, a President, at least one Vice-President and such other officers and staff to perform such duties as the Bank may determine.

CHAPTER II

Capital

Article 5

Authorized Capital

(1) (a) The authorized capital stock of the Bank shall be 200,000,000 units of account. It shall be divided into 20,000 shares of a par value of 10,000 units of account each share, which shall be available for subscription by members.

(b) The value of the unit of account shall be 0,88867088 gramme of fine gold.

(2) The authorized capital stock shall be divided into paid-up shares and callable shares. The equivalent of 100,000,000 units of account shall be paid up, and the equivalent of 100,000,000 units of account shall be callable for the purpose defined in paragraph (4) (a) of Article 7 of this Agreement.

(3) The authorized capital stock may be increased as and when the Board of Governors deems it advisable. Unless that stock is increased solely to provide for the initial subscription of a member, the decision of the Board shall be adopted by a two-thirds majority of the total number of Governors, representing not less than three-quarters of the total voting power of the members.

Article 6

Subscription of Shares

- (1) Each member shall initially subscribe shares of the capital stock of the Bank. The initial subscription of each member shall consist of an equal number of paid-up and callable shares. The initial number of shares to be subscribed by a State which acquires membership in accordance with paragraph (1) of Article 64 of this Agreement, shall be that set forth in its respect in Annex A to this Agreement, which shall form an integral part thereof. The initial number of shares to be subscribed by other members shall be determined by the Board of Governors.
- (2) In the event of an increase of the capital stock for a purpose other than solely to provide for an initial subscription of a member, each member shall have the right to subscribe, on such uniform terms and conditions as the Board of Governors shall determine, a proportion of the increase of stock equivalent to the proportion which its stock theretofore subscribed bears to the total capital stock of the Bank. No member, however, shall be obligated to subscribe to any part of such increased stock.
- (3) A member may request the Bank to increase its subscription on such terms and conditions as the Board of Governors may determine.
- (4) Shares of stock initially subscribed by States which acquire membership in accordance with paragraph (1) of Article 64 of this Agreement shall be issued at par. Other shares shall be issued at par unless the Board of Governors by a majority of the total voting power of the members decides in special circumstances to issue them on other terms.
- (5) Liability on shares shall be limited to the unpaid portion of their issue price.
- (6) Shares shall not be pledged nor encumbered in any manner. They shall be transferable only to the Bank.

Article 7

Payment of Subscription

(1) (a) Payment of the amount initially subscribed to the paid-up capital stock of the Bank by a member which acquires membership in accordance with paragraph (1) of Article 64, shall be made in six instalments, the first of which shall be five per cent, the second thirty-five per cent, and the remaining four instalments each fifteen per cent of that amount.

(b) The first instalment shall be paid by the Government concerned on or before the date of deposit, on its behalf, of the instrument of ratification or acceptance of this Agreement in accordance with paragraph (1) of Article 64. The second instalment shall become due on the last day of a period of six months from the entry into force of this Agreement or on the day of the said deposit, whichever is the later day. The third instalment shall become due on the last day of a period of eighteen months from the entry into force of this Agreement. The remaining three instalments shall become due successively each on the last day of a period of one year immediately following the day on which the preceding instalment becomes due.

(2) Payments of the amounts initially subscribed by the members of the Bank to the paid-up capital stock shall be made in gold or convertible currency. The Board of Governors shall determine the mode of payment of other amounts subscribed by the members to the paid-up capital stock.

(3) The Board of Governors shall determine the dates for the payment of amounts subscribed by the members of the Bank to the paid-up capital stock to which the provisions of paragraph (1) of this Article do not apply.

(4) (a) Payment of the amounts subscribed to the callable capital stock of the Bank shall be subject to call only as and when required by the Bank to meet its obligations incurred, pursuant to paragraph (1) (b) and (d) of Article 14, on borrowing of funds for inclusion in its ordinary capital resources or guarantees chargeable to such resources.

(b) In the event of such calls, payment may be made at the option of the member concerned in gold, convertible currency or in the currency required to discharge the obligation of the Bank for the purpose of which the call is made.

(c) Calls on unpaid subscriptions shall be uniform in percentage on all callable shares.

(5) The Bank shall determine the place for any payment under this Article provided that, until the first meeting of its Board of Governors provided in Article 66 of this Agreement, the payment of the first instalment referred to in paragraph (1) of this Article shall be made to the Trustee referred to in Article 66.

Article 8

Special Funds

- (1) The Bank may establish, or be entrusted with the administration of, Special Funds which are designed to serve its purpose and come within its functions. It may receive, hold, use, commit or otherwise dispose of resources appertaining to such Special Funds.
- (2) The resources of such Special Funds shall be kept separate and apart from the ordinary capital resources of the Bank in accordance with the provisions of Article 11 of this Agreement.
- (3) The Bank shall adopt such special rules and regulations as may be required for the administration and use of each Special Fund; provided always that
  - (a) such special rules and regulations shall be subject to paragraph (4) of Article 7, Articles 9 to 11, and those provisions of this Agreement which expressly apply to the ordinary capital resources or ordinary operations of the Bank;
  - (b) such special rules and regulations must be consistent with provisions of this Agreement which expressly apply to special resources or special operations of the Bank; and that
  - (c) where such special rules and regulations do not apply, the Special Funds shall be governed by the provisions of this Agreement.

Article 9

Ordinary Capital Resources

For the purposes of this Agreement, the expression "ordinary capital resources" of the Bank shall include:

(a) authorized capital stock of the Bank subscribed pursuant to the provisions of Article 6 of this Agreement;

(b) funds raised by borrowing of the Bank, by virtue of powers conferred in paragraph (a) of Article 23 of this Agreement, to which the commitment to calls provided for in paragraph (4) of Article 7 of this Agreement applies;

(c) funds received in repayment of loans made with the resources referred to in paragraphs (a) and (b) of this Article; and

(d) income derived from loans made from the aforementioned funds; income from guarantees to which the commitment to calls provided for in paragraph (4) of Article 7 of this Agreement applies; as well as

(e) any other funds or income received by the Bank which do not form part of its special resources.

Article 10

Special Resources

(1) For the purposes of this Agreement, the expression "special resources" shall refer to the resources of Special Funds and shall include:

(a) resources initially contributed to any Special Fund;

(b) funds borrowed for the purposes of any Special Fund, including the Special Fund provided for in paragraph (6) of Article 24 of this Agreement;

(c) funds repaid in respect of loans or guarantees financed from the resources of any Special Fund which, under the rules and regulations governing that Special Fund, are received by that Special Fund;

(d) income derived from operations of the Bank by which any of the aforementioned resources or funds are used or committed if, under the rules and regulations governing the Special Fund concerned, that income accrues to the said Special Fund; and

(e) any other resources at the disposal of any Special Fund.

(2) For the purposes of this Agreement, the expression "special resources appertaining to a Special Fund" shall include the resources, funds and income which are referred to in the preceding paragraph and are - as the case may be - contributed to, borrowed or received by, accruing to, or at the disposal of the Special Fund concerned in conformity with the rules and regulations governing that Special Fund.



Article 11

Separation of Resources

- (1) The ordinary capital resources of the Bank shall at all times and in all respects be held, used, committed, invested or otherwise disposed of, entirely separate from special resources. Each Special Fund, its resources and accounts shall be kept entirely separate from other Special Funds, their resources and accounts.
- (2) The ordinary capital resources of the Bank shall under no circumstances be charged with, or used to discharge, losses or liabilities arising out of operations or other activities of any Special Fund. Special resources appertaining to any Special Fund shall under no circumstances be charged with, or used to discharge, losses or liabilities arising out of operations or other activities of the Bank financed from its ordinary capital resources or from special resources appertaining to any other Special Fund.
- (3) In the operations and other activities of any Special Fund, the liability of the Bank shall be limited to the special resources appertaining to that Special Fund which are at the disposal of the Bank.

**CHAPTER III**

Operations

Article 12

Use of Resources

The resources and facilities of the Bank shall be used exclusively to implement the purpose and functions set forth in Articles 1 and 2 of this Agreement.

Article 13

Ordinary and Special Operations

- (1) The operations of the Bank shall consist of ordinary operations and of special operations.
- (2) The ordinary operations shall be those financed from the ordinary capital resources of the Bank.
- (3) The special operations shall be those financed from the special resources.
- (4) The financial statements of the Bank shall show the ordinary operations and the special operations of the Bank separately. The Bank shall adopt such other rules and regulations as may be required to ensure the effective separation of the two types of its operations.
- (5) Expenses appertaining directly to ordinary operations shall be charged to the ordinary capital resources of the Bank; expenses appertaining directly to special operations shall be charged to the appropriate special resources. Other expenses shall be charged as the Bank shall determine.

Article 14

Recipients and Methods of Operations.

(1) In its operations, the Bank may provide or facilitate financing for any member, political sub-division or any agency thereof or for any institution or undertaking in the territory of any member as well as for international or regional agencies or institutions concerned with the development of Africa. Subject to the provisions of this Chapter, the Bank may carry out its operations in any of the following ways:

(a) by making or participating in direct loans out of:

(i) funds corresponding to its unimpaired subscribed paid-up capital and, except as provided in Article 20 of this Agreement, to its reserves and undistributed surplus; or  
out of

(ii) funds corresponding to special resources; or

(b) by making or participating in direct loans out of funds borrowed or otherwise acquired by the Bank for inclusion in its ordinary capital resources or in special resources; or

(c) by investment of funds referred to in sub-paragraph (a) or (b) of this paragraph in the equity capital of an undertaking or institution; or

(d) by guaranteeing, in whole or in part, loans made by others.

(2) The provisions of this Agreement applying to direct loans which the Bank may make pursuant to sub-paragraph (a) or (b) of the preceding paragraph shall also apply to its participation in any direct loan undertaken pursuant to any of those sub-paragraphs. Equally, the provisions of this Agreement applying to guarantees of loans undertaken by the Bank pursuant to sub-paragraph (d) of the preceding paragraph shall apply where the Bank guarantees part of such a loan only.

