

DOCUMENT OF INTERNATIONAL MONETARY FUND
AND NOT FOR PUBLIC USE

IMMEDIATE
ATTENTION

EBS/86/132

CONFIDENTIAL

June 18, 1986

To: Members of the Executive Board

From: The Secretary

Subject: African Development Bank (AfDB) and African Development Fund
(AfDF) - Applications to be Prescribed Holders of SDRs

It is not proposed to bring the attached memorandum to the agenda of the Executive Board for discussion unless an Executive Director so requests by the close of business on Wednesday, June 25, 1986. In the absence of such a request, the draft decision which appears on page 2 will be deemed approved by the Executive Board on that date by the votes of all Executive Directors, to take effect on that date. The decision will be recorded in the minutes of the next meeting after its adoption.

Att: (1)

INTERNATIONAL MONETARY FUND

The African Development Bank and the African Development Fund:
Application to Become Holders of SDRs

Prepared by the Treasurer's Department

(In consultation with the Legal Department)

Approved by W. O. Habermeier

June 17, 1986

1. The African Development Bank (AfDB) and its affiliate, the African Development Fund (AfDF), have applied to the Fund for prescription as holders of SDRs, following consultations between the staff of these institutions and Fund staff. Such prescriptions can be made under Article XVII, Section 3, by a decision of the Executive Board taken with an 85 percent majority of the total voting power of participants in the SDR Department. The formal letters of application are attached.

2. The AfDB and AfDF are affiliated in the AfDB Group of institutions. The Bank Group lends primarily in support of economic and social development in its regional member countries. The AfDB lends primarily on commercial terms, and the AfDF lends on concessional terms to its poorest regional members.

3. The AfDB was established in August 1963 and now has a membership of 50 regional members and 25 non-regional members. Its authorized capital amounts to SDR 5.4 billion of which SDR 5.3 billion has been subscribed. Further information is provided in Appendix I. The AfDB was established in July 1972. Its membership includes the AfDB and 26 non-regional members, and members' subscriptions total SDR 2.6 billion. Further information is provided in Appendix II.

4. The attached letters of application indicate that the AfDB and the AfDF wish to be authorized to receive and use SDRs in accordance with the terms and conditions governing the acceptance, holding, and use of SDRs by holders generally. *These terms and conditions are currently set out in Executive Board Decision No. 6467-(80/71) S, adopted April 14, 1980.*

5. The AfDB and AfDF are official entities within the meaning of Article XVII, Section 3(i). The prescription of these institutions as other holders of SDRs would be consistent with the Articles of Agreement. In the view of the staff, the proposed prescriptions of the

AfDB and the AfDF as holders of SDRs would contribute to the further development of the role of the SDR and the effective functioning of the SDR Department.

Recommended decision

Accordingly, the following draft decision on a matter pertaining exclusively to the SDR Department is proposed for adoption by the Executive Board:

Decision Prescribing the African Development Bank
and the African Development Fund as Holders of SDRs

1. Prescription as holders

The African Development Bank and the African Development Fund are prescribed, in accordance with Article XVII, Section 3(i) of the Articles of Agreement, as holders of SDRs.

2. Terms and conditions for acceptance, holding, and use
of SDRs

The African Development Bank and the African Development Fund are authorized to accept, hold, and use SDRs in transactions and operations in accordance with and on the terms and conditions specified in Executive Board Decision No. 6467-(80/71) S, adopted April 14, 1980. ("Terms and Conditions for the Acceptance, Holding, and Use of Special Drawing Rights by Other Holders Prescribed under Article XVII, Section 3.")

Attachments

THE AFRICAN DEVELOPMENT BANK

MEMBERSHIP
73 Countries
(See Appendix III)

HEADQUARTERS
Abidjan, Cote d'Ivoire

1. Establishment and functions

The African Development Bank (AfDB) was established on August 4, 1963 by 30 independent African countries as Africa's regional development bank. The AfDB began operations in July 1966. Its membership was extended to non-regional countries in December 1982 in order to increase the Bank's resources. The AfDB now has 50 regional and 25 non-regional members, and its authorized capital resources amount to SDR 5.4 billion.

