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18 - 28 June 1963

FINAL REPORT OF THE COMMITTEE OF NINE ON THE  
ESTABLISHMENT OF AN AFRICAN DEVELOPMENT BANK

(Third session Casablanca, Morocco  
14-23 January 1963)

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## FINAL REPORT OF THE COMMITTEE ON NINE ON THE

## ESTABLISHMENT OF AN AFRICAN DEVELOPMENT BANK

1962-63

INTRODUCTION

1. The Economic Commission for Africa, at its third session in February

1961, adopted a resolution (27(III)) requesting "the Executive Secretary to undertake a thorough study of the possibilities of establishing an African Development Bank and to report to the Commission at its next session". In response to this request the Executive Secretary appointed a panel of experts which held two meetings and prepared "A Report on the Possibility of Establishing an African Development Bank" (E/CN.14/129).

Having examined the financial resources available for development of purposes in Africa the panel of experts considered the possible "functions and justification for a new financial institution in Africa" and reviewed its characteristics. The panel concluded its report by stating it wished to advise the Executive Secretary that it was aware of the difficulties in the way of creating an African Development Bank but that every effort should be made to remove these and proceed with the establishment of the Bank". The panel also commented that the contribution of funds and many problems related to the organization and operation of such a Bank would require detailed examination.

2. At its fourth session the Economic Commission considered the report of the panel and adopted unanimously a resolution in which it decided to "accept the principle of the establishment of an African Development Bank, subject to further investigations defined below". To give effect to this decision the Economic Commission for Africa in its resolution stated that

"Constitutes at its fourth session a Committee composed of nine member countries;

(to examine) the report of the panel of experts on the possibility of establishing an African Development Bank

and to report to the Commission at its next session

Instructs the above Committee:

- (a) to make all necessary governmental and other contacts relevant to the establishment of the Bank;
- (b) to complete comprehensive studies into the financial and administrative structure of the proposed Bank and into the nature and extent of its operation;
- (c) to draft a Charter for the proposed Bank; and
- (d) to make recommendations on its location".<sup>1/</sup>

3. The Committee of Nine, thus established, was composed of the Governments of Cameroun, Ethiopia, Guinea, Liberia, Mali, Nigeria, Sudan, Tanganyika and Tunisia. It was instructed upon completion of its assignment "to submit a comprehensive report with all supporting documents to all member governments for study".

4. The Executive Secretary, by the same resolution, was requested "to convene a Conference of Finance Ministers or other appropriate representatives of member and associate member States of the Commission, in order to review the report of the above-mentioned Committee and to take final steps for the establishment of the Bank with the advice and consent of the governments concerned".

5. The first session of the Committee of Nine, was convened by the Executive Secretary to meet in Monrovia, Liberia, from 18 to 22 June

1962. The Committee held its second session in Douala, Cameroun, from 24 to 27 September 1962, and its third session in Casablanca, Morocco, from 14 to 23 January 1963.<sup>2/</sup>

The formal openings of these sessions were attended by representatives of the host country: that in Monrovia by His Excellency J. Rudolph Grimes, Secretary of State of the Republic of Liberia; that in Douala by Mr. Guillaume Nseke, Inspecteur de l'Administration Federale pour le Littoral, Prefect of Wouri, representing His Excellency the President of the Federal Republic of Cameroun, and that in Casablanca by M. Driss Slaoui, Minister of Finance, Government of Morocco.

<sup>1/</sup> Resolution 52 (IV) of 1 March 1962 (Annex 1)

<sup>2/</sup> The participants at all sessions are listed in Annex 2.

At the end of its third session the members of the Committee and its Secretariat had the honour to be received by His Majesty King Hassan II.

Observers from Algeria, Ivory Coast and Morocco attended some meetings of the Committee. Representatives of the Inter-American Development Bank equally participated in the Committee's proceedings as observers.

At its first meeting the Committee elected the following Officers for the duration of its work:

Chairman: Mr. A. Romeo Horton (Liberia)  
Vice-Chairman: Mr. Chan Felix Mathos (Guinea)  
Rapporteurs: Mr. Yawond Wossen Mangasha (Ethiopia)

English : Mr. Yawond Wossen Mangasha (Ethiopia)

French : The Delegate of Cameroun

(first session) : Mr. L.G. Azola

(second " ) : Mr. N. Atangana

(third " ) : Mr. Simon N'Guiamba N'Zie

At its first session the Committee agreed to set up a Sub-Committee on the drafting of the Charter for the African Development Bank, to consist of the members of the Committee of Nine representing Liberia, Mali, Tanganyika and Tunisia, with Mr. M. Moalla, the representative of Tunisia, as Chairman. At its second session the Sub-Committee decided that any member of the Committee of Nine was welcome to participate in its work. The delegation of Cameroun participated in all the meetings of the second and third sessions of the Committee and other members of the Committee joined in the work of the Sub-Committee at various times.

In accordance with the Commission's request in resolution 52 (IV), the Executive Secretary retained experts in the fields of finance and law to assist the Committee in its work: they were Mr. A.G. El-Emary and Mr. A. Elkin.

The texts of the addresses are contained in Annex 3.

10. In order to carry out its responsibilities the Committee of Nine decided at its first meeting on the following broad plan of work:

First, to conduct a series of consultations with the African States, all forming for this purpose three teams, each composed of three Committee members, under the leadership, respectively, of the representatives of Guinea, Nigeria and Ethiopia.

Second, thereafter to conduct a series of consultations with certain non-African governments and financial institutions in major capital exporting countries, forming for this purpose a team, subsequently divided into two teams (of which the leaders were the representatives of Ethiopia and of Sudan, respectively), consisting of five members, the Chairman of the Committee participated in both series of consultations <sup>2/</sup>ex officio.

Thirdly, it was agreed that the Drafting Sub-Committee should commence its work after the completion of the African consultations. Lastly, the Committee agreed to hold its second session after the African consultations were concluded and at its third session to receive reports on the non-African consultations; to consider the report of the Drafting Sub-Committee and the draft Agreement prepared in accordance with its instructions, and to specify all material to be submitted to the proposed Meeting of Finance Ministers.