Article 15

Limitations on Operations

- (1) The total amount outstanding in respect of the ordinary operations of the Bank shall not at any time exceed the total amount of its unimpaired subscribed capital, reserve and surplus included in its ordinary capital resources excepting, however, the special reserve provided for in Article 20 of this Agreement.
- (2) The total amount outstanding in respect of the special operations of the Bank relating to any Special Fund shall not at any time exceed the total amount of the unimpaired special resources appertaining to that Special Fund.
- (3) In the case of loans made out of funds borrowed by the Bank to which the commitment to calls provided for in paragraph (4) of Article 7 of this Agreement applies, the total amount of principal outstanding and payable to the Bank in a specific currency shall not at any time exceed the total amount of principal outstanding in respect of funds borrowed by the Bank that are payable in the same currency.
- (4) (a) In the case of investments made by virtue of paragraph (1) (c) of Article 14 of this Agreement out of the ordinary capital resources of the Bank, the total amount outstanding shall not at any time exceed ten per cent of the aggregate amount of the paid-up capital stock of the Bank together with the reserves and surplus included in its ordinary capital resources excepting, however, the special reserve provided for in Article 20 of this Agreement.  
(b) At the time it is made, the amount of any specific investment referred to in the preceding sub-paragraph shall not exceed a percentage of equity capital of the institution or undertaking concerned, which the Board of Governors shall have fixed for any investment to be made by virtue of paragraph (1)(c) of Article 14 of this Agreement. In no event shall the Bank seek to obtain by such an investment a controlling interest in the institution or undertaking concerned.

Article 16

Provision of Currencies for Direct Loans

In making direct loans, the Bank shall furnish the borrower with currencies other than the currency of the member in whose territory the project concerned is to be carried out (the latter currency hereinafter to be called "local currency"), which are required to meet foreign exchange expenditure on that project; provided always that the Bank may, in making direct loans, provide financing to meet local expenditure on the project concerned:

- (a) where it can do so by supplying local currency without selling any of its holdings in gold or convertible currencies; or
- (b) where in the opinion of the Bank local expenditure on that project is likely to cause undue loss or strain on the balance of payments of the country where that project is to be carried out and the amount of such financing by the Bank does not exceed a reasonable portion of the total local expenditure incurred on that project.

Article 15

Limitations on Operations

- (1) The total amount outstanding in respect of the ordinary operations of the Bank shall not at any time exceed the total amount of its unimpaired subscribed capital, reserve and surplus included in its ordinary capital resources excepting, however, the special reserve provided for in Article 20 of this Agreement.
- (2) The total amount outstanding in respect of the special operations of the Bank relating to any Special Fund shall not at any time exceed the total amount of the unimpaired special resources appertaining to that Special Fund.
- (3) In the case of loans made out of funds borrowed by the Bank to which the commitment to calls provided for in paragraph (4) of Article 7 of this Agreement applies, the total amount of principal outstanding and payable to the Bank in a specific currency shall not at any time exceed the total amount of principal outstanding in respect of funds borrowed by the Bank that are payable in the same currency.
- (4) (a) In the case of investments made by virtue of paragraph (1) (c) of Article 14 of this Agreement out of the ordinary capital resources of the Bank, the total amount outstanding shall not at any time exceed ten per cent of the aggregate amount of the paid-up capital stock of the Bank together with the reserves and surplus included in its ordinary capital resources excepting, however, the special reserve provided for in Article 20 of this Agreement.  
(b) At the time it is made, the amount of any specific investment referred to in the preceding sub-paragraph shall not exceed a percentage of equity capital of the institution or undertaking concerned, which the Board of Governors shall have fixed for any investment to be made by virtue of paragraph (1)(c) of Article 14 of this Agreement. In no event shall the Bank seek to obtain by such an investment a controlling interest in the institution or undertaking concerned.

Article 16

Provision of Currencies for Direct Loans

In making direct loans, the Bank shall furnish the borrower with currencies other than the currency of the member in whose territory the project concerned is to be carried out (the latter currency hereinafter to be called "local currency"), which are required to meet foreign exchange expenditure on that project; provided always that the Bank may, in making direct loans, provide financing to meet local expenditure on the project concerned:

- (a) where it can do so by supplying local currency without selling any of its holdings in gold or convertible currencies; or
- (b) where in the opinion of the Bank local expenditure on that project is likely to cause undue loss or strain on the balance of payments of the country where that project is to be carried out and the amount of such financing by the Bank does not exceed a reasonable portion of the total local expenditure incurred on that project.



Article 17

Operational Principles

(1) The operations of the Bank shall be conducted in accordance with the following principles:

- (a) (i) The operations of the Bank shall, except in special circumstances, provide for the financing of specific projects, or groups of projects, particularly those forming part of a national or regional development programme urgently required for the economic or social development of its members. They may, however, include global loans to, or guarantees of loans made to, African national development banks or other suitable institutions, in order that the latter may finance projects of a specified type serving the purpose of the Bank within the respective fields of activities of such banks or institutions;
- (ii) In selecting suitable projects, the Bank shall always be guided by the provisions of paragraph (1) (a) of Article 2 of this Agreement and by the potential contribution of the project concerned to the purpose of the Bank rather than by the type of the project. It shall, however, pay special attention to the selection of suitable multi-national projects;
- (b) The Bank shall not provide for the financing of a project in the territory of a member if that member objects thereto;
- (c) The Bank shall not provide for the financing of a project to the extent that in its opinion the recipient may obtain the finance or facilities elsewhere on terms that the Bank considers are reasonable for the recipient;
- (d) Subject to the provisions of Articles 16 and 24 of this Agreement, the Bank shall not impose conditions enjoining that the proceeds of any financing undertaken pursuant to its ordinary operations shall be spent in the territory of any particular country nor

that such proceeds shall not be spent in the territory of any particular country;

- (o) In making or guaranteeing a loan, the Bank shall pay due regard to the prospects that the borrower and the guarantor, if any, will be in a position to meet their obligations under the loan;
  - (f) In making or guaranteeing a loan, the Bank shall be satisfied that the rate of interest and other charges are reasonable and such rate, charges and the schedule for the repayment of principal are appropriate for the project concerned;
  - (g) In the case of a direct loan made by the Bank, the borrower shall be permitted by the Bank to draw its funds only to meet expenditure in connexion with the project as it is actually incurred;
  - (h) The Bank shall make arrangements to ensure that the proceeds of any loan made or guaranteed by it are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency;
  - (i) The Bank shall seek to maintain a reasonable diversification in its investments in equity capital;
  - (j) The Bank shall apply sound banking principles to its operations and, in particular, to its investments in equity capital. It shall not assume responsibility for managing any institution or undertaking in which it has an investment; and
  - (k) In guaranteeing a loan made by other investors, the Bank shall receive suitable compensation for its risk.
- (2) The Bank shall adopt such rules and regulations as are required for the consideration of projects submitted to it.

Article 18

Terms and Conditions for Direct Loans and Guarantees

- (1) In the case of direct loans made by the Bank, the contract
  - (a) shall establish, in conformity with the operational principles set forth in paragraph (1) of Article 17 of this Agreement and subject to the other provisions of this Chapter, all the terms and conditions for the loan concerned, including those relating to amortization, interest and other charges, and to maturities and dates of payment; and, in particular
  - (b) shall provide that - subject to paragraph (3) (c) of this Article - payments to the Bank of amortization, interest, commission and other charges shall be made in the currency loaned, unless - in the case of a direct loan made as part of special operations - the rules and regulations provide otherwise.
- (2) In the case of loans guaranteed by the Bank, the contract of guarantee:
  - (a) shall establish, in conformity with the operational principles set forth in paragraph (1) of Article 17 of this Agreement and subject to the other provisions of this Chapter, all the terms and conditions of the guarantee concerned including those relating to the fees, commission, and other charges of the Bank; and, in particular.
  - (b) shall provide that - subject to paragraph (3) (c) of this Article - all payments to the Bank under the guarantee contract shall be made in the currency loaned, unless - in the case of a loan guaranteed as part of special operations - the rules and regulations provide otherwise; and
  - (c) shall also provide that the Bank may terminate its liability with respect to interest if, upon default by the borrower and the guarantor, if any, the Bank offers to purchase, at par and interest accrued to a date designated in the offer, the bonds or other obligations guaranteed.

(3) In the case of direct loans made or loans guaranteed by the Bank, the Bank

(a) in determining the terms and conditions for the operation, shall take due account of the terms and conditions on which the corresponding funds were obtained by the Bank;

(b) where the recipient is not a member, may, when it deems it advisable, require that the member in whose territory the project concerned is to be carried out, or a public agency or institution of that member acceptable to the Bank, guarantee the repayment of the principal and the payment of interest and other charges on the loan;

(c) shall expressly state the currency in which all payments to the Bank under the contract concerned shall be made. At the option of the borrower, however, such payments may always be made in gold or convertible currency or, subject to the agreement of the Bank, in any other currency; and

(d) may attach such other terms or conditions, as it deems appropriate, taking into account both the interest of the member directly concerned in the project and the interests of the members as a whole.

Article 19

Commission and Fees

- (1) The Bank shall charge a commission on direct loans made and guarantees given as part of its ordinary operations. This commission, payable periodically, shall be computed on the amount outstanding on each loan or guarantee and shall be at the rate of not less than one per cent per annum, unless the Bank after the first ten years of its operations, decides to change this minimum rate by a majority of two-thirds of its members representing not less than three-quarters of the total voting power of the members.
- (2) In guaranteeing a loan as part of its ordinary operations, the Bank shall charge a guarantee fee, at a rate determined by the Board of Directors, payable periodically on the amount of the loan outstanding.
- (3) Other charges of the Bank in its ordinary operations and the commission, fees and other charges in its special operations shall be determined by the Board of Directors.

Article 20

Special Reserve

The amount of commissions received by the Bank pursuant to Article 19 of this Agreement shall be set aside as a special reserve which shall be kept for meeting liabilities of the Bank in accordance with its Article 21. The special reserve shall be held in such liquid form, permitted under this Agreement, as the Board of Directors may decide.

Article 21

Methods of Meeting Liabilities of  
the Bank (Ordinary Operations)

(1) Whenever necessary to meet contractual payments of interest, other charges or amortization on the borrowing of the Bank, or to meet its liabilities with respect to similar payments in respect of loans guaranteed by it and chargeable to its ordinary capital resources, the Bank may call an appropriate amount of the unpaid subscribed callable capital in accordance with paragraph (4) of Article 7 of this Agreement.

(2) In cases of default in respect of a loan made out of borrowed funds or guaranteed by the Bank as part of its ordinary operations, the Bank may, if it believes that the default may be of long duration, call an additional amount of such callable capital not to exceed in any one year one per cent of the total subscriptions of the members, for the following purposes:

- (a) To redeem before maturity, or otherwise discharge, its liability on all or part of the outstanding principal of any loan guaranteed by it in respect of which the debtor is in default; and
- (b) To repurchase, or otherwise discharge, its liability on all or part of its own outstanding borrowing.

