

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2

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RECORDS CERTIFICATION

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Signature of Camera Operator

11/24/89
Date

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PATRICK M. RODEY
3271 MONTCLAIRE CT.
ANCHORAGE, AK 99503

DURING SESSION:
POUCH V
JUNEAU, AK 99811
(907) 465-3717

ALASKA STATE SENATE

January 23, 1986

JAN 23 1986

TO : Senator Fred Zharoff, Chairman
Senate Labor & Commerce Committee

FROM: Senator Patrick M. Rodey *PAT*

RE : Senate Bill 116 - Authorizing investments in the
African Development Bank

I would appreciate your consideration of having the above-referenced bill scheduled for committee review.

Although this bill is not a major issue, I feel it has merit. I'm enclosing a copy of the letter I recently received from David Aronofsky which I believe provides some interesting facts relating to the African Development Bank.

Thank you for your consideration of this request.

Enclosures

Arent, Fox, Kintner, Plotkin & Kahn

Washington Square 1050 Connecticut Avenue, N.W.
Washington, D.C. 20036-5339

January 13, 1986

David J. Aronofsky
(202) 857-6054

The Honorable Patrick M. Rodey
Alaska Senate
State Capitol
Juneau, Alaska 99811

Dear Senator Rodey:

I am writing on behalf of the African Development Bank both to thank you for introducing Senate Bill 116 last year to qualify the Bank's securities for investment by certain state-regulated investors; and also to inform you that I am prepared to come to Juneau to work with you personally to get this bill enacted whenever you advise me that my presence there would be helpful. If you can secure a Committee hearing date on the bill and let me know at least 72 hours in advance of that date, I should be able to get there without difficulty to testify.

To bring you up to date on the Bank's activities, we have thus far obtained enactment of this legislation in the following states:

- | | | |
|----------------|--------------------|------------------|
| 1. Arizona | 9. Maryland | 17. Oregon |
| 2. Arkansas | 10. Massachusetts | 18. Rhode Island |
| 3. California | 11. Minnesota | 19. Tennessee |
| 4. Connecticut | 12. Missouri | 20. Texas |
| 5. Florida | 13. Nevada | 21. Virginia |
| 6. Georgia | 14. New Jersey | 22. Washington |
| 7. Illinois | 15. New York | |
| 8. Louisiana | 16. North Carolina | |

In addition, this legislation only recently passed both Houses in Iowa and currently awaits the Governor's signature there; while we have obtained legal opinions in Michigan that no such legislation is necessary. Also for your information, the Bank conducted its first United States bond issue this past November with great success as seen in the enclosed Prospectus, and currently projects a second issue in the fall

Arent, Fox, Kintner, Plotkin & Kahn

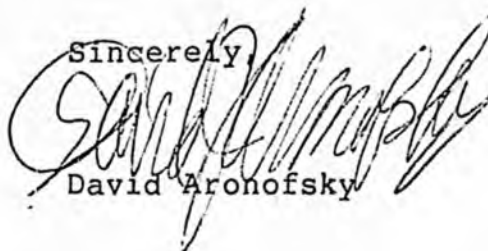
John C. Bennison, Esquire
January 13, 1986
Page 2

of this year. We hope to add Alaska to the above state list by that time.

I understand that Senate Bill 116 may have become involved to some extent last year with the South Africa divestiture issue even though the two are completely separate. I would merely point out that South Africa is not a Bank Member nor is it likely to become one in the near future. Although the Bank has no position on or involvement with divestiture, I would also point out that regardless of whether Alaska passes a divestiture law, by enacting Bank legislation you will be permitting state-regulated investors to invest in economic development activities elsewhere in Africa.

Please do not hesitate to call me at work (202-857-6054) or at home (703-532-4382) if I can provide you with additional materials and information on this matter. I thank you for your consideration and look forward to hearing from you soon.

Sincerely,

A handwritten signature in dark ink, appearing to read "David Aronofsky", written in a cursive style.

David Aronofsky

Enclosure

\$100,000,000



African Development Bank

10 $\frac{1}{2}$ % Ten Year Notes of 1985, due November 1, 1995

Price 99.634%
(plus accrued interest, if any)

Interest payable semi-annually in New York City on May 1 and November 1, commencing May 1, 1986. The Notes will not be redeemable prior to maturity, and there will be no sinking fund provided for the Notes.

The Notes are listed subject to notice of issuance on the New York Stock Exchange.

The Underwriters have agreed to purchase from the Bank all the Notes offered hereby at 98.934% of their principal amount plus accrued interest, if any. The Notes are offered by the several Underwriters named herein, subject to receipt and acceptance by them and to their right to reject orders in whole or in part. It is expected that delivery of the Notes, which will be available in denominations of \$1,000 and any integral multiple thereof in bookentry and registered certificated form, will be made on or about October 31, 1985 against payment in federal funds.

Kidder, Peabody & Co. **The First Boston Corporation**
Incorporated

The date of this Prospectus is October 17, 1985.

AVAILABILITY OF INFORMATION

The Bank is subject to certain informational requirements of Regulation AFDB, promulgated by the Securities and Exchange Commission (the "Commission") under Section 9(a) of the African Development Bank Act, and in accordance therewith files its regular quarterly financial statements, its annual report to its Board of Governors and other information with the Commission. This Prospectus has also been filed with the Commission. Such reports, financial statements and other information may be inspected and copied at the offices of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and copies of such material can be obtained from the Public Reference Section of the Commission at the above address at prescribed rates.

The issuance of this Prospectus, or any other prospectus, and the offering and sale of the Notes are not a waiver by the Bank or by any of its members, Governors, Directors, Alternates, officers or employees of any of the rights, immunities, privileges or exemptions conferred upon any of them by the Agreement Establishing the African Development Bank, as amended (the "Agreement"), or by any statute, law or regulation of any member of the Bank or any political subdivision of any member, all of which are hereby expressly reserved.

The Bank uses a unit of account (the "Unit of Account" or "UA") as the measure of its loans, the capital subscription of its members and for accounting, statistical and financial reporting purposes. The Agreement provides that one UA equals 0.88867088 grams of fine gold. Prior to 1978, conversion of currencies was effected at the prevailing official parity rates declared by the International Monetary Fund (the "IMF"). In response to the abandonment of official parity rates by the IMF, the Board of Directors of the Bank resolved in 1978, with effect from December 31, 1977, that one UA is deemed to be the equivalent in value to one Special Drawing Right of the IMF ("SDR") for all of the Bank's accounting purposes. (See Note B to the financial statements.) The value of the SDR, which may vary from day to day, is currently computed daily in dollars by the IMF. For its accounting purposes, the Bank uses for any quarter the rate quoted by the IMF on the last day of the preceding quarter.