## II. CONSULTATIONS

### A. CONSULTATIONS WITH AFRICAN GOVERNMENTS

11. The consultations in Africa were conducted by three teams whose task was to visit the member and associate member countries of the Commission; to explain the purpose of the African Development Bank, the characteristics of its organization and financial structure, as provisionally agreed by

- 1/ The composition of the teams and the countries which they visited are shown in Annex 4.
- 2/ The composition of the teams and the countries which they visited are shown in Annex 5.

the Committee of Nine, and ascertain the views of the African governments consulted. Reports on individual country consultations and an overall report were prepared by each team; the Executive Secretary prepared a general summary of the three team reports which is contained in Document E/CN.14/ADB/11.

12. The Committee, in addition, heard reports from each team leader amplifying the reports submitted to it. It noted "that all the African governments consulted had said that, in principle, they favoured the establishment of the Bank, though there were differences as to the terms on which or the steps by which the Bank should come into being. It was noted that all governments had insisted that the Bank's share capital and its governing bodies should be supplied by African countries only. The views of the first session of the Committee concerning the form of non-African participation in the Bank were, it was noted, widely endorsed. In almost every case, the countries consulted expressed their readiness to provide all facilities for the African Development Bank should it be established in their territory".<sup>1/</sup>

13. Given the evidence of African agreement with the principle of an African Development Bank and encouraged by the expressions of support for the provisional definition of the character of such a Bank, the Committee, at its second session, established certain guide lines (see para 14 below) for the use of the teams designated to conduct the non-African consultations. However, the Committee took the position that the teams should regard their task as one of fact finding rather than of negotiation and should be open to discuss all suggestions that might be put before them.

<sup>1/</sup> Document E/CN.14/ADB/10, para 7.



B. CONSULTATIONS WITH NON-AFRICAN GOVERNMENTS

AND INSTITUTIONS

14. The two teams undertaking non-African discussions commenced their assignments immediately after the Committee's second session. The guide lines<sup>1/</sup> adopted by the Committee for the teams provided:

(a) The share capital of the Bank should be wholly African;

(b) the Bank should seek primarily to mobilize funds on terms

which would permit their ready use in the financing of economic

and social development projects for which there is an urgent

need in Africa. The Bank would also give major attention to

the possibility of developing useful projects in industry,

agriculture and commerce in which private capital could

effectively participate on commercial terms.

(c) While the Bank should seek freely convertible funds, the

consultation teams should be ready to discuss without

commitment, proposals of non-convertible loans where conver-

tible funds could not be made available.

(d) In its loan policy the Bank should contemplate the possibility

of both hard and soft loans, the choice depending on the type

of projects involved and on local conditions. There should be

two balance sheets in order to separate commercial from other

loans.

(e) Though the Bank could in proper cases accept grants the

resulting funds should be disbursed only on a loan basis.

(f) The management of the Bank should be wholly African-controlled;

specifically, members of the Board of Governors and of the

Board of Directors, as well as the Chief Executive Officer and

his Deputy should be African.

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<sup>1/</sup> loc. cit. para 10.

(g) It would be important for the Bank to attract the highest calibre of technical management personnel for the success of its operations and in fact for its ability to mobilize capital resources both inside and outside Africa. It would be necessary to use non-African technicians, at least during its formative years, and the consulting teams were instructed to discuss suggestions that might be made to them in this respect and to report these to the Committee.

(h) The Bank was in no way intended to replace any existing institution in the field of development finance and assistance, nor to disturb any bilateral relationships to which African countries might be parties. The Bank's operations are to be strictly supplementary to those of existing institutions. Stress should be placed in this connexion on the Bank's special usefulness in the sponsorship of important multi-national development projects.

15. The leaders of the two teams undertaking non-African discussions<sup>1/</sup> reported at the third meeting of the Committee, which expressed itself as well-satisfied with their outcome. The teams reported that, in general, there was support for and interest in the proposal, sympathy for an African initiative on the lines proposed, and a widespread desire to help such an institutions when established. In all countries, however, it was felt that no commitment could be made at this early stage; specific offers of support or measures of assistance - technical or other - would have to wait upon the establishment of the Bank.

16. The first team, which visited Italy, Czechoslovakia, USSR, Japan, Canada and USA, summarized the discussions it held as follows:

"In all the countries visited there was universal support for the Bank as an African institution. The initiative of Africans in this effort of self help was greatly welcomed. It was thought that the Bank could be a very useful instrument as an African institution.

<sup>1/</sup> The reports of the two teams are contained in document E/CN.14/ADB/16/Add.1 and 2 from which the extracts below in paras 17 and 18 are taken.

in the fields not only of financing multi-national projects, but also in ironing out the multiple political problems which would arise in connexion with multi-national development programmes.

The need for a strict separation of hard conventional loans from soft loan operations was repeatedly urged by a majority of Government representatives. This same point was also stressed by the representatives of the private commercial and investment banks.

In general all the countries felt that apart from the general sympathy and support they were able to give to the project of setting up the African Bank, they could not commit themselves to make any specific assistance available at this stage. Before they could act in any specific field of assistance, they felt that the Bank would first have to be started by the African countries.

In this connexion all the countries emphasized that an efficient management which would command the respect of both African members and possible non-African countries was a prerequisite for the success of the African Development Bank.

All the countries visited generally favoured giving technical assistance of various types, but they felt that due care must be exercised to avoid any duplication of effort of already existing national and international agencies.