Article 22

Methods of Meeting Liabilities on Borrowings

for Special Fund

Payments in satisfaction of any liability in respect of borrowings of funds for inclusion in the special resources appertaining to a Special Fund shall be charged:

- (i) first, against any reserve established for this purpose for or within the Special Fund concerned; and
- (ii) then, against any other assets available in the special resources appertaining to that Special Fund.



CHAPTER IV

Borrowing and Other Additional Powers

Article 23

General Powers

In addition to the powers provided elsewhere in this Agreement, the Bank shall have power to:

- (a) borrow funds in member countries or elsewhere, and in that connexion to furnish such collateral or other security as it shall determine provided always that:
  - (i) before making a sale of its obligations in the market of a member, the Bank shall have obtained its approval;
  - (ii) where the obligations of the Bank are to be denominated in the currency of a member, the Bank shall have obtained its approval; and
  - (iii) where the funds to be borrowed are to be included in its ordinary capital resources, the Bank shall have obtained, where appropriate, the approval of the members referred to in sub-paragraphs (i) and (ii) of this paragraph that the proceeds may be exchanged for any other currency without any restrictions;
- (b) buy and sell securities the Bank has issued or guaranteed or in which it has invested provided always that it shall have obtained the approval of any member in whose territory the securities are to be bought or sold;
- (c) guarantee or underwrite securities in which it has invested in order to facilitate their sale;
- (d) invest funds not needed in its operations in such obligations as it may determine and invest funds held by the Bank for pension or similar purposes in marketable securities;

- (e) undertake activities incidental to its operations such as, among others, the promotion of consortia for financing which serves the purpose of the Bank and comes within its functions;
- (f)
  - (i) provide all technical advice and assistance which serve its purpose and come within its functions; and
  - (ii) where expenditure incurred by such a service is not reimbursed, charge the net income of the Bank therewith and, in the first five years of its operations, use up to one per cent of its paid-up capital on such expenditure; provided always that the total expenditure of the Bank on such services in each year of that period does not exceed one-fifth of that percentage; and
- (g) exercise such other powers as shall be necessary or desirable in furtherance of its purpose and functions, consistent with the provisions of this Agreement.

Article 24

Special Borrowing Powers

- (1) The Bank may request any member to loan amounts of its currency to the Bank in order to finance expenditure in respect of goods or services produced in the territory of that member for the purpose of a project to be carried out in the territory of another member.
- (2) Unless the member concerned invokes economic and financial difficulties which, in its opinion, are likely to be provoked or aggravated by the granting of such a loan to the Bank, that member shall comply with the request of the Bank. The loan shall be made for a period to be agreed with the Bank, which shall be in relation to the duration of the project which the proceeds of that loan are designed to finance.
- (3) Unless the member agrees otherwise, the aggregate amount outstanding in respect of its loans made to the Bank pursuant to this Article shall not, at any time, exceed the equivalent of the amount of its subscription to the capital stock of the Bank.
- (4) Loans to the Bank made pursuant to this Article shall bear interest, payable by the Bank to the lending member, at a rate which shall correspond to the average rate of interest paid by the Bank on its borrowings for Special Funds during a period of one year preceding the conclusion of the loan agreement. This rate shall in no event exceed a maximum rate which the Board of Governors shall determine from time to time.
- (5) The Bank shall repay the loan, and pay the interest due in respect thereof, in the currency of the lending member or in a currency acceptable to the latter.
- (6) All resources obtained by the Bank by virtue of the provisions of this Article shall constitute a Special Fund.

Article 25

Matters to be Placed on Securities

Every security issued or guaranteed by the Bank shall bear on its face a conspicuous statement to the effect that it is not an obligation of any government unless it is in fact the obligation of a particular government in which case it shall so state.

Article 26

Valuation of Currencies and Determination of Convertibility

Whenever it shall become necessary under this Agreement:

- (i) to value any currency in terms of another currency, in terms of gold or of the unit of account defined in paragraph (1)(b) of Article 5 of this Agreement; or
- (ii) to determine whether any currency is convertible

Such valuation or determination, as the case may be, shall be reasonably made by the Bank after consultation with the International Monetary Fund.

Article 27

Use of currencies

- (1) Members may not maintain or impose any restrictions on the holding or use by the Bank or by any recipient from the Bank, for payments anywhere, of the following:
- (a) gold or convertible currencies received by the Bank in payment of subscriptions to the capital stock of the Bank from its members;
  - (b) currencies of members purchased with the gold or convertible currencies referred to in the preceding sub-paragraph;
  - (c) currencies obtained by the Bank by borrowing, pursuant to paragraph (a) of Article 23 of this Agreement, for inclusion in its ordinary capital resources;
  - (d) gold or currencies received by the Bank in payment on account of principal, interest, dividends or other charges in respect of loans or investments made out of any of the funds referred to in sub-paragraphs (a) to (c) or in payment of commissions or fees in respect of guarantees issued by the Bank; and
  - (e) currencies, other than its own, received by a member from the Bank in distribution of the net income of the Bank in accordance with Article 42 of this Agreement.
- (2) Members may not maintain or impose any restrictions on the holding or use by the Bank or by any recipient from the Bank, for payments anywhere, of currency of a member received by the Bank which does not come within the provisions of the preceding paragraph, unless:
- (a) that member declares that it desires the use of such currency to be restricted to payments for goods or services produced in its territory; or
  - (b) such currency forms part of the special resources of the Bank and its use is subject to special rules and regulations.

(3) Members may not maintain or impose any restrictions on the holding or use by the Bank, for making amortization or anticipatory payments or for repurchasing -- in whole or in part -- its obligations, of currencies received by the Bank in repayment of direct loans made out of its ordinary capital resources.

(4) The Bank shall not use gold or currencies which it holds for the purchase of other currencies of its members except :

- (a) in order to meet its existing obligations; or
- (b) pursuant to a decision of the Board of Directors adopted by a two-thirds majority of the total voting power of the members.

Article 2b

Maintenance of Value of the Currency Holdings  
of the Bank

- (1) Whenever the par value of the currency of a member is reduced in terms of the unit of account defined in paragraph (1) (b) of Article 5 of this Agreement, or its foreign exchange value has, in the opinion of the Bank, depreciated to a significant extent, that member shall pay to the Bank within a reasonable time an amount of its currency required to maintain the value of all such currency held by the Bank, excepting currency derived by the Bank from its borrowing.
- (2) Whenever the par value of the currency of a member is increased in terms of the said unit of account, or its foreign exchange value has, in the opinion of the Bank, appreciated to a significant extent, the Bank shall pay to that member within a reasonable time an amount of that currency required to adjust the value of all such currency held by the Bank, excepting currency derived by the Bank from its borrowing.
- (3) The Bank may waive the provisions of this Article where a uniform proportionate change in the par value of the currencies of all its members takes place.



CHAPTER V

Organization and Management

Article 29

Board of Governors: Powers

- (1) All the powers of the Bank shall be vested in the Board of Governors. In particular, the Board shall issue general directives concerning the credit policy of the Bank.
- (2) The Board of Governors may delegate to the Board of Directors all its powers except the power to:
  - (a) decrease the authorized capital stock of the Bank;
  - (b) establish or accept the administration of Special Funds;
  - (c) authorize the conclusion of general arrangements for co-operation with the authorities of African countries which have not yet attained independent status or of general agreements for co-operation with African governments which have not yet acquired membership of the Bank, as well as of such agreements with other governments and with other international organizations;
  - (d) determine the remuneration of directors and their alternates;
  - (e) select outside auditors to certify the General Balance Sheet and the Statement of Profit and Loss of the Bank and to select such other experts as may be necessary to examine and report on the general management of the Bank;
  - (f) approve, after reviewing the report of the auditors, the General Balance Sheet and Statement of Profit and Loss of the Bank; and
  - (g) exercise such other powers as are expressly provided for that Board in this Agreement.
- (3) The Board of Governors shall retain full powers to exercise authority over any matter delegated to the Board of Directors pursuant to paragraph (2) of this Article.

Article 30

Board of Governors: Composition

(1) Each member shall be represented on the Board of Governors and shall appoint one governor and one alternate governor. They shall be persons of the highest competence and wide experience in economic and financial matters and shall be nationals of the member States. Each governor and alternate shall serve for five years, subject to termination of appointment at any time, or to reappointment, at the pleasure of the appointing member. No alternate may vote except in the absence of his principal. At its annual meeting, the Board shall designate one of the governors as Chairman who shall hold office until the election of the Chairman at the next annual meeting of the Board.

(2) Governors and alternates shall serve as such without remuneration from the Bank, but the Bank may pay them reasonable expenses incurred in attending meetings.

Article 31

Board of Governors: Procedure

- (1) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board or called by the Board of Directors. Meetings of the Board of Governors shall be called by the Board of Directors whenever requested by five members of the Bank, or by members having one quarter of the total voting power of the members.
- (2) A quorum for any meeting of the Board of Governors shall be a majority of the total number of Governors or their alternates, representing not less than two-thirds of the total voting power of the members.
- (3) The Board of Governors may by regulation establish a procedure whereby the Board of Directors may, when it deems such action advisable, obtain a vote of the governors on a specific question without calling a meeting of the Board.
- (4) The Board of Governors, and the Board of Directors to the extent authorized, may establish such subsidiary bodies and adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Bank.

Article 32

Board of Directors: Powers

Without prejudice to the powers of the Board of Governors as provided in Article 29 of this Agreement, the Board of Directors shall be responsible for the conduct of the general operations of the Bank and for this purpose shall, in addition to the powers provided for it expressly in this Agreement, exercise all the powers delegated to it by the Board of Governors, and in particular:

- (a) elect the President and, on his recommendation, more Vice-Presidents of the Bank and determine their terms of service;
- (b) prepare the work of the Board of Governors;
- (c) in conformity with the general directives of the Board of Governors, take decisions concerning particular direct loans, guarantees, investments in equity capital and borrowing of funds by the Bank;
- (d) determine the rates of interest for direct loans and of commissions for guarantees;
- (e) submit the accounts for each financial year and an annual report for approval to the Board of Governors at each annual meeting; and
- (f) determine the general structure of the services of the Bank.

Article 33

Board of Directors: Composition

(1) The Board of Directors shall be composed of nine members who shall not be governors or alternate governors. They shall be elected by the Board of Governors in accordance with Annex B to this Agreement, which shall form an integral part thereof. In electing the Board of Directors, the Board of Governors shall have due regard to the high competence in economic and financial matters required for the office.

(2) Each director shall appoint an alternate who shall act for him when he is not present. Directors and their alternates shall be nationals of member States; but no alternate may be of the same nationality as his director. An alternate may participate in meetings of the Board but may vote only when he is acting in place of his director.