Except as otherwise specified, all amounts in this Prospectus are expressed in UA. Currencies have been translated into UA at the rates of exchange used by the Bank and prevailing on the last day of the period presented. In certain instances, amounts in UA have also been presented in U.S. dollars at the conversion rates set forth below. Such presentations are made solely for convenience and should not be construed as a representation that the UA actually represents, has been or could be converted into U.S. dollars at these or any other rates. For a more complete description of the UA, see Note B to the financial statements.

In recent years there have been significant changes in the relative values of the U.S. dollar and the component currencies of the UA. The Bank makes no representation that would indicate that the U.S. dollar or any other currency, except the UA, accurately reflects the historical financial performance or present financial condition of the Bank. Exchange rates used by the Bank for converting UA into U.S. dollars are as follows:

	December 31,					June 30,	
	1980	1981	1982	1983	1984	1984	1985
1 UA =	\$1.27541	\$1.16396	\$1.10311	\$1.04695	\$0.980210	\$1.03121	\$0.998283

At September 30, 1985 1 UA = \$1.05940.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

SUMMARY INFORMATION

(All numerical data are as of June 30, 1985, except as otherwise noted.)

General

The African Development Bank, established in 1963, is an international institution, the members of which are governments. The Bank is a multilateral development bank and is similar in structure to the World Bank and other major regional multilateral development banks, such as the Inter-American Development Bank and the Asian Development Bank. The Bank's membership currently consists of 50 independent African states and 25 non-African states (the "regional members" and "non-regional members", respectively). The Republic of South Africa is not a member of the Bank. The United States became a member on February 8, 1983 and at August 31, 1985 had 5.74% of the total voting power. The total amount of the United States subscription equals \$359.7 million as described under "Membership of the United States of America".

The purpose of the Bank is to further the economic development and social progress of its regional members, individually and collectively. To this end the Bank promotes the investment of public and private capital for development purposes and the orderly growth of foreign trade, primarily by providing technical assistance and loans from its resources for specific projects that contribute to economic growth of the region.

The Bank's capital stock is owned by its member countries. When the Bank was established in 1963, membership was limited to independent states on the continent of Africa and on African islands. Since the end of 1982, when non-regional countries were permitted to become members, capital subscriptions have more than doubled, thereby increasing significantly the lending capacity of the Bank. The authorized capital stock and any increases thereof must be allocated for subscription to regional and non-regional members in such proportions that the respective groups will have available for subscription that number of shares which, if fully subscribed, would result in regional members holding two-thirds of the total voting power and non-regional members holding one-third of the total voting power.

The Bank's administration is composed of a Board of Governors, which consists of a Governor appointed by each member, and a Board of Directors which is responsible for the general conduct of the Bank's operations. The Bank's headquarters is located in Abidjan, Ivory Coast.

Assets

Loan Portfolio—The Bank's principal asset is its portfolio of loans. In addition to loans to governments of its regional member countries, the Bank also lends to agencies, political subdivisions, and to public and private enterprises operating within such countries. It is the policy of the Bank that each loan carry the guarantee of the government within whose jurisdiction the financed project lies. Under the Agreement, 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, reserves and surplus included in its ordinary capital resources, less the Special Reserve. Total outstanding loan approvals were UA 2,495.6 million and the total amount of unimpaired subscribed capital, reserves and surplus, less the Special Reserve, was UA 5,294.4 million. The creditworthiness of all borrowers is closely monitored by the Bank and each loan is analyzed and documented before it is approved. The Bank has never suffered a loss on a loan. Although the Bank experiences delays in payments on its loans, the Bank follows a policy of not participating in debt rescheduling or renegotiations and does not permit the making of new loans to provide for the servicing or repayment of outstanding loans.

Liquidity—The Bank has a policy of maintaining substantial levels of liquidity (an amount equal to twice the forthcoming year's forecasted loan disbursements plus an additional amount equal to the forthcoming year's forecasted interest and net principal payments) in order to ensure flexibility in its borrowing and lending activities. The Bank's cash and investments (including the Special Reserve) was 83.5% of its total outstanding borrowings. The Bank's cash and investments (net of the Special

Reserve) was 45.7% of its total undisbursed loan commitments. In addition, the Bank had UA 627.9 million in undrawn borrowing facilities, which when added to its cash and investments (net of the Special Reserve), equaled 85.7% of its total undisbursed loan commitments.

Liabilities and Capital and Reserves

Liabilities— The Bank borrows in the world's major capital markets and has adopted a policy of diversifying its borrowings by currency, country, source and maturity to provide maximum flexibility in funding its loan portfolio. The Bank's outstanding borrowings of UA 906.9 million were denominated in 11 currencies or currency units (without taking currency swaps into account).

Capital and Reserves—Of the Bank's subscribed capital, 25% (UA 1,289.3 million) was paid up and 75% (UA 3,868.0 million) was callable. Paid-up capital is that portion of the subscribed capital which is to be paid by members over a prescribed period. The portion of paid-up capital for which the Bank has received payment from its members is referred to as paid-in capital. Paid-in capital was UA 851.9 million, with UA 352.7 million due to be paid in future installments, principally in 1986 and 1987. Callable capital is that portion of the subscribed capital which may only be called to meet obligations of the Bank for money borrowed or on any guarantees. Callable capital may not be used for making loans. The callable capital of the 27 non-borrowing member countries was UA 2,056.9 million, which represents 291.1% of outstanding senior borrowings and 226.8% of total outstanding borrowings. The callable capital of the member countries which are also members of the Development Assistance Committee of the Organization for Economic Co-operation and Development (Austria, Belgium, Canada, Denmark, Finland, France, Federal Republic of Germany, Japan, Italy, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States) was UA 1,193.2 million, representing 131.6% of total outstanding borrowings.

At June 30, 1985 the Bank had total equity (paid-up capital and reserves) of UA 1,467.2 million, resulting in a debt to equity ratio of 1 to 1.62. The ratio of disbursed and outstanding loans, including irrevocable commitments to pay undisbursed amounts, to equity was 1 to 1.56.