The objective of the AfDB is to contribute to economic and social development of regional member countries. The bank's loans give priority to projects and programs which are multinational in character or which tend to complement the resources and industries of other countries in the region. The Bank's Articles of Agreement empowers it to mobilize resources in and outside Africa, but its lending is confined to African members. The Bank's lending operations are financed by members' paid-in subscriptions and Bank borrowings on the basis of its callable capital.

2. Organizational structure

The governing bodies of the AfDB consist of a Board of Governors and a Board of Directors. All powers of the Bank are vested in the Board of Governors. The Board of Governors may delegate some of its powers to the Board of Directors, but it must exercise certain powers itself. These include general policy issues: election of the president; creation or cancellation of Special Funds; changes in capital stock; and certain other powers. Each member country appoints a governor and an alternate, normally for a period of five years. The Board of Governors meets annually to review operations and determine general policy for the operations of the AfDB.

The Board of Directors has the general responsibility for the conduct of the operations of the AfDB. Members of the Board of Directors, generally called Executive Directors, are elected by the Board of Governors, hold office for a term of three years, and may be re-elected. There are eighteen Executive Directors, of which twelve are elected by regional members and six by non-regional members. The Executive Directors, in consultation with their Governors, appoint their own alternates.

The President of the Bank is elected by the Board of Governors on the recommendation of the Board of Directors. He is the chief executive and legal representative of the AfDB and is responsible for the daily conduct of the Bank's business, organization, and staff.

3. Financial structure

The AfDB values its capital stock in terms of a unit of account which is equal to one SDR. As of December 31, 1985, the authorized capital of the AfDB was SDR 5,400 million of which SDR 5,298.4 million had been subscribed. Total subscribed capital consists of SDR 1,324.6 million that is to be paid up and SDR 3,973.8 million that is callable. Of the subscribed amount of paid-up capital (i.e., SDR 1,324.6 million), SDR 1,017.4 million had been paid in by December 31, 1985. The AfDB borrows both in the private market and from central banks of its member countries. Outstanding borrowings at the end of 1985 amounted to 25.0 percent of the Bank's callable capital.

African Development Bank
Balance Sheet (as of December 31, 1985)
(In millions of SDRs) 1/

Assets		Liabilities	
Cash and investments	748.4	Accounts payable	117.3
Non-negotiable instruments	177.6	Undisbursed grants	4.6
Receivables	193.1	Borrowings	995.2
Loans	1,025.3	Reserves	126.5
Equity participation	62.0	<u>Capital</u> (authorized 5,400)	
Other assets	54.6	Subscribed	5,298.4
Assets of Special Funds	<u>293.6</u>	Less callable capital	3,973.8
Total	<u>2,554.6</u>		
		Paid-up capital	1,324.6
		Less unpaid portion	307.2
			<u>1,017.4</u>
		Assets of Special Funds	<u>293.6</u>
		Total	<u>2,554.6</u>

1/ The unit of account of the African Development Bank is equivalent to one SDR.

THE AFRICAN DEVELOPMENT FUND

Membership
AfDB and 25
State participants
(See Appendix III)

HEADQUARTERS

Abidjan, Cote d'Ivoire

1. Establishment and function

The African Development Fund (AfDF) was established in July 1972 and began operations in August 1973. The AfDF's membership consists of the African Development Bank (AfDB) and 26 non-regional members. The resources of the AfDF consist of subscription payments by the AfDB and non-regional members. The AfDF finances projects and programs in the poorest of the regional member countries on highly concessional terms.