(3) Directors shall be elected for a term of three years and may be re-elected. They shall continue in office until their successors are elected. If the office of a director becomes vacant more than 180 days before the end of his term, a successor shall be elected in accordance with Annex B to this Agreement, for the remainder of the term by the Board of Governors at its next session. While the office remains vacant the alternate of the former director shall exercise the powers of the latter except that of appointing an alternate.

Article 34

Board of Directors: Procedure

(1) The Board of Directors shall function in continuous session at the principal office of the Bank and shall meet as often as the business of the Bank may require.

(2) A quorum for any meeting of the Board of Directors shall be a majority of the total number of directors representing not less than two-thirds of the total voting power of the members.

(3) The Board of Governors shall adopt regulations under which, if there is no director of its nationality, a member may be represented at a meeting of the Board of Directors when a request made by, or a matter particularly affecting, that member is under consideration.

Article 35

Voting

(1) Each member shall have 625 votes and, in addition, one vote for each share of the capital stock of the Bank held by that member.

(2) In voting in the Board of Governors, each governor shall be entitled to cast the votes of the member he represents. Except as otherwise expressly provided in this Agreement, all matters before the Board of Governors shall be decided by a majority of the voting power represented at the meeting.

(3) In voting in the Board of Directors, each director shall be entitled to cast the number of votes that counted towards his election, which votes shall be cast as a unit. Except as otherwise provided in this Agreement, all matters before the Board of Directors shall be decided by a majority of the voting power represented at the meeting.

Article 36

The President: Appointment

The Board of Directors, by a majority of the total voting power of the members, shall elect the President of the Bank. He shall be a person of the highest competence in matters pertaining to the activities, management and administration of the Bank and shall be a national of a member State. While holding office, neither he nor any Vice-President shall be a governor or a director or alternate for either. The term of office of the President shall be five years. It may be renewed. He shall, however, cease to hold office if the Board of Directors so decides by a two-thirds majority of the voting power of the members.



Article 37

The Office of the President

- (1) The President shall be Chairman of the Board of Directors but shall have no vote except a deciding vote in case of an equal division. He may participate in meetings of the Board of Governors but shall not vote.
- (2) The President shall be chief of the staff of the Bank and shall conduct, under the direction of the Board of Directors, the current business of the Bank. He shall be responsible for the organization of the officers and staff of the Bank whom he shall appoint and release in accordance with regulations adopted by the Bank.
- (3) The President shall be the legal representative of the Bank.
- (4) The Bank shall adopt regulations which shall determine who shall legally represent the Bank and perform the other duties of the President in the event that he is absent or that his office should become vacant.
- (5) In appointing the officers and staff, the President shall make it his foremost consideration to secure the highest standards of efficiency, technical competence and integrity. He shall pay full regard to the recruitment of personnel among members of African countries, especially as far as senior posts of an executive nature are concerned. He shall recruit them on as wide a geographical basis as possible.

Article 38

Prohibition of Political Activity,  
the International Character of the Bank

- (1) The Bank shall not accept loans or assistance that could in any way prejudice, limit, deflect or otherwise alter its purpose or functions.
- (2) The Bank, its President, Vice-Presidents, officers and staff shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member concerned. Only economic considerations shall be relevant to their decisions. Such considerations shall be weighed impartially in order to achieve and carry out the functions of the Bank.
- (3) The President, Vice-Presidents, officers and staff of the Bank, in discharge of their offices, owe their duty entirely to the Bank and to no other authority. Each member of the Bank shall respect the international character of this duty and shall refrain from all attempts to influence any of them in the discharge of their duties.

E/CN.14/FMAB/25

Annex II

Page 49

Chapter V

Article 39

Article 39

Offices of the Bank

- (1) The principal office of the Bank shall be located in ...
- (2) The Bank may establish agencies or branch offices elsewhere.

Article 40

Channel of Communications, Depositories

- (1) Each member shall designate an appropriate authority with which the Bank may communicate in connexion with any matter arising under this Agreement.
- (2) Each member shall designate its central bank or such other institution as may be agreed by the Bank, as a depository with which the Bank may keep its holdings of currency of that member as well as other assets of the Bank.
- (3) The Bank may hold its assets, including gold and convertible currencies, with such depositories as the Board of Directors shall determine.

Article 41

Publication of the Agreement, Working Languages, Provision  
of Information and Reports

- (1) The Bank shall endeavour to make available the text of this Agreement and all its important documents in the principal languages used in Africa. The working languages of the Bank shall be English and French and, where conditions permit, all languages which are the official languages of one or more members.
- (2) Members shall furnish the Bank with all information it may request of them in order to facilitate the performance of its functions.
- (3) The Bank shall publish and transmit to its members an Annual Report containing an audited statement of the accounts. It shall also transmit quarterly to the members a summary statement of its financial position and a profit and loss statement showing the results of its operations. The Annual Report and the Quarterly Statements shall be drawn up in accordance with the provisions of paragraph (4) of Article 13 of this Agreement.
- (4) The Bank may also publish such other reports as it deems desirable to carry out its purpose and functions. They shall be transmitted to the members of the Bank.

Article 42

Allocation of Net Income

- (1) The Board of Governors shall determine annually what part of the net income of the Bank, including the net income accruing to its Special Funds, shall be allocated - after making provision for reserves - to surplus and what part, if any, shall be distributed.
- (2) The distribution referred to in the preceding paragraph shall be made in proportion to the number of shares held by each member.
- (3) Payments shall be made in such manner and in such currency as the Board of Governors shall determine.

CHAPTER VI

Withdrawal and Suspension of Members,  
Temporary Suspension and Termination  
of Operations of the Bank

Article 43

Withdrawal

- (1) Any member may withdraw from the Bank at any time by transmitting a notice in writing to the Bank at its principal office.
- (2) Withdrawal by a member shall become effective on the date specified in its notice but in no event less than six months after the date that notice has been received by the Bank.

Article 44

Suspension

(1) If it appears to the Board of Directors that a member fails to fulfil any of its obligations to the Bank, that member shall be suspended by that Board unless the Board of Governors at a subsequent meeting, called by the Board of Directors for that purpose, decides otherwise by a decision taken by a majority of the Governors exercising a majority of the total voting power of the members.

(2) A member so suspended shall automatically cease to be a member of the Bank one year from the date of suspension unless a decision is taken by the Board of Governors by the same majority to restore the member to good standing.

(3) While under suspension, a member shall not be entitled to exercise any rights under this Agreement, except the right of withdrawal, but shall remain subject to all obligations.



Article 45

Settlement of Accounts

- (1) After the date on which a State ceases to be a member (hereinafter in this Article called the "termination date"), the member shall remain liable for its direct obligations to the Bank and for its contingent liabilities to the Bank so long as any part of the loans or guarantees contracted before the termination date is outstanding; but it shall cease to incur liabilities with respect to loans and guarantees entered into thereafter by the Bank and to share either in the income or the expenses of the Bank.
- (2) At the time a State ceases to be a member, the Bank shall arrange for the repurchase of its shares as a part of the settlement of accounts with that State in accordance with the provisions of paragraphs (3) and (4) of this Article. For this purpose, the repurchase price of the shares shall be the value shown by the books of the Bank on the termination date.
- (3) The payment for shares repurchased by the Bank under this Article shall be governed by the following conditions:
  - (a) Any amount due to the State concerned for its shares shall be withheld so long as that State, its central bank or any of its agencies remains liable, as borrower or guarantor, to the Bank and such amount may, at the option of the Bank, be applied on any such liability as it matures. No amount shall be withheld on account of the liability of the State resulting from its subscription for shares in accordance with paragraph (4) of Article 7 of this Agreement. In any event, no amount due to a member for its shares shall be paid until six months after the termination date.
  - (b) Payments for shares may be made from time to time, upon their surrender by the Government of the State concerned, to the extent by which the amount due as the repurchase price in accordance with paragraph (2) of this Article exceeds the

aggregate amount of liabilities on loans and guarantees referred to in sub-paragraph (a) of this paragraph until the former member has received the full repurchase price.

- (c) Payments shall be made in the currency of the State receiving payment or, if such currency is not available, in gold or convertible currency.
- (d) If losses are sustained by the Bank on any guarantees or loans which were outstanding on the termination date and the amount of such losses exceeds the amount of the reserve provided against losses on that date, the State concerned shall repay, upon demand, the amount by which the repurchase price of its shares would have been reduced, if the losses had been taken into account when the repurchase price was determined. In addition, the former member shall remain liable on any call for unpaid subscriptions in accordance with paragraph (4) of Article 7 of this Agreement, to the extent that it would have been required to respond if the impairment of capital had occurred and the call had been made at the time the repurchase price of its shares was determined.

- (4) If the Bank terminates its operations pursuant to Article 47 of this Agreement within six months of the termination date, all rights of the State concerned shall be determined in accordance with the provisions of its Articles 47 to 49.

Article 46

Temporary Suspension of Operations

In an emergency, the Board of Directors may suspend temporarily operations in respect of new loans and guarantees pending an opportunity for further consideration and action by the Board of Governors.

E/CN.14/FMAB/25  
Annex II  
Page 58  
Chapter VI  
Article 47

Article 47

Termination of Operations

- (1) The Bank may terminate its operations in respect of new loans and guarantees by a decision of the Board of Governors exercising a majority of the total voting power of the members.
- (2) After such termination, the Bank shall forthwith cease all activities, except those incident to the orderly realization, conservation and preservation of its assets and settlement of its obligations.

Article 48

Liability of Members and Payment of Claims

- (1) In the event of termination of the operations of the Bank, the liability of all members for uncalled subscriptions to the capital stock of the Bank and in respect of the depreciation of their currencies shall continue until all claims of creditors, including all contingent claims, shall have been discharged.
- (2) All creditors holding direct claims shall be paid out of the assets of the Bank and then out of payments to the Bank on calls on unpaid subscriptions. Before making any payments to creditors holding direct claims, the Board of Directors shall make such arrangements as are necessary, in its judgment, to ensure a pro rata distribution among holders of direct and contingent claims.

Article 49

Distribution of Assets

(1) In the event of termination of operations of the Bank, no distribution shall be made to members on account of their subscriptions to the capital stock of the Bank until:

(i) all liabilities to creditors have been discharged or provided for; and

(ii) the Board of Governors has taken a decision to make a distribution. This decision shall be taken by the Board exercising a majority of the total voting power of the members.