Profitability

The Bank has earned a profit in every year since it began operations in 1966 and has become increasingly profitable in recent years. For the year ended December 31, 1984 net income (before allocation to Special Reserve) was UA 32.6 million. By policy the Bank has retained all earnings in reserves except for one allocation of UA 1 million made in 1985 to a special relief fund providing famine aid in areas of regional member countries stricken by drought and other natural calamities. Pursuant to the Agreement, a commission of one percent per annum is charged on all disbursed and outstanding loans. Such commission is allocated to the Special Reserve, which has been established pursuant to the Agreement to be used solely for meeting the Bank's liabilities on funds borrowed or loans guaranteed.

The above information is qualified by the detailed information and financial statements appearing elsewhere in this Prospectus.

SELECTED FINANCIAL DATA (1)
(UA amounts expressed in millions of UA)

	Years ended December 31,			Six months ended June 30, 1985
	1982	1983	1984	(unaudited)
Balance sheet related data (end of period):				
Cash and Investments(2)	141.7	178.1	622.8	716.5
Approved Loans less cancellations:				
Disbursed and outstanding	560.1	598.9	811.3	926.3
Undisbursed(3)	1,012.7	1,363.0	1,637.5	1,569.3
Outstanding Borrowings:				
Total	369.3	405.7	811.5	906.9
Senior	369.3	405.7	607.5	706.6
Subordinated	—	—	204.0	200.3
Subscribed Capital & Reserves:				
Paid-up capital	966.4	1,262.0	1,276.8	1,289.3
Callable capital	2,899.2	3,786.1	3,830.5	3,868.0
Total non-borrowing members	1,295.1	1,999.7	2,019.4	2,056.9
Total members of DAC of OECD(4)	528.4	1,193.2	1,193.2	1,193.2
Total Reserves	124.0	129.8	163.9	177.8
Special Reserve	22.7	29.0	36.5	40.8
Cash and Investments as a percentage of:				
Undisbursed loan commitments	14.0%	13.1%	38.0%	45.7%
Outstanding borrowings(5)	44.5%	51.0%	81.2%	83.5%
Disbursed and outstanding loans as a percentage of subscribed capital and reserves(6)				
	14.9%	13.9%	16.1%	17.8%
Total Outstanding Borrowings as a percentage of:				
Total callable capital	12.7%	10.7%	21.2%	23.4%
Callable capital of non-borrowing members	28.5%	20.3%	40.2%	44.1%
Callable capital of members of DAC of OECD(4)	69.9%	34.0%	68.0%	76.0%
Senior Borrowings as a percentage of(7):				
Total callable capital	12.7%	10.7%	15.9%	18.3%
Callable capital of non-borrowing members	28.5%	20.3%	30.1%	34.4%
Callable capital of members of DAC of OECD	69.9%	34.0%	50.9%	59.2%
Total Reserves as a percentage of:				
Disbursed and outstanding loans(6)	17.2%	14.1%	15.1%	14.5%
Total outstanding borrowings	33.6%	32.0%	20.2%	19.6%
Income related data:				
Net income (before allocation to Special Reserve)	11.0	14.8	32.6	21.0
Average interest rate on:				
Disbursed and outstanding loans for the period	6.8%	6.9%	7.2%	7.4%
Undisbursed portion of approved loans	7.6%	8.4%	8.8%	9.0%
Average life of outstanding loans and undisbursed loans, end of period (years)				
	8.7	9.0	9.3	9.0
Average cost of:				
Borrowings contracted during the period ...	9.2%	9.5%	9.0%	8.3%(8)
Outstanding borrowings	9.8%	10.0%	7.5%	9.0%(9)
Funds available	4.4%	4.3%	3.6%	4.6%(8)
Average life of outstanding borrowings, end of period (years)				
	5.8	5.7	6.9	8.1
Interest coverage ratio(9)				
	1.33x	1.38x	1.72x	1.54x

(1) The financial statements of the Bank are presented in conformity with accounting principles generally accepted internationally. If the financial statements of the Bank were to be presented in conformity with accounting principles generally accepted in the United States, they would not reflect an adverse change in the results of operations or financial position of the Bank.

(Footnotes continued on next page.)

- (2) Cash and investments are net of the Special Reserve.
- (3) Includes loans approved but unsigned.
- (4) Members of the Development Assistance Committee ("DAC") of the Organization for Economic Co-operation and Development (the "OECD") consisting of Austria, Belgium, Canada, Denmark, Finland, France, Federal Republic of Germany, Japan, Italy, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, and the United States.
- (5) Ratios for outstanding borrowings include the Special Reserve. The amounts allocated to the Special Reserve in 1982, 1983 and 1984 and for the six-month period ended June 30, 1985 were UA 5.1 million, UA 6.3 million, UA 7.5 million and UA 4.3 million, respectively.
- (6) Net of the Special Reserve. Ratios for disbursed and outstanding loans include irrevocable commitments to pay undisbursed amounts.
- (7) The Board of Directors has adopted a policy to limit the Bank's borrowings represented by Senior Debt to 80% of the callable capital of its non-borrowing members and to limit the Bank's total borrowings represented by both senior and subordinated debt to 80% of the total callable capital of all its members.
- (8) Annualized rates.
- (9) Net income before allocation to Special Reserve plus interest expense divided by interest expense.

The above information should be read in conjunction with and is qualified by the detailed information and financial statements appearing elsewhere in this Prospectus.

THE BANK

The Bank is an international institution the members of which are currently 50 independent African states and 25 non-African states (the "regional members" and "non-regional members", respectively). The Bank was established by and operates under the Agreement Establishing the African Development Bank, as amended (the "Agreement"), which was signed in Khartoum, Sudan, on August 4, 1963. The Bank began operations in 1966 with 25 regional members. The Agreement was amended on May 7, 1982 to permit non-regional countries to be admitted as members. A list of the members at June 30, 1985 showing each member's voting power and the amount of its subscription to the Bank's capital stock is set forth in Annex I-8. The Bank's headquarters is located in Abidjan, Ivory Coast. The Bank has representative offices in Cameroon, England, Kenya and Zimbabwe.

The Bank's ordinary operations are financed from its ordinary capital resources. The ordinary capital resources include subscribed capital stock, borrowings by the Bank, income from loans and guarantees and other income received by the Bank in its ordinary operations. The capital stock of the Bank is divided into paid-up capital and callable capital. Callable capital is subject to call only as and when required by the Bank to meet obligations incurred on funds borrowed or loans guaranteed (see "Capitalization") and is not available for making loans to members.