In some instances the African countries were advised to start the Bank in a small way. Once it had been shown that the African Development Bank was serving the needs of African countries and was a viable institution, then support from the capital exporting countries and institutions interested in Africa was likely to be forthcoming". (Part II paras 2-7)

17. The second team, which visited Sweden, Denmark, the Netherlands, United Kingdom, France, Belgium, the Federal Republic of Germany and Switzerland, found that while some of the countries showed doubts about the utility of the proposed Bank, others clearly favoured in principle the multinational approach to matters of economic development and aid to

under-developed countries and considered the African Development Bank as one of the type of institutions through which they would normally consider channelling aid. Some of the smaller countries naturally had reservations with regard to their ability to provide additional aid, but others gave a clear welcome to the project and showed an appreciation that as conceived it might prove to be an effective tool of economic development in Africa. All indicated however, that consideration of co-operation with the Bank would have to await further tangible steps by the Africans. The team's Analysis of Consultations made the following points:

"In all the ... countries the questions and points raised covered very much the same ground. While in some cases they represented understandable and justified desire for clarifications they were in a number of cases a dwelling on difficulties and problems rather than enquiries about solutions or search for answers.

Fears of 'duplication' and doubts about the prospects of 'additionality' were prominent in the consultations.

It seems to be generally appreciated that if suitable relationships covering at least consultation and exchange of information between the proposed Bank and other aid agencies operating in Africa are worked out in due course, there need not be fears of duplication. There are so many gaps that could be usefully filled in by the African Development Bank. Particularly in the field of multinational projects, the Bank should be able to impart a new element.

To the extent that the Bank would be able to produce suitable productive schemes that can bear the traditional terms, finance should not normally be difficult. Borrowing on the capital markets must be a relatively long-term objective of the Bank; it will have to establish the name and show the record that will command the confidence of private investors. Soft loans, the need for which is obvious, can only come from governments and semi-government agencies. The non-African governments consulted could

not go beyond saying that they would consider the matter when the Bank is established. Some have even expressed doubts about their ability to provide more than what they are already doing.

Not even the most enthusiastic of supporters of the Bank could be reasonably expected to go further at such a preliminary stage of the project". (paras 11-12)

18. To summarise the results obtained from these non-African consultations the conclusion of the second team may be quoted as giving in a few lines their essence and significance for future action:

"The answer in a few words is that African governments must take effective steps to show that they mean business.

African unanimity is essential. Some of the non-African governments who may be wavering in their support of the project or even disposed to be hostile, will sooner or later see matters in a different light once a really all-African institution is in sight.

There should be reasonable speed in the preparation of a sound Charter and in taking other practical steps that would give the project a more practical and definite shape, and show that Africans are prepared to help themselves first.

In short, Africans must and can rise to the challenge". (paras 20 - 21)

### III. THE CASE FOR AN AFRICAN DEVELOPMENT BANK

19. The case for the establishment of an African Development Bank rests on needs which have become increasingly manifest as more and more African States have achieved independence.

20. To promote and accelerate economic development and social progress throughout Africa through the financing of development projects and programmes is the broadest statement of these needs. It comprehends the development of African resources of all kinds, the growth of African economies on a basis of economic co-operation, the encouragement of inter-

African trade and the growth of African economic relations with the world on a basis of equality.

21. An African Development Bank - as an expression of African solidarity in the field of economic co-operation - would be a powerful new instrumentality making an important contribution to the individual and collective efforts of the African States to advance their economic development and social progress.

22. With these objects in mind the Committee has approved the following Preamble to the draft Agreement :

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 the African continent in order to stimulate economic development and social progress in Africa;

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".

23. Throughout the discussions on the proposed Bank three leading ideas have constantly been emphasized in the Committee as well as in the consultations within Africa and beyond. They may be stated as follows:

- (a) The Bank should always seek to mobilize for its purposes additional resources not already available through existing channels and institutions;

(b) The Bank should be African in control, management, and share capital; and

(c) The Bank should be free from political influences and operate on sound banking principles.

As these ideas are fundamental elements in the case for the establishment of the Bank, they may be examined further here.

24. The first proposition - the "principle of additionality" - constitutes the primary justification for the Bank in that it expresses the conviction that it will be possible to mobilize new resources for African development. In particular, it is believed that in the promotion of multi-national projects, hitherto largely neglected, and in a more regional approach to industrial development there are possibilities of discovering sound projects which would attract additional resources.

This emphasis is also important as directing the Bank toward new areas of activity, as yet little explored in Africa; and away from fields where bilateral or multi-lateral arrangements already exist. It has been constantly affirmed that the Bank will not seek to disturb such arrangements and that duplication and overlapping are to be avoided; to this end it will undertake consultation, exchange of information and active co-operation wherever appropriate.

25. The African character of the Bank is expressed by the second proposition. Its purpose and geographic scope are African; its share capital is to be subscribed entirely by African States, both as a protection against outside influences and as a demonstration of their determination to help themselves. The Bank's control and management will consequently be African, though it has been agreed that for some positions it may be necessary initially to employ non-Africans. In this way the Bank as an all-African institution will give expression and impetus to the ideal of African solidarity.

26. Freedom from political influence and the emphasis placed on the maintenance of sound banking principles in all the activities of the Bank - the third leading idea in the case for its establishment - are recognized as indispensable if the Bank is to succeed. They are also essential to mobilizing additional non-African resources for its purposes. From its own resources the Bank's initial impact would be modest, but given sound management and the selection of projects of indisputable value, the Bank should be in a position to draw upon governmental and private resources to supplement its own. The methods and techniques of doing this are well known and the draft Agreement provides accordingly.

27. One last consideration which has informed all discussions concerning the Bank is that its approach to its task should be broad and flexible. To quote the report of one of the consulting teams, "...the Bank would be able to invest in equity capital, make loans of various kinds, make feasibility studies, help African members in obtaining financing from other sources, organize consortia, etc."

28. To complete the statement of the case for the establishment of the Bank reference must be made to its purpose and functions, for these, as they have been formulated in the initial articles of the draft Agreement give precision to the objectives stated in the Preamble.