(2) After a decision to make a distribution has been taken in accordance with the preceding paragraph, the Board of Directors may by a two-thirds majority vote make successive distributions of the assets of the Bank to members until all assets have been distributed. This distribution shall be subject to the prior settlement of all outstanding claims of the Bank against each member.

(3) Before any distribution of assets is made, the Board of Directors shall fix the proportionate share of each member according to the ratio of its shareholding to the total outstanding shares of the Bank.

(4) The Board of Directors shall value the assets to be distributed at the date of distribution and then proceed to distribute in the following manner:

(a) There shall be paid to each member in its own obligations or those of its official agencies or legal entities within its territories, to the extent that they are available for distribution, an amount equivalent in value to its proportionate share of the total amount to be distributed.

- (b) Any balance due to a member after payment has been made in accordance with the preceding sub-paragraph, shall be paid in its currency, to the extent that it is held by the Bank, up to an amount equivalent in value to such balance.
- (c) Any balance due to a member after payment has been made in accordance with sub-paragraphs (a) and (b) of this paragraph shall be paid in gold or currency acceptable to that member, to the extent that they are held by the Bank, up to an amount equivalent in value to such balance.
- (d) Any remaining assets held by the Bank after payments have been made to members in accordance with sub-paragraphs (a) to (c) of this paragraph shall be distributed pro rata among the members.
- (5) Any member receiving assets distributed by the Bank in accordance with the preceding paragraph, shall enjoy the same rights with respect to such assets as the Bank enjoyed before their distribution.

CHAPTER VII

Status, Immunities, Exemptions and Privileges

Article 50

Status

To enable it to fulfil its purpose and the functions with which it is entrusted, the Bank shall possess full international personality. To those ends, it may enter into agreements with members, non-member States and other international organizations. To the same ends, the status, immunities, exemptions and privileges set forth in this Chapter shall be accorded to the Bank in the territory of each member.



Article 51

Status in Member Countries

In the territory of each member the Bank shall possess full juridical personality and, in particular, full capacity:

- (a) to contract;
- (b) to acquire and dispose of immovable and movable property; and
- (c) to institute legal proceedings.

Article 52

Judicial Proceedings

- (1) The Bank shall enjoy immunity from every form of legal process except in cases arising out of the exercise of its borrowing powers when it may be sued only in a court of competent jurisdiction in the territory of a member in which the Bank has its principal office, or in the territory of a member or non-member State where it has appointed an agent for the purpose of accepting service or notice of process or has issued or guaranteed securities. No actions shall, however, be brought by members or persons acting for or deriving claims from members.
- (2) The property and assets of the Bank shall, wherever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgement against the Bank.

Article 53

Immunity of Assets and Archives

- (1) Property and assets of the Bank, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of taking or foreclosure by executive or legislative action.
- (2) The archives of the Bank, and, in general, all documents belonging to it, or held by it, shall be inviolable, wherever located.

E/CN.14/FMAB/25  
Annex II  
Page 66  
Chapter VII  
Article 54

Article 54

Freedom of Assets from Restriction

To the extent necessary to carry out the purpose and functions of the Bank and subject to the provisions of this Agreement, all property and other assets of the Bank shall be exempt from restrictions, regulations, controls and moratoria of any nature.

Article 55

Privilege for Communications

Official communications of the Bank shall be accorded by each member the same treatment that it accords to the official communications of other members.

Article 56

Personal Immunities and Privileges

(1) All governors, directors, alternates, officers and employees of the Bank:

(i) shall be immune from legal process with respect to acts performed by them in their official capacity;

(ii) where they are not local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations, and the same facilities as regards exchange regulations as are accorded by members to the representatives, officials, and employees of comparable rank of other members; and

(iii) shall be granted the same treatment in respect of travelling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

(2) Experts and consultants performing missions for the Bank shall be accorded such immunities and privileges as are, in the opinion of the Bank, necessary for the independent exercise of their functions during the period of their mission, including the time spent on journeys in connexion therewith.

Article 57

Exemption from Taxation

- (1) The Bank, its property, other assets, income and its operations and transactions, shall be exempt from all taxation and from all customs duties. The Bank shall also be exempt from any obligation relating to the payment, withholding or collection of any tax or duty.
- (2) No tax shall be levied on or in respect of salaries and emoluments paid by the Bank to directors, alternates, officers and other professional staff of the Bank.
- (3) No tax of any kind shall be levied on any obligation or security issued by the Bank, including any dividend or interest thereon, by whomsoever held:
  - (i) which discriminates against such obligation or security solely because it is issued by the Bank; or
  - (ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Bank.
- (4) No tax of any kind shall be levied on any obligation or security guaranteed by the Bank, including any dividend or interest thereon, by whomsoever held:
  - (i) which discriminates against such obligation or security solely because it is guaranteed by the Bank; or
  - (ii) if the sole jurisdictional basis for such taxation is the location of any office or place of business maintained by the Bank.

Article 58

Notification of Implementation

Each member shall promptly inform the Bank of the specific action which it has taken to make effective in its territory the provisions of this Chapter.



Article 59

Application of Immunities, Exemptions and Privileges

The immunities, exemptions and privileges provided in this Chapter are granted in the interests of the Bank. The Board of Directors may waive, to such extent and upon such conditions as it may determine, the immunities and exemptions provided in Articles 52, 54, 56 and 57 of this Agreement in cases where its action would, in its opinion, further the interests of the Bank. The President shall have the right and the duty to waive the immunity of any official in cases where, in his opinion, the immunity would impede the course of justice and can be waived without prejudice to the interests of the Bank.

CHAPTER VIII

Amendments, Interpretation

Arbitration

Article 60

Amendments

- (1) Any proposal to introduce modifications to this Agreement, whether emanating from a member, a governor or the Board of Directors, shall be communicated to the Chairman of the Board of Governors, who shall bring the proposal before that Board. If the proposed amendment is approved by the Board, the Bank shall, by circular letter or telegram, ask the members whether they accept the proposed amendment. When two-thirds of the members, having three-quarters of the total voting power of the members have accepted the proposed amendment, the Bank shall certify the fact by formal communication addressed to the members.
- (2) Notwithstanding paragraph (1) of this Article, acceptance by all the members is required for any amendment modifying:
- (i) the right secured by paragraph (2) of Article 6 of this Agreement;
  - (ii) the limitation on liability provided in paragraph (5) of that Article; and
  - (iii) the right to withdraw from the Bank provided in Article 43 of this Agreement.
- (3) Amendments shall enter into force for all members three months after the date of the formal communication provided for in paragraph (1) of this Article unless the Board of Governors specifies a different period.

Article 61

Interpretation

- (1) The English and French texts of this Agreement shall be regarded as equally authentic.
- (2) Any question of interpretation of the provisions of this Agreement arising between any member and the Bank or between any members of the Bank shall be submitted to the Board of Directors for decision. If there is no director of its nationality on that Board, a member particularly affected by the question under consideration shall be entitled to direct representation in such cases. Such right of representation shall be regulated by the Board of Governors.
- (3) In any case where the Board of Directors has given a decision under paragraph (2) of this Article, any member may require that the question be referred to the Board of Governors, whose decision shall be sought - under a procedure to be established in accordance with paragraph (3) of Article 31 of this Agreement - within three months. That decision shall be final.

Article 62

Arbitration

In the case of a dispute between the Bank and the Government of a State which has ceased to be a member, or between the Bank and any member upon the termination of the operations of the Bank, such dispute shall be submitted to arbitration by a tribunal of three arbitrators. One of the arbitrators shall be appointed by the Bank, another by the Government of the State concerned, and the third arbitrator, unless the parties otherwise agree, shall be appointed by such other authority as may have been prescribed by regulations adopted by the Board of Governors. The third arbitrator shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

CHAPTER IX

Final Provisions

Article 63

Signature and Deposit

- (1) This Agreement, deposited with the Secretary-General of the United Nations (hereinafter called the "Depository"), shall remain open until 31st December, 1963 for signature by the Governments of States whose names are set forth in Annex A to this Agreement.
- (2) The Depository shall communicate certified copies of this Agreement to all the Signatories.

Article 64

Ratification, Acceptance, Accession  
and Acquisition of Membership

(1) (a) This Agreement shall be subject to ratification or acceptance by the Signatories. Instruments of ratification or acceptance shall be deposited by the Signatory Governments with the Depository before 1st July, 1965. The Depository shall notify each deposit and the date thereof to the other Signatories.

(b) A State whose instrument of ratification or acceptance is deposited before the date on which this Agreement enters into force, shall become a member of the Bank on that date. Any other Signatory which complies with the provisions of the preceding paragraph, shall become a member on the date on which its instrument of ratification or acceptance is deposited.

(2) States which do not acquire membership of the Bank in accordance with the provisions of paragraph (1) of this Article, may become members - after the Agreement has entered into force - by accession thereto on such terms as the Board of Governors shall determine. The Government of any such State shall deposit, on or before a date appointed by that Board, an instrument of accession with the Depository who shall notify such deposit and the date thereof to the Bank and to the Parties to this Agreement. Upon the deposit, the State shall become member of the Bank on the appointed date.

Article 65

Entry into Force

This Agreement shall enter into force upon the deposit of instruments of ratification or acceptance by twelve signatory Governments whose initial subscriptions, as set forth in Annex A to this Agreement, in aggregate comprise not less than sixty-five per cent of the authorized capital stock of the Bank; provided always that 1st January, 1964 shall be the earliest date on which this Agreement may enter into force in accordance with the provisions of this Article.

Article 6

Commencement of Operations

- (1) As soon as this Agreement enters into force, each member shall appoint a governor, and the Trustee appointed for this purpose and for the purpose indicated in paragraph (5) of Article 7 of this Agreement in a Protocol thereto, shall call the first meeting of the Board of Governors.
- (2) At its first meeting, the Board of Governors:
  - (a) shall elect nine directors of the Bank in accordance with paragraph (1) of Article 33 of this Agreement; and
  - (b) make arrangements for the determination of the date on which the Bank shall commence its operations.
- (3) The Bank shall notify its members of the date of the commencement of its operations.

DONE in Khartoum, this            day of August Nineteen Hundred and Sixty-three,  
in a single copy in the English and French languages.