In addition to its ordinary operations, the Bank administers the African Development Fund ("ADF") which provides loan financing on concessionary terms to selected regional members. The ADF is legally and financially separate from the Bank, having been established in 1972 pursuant to an agreement between the Bank and 16 non-regional members, including the United States. The Bank is not liable for any obligations of the ADF. The Bank also administers, under separate agreements, the Nigeria Trust Fund and several other funds. The resources of these funds are held, obligated and otherwise disposed of entirely separately from the Bank's ordinary capital resources. (See "Special Operations of the Bank".)

USE OF PROCEEDS

The net proceeds to the Bank from the sale of the Notes will be used in its ordinary operations.

MEMBERSHIP OF THE UNITED STATES OF AMERICA

The United States of America became a member of the Bank on February 8, 1983 pursuant to the African Development Bank Act. At August 31, 1985 the United States had subscribed to a total of 29,820 shares of the capital stock (par value UA 10,000 per share) of the Bank, of which 11,928 shares were subscribed subject to obtaining budgetary appropriations. At such date the United States was entitled to cast 5.74% of the total votes of all members. Of its capital subscription of UA 298,200,000, UA 44,730,000 was fully paid, a total of UA 29,820,000 was due to be paid in annual installments in 1986 and 1987 and UA 223,650,000 was callable capital. (See "Capitalization").

The United States has agreed to pay in U.S. dollars any and all portions due of its subscription, at a fixed conversion rate of 1 UA=\$1.20635. Valued at this rate, the total amount of the U.S. subscription equals \$359,733,570.

The total amount of the United States capital subscription has been authorized by United States legislation, but appropriations by Congress are required for the total of UA 29,820,000 due to be paid during 1986 and 1987 and would be required to enable the Secretary of the Treasury to pay any part of the callable capital (UA 223,650,000) if it were called by the Bank. The General Counsel of the United States Department of the Treasury has rendered an opinion to the effect that the subscription of the United States to the callable capital of the Bank, to the extent amounts have been provided in appropriations acts, is an obligation backed by the full faith and credit of the United States; the amount of UA 134,190,000 has been provided to date in such appropriations acts.

UNITED STATES APPROVAL OF BORROWING

The United States Government has approved the raising of funds by the Bank in the United States by the issue of the Notes and has agreed that the proceeds from the sale of the Notes may be exchanged for the currency of any other country without restriction. Such approval and consent are required by the Agreement in connection with the sale of the Notes.

CAPITALIZATION

The following table sets forth the outstanding borrowings, capital stock and reserves and net income of the Bank at June 30, 1985:

	<u>(expressed in thousands of UA)</u>
OUTSTANDING BORROWINGS (1)	
Payable in:	
United States dollars	303,124.5
Japanese yen	230,348.9
Deutsche marks.....	150,551.1
British pounds sterling.....	64,866.5
European currency units.....	55,216.1
Swiss francs	39,106.8
Other currencies.....	<u>63,715.5</u>
Total	<u>906,929.4</u>
 CAPITAL STOCK AND RESERVES (2)	
Subscribed capital.....	5,157,320.0
Less: Callable capital.....	<u>3,867,990.0</u>
Paid-up capital.....	1,289,330.0
Less: Amount not yet due	<u>352,674.0</u>
	936,656.0
Less: Amount due and unpaid.....	93,362.3
Add: Amount paid in advance.....	<u>8,561.5</u>
Paid-in capital	851,855.2
Reserves and Net Income for the period	<u>177,837.5</u>
Total	<u>1,029,692.7</u>

(1) For a description of the Bank's borrowing policies and the currency distributions and other details with respect to borrowings, as well as the effects of currency and interest rates swaps undertaken by the Bank on the currency composition and weighted average interest cost of the Bank's payment obligations, see "Borrowings" and Annex I-5 of the financial statements. The Bank has authorized the issuance of senior debt and subordinated debt. At June 30, 1985 all subordinated debt obligations, without taking into account currency swaps, were denominated in U.S. dollars and were equal to UA 200.3 million.

(2) For a more complete description of subscriptions to the capital stock and voting power, see Annex I-8 of the financial statements. For a more complete description of Reserves, see Annex I-7 of the financial statements.

Authorized Capital

At June 30, 1985 the authorized capital stock of the Bank was UA 5,400.0 million. The original authorized capital stock of UA 250.0 million has been increased on 11 occasions.

The Agreement provides that the authorized capital stock of the Bank 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 country, the decision of the Board of Governors must 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.

The authorized capital stock and any increases thereof must be allocated for subscription to regional and non-regional members in such proportions that the respective groups will have available for subscription that number of shares which, if fully subscribed, would result in regional members holding two-thirds of the total voting power and non-regional members one-third of the total voting power.

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 has the right to subscribe, on such uniform terms and conditions as the Board of Governors determines, 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, is obligated to subscribe to any part of such increased stock.

Subscribed Capital

Of the authorized capital of UA 5,400.0 million, UA 5,157.3 million had been subscribed at June 30, 1985. Under the Agreement, the subscribed capital is divided into a 25% paid-up capital portion and a 75% callable capital portion.

The Agreement provides that shares are to be issued at par value (UA 10,000 per share), unless the Board of Governors decides by a majority vote to issue them on other terms. The liability of the members is limited to the unpaid portion of the issue price of the shares. Shares are transferable only to the Bank.

The voting rights of the members are related to their capital subscriptions. Each member has 625 votes and, in addition, one vote for each share subscribed. However, shares subscribed in connection with the general increases of the Bank's authorized capital stock subsequent to July 7, 1973 may not be voted to the extent that payment on the paid-up portion of such shares is due but has not been received by the Bank. In recent years, the Bank has been increasing its efforts to ensure compliance with scheduled subscription payments by its members. In particular, the Board of Governors has adopted share transfer rules, first implemented in 1985, which require the forfeiture of shares issued in 1981 for which payment is due but unpaid for more than 12 months. Such shares are then made available to other regional members who are interested in increasing their subscriptions and who have fully paid all amounts due on their subscriptions. At September 16, 1985 a total of 3,616 shares (representing UA 36.2 million of subscribed capital and UA 9.1 million of paid-up capital) had been transferred from certain regional members in arrears to other regional members.