29. Article 1 of the draft Agreement states:

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

30. Article 2 sets out the Bank's functions as follows:

"(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, including especially:

- (i) projects or programmes which by their nature or scope concern several members or which cannot be carried out solely by means of the financial resources available to any one member; or
- (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 with special attention to multi-national projects;

(c) to mobilize 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 to its members as they may need for the study, preparation, financing and execution of development programmes or projects; and

(f) to undertake such other activities and provide such other services as may advance its purpose".

#### IV. SUB-COMMITTEE ON THE DRAFTING OF THE CHARTER

31. The Sub-Committee, established at the second session of the Committee, held an organizing session in Douala (Cameroun) on 25 September 1962. At this session, it was decided that at its second session in Geneva from 5 - 10 November, 1962, the Sub-Committee should formulate conclusions on certain major issues to be dealt with in the Draft Agreement. It did so in the light of the guide-lines formulated by the Committee at its second

session (see above paragraph 14), the reports on the African consultations (see above paragraphs 11 - 13) and comprehensive materials prepared by the Executive Secretary with the assistance of his legal and financial experts. At its third and final session in Casablanca, from 7 - 14 January 1963, the Sub-Committee adopted Draft Articles of Agreement prepared on the basis of its earlier decisions, and submitted them to the third session of the Committee for consideration.

#### V. PRINCIPAL CHARACTERISTICS OF THE

#### AFRICAN DEVELOPMENT BANK

#### AS EMBODIED IN ITS DRAFT ARTICLES OF AGREEMENT

32. The Committee of Nine in the light of the decisions it reached concerning the purpose and functions of the Bank and of the case for its establishment, adopted certain propositions defining the major characteristics of the Bank. The most significant of these are reported in the following paragraphs, which deal with:

##### Membership

##### Capital Structure

##### Special Resources

##### Operations of the Bank

##### Organization and Management

##### Entry into Force of the Agreement

33. The Committee of Nine decided that in respect of these headings the draft Agreement should provide the following:

##### Membership

All African countries which have the status of an independent State may become members of the Bank.

African countries which attain independence subsequently may join the Bank after the coming into force of this Agreement. Prior to this, the Bank could establish appropriate working arrangements with them.

In this connexion, the Committee decided to recommend to the Conference of Finance Ministers that the Republic of South Africa should not be qualified for membership in the Bank until it shall set a term to its policy of racial discrimination.

Capital Structure(i) Authorized Capital

The authorized capital of the Bank is to be set at the equivalent of US \$200 million.

(ii) Currency of Payment of Capital Subscription

The paid-up portion of the subscribed capital of the Bank, which should be the equivalent of US \$100 million, should be paid in gold or in convertible currency; the callable portion of the subscriptions, which should also amount to the equivalent of US \$100 million, should be payable at the option of the member in gold, convertible currency or in the currency required to discharge the obligations of the Bank in question.

(iii) Timing of Payment of Capital Subscriptions

Payments relating to the initial subscriptions to the paid-up capital of the Bank should be made in instalments, in order to lessen the burden on the members. A substantial portion, however, should be paid in during the first year, so as to give the Bank adequate means with which to start its operations. Specifically it was decided that 5 per cent of each member's subscription to the paid-up capital should be paid on or before the deposit of its ratification instrument, that 35 per cent should be paid six months after the coming into force of the Agreement; and that the remaining portion of the subscriptions should be paid in four equal instalments of 15 per cent each, at yearly intervals thereafter.

(iv) Subscription of the Authorized Capital

Subscriptions should be allocated on the basis of each member's economic capacity. In order to avoid extreme differences between members' subscriptions, however, it was decided that

there should be minimum and maximum limits equivalent, respectively, to US \$1 million and US \$30 million. Within this framework the Conference of Finance Ministers would make specific determination of each member's subscription, taking into account the most recent economic developments.

(v) Special Loans in National Currency of Member States

In order to ensure the most economic use of the Bank's resources in convertible currencies and to promote the use of African goods and services in the execution of the Bank's projects, the Bank should be empowered to obtain member currencies for these purposes, by borrowing them from its Members, unless the country concerned invoked economic difficulties which, in its opinion, were likely to be provoked or aggravated by the granting of such loans. The Bank should be able to borrow such local currency up to an amount equal to such member's subscription to its share capital of the Bank each loan within this limit for a period related to that of the loan for which the currency is to be used, and at a yearly interest of no more than 4 per cent.

Special Resources

The Bank should be authorized to receive, administer and use resources appertaining to Special Funds, the use and/or administration of which would be subject to special terms.

Operations of the Bank

The Bank should be permitted to make equity investments provided that the total amount of such investments outstanding at any time, other than those made out of special funds, did not exceed 10 per cent of the Bank's paid-up capital and reserves. The Bank should, however, not acquire a controlling interest in any enterprise and the Board of Directors should assure a reasonable diversification of its equity investments. The power to make equity investments in enterprises included also authorization for such equity investments in national development banks in Member Countries.

Organization and Management

The Bank would have three principal organs: a Board of Governors, a Board of Directors and a President, all of whom should be nationals of Member States.

(i) Board of Governors

The Board of Governors would be composed of one Governor (with one alternate) appointed by each member. All the powers of the Bank would, in principle, be vested in the Board of Governors which would meet at least once a year to lay down the basic policy for the activities of the Bank and take such other major decisions as may be required.

(ii) Board of Directors

The Board of Directors would be composed of nine Directors elected by the Board of Governors. No Governor could vote for more than one Director. Each Director would appoint an alternate of a different nationality from his own who would have full power to act for him during his absence. The Board of Directors would be responsible for the conduct of the general operations of the Bank. It 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.

(iii) President

The President of the Bank would be elected by the Board of Directors and would act as its Chairman. He would appoint one or more Vice-Presidents, subject to confirmation by the Board of Directors. The President would be the chief executive officer of the Bank and would conduct, under the direction of the Board of Directors, the ordinary business of the Bank.

(iv) Voting Power

Each member should have a minimum of 625 votes (corresponding to an equal division of the twenty thousand shares among the 32 potential members) and that, in addition, each member should have one vote for each subscribed

share. Each Governor and each Director shall be entitled to cast the number of votes of the member or members who elected him.