2. Organizational structure

The AfDB and the AfDF are affiliated institutions and are served by the same president, staff, and administrative structure. The Boards of Governors and Directors of the AfDF have the same functions as in the AfDB, but the number of Governors and Executive Directors and their voting powers differ, reflecting the different memberships of the two institutions and statutory requirements. The AfDB has contributed 2.1 percent of the resources of the AfDF and holds 50 percent of the voting power. The AfDF has twelve Executive Directors, who serve for three-year terms. The AfDB appoints six of the Executive Directors, and six are appointed by the non-regional members.

3. Financial structure

The unit of account of the AfDF is fixed by its Articles of Agreement as the equivalent of SDR 0.921052. The AfDF's total resources as of December 31, 1985 amounted to SDR 2,480.2 million, deriving almost entirely from the subscription payments of the AfDB and non-regional members.

African Development Fund
Balance Sheet (as of December 31, 1985)

(In millions of SDRs) 1/

Assets		Liabilities	
Cash and liquid investments	353.0	Undisbursed credits	8.7
Demand allegations	1,278.3	Other liabilities	0.1
Receivables	16.5	Subscription proceeds	2,366.0
Loans	827.6	Other, net	<u>105.4</u>
Other assets	<u>4.8</u>	Total	<u>2,480.2</u>
Total	<u>2,480.2</u>		

1/ Amounts were converted from AfDF's unit of account (FUA) into SDRs at the fixed rate of FUA = SDR 0.921052.

Member Countries of the African Development Bank

(As of December 31, 1985)

A. Regional

- | | |
|-----------------------------|---------------------------|
| 1. Algeria | 26. Libya |
| 2. Angola | 27. Madagascar |
| 3. Benin | 28. Malawi |
| 4. Botswana | 29. Mali |
| 5. Burkina Faso | 30. Mauritania |
| 6. Burundi | 31. Mauritius |
| 7. Cameroon | 32. Morocco |
| 8. Cape Verde | 33. Mozambique |
| 9. Central African Republic | 34. Niger |
| 10. Chad | 35. Nigeria |
| 11. Comoros | 36. Rwanda |
| 12. Congo | 37. Sao Tome and Principe |
| 13. Djibouti | 38. Senegal |
| 14. Egypt | 39. Seychelles |
| 15. Equatorial Guinea | 40. Sierra Leone |
| 16. Ethiopia | 41. Somalia |
| 17. Gabon | 42. Sudan |
| 18. Gambia, The | 43. Swaziland |
| 19. Ghana | 44. Tanzania |
| 20. Guinea | 45. Togo |
| 21. Guinea-Bissau | 46. Tunisia |
| 22. Ivory Coast | 47. Uganda |
| 23. Kenya | 48. Zaire |
| 24. Lesotho | 49. Zambia |
| 25. Liberia | 50. Zimbabwe |

B. Non-regional

- | | |
|--------------|------------------------------|
| 1. Argentina | 14. Korea |
| 2. Austria | 15. Kuwait |
| 3. Belgium | 16. Netherlands |
| 4. Brazil | 17. Norway |
| 5. Canada | 18. Portugal |
| 6. China | 19. Saudi Arabia |
| 7. Denmark | 20. Spain |
| 8. Finland | 21. Sweden |
| 9. France | 22. Switzerland |
| 10. Germany | 23. United Kingdom |
| 11. India | 24. United States of America |
| 12. Italy | 25. Yugoslavia |
| 13. Japan | |
-

Members of African Development Fund

(As of December 31, 1985)

1. African Development Bank	15. Korea
2. Argentina	16. Kuwait
3. Austria	17. Netherlands
4. Belgium	18. Norway
5. Brazil	19. Portugal
6. Canada	20. Saudi Arabia
7. China	21. Spain
8. Denmark	22. Sweden
9. Finland	23. Switzerland
10. France	24. United Arab Emirates
11. Germany, Fed. Rep.	25. United Kingdom
12. India	26. United States of America
13. Italy	27. Yugoslavia
14. Japan	

BANQUE AFRICAINE DE DÉVELOPPEMENT
AFRICAN DEVELOPMENT BANK



ADDRESSE TELEGRAPHIQUE
AFDEV ABIDJAN
TELEPHONE: 32 07 11
TELEX: 3717
3498
3283
OI B.P. N° 1387 ABIDJAN OI
COTE D'IVOIRE

PRESIDENT

RÉFÉRENCE

DATE: April 21, 1986

Secretary
International Monetary Fund
Washington D.C. 20431
U.S.A.