Paid-up Capital

Paid-up capital is that portion of a member's subscription that is to be paid to the Bank by the members over a period prescribed by the Board of Governors. At June 30, 1985 total paid-up capital stock equalled UA 1,289.3 million of which UA 352.7 million was due in installments to be paid, principally in 1986 and 1987.

The Board of Governors determines the modes of payment of amounts subscribed by member countries to the paid-up capital stock. Prior to May 1981 all payments on paid-up stock had been made in convertible currencies. However, on subscriptions authorized in May 1981 and May 1982, regional members have the following two options for making their payments: (a) five equal annual installments, of which at least 50% is payable in convertible currency and the remainder in local currency, or (b) five equal annual installments, of which 20% is payable in convertible currency and 80% in non-negotiable, non-interest bearing notes. Such notes are redeemable by the Bank solely in convertible

currency in ten equal annual installments commencing on the fifth anniversary of the first subscription payment date. Non-regional members were required to make their payments solely in convertible currencies. Of the total amount of paid-up capital due at June 30, 1985, UA 693.0 million was payable in gold or convertible currencies, UA 74.6 million was payable in local currencies and the remaining UA 169.0 million was payable in non-negotiable, non-interest bearing notes.

At June 30, 1985 the amount of paid-up capital due but unpaid totaled UA 93.4 million and the amount of paid-up capital received in advance totaled UA 8.6 million. For a more complete description of subscriptions to capital stock, including amounts due but unpaid, and voting power, see Annex I-8.

Callable Capital

At June 30, 1985 the Bank's total callable capital was UA 2,868.0 million. Of this amount, UA 2,056.9 million was callable from the non-borrowing member countries. The callable capital of the members of the Bank who are also members of the Development Assistance Committee ("DAC") of the Organization for Economic Co-operation and Development (the "OECD") was UA 1,193.2 million.

Callable capital is that portion of the subscribed capital stock subject to call only as and when required by the Bank to meet its obligations on borrowing of funds for inclusion in its ordinary capital resources or guarantees chargeable to such resources. Accordingly, callable capital may not be used to make loans. In the event of a call, payment must be made by the member countries concerned in gold, convertible currency or in the currency required to discharge the obligation of the Bank for the purpose for which the call was made.

Calls on the callable portion of the subscribed capital are required to be uniform in percentage on all shares of capital stock, but obligations of the members to make payment upon such calls are independent of each other. The failure of one or more members to make payments on any such call would not excuse any other member from its obligation to make payment. Further calls can be made on non-defaulting members if necessary to meet the Bank's obligations. However, no member could be required on any such call to pay more than the unpaid balance of its ordinary capital subscription. No calls have been made on the callable portion of the subscribed capital of the Bank.

The following table sets forth the total capital subscription and the callable portion of the capital subscription of non-borrowing members at June 30, 1985:

<u>Non-Borrowing Members (1)</u>	<u>Total Capital Subscription</u> (expressed in millions of UA.)	<u>Callable Portion of Subscription</u> (expressed in millions of UA.)
Algeria	221.1	165.8
Austria°	20.0	15.0
Belgium°	28.7	21.5
Brazil.....	20.0	15.0
Canada°	168.0	126.0
China	50.0	37.5
Denmark°	51.8	38.9
Finland°	21.9	16.4
France°.....	168.0	126.0
Germany°.....	184.4	138.3
India	10.0	7.5
Italy°.....	108.3	81.2
Japan°.....	245.7	184.3
Korea	20.0	15.0
Kuwait	20.0	15.0
Libya.....	275.6	206.7
Netherlands°.....	34.1	25.6
Nigeria	465.8	349.3
Norway°	51.8	38.9
Portugal	10.1	7.6
Saudi Arabia	13.3	9.8
Spain	26.2	19.7
Sweden°	69.1	51.8
Switzerland°	65.6	49.2
United Kingdom°	75.2	56.4
United States of America° (2)	298.2	223.7
Yugoslavia	20.0	15.0
Total (3)	<u>2,742.6</u>	<u>2,056.9</u>

° Member of the DAC of the OECD.

- (1) See Annex I-8 of the financial statements for a more complete description of the capital subscriptions of all members of the Bank at June 30, 1985. At June 30, 1985 the 27 members listed above held 52.3% of the total voting power of all members.
- (2) UA 119.3 million of the total capital subscription and UA 89.5 million of the callable portion of the capital subscription of the United States is subject to obtaining budgetary appropriations. See "Membership of the United States of America".
- (3) Amounts do not add exactly due to rounding.

SUMMARY STATEMENT OF INCOME AND EXPENDITURE

(Amounts expressed in thousands of UA, except as otherwise noted.)

The following unaudited summary of income and expenditure relating to the ordinary capita' resources of the Bank for each of the years in the five-year period ended December 31, 1984 has been derived from audited financial statements examined by Akintola Williams & Co (Member Firm of Touche Ross International) and Z. Hassan, H. Hassan & Co. (Member Firm of Peat Marwick International), whose report thereon is included elsewhere in this Prospectus. The statements relating to the operations for the six months ended June 30, 1984 and 1985, which were not examined by the Bank's external auditors, reflect, in the opinion of the management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results of operations for those periods. The following summary should be read in conjunction with the financial statements and related notes thereto appearing in Annex I-4 of the financial statements:

	Years ended December 31,					1984 (US \$000) (unaudited)	Six months ended June 30, (unaudited)		
	1980	1981	1982	1983	1984		1984	1985	1985 (US \$000)
Income									
Income from loans:									
Interest	22,903.6	27,978.7	34,506.1	43,435.0	52,969.5	\$51,921.3	25,128.2	31,753.8	\$31,699.2
Commitment charges....	3,048.4	3,928.9	5,249.5	7,191.8	10,651.4	10,440.6	4,740.4	6,342.7	6,331.8
Statutory commissions(1)	3,531.2	4,226.4	5,124.2	6,318.5	7,508.3	7,359.7	3,592.2	4,289.2	4,281.8
Income from investments..	30,951.1	22,918.2	16,080.5	15,842.3	23,084.2	22,627.4	8,481.9	25,821.2	25,776.9
Other Income	<u>4,226.1</u>	<u>4,262.5</u>	<u>3,661.0</u>	<u>3,089.3</u>	<u>2,380.3</u>	<u>2,333.1</u>	<u>1,163.6</u>	<u>931.6</u>	<u>930.0</u>
Gross Income	<u>64,660.4</u>	<u>63,314.7</u>	<u>64,621.4</u>	<u>75,876.9</u>	<u>96,593.7</u>	<u>\$94,682.1</u>	<u>43,106.3</u>	<u>69,138.5</u>	<u>\$69,019.7</u>
Expenditure									
Administrative expenses (net)	10,743.4	13,297.1	15,482.0	17,976.9	17,570.6	\$17,222.9	7,852.9	7,886.5	\$ 7,873.0
Financial charges	41,138.2	37,010.7	33,873.0	38,948.0	45,518.2	44,617.4	20,813.3	38,661.1	38,594.7
Depreciation	2,561.3	2,578.4	2,809.3	2,810.8	2,811.0	2,755.4	1,405.5	1,405.5	1,403.1
Loss/(Gain) on Exchange (net)	<u>425.1</u>	<u>1,021.5</u>	<u>1,410.1</u>	<u>1,318.6</u>	<u>(1,956.1)</u>	<u>(1,917.4)</u>	<u>(1,151.0)</u>	<u>173.2</u>	<u>172.9</u>
Total	<u>54,868.0</u>	<u>53,907.7</u>	<u>53,574.9</u>	<u>61,054.3</u>	<u>63,943.8</u>	<u>\$62,678.3</u>	<u>28,920.7</u>	<u>48,126.3</u>	<u>48,043.7</u>
Net income (before allocation to Special Reserve)(1).....	9,792.4	9,407.0	11,046.5	14,822.6	32,649.9	\$32,003.8	14,185.6	21,012.2	\$20,976.0
Statutory Commissions (allocation to Special Reserve)(1).....	<u>(3,531.2)</u>	<u>(4,226.4)</u>	<u>(5,124.2)</u>	<u>(6,318.5)</u>	<u>(7,508.3)</u>	<u>(7,359.7)</u>	<u>(3,592.2)</u>	<u>(4,289.2)</u>	<u>(4,281.8)</u>
Net income (after allocation to Special Reserve)(1).....	<u>6,261.2</u>	<u>5,180.6</u>	<u>5,922.3</u>	<u>8,504.1</u>	<u>25,141.6</u>	<u>\$24,644.1</u>	<u>10,593.5</u>	<u>16,722.9</u>	<u>\$16,694.2</u>

NOTE: Amounts may not add exactly due to rounding.

(1) Pursuant to the Agreement, a commission of one percent per annum is charged on all disbursed and outstanding loans. Such commission is allocated to the Special Reserve, which has been established pursuant to the Agreement to be used solely for meeting the Bank's liabilities on funds borrowed or loans guaranteed.

OPERATIONS OF THE BANK

Lending Operations

The Bank is authorized under the Agreement to make, participate in or guarantee loans to its regional member countries, their governments, any of their agencies or political subdivisions, and public or private enterprises operating within such countries as well as international or regional entities concerned with economic development in the region. The Bank requires all loans to be made to or guaranteed by national governments, central banks or other governmental entities engaging the full faith and credit of such governments. The Bank generally provides financing to its borrowers to cover foreign exchange expenditures incurred in a project or program and in certain cases also finances local currency expenditures.

Under the Agreement, the total amount outstanding in respect of the ordinary operations of the Bank may not exceed its unimpaired subscribed capital, reserves and surplus included in its ordinary capital resources, less the Special Reserve.

Since its inception to June 30, 1985 the Bank had approved 388 loans from its ordinary capital resources relating to the financing of programs or projects in 47 member countries. In 1984, a total of 30 projects were approved in 21 countries. The average cost of projects for which the Bank provided financing in 1984 amounted to UA 28.7 million compared with UA 39.5 million in 1983. The Bank's average participation in projects approved in 1984 amounted to UA 16.8 million compared with UA 15.7 million in 1983. As a result, the Bank's participation in the total cost of projects rose to 58.6% in 1984 from 39.3% in 1983.

At June 30, 1985 the total amount of approved loans less cancellations and repayments made by the Bank was 47.1% of its total ordinary capital resources. At the same date, the total amount of disbursed and outstanding loans, including irrevocable commitments to pay undisbursed amounts, represented 17.8% of the Bank's total ordinary capital resources.

In evaluating projects, the Bank considers a wide variety of factors, including the economic, technical and financial feasibility of the project, the effect on the general development activity of the country concerned, the contribution to the removal of impediments to economic development, the capacity of the borrowing country to service additional external debt, the effect on domestic savings, the effect on balance of payments, the impact of new technologies on productivity and the effect on employment opportunities. In addition, the Bank also considers the ability of the borrower to obtain financing elsewhere on terms and conditions that the Bank considers reasonable. One of the principal functions of the Bank is to direct resources to projects that form part of a national or regional development program, and which benefit two or more members, particularly those projects which are designed to stimulate intra-African trade and economic development.

It is the policy of the Board of Directors to consider loans only on the basis of written reports prepared by the staff of the Bank. These reports set forth detailed information regarding the technical feasibility of the project to be financed and relevant financial and legal matters, as well as the economic situation of the country in which the project is located. The process of identifying and appraising a project and of approving and disbursing a project loan often extends over several years. It takes, on average, more than two years to identify, prepare and appraise a project before it is presented to the Board of Directors for loan approval. The appraisal of projects is carried out by the Bank's staff, in some cases with the help of outside consultants. After approval of a loan, an additional period averaging six months elapses before the loan becomes effective. Loans do not become effective until certain legal requirements are fulfilled by the borrower. The Bank generally requires that borrowers seek competitive bids from potential suppliers, that engineering plans and specifications be drawn up independently of the suppliers or manufacturers and, if appropriate, that independent consultants be

retained by borrowers. In order to monitor the effective implementation of projects being financed, the Bank maintains a continuous relationship with the borrower after a loan is made. The Bank's policy of loan administration and project supervision involves field missions, where necessary, and the submission of progress reports on a regular basis. Subsequent to physical completion, the project is evaluated to determine the extent to which productivity and other goals were met. Since loan disbursements are made against project expenditures, the disbursement period frequently extends over five to seven years. Loans are disbursed in four ways: by reimbursement of borrowers, direct payment to suppliers for expenses incurred in connection with approved projects, by advances of up to 10% of a given loan commitment made to borrowers for which an accounting is made by the borrower, or by the issuance of irrevocable commitments to commercial banks backing their letters of credit to suppliers for shipment of specified goods to borrowers.