### Final Provisions

i. Entry into Force  
The Agreement shall enter into force upon deposit of ratification instruments by twelve governments representing, together, at least 65 per cent of the subscribed capital.

ii. Signature of the Agreement

The Agreement is to be signed in the English and French languages, both of which shall be regarded as equally authentic.

The Committee was confident that the Bank would see to it that the text of the Agreement would be made available in African languages.

### VI. FURTHER ACTIVITIES TO BE UNDERTAKEN

#### TOWARDS THE ESTABLISHMENT OF THE BANK

34. At its third session the Committee of Nine, having taken decisions regarding the contents of the draft Agreement, took up the question of the arrangements to be made before, during and following the Conference of Finance Ministers to advance the Bank's establishment and the commencement of its operations. A Note by the Executive Secretary on this subject was before the Committee (E/CN.14/ADB/19). In summary this Note made the following presentation:

#### Before the Conference of Finance Ministers

The arrangements foreseen for this period are essentially to ensure that the text of this Report, the draft Agreement and supporting documents will be available to all African governments as early as possible and that the Executive Secretary should convene the Conference as required by resolution 52 (IV).

Provision would be made for governments to communicate their views and possible comments on the draft Agreement to the Executive Secretary for distribution before the Conference began.

The possibility of further discussion and consultations regarding the establishment of the proposed Bank at the fifth session of the Commission and at the Conference of African Heads of State in Addis Ababa in May 1963 was also noted. It was thought that the Under Secretary in charge of the Economic and Social Affairs of the United Nations and the Executive Secretary of ECA would undertake such consultations during this period; they might request members of the Committee of Nine to join them, where appropriate.

#### The Conference of Ministers of Finance

The probable date of the Conference, the arrangements foreseen for its organization and the documents to be circulated to the Finance Ministers beforehand were noted in the Executive Secretary's document.

#### After the Conference of Ministers of Finance

The Executive Secretary notes that considerable time would elapse between the signature of the Agreement and its coming into force: even after that date the Bank would require a further period of preparation to be physically and administratively ready to commence operations. As a result the project would, during this period, be virtually in suspense. The Executive Secretary therefore proposed that he should submit suggestions to the Finance Ministers' Conference on possible interim arrangements to advance the project in this period. They should include provision for contacts with governments and institutions inside and outside Africa, and possibly also for preliminary work on administrative arrangements on the preparation of projects. The organizational arrangements for carrying out these functions, involving probably a small full-time staff drawn primarily from African countries and headed by an African of high competence and established reputation, together with an Advisory Committee from African countries would be a matter for the Conference of Finance Ministers to determine in the light of the situation prevailing.

The budget involved would, it was estimated, be of the order of \$300,000 for the first year and \$500,000 for the second. Funds for fees for consulting firms working on specific projects amounting perhaps to a further \$500,000 each year might be required. The Executive Secretary noted that a significant part of these costs might be met by African States although international institutions and governmental and private organizations might be willing to pay part of the costs of pre-investment studies.

35. Having considered the Executive Secretary's proposals concerning the period before the Conference of Finance Ministers the Committee approved the arrangements proposed for the circulation of its report and the draft Agreement. As to the Conference of Finance Ministers, representatives of Liberia, Nigeria, Sudan, Tanganyika and an official of the United Arab Republic stated their governments wished to act as hosts to the Conference; the representative of Tanganyika said his government hoped to be able to provide the requisite facilities, barring which they would withdraw in favour of Sudan. The Committee noted a statement by the representative of the Executive Secretary, who expressed appreciation for the invitations received and said that the Executive Secretary would give the most careful attention to them in deciding on the location of the Conference.

36. The Executive Secretary's proposals for the timing and arrangements for the Conference of Ministers were generally approved. It was noted that the Conference would be preceded by a meeting of deputies or technical advisers for a first reading of the draft Agreement. This was also endorsed.

37. The Executive Secretary's tentative proposals for the interim arrangements during the period after the signature of the Agreement, were carefully discussed by the members of the Committee. Such arrangements, they thought, were highly desirable in order to avoid any risk that interest in the Bank might diminish and to take full advantage of the interval to



advance preparatory work for the Bank. The representative of the Executive Secretary explained that more specific proposals for these arrangements would be submitted to the Conference of Finance Ministers; the views of the Committee's members would be of help to the Executive Secretary in formulating these proposals. The consensus of members' views was that the Executive Secretary's present suggestions would provide a sound basis for the tasks foreseen for the period following the signature of the Agreement. The problem of financing these operations was, it was felt, a matter for the Finance Ministers. Assistance in this respect might be forthcoming from other sources, although it was generally agreed that a contribution should be looked for from the African States which signed the Agreement.

#### VII. THE LOCATION OF THE AFRICAN DEVELOPMENT BANK

38. At its second session the Committee examined the criteria upon which the choice of the Bank's location should be based. The following were considered as important:

- accessibility (in terms of transport and communication to member countries and to world financial centres);
- availability of qualified subordinate staff;
- political stability;
- availability of financial institutions;
- convertibility of local currency;
- acceptable living conditions;
- political neutrality;
- willingness of host country;
- prior existence (or non-existence) of other UN sponsored institutions.<sup>1/</sup>

39. Different members attached different priorities to the criteria. It was therefore the view of the Committee that further consideration should be given to this subject at its third session. It also requested the Executive Secretary to send a questionnaire based on these criteria

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<sup>1/</sup> See document E/CN.14/ADB/10 para 15 (c).

to all African governments to ascertain their interest in having the Bank's headquarters in their territory and to secure data showing to the extent to which such a location would satisfy the criteria considered by the Committee to be significant. Only a limited number of governments were able to reply owing to the short interval between the second and third sessions of the Committee.

Statements were received - in form of formal replies or preliminary communications - from the Governments of Algeria, Gambia, Ghana, Kenya, Mali, Morocco, Nigeria, the Federation of Rhodesia and Nyasaland, Tanganyika and Tunisia.