Gentlemen,

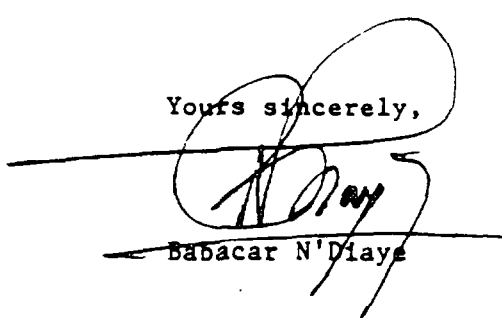
On behalf of the African Development Bank (the AfDB) I have been authorized to submit an application for the AfDB, to be prescribed by the International Monetary Fund as a holder of Special Drawing Rights.

The African Development Bank would wish to become an other holder of special drawing rights and have the authority to hold special drawing rights and to accept and use them in transactions and operations to the same extent and subject to the same conditions as participants among themselves.

All communications between the AfDB and the Fund regarding AfDB's acceptance, holding, and use of special drawing rights, including AfDB's agreement to the terms and conditions prescribed by the Fund, shall be legally binding on the AfDB and the Fund if authenticated in a manner agreed between the AfDB and the Fund.

The African Development Bank as a holder of special drawing rights would be prepared to consult with the Fund and would undertake to collaborate with the Fund, participants in the special drawing rights department, and other prescribed holders of special drawing rights, as necessary, in order to facilitate the effective functioning of the special drawing rights department and the proper use of special drawing rights.

Yours sincerely,


Babacar N'Diaye

FONDS AFRICAIN DE DÉVELOPPEMENT
AFRICAN DEVELOPMENT FUND



ADRESSE TÉLÉGRAPHIQUE
AFDEV ABIDJAN
TÉLÉPHONE 32-07-11
TELEX 3717
3400
3203
O I B. P. 1307 ABIDJAN O I
COTE D'IVOIRE

PRESIDENT

DATE April 21, 1986

Secretary
International Monetary Fund
Washington D.C. 20431
U.S.A.

Gentlemen,

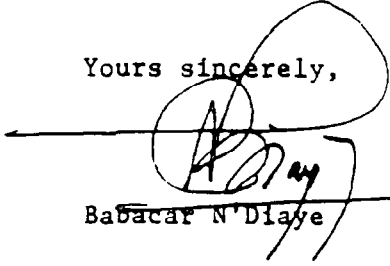
On behalf of the African Development Fund (AfDF) I have been authorized to submit an application for the AfDF to be prescribed by the International Monetary Fund as a holder of Special Drawing Rights.

The African Development Fund would wish to become an other holder of special drawing rights and have the authority to hold special drawing rights and to accept and use them in transactions and operations to the same extent and subject to the same conditions as participants among themselves.

All communications between the African Development Fund and the Fund regarding AfDF's acceptance, holding, and use of special drawing rights, including AfDF's agreement to the terms and conditions prescribed by the Fund, shall be legally binding on the AfDF and the Fund if authenticated in a manner agreed between the AfDF and the Fund.

The African Development Fund as a holder of special drawing rights would be prepared to consult with the Fund and would undertake to collaborate with the Fund, participants in the special drawing rights department, and other prescribed holders of special drawing rights, as necessary, in order to facilitate the effective functioning of the special drawing rights department and the proper use of special drawing rights.

Yours sincerely,


Babacar N'Diaye

COMMUNICATIONS
DIVISION
APR 24 PM 4:1