The Bank has never suffered any losses on its loans. The Bank regularly experiences delays of varying periods of time up to 12 months in the payment of loan charges on a portion of its loans outstanding at any one time, the effect of which, in the opinion of the Bank, is not material to its operations. At June 30, 1985 principal installments of UA 1.6 million and interest and other charges of UA 1.2 million payable to the Bank were overdue by more than 12 months. The aggregate principal amount disbursed and outstanding on these loans was UA 33.0 million. In the opinion of the Bank, no losses will be incurred on loans in respect of which such delays have been experienced. The Bank follows a policy of not participating in debt rescheduling or renegotiations and does not permit the making of new loans to provide for the servicing or repayment of outstanding loans.

The poorest regional members, which have the least flexibility to adapt to adverse conditions, borrow mainly from the African Development Fund ("ADF"). See "Special Operations of the Bank—African Development Fund." The ADF, a separate and distinct entity for whose obligations the Bank is not liable, provides funds on highly concessionary terms to these countries.

Under certain conditions, the Bank is empowered by the Agreement to guarantee, as primary or secondary obligor, loans for economic development projects in which the Bank also participates as a lender. The Bank has not entered into any such guarantees.

The Agreement further provides that in the case of loans made out of funds borrowed by the Bank, 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. In practice, the Bank makes disbursements on its loans in currencies which substantially correspond to currencies which it has borrowed. The amount of currencies repayable on such loans together with the amount of currencies repayable on loans made by the Bank from its paid-in capital and reserves, in the aggregate, cover the currencies borrowed.

The loan regulations of the Bank require that loans be expressed in terms of UA. The principal of and interest on loans is repayable in the currency or currencies disbursed by the Bank, and the amount repayable in each currency is the equivalent (determined as of the date or the respective dates of repayment) of the value of the currency or currencies disbursed, expressed in terms of UA, determined as of the respective date of disbursement. The Bank also requires a borrower to absorb exchange rate changes attributable to fluctuations in value of the currencies that the Bank has acquired specifically for that borrower.

A summary statement of the loans approved by the Bank to June 30, 1985 is set forth in Annex I-9 of the financial statements.

The following table sets forth, by sector, total loans approved by the Bank through December 31, 1984, for each of the years ended December 31, 1982, 1983 and 1984 and for the six-month period ended June 30, 1985:

Sectoral Distribution of Loan Approvals(1)
(UA amounts expressed in millions of UA)

Purpose	Total Loan Approvals to December 31, 1984		Years ended December 31,					
			1982		1983		1984	
Agriculture(2)	481.1	18.1%	122.4	33.8%	128.2	24.8%	46.0	9.1%
Transport	614.5	23.1	61.1	16.9	121.6	23.5	118.9	23.6
Public Utilities	822.0	30.9	110.9	30.7	161.7	31.2	123.6	24.5
Industry(3)	601.9	22.6	46.4	12.8	51.0	9.9	177.7	35.2
Education and Health	142.5	5.4	21.0	5.8	55.2	10.7	38.3	7.6
Totals(4)	<u>2,661.9</u>	<u>100.0%</u>	<u>361.7</u>	<u>100.0%</u>	<u>517.8</u>	<u>100.0%</u>	<u>504.5</u>	<u>100.0%</u>

- (1) Loan amounts reflect approved loans less cancellations and exclude certain adjustments.
- (2) Includes agricultural lines of credit.
- (3) Includes industrial lines of credit.
- (4) Amounts may not add exactly due to rounding.

Loan Terms

The Board of Directors sets the rates of interest at which the Bank lends its funds. The Bank currently charges interest at a rate which remains fixed throughout the term of the loan. From its establishment until June 30, 1982, the Bank's rates of interest were between 5% and 7.5%. In July 1982 the Bank, as part of its efforts to enter the world's major capital markets, initiated a policy that puts greater emphasis on net income. Since that time the Bank's lending rate has been adjusted by the Board of Directors with reference to a formula. This formula currently takes into account the Bank's cost of borrowed funds during the preceding 12 months and the projected cost of borrowed funds for the succeeding 12 months plus a spread to cover administrative expenditures and net income objectives. As a result, on July 1, 1982 the Bank increased the rate it charged on its loans to 9.5%. In July 1984 it increased such rate to 9.86% and in July 1985 decreased it to 9.55% to reflect changes in the cost of borrowed funds. The Board of Directors reviews the minimum lending rate every six months with reference to the formula.

A commitment fee of one percent per annum is charged on the undisbursed portion of each approved loan beginning 45 days after signature of the applicable loan agreement. In addition to interest charges, a commission of one percent per annum is charged on disbursed and outstanding loans. Such commission is allocated to the Special Reserve, which has been established pursuant to the Agreement to be used solely for meeting the Bank's liabilities on funds borrowed or loans guaranteed.

The maturities of the loans made by the Bank from its ordinary capital resources generally range between 12 to 20 years, including grace periods prior to the commencement of principal repayments which can extend from two to five years. The weighted average life of the Bank's approved loans less cancellations and repayments at December 31, 1982, 1983 and 1984 and June 30, 1985 was 8.7, 9.0, 9.3 and 9.0 years, respectively.

At June 30, 1985 the maturity structure of approved loans less cancellations and repayments and disbursed and outstanding loans was as follows:

<u>Maturing</u>	<u>Approved loans less cancellations and repayments</u> (expressed in millions of UA)	<u>Disbursed and outstanding loans</u>
Up to 1989	375.6	145.9
1990-1994	963.1	359.2
1995-1999	752.0	279.4
2000 and thereafter	<u>404.9</u>	<u>141.8</u>
Total	<u>2,495.6</u>	<u>926.3</u>

Borrowing Policies

In the initial years of the Bank's operations its lending program was financed entirely by its paid-in capital, which still plays a significant role in funding the Bank's loan portfolio. Since 1973, however, the Bank has supplemented its capital base to an increasing extent by borrowings.

The Board of Directors of the Bank has authorized the issuance of two classes of debt securities, senior and subordinated. All debt of the Bank is senior debt unless by its terms it is expressly subordinated in right of payment to other debt of the Bank. Both classes rank *pari passu* except in the event of a call on the callable capital of the Bank, whereupon the holders of the subordinated obligations of the Bank will be subordinated in right of payment to holders of debt which is not expressly so subordinated. The Bank believes that its authority to issue subordinated debt enhances its potential borrowing capacity without impairing the borrowing policy limitations established on its senior debt obligations described below.