One government proposed the postponement of a decision until "the members and associate members of ECA had reached complete agreement at the forthcoming session of ECA".

Other governments provided details of available facilities or expressed their willingness to welcome the establishment of the Bank in their countries subject to the necessary negotiations.

40. The Committee considered these replies at its third session and decided that in view of the limited number of replies received, it would not seem fair or practicable to make specific recommendations at this time. It therefore decided to leave this decision to the Conference of Finance Ministers. It requested the Executive Secretary to provide, as a basis for the deliberations of the Conference, on this point, a tabular presentation of the replies of Governments in relation to the criteria adopted by the Committee. The Executive Secretary was requested to continue his consultations in order to assure the fullest possible response.

VIII. ADOPTION OF REPORT AND CONCLUSION OF COMMITTEE'S WORK

41. The Committee of Nine held the final meeting of its third session on 23 January 1963 when it considered and adopted a report dealing with all its activities.

42. At this meeting members of the Committee expressed their appreciation of the efforts of the Chairman in guiding the Committee's work. The Chairman thanked the Committee members for their work on behalf of the proposed African Development Bank and expressed his appreciation to their governments for releasing them from their normal duties to participate in the Committee's work. The Chairman and members of the Committee also expressed their gratitude to members of the Secretariat at UN Headquarters and at ECA who had served the Committee and to the consultants who had participated in the legal and financial aspects of its work.

The Committee concurred in the Chairman's proposal that its Report should record its gratitude to all those governments and institutions - African and non-African - which had received representatives of this Committee for consultations.

Finally, the Chairman and members joined in thanking the Governments which had been host to the Committee's three sessions in Monrovia (Liberia), Douala (Cameroun) and Casablanca (Morocco) for their generous hospitality and for the admirable conference facilities placed at the Committee's disposal.

The Chairman then declared the third session of the Committee of Nine closed and its task under resolution 52 (IV) completed.

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ANNEX I.

ESTABLISHMENT OF AN AFRICAN DEVELOPMENT BANK

Resolution 52. (IV) adopted by the Commission at its 75th Plenary

Meeting on 1 March 1962

The Economic Commission for Africa,

Recalling its resolution 27 (III) requesting the Executive Secretary to undertake a thorough study of the possibilities of establishing an African Development Bank;

Considering the report of the Executive Secretary (E/CN.14/129, Corr.1) of 8 January 1962, relating to the feasibility and necessity of such a Development Bank;

Accepts the principle of the establishment of an African Development Bank, subject to further investigations defined below;

Constitutes at its fourth session a committee composed of nine member countries;

Instructs the above committee:

- (a) to make all necessary governmental and other contacts relevant to the establishment of the bank;
- (b) to make complete and comprehensive studies into the financial and administrative structure of the proposed bank and into the nature and extent of its operation;
- (c) to draft a charter for the proposed bank; and
- (d) to make recommendations on its location.

Authorizes the committee to call upon and/or retain the services of experts in the fields of finance, banking, administration and law which it might need in the implementation of its work;

Further instructs the committee to take all steps to complete the above assignment within six months following the adjournment of the 1962 Spring Session of the Economic and Social Council and to submit a comprehensive report with all supporting documents to all member Governments for study;

Requests the Council to give this committee all the necessary support and assistance which it may require in the fulfilment of its assignment;

Requests the Executive Secretary to convene a conference of Finance Ministers or other appropriate representatives of member and associate member States of the Commission in order to review the report of the above-mentioned committee and to take final steps for the establishment of the bank with the advice and consent of the Governments concerned;

Requests the Executive Secretary to report to the Commission at its fifth session on the steps taken regarding the proposed bank.

ANNEX II

LIST OF PARTICIPANTS

<u>COUNTRY</u>	<u>NAME</u>	<u>TITLE</u>
CAMEROON	Mr. F.A. N'Liba-N'Guimbous	Director-General Development Bank of Cameroun
	Mr. Simon N'Guimba N'Zie	Deputy Technical Director Development Bank of Cameroun
	Mr. Nicolas Atangana	Councillor, Technical Directorate Development Bank of Cameroun
	Mr. Jean Masso	Councillor, Technical Directorate Development Bank of Cameroun
	Mr. Jonas Mackongo	Representative, Ministry of Foreign Affairs
	Mr. L.G. Azola	Acting Charge d'Affaires Embassy of Cameroun to Liberia
ETHIOPIA	Mr. Yawand Wossen Mangasha	Vice-Governor State Bank of Ethiopia
	Mr. Afework Zelleke	Director-General Economic Department Ministry of Foreign Affairs
GUINEA	Mr. Cisse Hamady	Director, Ministry of Commerce
	Mr. Gnan Felix Mathos	Director, Agricultural Development Bank
	Mr. Sangare N'Faly	Deputy Director, National Credit Bank

<u>COUNTRY</u>	<u>NAME</u>	<u>TITLE</u>
LIBERIA	Mr. Romeo Horton	President of the Bank of Liberia
	Mr. P.C. Parker, Jr.	General Manager, Agricultural and Industrial Credit Company
	Mr. Oliver Bright, Jr.	Deputy Counsellor, Department of State
MALI	Mr. Sekou Traore	Deputy Director-General The People's Development Bank of Mali
	Mr. Lobel Eli	Finance Expert Ministry of Finance
	Mr. Sam Souleymane	Commercial Counsellor, Embassy of Mali
NIGERIA	Hon. Prince T.A. Lamuye M.P.	Junior Minister of Finance
	Mr. Olufemi Akinrele	Under Secretary Federal Ministry of Finance
	Mr. Z. Olu Omolulu	Senior Assistant Secretary Federal Ministry of Finance
SUDAN	H.E. Mr. Osman Yassein	Permanent Under Secretary Ministry of Foreign Affairs
	Mr. M. Beheiry	Governor, Bank of Sudan
	Mr. El Sid El Fil	Deputy Governor, Bank of Sudan
	Mr. Abdulla Saddik Chadour	Assistant Under Secretary Ministry of Finance and Economics