ANNEX A

Initial Subscriptions to the Authorized Capital Stock of the Bank

Member	Paid-up Shares	Callable Shares	Total Subscription (in million of units of account)
1. Algeria	1,225	1,225	24.50
2. Burundi	60	60	1.20
3. Cameroon	200	200	4.00
4. Central African Republic	50	50	1.00
5. Chad	80	80	1.60
6. Congo (Brazzaville)	75	75	1.50
7. Congo (Leopoldville)	650	650	13.00
8. Dahomey	70	70	1.40
9. Ethiopia	315	315	6.30
10. Gabon	65	65	1.30
11. Ghana	640	640	12.80
12. Guinea	125	125	2.50
13. Ivory Coast	300	300	6.00
14. Liberia	130	130	2.60
15. Libya	95	95	1.90
16. Madagascar	260	260	5.20
17. Mali	115	115	2.30
18. Mauritania	55	55	1.10
19. Morocco	755	755	15.10
20. Niger	80	80	1.60
21. Nigeria	1,205	1,205	24.10
22. Rwanda	60	60	1.20

Member	Paid-up Shares	Callable Shares	Total Subscription (in million of units of account)
23. Senegal	275	275	5.50
24. Sierra Leone	105	105	2.10
25. Somalia	50	50	1.00
26. Sudan	505	505	10.10
27. Tanganyika	265	265	5.30
28. Togo	50	50	1.00
29. Tunisia	345	345	6.90
30. Uganda	230	230	4.60
31. UAR (Egypt)	1,500	1,500	30.00
32. Upper Volta	65	65	1.30

NOTE: The signature of this Agreement by the Government of Kenya shall be governed by a Protocol to this Agreement.

ANNEX B TO THE AGREEMENT

Election of Directors<sup>1/</sup>

1. At the election of directors each governor shall cast all votes of the member he represents for a single person.
2. The nine persons receiving the highest number of votes shall be directors, except that no person who receives less than ten per cent of the total voting power of the members shall be considered as elected.
3. If nine persons are not elected at the first ballot, a second ballot shall be held in which the person who received the lowest number of votes in the preceding ballot shall be ineligible and in which votes shall be cast only by:
  - (a) governors who voted in the preceding ballot for a person who is not elected; and
  - (b) governors whose votes for a person who is elected are deemed, in accordance with paragraph 4 of this Annex, to have raised the votes cast for that person above twelve per cent of the total voting power of the members.
4. (a) In determining whether the votes cast by a governor shall be deemed to have raised the total number of votes for any person above twelve per cent, the said twelve per cent shall be deemed to include, first, the votes of the governor casting the highest number of votes for that person, and then, in diminishing order, the votes of each governor casting the next highest number until twelve per cent is attained.
  - (b) Any governor part of whose votes must be counted in order to raise the votes cast for any person above ten per cent shall be considered as casting all his votes for that person even if the total number of votes cast for that person thereby exceeds twelve per cent.

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<sup>1/</sup> This Annex has been prepared by the secretariat.

E/CN.14/FMAB/25

Annex II

Page 82

Annex B (ii)

5. If, after the second ballot, nine persons are not elected, further ballots shall be held in conformity with the principles laid down in this Annex, provided that after eight persons are elected, the ninth may be elected - notwithstanding the provisions of paragraph 2 of this Annex - by a simple majority of the remaining votes. All such remaining votes shall be deemed to have counted towards the election of the ninth director.

DRAFT PROTOCOL TO THE AGREEMENT ESTABLISHING THE AFRICAN DEVELOPMENT  
BANK CONCERNING THE APPOINTMENT AND DUTIES OF THE TRUSTEE

THE GOVERNMENTS on whose behalf this Protocol is signed;

BEING Signatories of the Agreement Establishing the African Development Bank (hereinafter called the "Agreement");

CONSIDERING that paragraph (1) of Article 66 of the Agreement provides for the appointment of a Trustee for the purposes defined in that paragraph and in paragraph (5) of Article 7 of the Agreement;

TAKING NOTE of the declaration made, on behalf of the Secretary-General of the United Nations, by the Executive Secretary of its Economic Commission for Africa at the Conference of Finance Ministers on the Establishment of an African Development Bank, held in Khartoum from ..th July to ..th August, 1963, stating that the Secretary-General would take such action and perform such duties as are provided for the Trustee in the said Article of the Agreement and in this Protocol;

CONSIDERING the need to bring the provisions of this Protocol promptly into effect;

HAVE AGREED as follows:

Article 1

The Secretary-General of the United Nations (hereinafter called the "Trustee") is hereby appointed Trustee for the purposes defined in paragraph (5) of Article 7 and paragraph (1) of Article 66 of the Agreement.

Article 2

(a) The Trustee shall at all times keep all gold and currencies received from the Signatories of the Agreement in pursuance of the provisions of Article 7 thereof as well as any income accruing thereto (such currencies and income, in their entirety, hereinafter called the "funds received") entirely separate and apart from all other assets and accounts in a special account designated the "United Nations African Development Bank Trust Account".

(b) The Trustee shall not hold, deposit, use, commit, invest, transfer or otherwise dispose of the gold or funds received or any part thereof except

as is provided in this Protocol.

(c) The Trustee may:

(i) deposit the funds received or any part thereof in a deposit account designated the "African Development Bank Deposit Account" for a period not exceeding six months subject to interest and to arrangements whereby he may withdraw the funds so deposited or any part thereof at any time upon a ten days' call notice; and

(ii) invest the funds received or any part thereof in first class government bonds denominated and payable in a convertible currency and maturing within a period of six months from the date of investment.

#### Article 3

The Trustee shall convene the first meeting of the Board of Governors of the African Development Bank (hereinafter called the "Bank") to take place within thirty days from the date on which the Agreement enters into force.

#### Article 4

The Trustee shall transfer the gold and funds received to the Bank not later than on the date of the first meeting of its Board of Governors and shall, at the same time, transmit to that Board a statement of accounts relating to the gold and funds received, audited in accordance with the auditing procedures of the United Nations.

#### Article 5

If the Agreement has not entered into force by 1st July 1965 <sup>1/</sup> the Trustee shall, not later than on 15th July 1965, return all gold and currencies to the Signatories of the Agreement from whom they were received in pursuance of the provisions of Article 7 thereof and distribute any income accrued from those currencies in proportion to the amounts thus received,

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<sup>1/</sup> See Article 64 of the Agreement and Note 2 thereto

taking into account the period for which each amount bore income. At the same time, the Trustee shall transmit to the said Signatories a statement of accounts relating to the gold and funds received, audited in accordance with the auditing procedures of the United Nations.

Article 6

(1) Each Signatory of the Agreement shall become a party to this Protocol in accordance with paragraph (2) of this Article.

(2) This Protocol, deposited with the Depository of the Agreement, shall remain open for signature by the Signatories of the Agreement until 31st December, 1963. <sup>1/</sup>

(3) The Depository of the Agreement shall communicate certified copies of this Protocol to the Signatory Governments and notify each signature and the date thereof to the other Signatory Governments.

Article 7

(1) This Protocol shall come into effect as soon as it has been signed on behalf of twelve Signatories of the Agreement whose initial subscriptions, as set forth in Annex A thereto, in aggregate comprise not less than sixty-five per cent of the authorized capital stock of the Bank. Each Signatory Government shall apply the Provisions of this Protocol from the effective date or from the date of its own signature - whichever is the later date - as if this Protocol had been ratified or accepted by it.

(2) The Depository of the Agreement shall communicate the effective date to the Signatory Governments.

DONE in Khartoum this            day of August Nineteen Hundred and Sixty Three in a single copy in the English and French languages, both texts being equally authentic.

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<sup>1/</sup> See Article 63 of the Agreement

DRAFT PROTOCOL ESTABLISHING INTERIM ARRANGEMENTS  
 FOR THE AFRICAN DEVELOPMENT BANK

TABLE OF CONTENTS

	<u>Page</u>
Preamble	86
<b>PART I: GENERAL</b>	
Article 1. <u>Purposes</u>	87
Article 2. <u>Functions</u>	87
Article 3. <u>Structure</u>	88
Article 4. <u>The Governing Body</u>	89
Article 5. <u>The Chief Executive: Appointment</u>	89
Article 6. <u>The Office of the Chief Executive</u>	89
Article 7. <u>Advisory Committee: Tasks</u>	90
Article 8. <u>Advisory Committee: Composition</u>	90
Article 9. <u>Advisory Committee: Designation of Members</u>	90
Article 10. <u>Advisory Committee: Honorarium</u>	91
Article 11. <u>Advisory Committee: Procedure</u>	91
Article 12. <u>Prohibition of Political Activity</u>	91
Article 13. <u>Headquarters</u>	92
<b>PART II: SPECIAL ASSISTANCE</b>	
Article 14. <u>Assistance by the U.N. Economic Commission for Africa</u>	93
Article 15. <u>Special Assistance from other Sources</u>	93
<b>PART III: FINANCE</b>	
Article 16. <u>Financing</u>	94
Article 17. <u>Ordinary Contributions</u>	94
Article 18. <u>Payment of Ordinary Contributions</u>	95
Article 19. <u>Ordinary Contributions: Currency of Payment</u>	95



	<u>Page</u>
PART IV: STATUS, IMMUNITIES, EXEMPTIONS AND PRIVILEGES	95
Article 20.	95
PART V: FINAL PROVISIONS	96
Article 21. <u>Signature and Deposit</u>	96
Article 22. <u>Effective Date</u>	96
Article 23. <u>Commencement of Activities</u>	97
Article 24. <u>Termination of the Protocol</u>	97
Article 25. <u>Signatory Governments</u>	98
ANNEX A:   ORDINARY CONTRIBUTIONS TO INTERIM ARRANGEMENTS.	99

DRAFT PROTOCOL ESTABLISHING INTERIM ARRANGEMENTS  
FOR THE AFRICAN DEVELOPMENT BANK

THE GOVERNMENTS on whose behalf this Protocol is signed;  
BEING SIGNATORIES of the Agreement Establishing the African Development Bank;  
RESOLVED to give speedy effect to that Agreement and, in particular, to take urgent measures to bring about, as early as possible, the actual establishment of the African Development Bank;  
RESOLVED also, in order to ensure the success of that Bank, to take measures designed to prepare, advance, and facilitate the operations and other activities to be undertaken by that Bank after its establishment;  
CONVINCED, therefore, that Interim Arrangements for that Bank should be created forthwith and carried out without delay which would serve these ends and comprise the establishment of organs required and capable to devise, initiate, prepare and implement such measures;  
DETERMINED to contribute towards the cost of such Interim Arrangements;  
TAKING NOTE of the declaration made, on behalf of the Secretary-General of the United Nations, by the Executive Secretary of its Economic Commission for Africa at the Conference of Finance Ministers on the Establishment of an African Development Bank, held in Khartoum from July to August, 1963, stating that he would take such action and perform such duties as are provided with regard thereto in this Protocol;  
CONSIDERING the need to bring the provisions of this Protocol promptly into effect;  
HAVE AGREED to establish hereby the INTERIM ARRANGEMENTS FOR THE AFRICAN DEVELOPMENT BANK (hereinafter called the "Interim Arrangements") which shall be governed by the following provisions:

PART I: GENERAL

Article 1

Purposes

The purposes of the Interim Arrangements shall be to promote and advance the entry into force of the Agreement establishing the African Development Bank (hereinafter called the "Agreement") and the actual establishment of the African Development Bank (hereinafter called the "Bank") as well as to devise, initiate, prepare and implement arrangements and measures that may promote and advance the operations and other activities of the Bank after its establishment.