<u>COUNTRY</u>	<u>NAME</u>	<u>TITLE</u>
TANGANYIKA	Hon. L. Nangwanda Sijaona, M.P.	Parliamentary Secretary to the Treasury
	Mr. E.A. Kisenge	Parliamentary Secretary to the Office of the Vice President (representing the Ministry of Finance)
	Mr. D.J. Mahony	Deputy Secretary to the Treasury
	Mr. Mark Bomani	Deputy Solicitor-General
	Mr. G.M.S. Mawalla	Assistant Commissioner Commerce and Industry
TUNISIA	Mr. Mansour Moalla	Director in the Office of the President of the Republic
	Mr. Belkhodja	Assistant Director, Central Bank of Tunisia
	Mr. Hajeri Zine	Chief of Service, Ministry of Finance
<u>Observers</u>		
ALGERIA	Mr. Abderrahmane Kiouane	Director of Technical Co-operation Bureau of Planning Office of the President of the Council
	Mr. Abdallah-Khodja	Technical Advisor, Bureau of Planning Office of the President of the Council



COUNTRY

NAME

TITLE

Observers (Cont.)

MOROCCO	Mr. Ahmed Bennani	Director, Banking Services
Inter-American Development Bank	Mr. C. de Paiva Leite	Executive Director of the Inter-American Development Bank
	Mr. E. Miquel	Special Representative of the Inter-American Development Bank
	Mr. Julio Gonzales del Solar	Special Representative in Europe Inter-American Development Bank

Consultants

Mr. Abdel Galeel El-Emary	Consultant, on leave from the International Finance Corporation, Minister of Finance and Governor of the Bank of Egypt
Mr. A. Elkin	Consultant, former Assistant Director, European Office, United Nations, former Legal Adviser of the OEEC.

Representative  
of the Executive  
Secretary, ECA

First Session: Mr. Stein Rossen

Director of Research, ECA

Second Session: Mr. H. Caustin

Resident Representative of  
UNTAB, Libya.

Third Session: Mr. A.F. Ewing

Director, Industry, Transport  
and Natural Resources  
Division ECA.

<u>NAME</u>	<u>TITLE</u>
<u>Secretariat:</u> Mr. F.S. Arkhurst	Economic Commission for Africa. <u>Secretary, First Session.</u>
Mr. Belai Abbai	Economic Commission for Africa. <u>Assistant Secretary.</u>
Mr. P. Benoit	Fiscal and Financial Branch, ESA, United Nations, New York. <u>Assistant Secretary.</u>
Mr. T. de Candia	Finance Officer, ECA. <u>Conference and Finance Officer,</u> <u>Second Session</u>
Mr. K.E. Lachmann	Officer-in-Charge, Fiscal and Financial Branch, ESA, United Nations, New York. <u>Secretary, Second and Third Sessions;</u> <u>Secretary, Sub-Committee.</u>
Mr. G. Mancini	Regional Fiscal and Financial Adviser, ECA. <u>Assistant Secretary</u>
Mr. J. Ofosu-Amaah	Legal Affairs Officer, United Nations, New York. <u>Assistant Secretary.</u>
Mr. J. Rawson	Information Officer, ECA. <u>Information Officer, First and</u> <u>Second Sessions</u>
Mr. H. Singer	Special Adviser to the Under Secretary for Economic and Social Affairs, United Nations, New York.
Mr. W.H. Tarzi	Personnel Officer, ECA <u>Conference and Finance Officer,</u> <u>Third Session</u>
Mr. K. Naprstek	Director of UN Information Centre, Rabat

ANNEX III

TEXTS OF FORMAL ADDRESSES

This Annex will be available shortly.

ANNEX IV

AFRICAN CONSULTATIONS BY  
COMMITTEE OF NINE ON THE  
QUESTION OF THE ESTABLISHMENT OF AN  
AFRICAN DEVELOPMENT BANK

The teams constituted for African consultations were composed as follows:

TEAM A1

Guinea (team leader)  
Liberia,  
Tanganyika

TEAM A2

Nigeria (team leader)  
Mali,  
Sudan

TEAM A3

Ethiopia (team leader)  
Cameroun,  
Tunisia

TEAM VISITING GOVERNMENT  
OF CHAD

Chairman,  
Ethiopia,  
Nigeria,  
Sudan

TEAM VISITING GOVERNMENT  
OF ALGERIA

Chairman,

Vice-Chairman

The Chairman participated, ex officio, in a number of the African consultations.

2. The countries visited by Teams A1, A2 and A3 (arranged alphabetically) were as follows:

TEAM A1

Cameroun	Niger
Libya	Nigeria
Mali	Senegal
Mauritania	Tunisia
Morocco	Upper Volta

TEAM A2

Central African Republic  
Congo (Brazzaville)  
Congo (Leopoldville)  
Dahomey      Ivory Coast  
Gabon      Liberia  
Gambia      Sierra Leone  
Ghana      Togo  
Guinea

TEAM A3

Ethiopia  
Federation of Rhodesia and Nyasaland  
Kenya and Zanzibar  
Rwanda and Burundi  
Somalia  
Sudan  
Uganda  
United Arab Republic

ANNEX V

NON-AFRICAN CONSULTATIONS BY COMMITTEE OF NINE  
ON THE QUESTION OF THE ESTABLISHMENT OF AN  
AFRICAN DEVELOPMENT BANK

1. The teams constituted for non-African consultations were composed as follows:

TEAM B.1

Ethiopia (team leader)

Guinea

TEAM B.2

Sudan

Cameroon

Nigeria

The Chairman participated, ex officio, throughout the consultations of Team B.1.