Article 2

Functions

(1) To implement its purposes, the Interim Arrangements shall have the following functions:

(a) To establish and maintain contact with the Signatories of the Agreement in order to advance its ratification, and to consult with the authorities in African countries which have not signed the Agreement concerning the possibility of their signature and ratification thereof or accession thereto;

(b) To devise, initiate, implement or supervise administrative arrangements or measures preparatory to the actual establishment of the headquarters of the Bank or relating to its communications or other services, installations and facilities, to its appointment procedures or to housing its staff;

(c) To prepare for the Bank drafts of its headquarters agreement, loan and guarantee regulations, arbitration procedures, general by-laws, agreements for its co-operation with other international, regional or national organizations and institutions, its staff rules and regulations as well as of other legal instruments or arrangements which may promote or advance an early establishment of the Bank and the effective commencement of its operations and other activities;

(d) To discuss, study and prepare schemes for technical assistance which the Bank may require upon its inception;

(e) To assess potential sources of financing for the Bank and the relevant lending terms and conditions in order to determine its borrowing capacity at its early stages;

(f) To explore the possibilities for obtaining grants or other special funds with the administration of which the Bank could be entrusted and which would serve its purpose and come within its functions; and

(g) To devise, initiate, prepare and implement such other arrangements or measures as may be necessary or desirable in furtherance of its purposes, consistent with the provisions of this Protocol.

(2) The Interim Arrangements shall undertake to draw up an inventory of projects which are being studied in the member countries and, where appropriate, to examine more thoroughly such projects with the assistance of the United Nations Economic Commission for Africa (hereinafter called the "Commission") or other organs or specialized Agencies of the United Nations, in order to enable the Bank to initiate, as soon as possible, the definitive study and selection of projects which it should finance.

(3) In carrying out its functions, the Interim Arrangements should co-operate with regional and national development institutions existing in Africa. To the same end, it should establish co-operation with other international organisations pursuing purposes similar to that of the Bank and with other institutions concerned with the development of Africa.

(4) The Interim Arrangements shall be guided in all its decisions by the provisions of Articles 1 and 2 of this Protocol and have due regard to Articles 1 and 2 of the Agreement.

### Article 3

#### Structure

Interim Arrangements shall, as its principal organs, comprise a Governing Body, a Chief Executive, assisted by a staff, and an Advisory Committee.

Article 4

The Governing Body

(1) The Governing Body shall be composed of the Ministers of Finance of the Signatory Governments or their Representatives.

(2) In addition to the powers provided for the Governing Body elsewhere in this Protocol, it shall consider and approve a report on the activities of the Interim Arrangements submitted by the Chief Executive at a meeting which it shall hold each year on the occasion of the annual session of the Commission.

(3) Each Minister represented on the Governing Body shall have one vote. Unless otherwise provided elsewhere in this Protocol, the Governing Body shall decide by simple majority.

Article 5

The Chief Executive: Appointment

The Governing Body shall elect the Chief Executive in accordance with the provisions of paragraph (1) of Article 23 of this Protocol. He shall be an African of the highest competence and established reputation. While holding this office, he shall not be a member of the Advisory Committee nor shall he hold any other office or employment. His term of office shall expire upon the termination of this Protocol. He shall, however, cease to hold office if the Signatory Governments so decide by the majority provided for his election in paragraph (1) of Article 23 of this Protocol.

Article 6

The Office of the Chief Executive

(1) The Chief Executive shall direct the activities of the Interim Arrangements in conformity with general policies determined by or in consultation with the Advisory Committee.

(2) The Chief Executive shall act as Chairman of the Advisory Committee.

(3) The Chief Executive shall be the head of the staff of the Interim Arrangements, the services of which he shall organize. He may, if required, appoint one or two deputies with due regard to regional representation, and may use consultants within these services. In organizing these services he shall, with all due regard to economy, be guided by the Report on Interim Arrangements approved by the Conference of Finance Ministers on the Establishment of an African Development Bank referred to hereinbefore.

(4) The Chief Executive shall appoint and release members of the staff in accordance with staff regulations which he shall make after consultation with the Advisory Committee.

(5) In appointing the staff, the Chief Executive shall make it his foremost consideration to secure the highest standards of efficiency, technical competence and integrity. He shall also take into account the need for an equitable geographical distribution.

(6) The Chief Executive may retain the services of outside consultants whenever this is required by the specialized character of their task.

(7) The Chief Executive shall be the legal representative of the Interim Arrangements. For its purpose and within its functions, he may, on its behalf, accept, hold, commit, invest, use, transfer or otherwise dispose of all funds or other assets appertaining or entrusted thereto.

#### Article 7

##### Advisory Committee: Tasks

The Advisory Committee shall advise the Chief Executive on matters of general policy concerning the Interim Arrangements and on any specific issue in relation thereto referred to it by the Chief Executive on his own initiative or at the request of at least seven Signatory Governments.

#### Article 8

##### Advisory Committee: Composition

The Advisory Committee shall be composed of nine members who shall be experts from African countries, chosen in their individual capacity with due regard to their competence and experience in fields relevant to the purpose and functions of the Interim Arrangements and to the need for an equitable geographical representation on that Committee.

#### Article 9

##### Advisory Committee: Designation of Members

Members of the Advisory Committee shall be designated by the Governing Body in accordance with the provisions of paragraph (1) of Article 23 of this Protocol. They shall hold office until the termination of this Protocol.

unless the Governing Body, by the majority provided for their designation in that paragraph, decides otherwise.

Article 10

Advisory Committee: Honorarium

Members of the Advisory Committee shall receive an honorarium for attending its meetings at the rate equivalent to 250 units of account, as defined in paragraph (1)(b) of Article 5 of the Agreement (hereinafter called "units of account"), for each week of attendance. In addition, reasonable expenses incurred by them in attending meetings of the Committee shall be reimbursed.

Article 11

Advisory Committee: Procedure

(1) The Advisory Committee shall meet - at the headquarters of the Interim Arrangements or elsewhere - at least every six months. It shall first meet for no longer than two weeks within one month from the effective date. It shall be convened by the Chief Executive.

(2) The Executive Secretary of the United Nations Economic Commission for Africa (hereinafter called the "Executive Secretary") shall be entitled to attend (or be represented at) the meetings of the Advisory Committee.

(3) The Advisory Committee may invite international organizations whose part in the general economic development of Africa is widely recognized, to participate in its meetings.

(4) The Advisory Committee may adopt its Rules of Procedure.

Article 12

Prohibition of Political Activity

(1) The Chief Executive, the members of the Advisory Committee, and the staff of the Interim Arrangements shall not interfere in the political affairs of any Signatory Government; nor shall they be influenced in their decisions by considerations other than those which promote the purposes and functions of the Interim Arrangements.

(2) The Chief Executive, the members of the Advisory Committee, and the staff of the Interim Arrangements, in discharge of their offices, owe

their duty entirely to the Interim Arrangements and to no other authority. Each Signatory Government shall respect the international character of this duty and shall refrain from all attempts to influence any of them in the discharge of their duties.

Article 13

Headquarters

The Interim Arrangements shall have its headquarters at Addis Ababa.



PART II : SPECIAL ASSISTANCE

Article 14

Assistance by the U.N. Economic Commission  
for Africa

(1) In carrying out its functions, the Interim Arrangements shall be entitled to call for assistance on the services of the secretariat of the Commission.

(2) The Chief Executive and the Executive Secretary shall jointly determine the terms and conditions on which the secretariat of the Commission will render assistance to the Interim Arrangements.

Article 15

Special Assistance from other Sources

(1) In carrying out its functions, the Interim Arrangements may accept, in addition to the ordinary contributions provided for in Article 17 of this Protocol, special assistance from any Signatory Government, other Government, organization or institution in the form of other contributions or of technical assistance or other facilities or services provided that such special assistance is not rendered subject to any term or condition that could in any way prejudice, limit, deflect or otherwise alter the purposes or functions of the Interim Arrangements.

(2) Bearing especially in mind paragraph (1) of Article 12 of this Protocol, the Chief Executive shall negotiate and determine the terms and conditions on which special assistance shall be rendered to the Interim Arrangements. He shall notify the Signatory Governments of the amounts of any funds and of the nature of any other special assistance that he agreed the Interim Arrangements would accept.

PART III : FINANCE

Article 16

Financing

In incurring expenditure the Chief Executive shall, with all due regard to economy, be guided by the Report on Interim Arrangements approved by the Conference of the Finance Ministers on the Establishment of an African Development Bank referred to hereinbefore, and such expenditure shall be incurred in accordance with financial regulations which the Chief Executive shall make after consultation with the Advisory Committee.

Article 17

Ordinary Contributions

(1) The Signatory shall make contributions (in this Protocol called the "ordinary contributions") to the Interim Arrangements, which, subject to the provisions of paragraph (3) of this Article, shall, in their aggregate, amount to the equivalent of 2 million units of account (hereinafter called the "maximum contributions total").

(2) Of the maximum contributions total, the equivalent of 940,000 units of account shall be paid in two instalments. The aggregate amount payable in respect of each such instalment (hereinafter called the "instalment total") shall represent 470,000 units of account. The instalment payable by each Signatory Government shall be that indicated in its respect in Annex A to this Protocol, which shall form an integral part thereof.

(3) After the end of a period of one year from the effective date, the Chief Executive may, to the extent that in his opinion this is required for the activities of the Interim Arrangements, call on the Signatory Governments to pay each the remainder of its ordinary contribution or a percentage thereof. That percentage shall be uniform for all Signatory Governments. The Signatory Governments shall be given one month's notice of the date on which any such payment becomes due.

Article 18

Payment of Ordinary Contributions

The first instalment of its ordinary contribution shall be due from each Signatory Government on the thirtieth day from the effective date or from the date of the signature by the Signatory Government concerned, whichever is the later date; the second instalment shall become due on the last day of a period of six months from the effective date.