2. The countries visited by Teams B.1 and B.2 (arranged alphabetically) were as follows:

TEAM B.1

Canada

Czechoslovakia

Italy

Japan

USA

USSR

TEAM B.2

Belgium  
Denmark  
Federal Republic of Germany  
France  
Netherlands.  
United Kingdom  
Sweden  
Switzerland

3. Team B.1 also had consultations with:

Inter-American Development Bank  
International Bank for Reconstruction and  
Development  
International Development Association  
United Nations Headquarters  
United Nations Special Fund

Team B.2 also had consultations with the:

European Economic Community  
European Investment Fund

ANNEX VI

LIST OF DOCUMENTS ISSUED IN CONNEXION  
WITH THE ACTIVITIES OF THE COMMITTEE  
OF NINE AND ITS SUB-COMMITTEE

<u>Title</u>	<u>Date</u>	<u>Symbol</u>	<u>Distribution</u>
Report on the Possibilities of Establishing an African Development Bank	19 Dec. 1961	E/CN.14/129	
Possibilities of Establishing an African Development Bank	17 Jan. 1962	E/CN.14/129/Add.1	
Consideration of Commission Resolution 52 (IV)	12 June 1962	E/CN.14/ADB/1	Limited
Establishment of a Negotiating Group and Adoption of its terms of reference	12 June 1962	E/CN.14/ADB/2	Limited
Suggestions made by the Secretariat for the activities of the Committee of Nine on the establishment of an African Development Bank	5 June 1962	E/CN.14/ADB/3	Limited
Report of the First Meeting of the Committee of Nine on the establishment of an African Development Bank	28 June 1962	E/CN.14/ADB/4	Limited
Agenda of the Second Session of the Committee	24 Sept. 1962	E/CN.14/ADB/5	Restricted
Reports on the consultations with African governments concerning the establishment of an African Development Bank (Note by the Executive Secretary)	11 Oct. 1962	E/CN.14/ADB/6	Restricted
Report of Team A on consultations with African governments concerning the establishment of an African Development Bank	24 Sept. 1962	E/CN.14/ADB/6/Add.1	Restricted



<u>Title</u>	<u>Date</u>	<u>Symbol</u>	<u>Distribution</u>
Report of Team A2 on consultations with African governments concerning the establishment of an African Development Bank	24 Sept. 1962	E/CN.14/ADB/6/ Add.2	Restricted
Report of Team A3 on consultations with African governments concerning the establishment of an African Development Bank	24 Sept. 1962	E/CN.14/ADB/6/ Add.3	Restricted
General lines of policy for consultations in non-African countries (Note by the Executive Secretary)	24 Sept. 1962	E/CN.14/ADB/7	Restricted
Confirmation of the modifications to the plan for Team B consultations (Note by the Executive Secretary)	24 Sept. 1962	E/CN.14/ADB/8	Restricted
Report of the Sub-Committee on the drafting of the Charter on its First Session	25 Sept. 1962	E/CN.14/ADB/9	Restricted
Report of the Committee of Nine on its Second Session	27 Sept. 1962	E/CN.14/ADB/10	Restricted
Summary of consultations with African governments on the establishment of an African Development Bank (Note by the Executive Secretary)	11 Oct. 1962	E/CN.14/ADB/11	Restricted
Explanatory outline of a Charter for the African Development Bank (Note by the Executive Secretary)	18 Oct. 1962	E/CN.14/ADB/12	Restricted
Report on consultation with the Government of Chad concerning the African Development Bank	11 Dec. 1962	E/CN.14/ADB/13	Restricted

<u>Title</u>	<u>Date</u>	<u>Symbol</u>	<u>Distribution</u>
Report on the consultations with the Government of Algeria concerning the establishment of an African Development Bank (Note by the Executive Secretary)	12 Jan. 1963	E/CN.14/ADB/14	Restricted
		E/CN.14/ADB/15	Not issued
Report on the consultations with non-African governments and institutions concerning the establishment of an African Development Bank (Note by the Executive Secretary)	11 Dec. 1962	E/CN.14/ADB/16	Restricted
Report of Team B1 on consultations with non-African governments and institutions concerning the establishment of an African Development Bank	16 Nov. 1962	E/CN.14/ADB/16/ Add.1	Restricted
Report of Team B2 on consultations with non-African governments and institutions concerning the establishment of an African Development Bank	11 Dec. 1962	E/CN.14/ADB/16/ Add.2	Restricted
Provisional Agenda	28 Nov. 1962	E/CN.14/ADB/17	Restricted
Provisional Agenda (revised by the President)	15 Jan. 1963	E/CN.14/ADB/17/ Rev.1	Restricted
Location of the African Development Bank: Note on governments' replies (prepared by the Executive Secretary)	18 Jan. 1963	E/CN.14/ADB/18	Restricted

<u>Title</u>	<u>Date</u>	<u>Symbol</u>	<u>Distribution</u>
Further activities to be undertaken towards the establishment of an African Development Bank (Note by the Executive Secretary)	18 Jan. 1963	E/CN.14/ADB/19	Restricted
Materials for a Draft Agreement establishing the African Development Bank: Draft texts of Articles of Agreement (prepared by the Executive Secretary)	5 Dec. 1962	E/CN.14/ADB/20	Restricted
Materials for a Draft Agreement establishing the African Development Bank: Corrigendum (prepared by the Executive Secretary)	5 Jan. 1963	E/CN.14/ADB/20/ Corr.1	Restricted
Materials for a Draft Agreement establishing the African Development Bank: Corrigendum (prepared by the Executive Secretary)	14 Jan. 1963	E/CN.14/ADB/20/ Corr.2	Restricted
Materials for a Draft Agreement establishing the African Development Bank: Note on the Currency of the Equity Capital of the Bank (prepared by the Executive Secretary)	10 Dec. 1962	E/CN.14/ADB/20/ Add.1	Restricted
Materials for a Draft Agreement establishing the African Development Bank: Note on Allocation of Capital Subscription (prepared by the Executive Secretary)	20 Dec. 1962	E/CN.14/ADB/20/ Add.2 and Supp.1	Restricted