Article 19

Ordinary Contributions : Currency of Payment

Ordinary contributions shall be paid in convertible currency. In exceptional circumstances and in order to assist a country which has special difficulties, the Chief Executive may agree that a Signatory Government should pay up to forty per cent of each instalment of its ordinary contribution in its currency though the latter may not be convertible. The principles underlying the provisions of paragraph (1) of Article 26 of the Agreement shall apply wherever there is a significant deterioration in the value of that currency.

PART IV: STATUS, IMMUNITIES, EXEMPTIONS AND PRIVILEGES

Article 20

(1) To enable it to fulfil its purposes and the functions with which it is entrusted, the Interim Arrangements shall possess full juridical personality. To those ends, the Interim Arrangements may enter into agreements with Signatory Governments, other Governments and other international organizations. To the same ends, the Interim Arrangements, the Chief Executive, its staff, its experts and consultants shall be entitled to the privileges, exemptions and immunities provided for the Bank, its officers and employees, its experts and consultants, respectively, in Articles 52 to 57 of the Agreement. Members of the Governing Body and the Advisory Committee shall enjoy the immunities and privileges provided in paragraph (1) of Article 56 of the Agreement.

(2) In the territory of each Signatory Government the Interim Arrangements shall possess juridical personality and, in particular, full capacity

- (a) to contract;
- (b) to acquire and dispose of immovable and movable property; and
- (c) to institute legal proceedings.

(3) The Chief Executive shall have the right and the duty to waive the immunity of any member of the staff in cases where, in his opinion, the immunity would impede the course of justice and can be waived without prejudice to the interests of the Interim Arrangements.

#### PART V: FINAL PROVISIONS

##### Article 21

##### Signature and Deposit

- (1) Each Signatory of the Agreement shall become a party to this Protocol in accordance with paragraph (2) of this Article.
- (2) This Protocol, deposited with the Depository of the Agreement, shall remain open for signature by the Signatories of the Agreement until 31st December, 1963.
- (3) The Depository of the Agreement shall communicate certified copies of this Protocol to the Signatory Governments and notify each signature and the date thereof to the other Signatory Governments.

##### Article 22

##### Effective Date

This Protocol shall come into effect on the effective date, that is to say as soon as it has been signed on behalf of twelve Signatories of the Agreement whose initial subscriptions to the authorized capital stock of the Bank, as set forth in Annex A to the Agreement, in aggregate comprise

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See Article 63 of the Agreement.

not less than sixty-five per cent of that capital stock. Each Signatory Government shall apply the provisions of this Protocol from the effective date or from the date of its own signature - whichever is the later date - as if this Protocol had been ratified or accepted by it.

#### Article 23

##### Commencement of Activities

- (1) The Executive Secretary shall convene within thirty days from the effective date, a meeting of the Governing Body at which they shall:
  - (a) by a two-thirds majority elect the Chief Executive and designate, by the same majority, the members of the Advisory Committee in accordance with the provisions of Articles 4 and 8 of this Protocol, respectively; and
  - (b) designate a Board of Auditors composed of two members.
- (2) Until the Chief Executive assumes the duties of his office, the Executive Secretary shall take all action which in his opinion may facilitate the commencement of activities of the Interim Arrangements and, in particular, convene the Advisory Committee for its first meeting.

#### Article 24

##### Termination of the Protocol

- (1) This Protocol shall terminate six months after the Agreement has entered into force or, if the Agreement has not entered into force on or before 30th June, 1965, on 31st July, 1965. +
- (2) After the Agreement has entered into force, the Chief Executive shall:
  - (a) report at the first meeting of the Board of Governors of the Bank on the activities of the Interim Arrangements;
  - (b) transfer to the President of the Bank without delay all arrangements, instruments, projects etc., prepared for the Bank in pursuance of the provisions of this Protocol;

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+ See Article 64 of the Agreement and Note 2 thereto.

- (c) submit to the Board of Directors of the Bank a Statement of Accounts of the Interim Arrangements duly verified by the Board of Auditors provided in paragraph (1)(b) of Article 24 of this Protocol; and
  - (d) before the termination of this Protocol, transfer all property and assets of the Interim Arrangements to the Bank.
- (3) Should the Agreement not have entered into force before 1st July, 1965, the Chief Executive shall :
- (a) submit to the Governing Body a Statement of Accounts of the Interim Arrangements duly verified by the said Board of Auditors;
  - (b) before the termination of this Protocol and subject to subparagraph (c) of this paragraph, distribute all property and assets of the Interim Arrangements as the Governing Body may determine;
  - (c) transfer to the Executive Secretary all arrangements, instruments and projects prepared for the Bank in pursuance of the provisions of this Protocol.

#### Article 25

##### Signatory Governments

The expression "Signatory Governments", used in a provision of this Protocol, shall refer to any Governments on whose behalf this Protocol has been signed before or at the time when this provision is applied.

DONE in Khartoum this . . . . day of August Nineteen Hundred and Sixty Three, in a single copy in the English and French languages, both texts being equally authentic.

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See Article 64 of the Agreement and Note 2 thereto.

## A N N E X A

## ORDINARY CONTRIBUTIONS TO INTERIM ARRANGEMENTS

GROUP	Signatory Governments included in the Group	Amount of each of the First two Instalments by each Signatory Government (units of account)	Aggregate amount of First two Instalments by each Signatory Government (units of account)	Amount of First Two Instalments payable by all Signatories of the Agreement (units of account)
1.	Burundi Cameroon Central African Republic Chad Congo (Brazzaville) Dahomey Gabon Guinea Libya Liberia Mauretania Mali Niger Ruanda Sierra Leone Somalia Togo Uganda Upper Volta	10 000	20 000	380 000
2.	Algeria Congo (Leopoldville) Ethiopia Ghana Ivory Coast Kenya Madagascar Morocco Nigeria Senegal Sudan Tanganyika Tunisia United Arab Republic	20 000	40 000	560 000
Total				940 000

DRAFT PROTOCOL ON THE SIGNATURE BY THE GOVERNMENT  
OF KENYA OF THE AGREEMENT ESTABLISHING THE AFRICAN  
DEVELOPMENT BANK

THE GOVERNMENTS on whose behalf this Protocol is signed;  
BEING SIGNATORIES of the Agreement Establishing the African  
Development Bank (hereinafter called the "Agreement");  
CONSIDERING paragraph (1) of Article 3, Articles 5, 6 and 7,  
Article 63 and paragraph (1) of Article 64 of the Agreement,  
Annex A thereto and the Note in that Annex;  
CONSIDERING the need to bring the provisions of this Protocol promptly into  
effect;  
HAVE AGREED as follows:

Article 1

The Government of Kenya may sign the Agreement and, upon  
acquiring the status of an independent State, deposit its instrument  
of ratification thereof in accordance with the provisions of Article  
63 and paragraph (1) of Article 64, respectively.

Article 2

The initial subscription of Kenya to the authorised capital  
stock of the African Development Bank (hereinafter called the "Bank")  
shall be equivalent to 6,000,000 units of account, as defined in paragraph (1)  
of Article 5 of the Agreement, and shall consist of 300 paid-up shares  
and 300 callable shares.

Article 3

If the Government of Kenya signs the Agreement and deposits its  
instrument of ratification in accordance with Article 1 of this Protocol,  
the Board of Governors of the Bank shall take the action required to give  
effect to the provisions of Article 2 of this Protocol.

Article 4

If the Government of Kenya signs the Agreement in accordance  
with Article 1 of this Protocol, it shall be deemed, until the Agreement has  
entered into force, to have initially subscribed shares of the capital stock of  
the Bank as provided in Article 2 of this Protocol.



Article 5

(1) Each Signatory of the Agreement shall become a party to this Protocol in accordance with paragraph (2) of this Article.

(2) This Protocol, deposited with the Depository of the Agreement, shall remain open for signature by the Signatories of the Agreement until 31st December, 1963.

(3) The Depository of the Agreement shall communicate certified copies of this Protocol to the Signatory Governments and notify each signature and the date thereof to the other Signatory Governments.

Article 6

(1) This Protocol shall come into effect as soon as it has been signed on behalf of twelve Signatories of the Agreement whose initial subscriptions to the authorised capital stock of the Bank, as set forth in Annex A to the Agreement, in aggregate comprise not less than sixty-five per cent of that capital stock. Each Signatory Government shall apply the provisions of this Protocol from the effective date or from the date of its own signature - whichever is the later date - as if this Protocol had been ratified or accepted by it.

(2) The Depository of the Agreement shall communicate the effective date to the Signatory Governments.

DONE in Khartoum this            day of August Nineteen Hundred and Sixty Three, in a single copy in the English and French languages, both texts being equally authentic.

ACCESSION TO THE AGREEMENT ESTABLISHING THE AFRICAN  
DEVELOPMENT BANK BY THE AFRICAN ASSOCIATE MEMBERS OF  
THE ECONOMIC COMMISSION FOR  
AFRICA

Resolution 3 adopted by the Preparatory Meeting at its final plenary  
Session on 27 July 1963

The Preparatory Meeting,

Recommends to the Conference the adoption of the following Draft  
Resolution on the Accession to the Agreement Establishing the African  
Development Bank by the African Associate Members of the Economic  
Commission for Africa:

DRAFT RESOLUTION

ON THE ACCESSION TO THE AGREEMENT ESTABLISHING THE AFRICAN  
DEVELOPMENT BANK BY THE AFRICAN ASSOCIATE MEMBERS OF THE  
ECONOMIC COMMISSION FOR AFRICA

The Conference,

Agrees that the African Associate Members of the Economic Commission  
for Africa may, if they so desire, accede to the Agreement Establishing  
the African Development Bank when their present disability from doing so  
has been removed on terms which will be no less favourable in all respects  
than the terms on which they could have become members of the African  
Development Bank at any earlier time if such disability had not existed.

THE AFRICAN DEVELOPMENT BANK AND THE GOVERNMENT  
OF THE REPUBLIC OF SOUTH AFRICA

Resolution 4 adopted by the Preparatory Meeting at its final plenary  
Session on 27 July 1963

The Preparatory Meeting,

Recommends unanimously to the Conference the adoption of the following Draft Resolution on the African Development Bank and the Government of the Republic of South Africa:

DRAFT RESOLUTION  
ON THE AFRICAN DEVELOPMENT BANK AND THE GOVERNMENT  
OF THE REPUBLIC OF SOUTH AFRICA

The Conference,

Agrees unanimously that, notwithstanding the provisions of Article 3 of the Agreement Establishing the African Development Bank, in view of the apartheid policies pursued by the Government of the Republic of South Africa and the universal condemnation of such policies throughout the civilized world, it should not be qualified for membership of that Bank until its Government has terminated its apartheid policies.