It is the policy of the Board of Directors to limit the Bank's borrowings represented by senior debt, together with guarantees, to 80% of the callable capital of its non-borrowing members, and to limit its total borrowings represented by both senior and subordinated debt to 80% of the total callable capital of all members. The Bank has also adopted the working principle that, within the limitations set forth above, the actual amount of its senior debt outstanding at any time should be a function of its objective of obtaining and maintaining a rating on its securities at the highest level from recognized rating organizations. At June 30, 1985 senior debt outstanding of UA 706.6 million was 34.4% of the callable capital of non-borrowing members. At June 30, 1985 the amount of total borrowings of UA 906.9 million, represented by both senior and subordinated debt, was 23.4% of total callable capital of all members.

In order to implement the subordination provisions relating to its debt structure, the Bank has undertaken that, in the event of a call on the callable capital, it will instruct its member countries to make payment in response to such a call into a special account established by the Bank with the Federal Reserve Bank of New York, or its successor duly designated for the purpose. The terms of such account provide that the proceeds of a call must first be paid in, or duly provide for, full settlement of all outstanding obligations of the Bank incurred in connection with the issuance of senior debt before any other payment may be made.

The weighted average life of the Bank's outstanding borrowings at December 31, 1982, 1983 and 1984 and June 30, 1985 was 5.8, 5.7, 6.9 and 8.1 years, respectively.

At June 30, 1985 the maturity structure of outstanding borrowings was as follows:

<u>Maturing</u>	<u>Outstanding Borrowings</u> (expressed in millions of UA)
Up to 1989	326.2
1990-1994.....	319.0
1995-1999.....	188.3
2000 and thereafter.....	<u>73.4</u>
Total.....	<u>906.9</u>

For 1982 through 1984 and the six-month period ended June 30, 1985, the average interest rates on loans, the return on average earning assets, the average cost of funded debt and other funds available and the interest coverage ratio were as follows:

	<u>Years ended December 31,</u>			<u>Six months ended June 30,</u>
	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985 (1)</u>
Average interest rate on:				
Disbursed and outstanding loans for period(2)	6.8%	6.9%	7.2%	7.4%
Undisbursed portion of approved loans(2)	7.6%	8.4%	8.8%	9.0%
Return on average earning assets(3)	8.6%	8.7%	7.8%	8.7%
Average cost of:				
Outstanding borrowings(4)	9.8%	10.0%	7.5%	9.0%
Average cost of funds available(5).....	4.4%	4.3%	3.6%	4.6%
Interest coverage ratio(6)	1.33x	1.38x	1.72x	1.54x

(1) Annualized where applicable.

(2) Does not include the commitment charge of one percent per annum accruing on undisbursed loans 45 days after the execution of the applicable loan agreement. Undisbursed loans include loans approved but not yet effective. Interest accrues only on disbursed loan amounts.

(3) Interest and net realized gains or losses on investments, interest on disbursed and outstanding loans and commitment charges on undisbursed loans as a percentage of average liquid investments and disbursed and outstanding loans.

(4) Interest expense, including net amortization of discounts, premiums and issuance and other expenses, as a percentage of average outstanding borrowings.

(5) Interest expense, including net amortization of discounts, premiums and issuance and other expenses, as a percentage of average total funds available to the Bank. Interest expense for the six months ended June 30, 1985 was UA 38.6 million. Total funds at June 30, 1985 were: borrowed funds (UA 906.9 million), paid-in capital, net of non-negotiable non-interest bearing notes (UA 697.1 million) and reserves (UA 177.8 million, including Special Reserve of UA 40.8 million).

(6) Net income before allocation to Special Reserve plus interest expense divided by interest expense.

Liquid Assets and Liquidity Policy

In order to meet disbursements on its loans and debt repayments and to maintain flexibility in the amount and timing of its borrowings, the Bank has a policy of holding liquid assets in amounts not less than twice the forthcoming year's forecasted loan disbursements plus an additional amount equal to the forthcoming year's forecasted interest and net principal payments.

Generally, liquid assets of the Bank are invested in marketable obligations issued or guaranteed by the member countries or public entities thereof and in time deposits with banks. All liquid assets of the Bank are valued at the lower of cost or market value. The investment of the Bank's liquid assets (both deposits and securities) is restricted to maturities at the time of purchase of not more than three years. At June 30, 1985 the Bank's cash and investments (including the Special Reserve) totaled UA 757.3 million, which was 83.5% of total outstanding borrowings. At such date the Bank's cash and investments (net of the Special Reserve) was 45.7% of the total undisbursed loan commitments of UA 1,569.3 million. In addition, the Bank had UA 627.9 million in undrawn borrowing facilities, which when added to the Bank's cash and investments (net of the Special Reserve), equaled 85.7% of its total undisbursed loan commitments.

At June 30, 1985 the maturity structure of the Bank's investments was as follows:

<u>Maturity</u>	<u>(expressed in millions of UA)</u>	<u>%</u>
Within 1 month	287.7	45.0%
More than 1 but less than 3 months	273.0	42.8
More than 3 but less than 6 months	57.9	9.1
More than 6 but less than 12 months	2.0	0.3
More than 12 months	<u>18.0</u>	<u>2.8</u>
Total	<u>638.6</u>	<u>100.0%</u>

EQUITY PARTICIPATIONS

The Agreement allows the Bank to assume equity participations to further the economic development and social progress of its regional members. The amount of such equity participations is limited by the Agreement to a maximum of 10% of the aggregate amount of the Bank's paid-up capital stock together with the reserves and surplus included in its ordinary capital resources, less the Special Reserve. The Bank is not permitted to hold a controlling interest in any enterprise. Total equity investment participations at June 30, 1985 equalled UA 53.4 million, representing 3.7% of the Bank's paid-up capital, reserves and surplus, less the Special Reserve. The Bank has equity participations in, among others, various development banks, Sifida Investment Company S.A., The African Reinsurance Corporation, Shelter-Afrique and the African Development Fund (see "Special Operations"). Additional information is provided below on several of the more important of these.

Development Banks

The Bank has subscribed to the capital stock of five regional, sub-regional and national development institutions in Africa in connection with its support of the financing activities of these institutions. At June 30, 1985 the two most substantial participations were UA 3.23 million in the Development Bank of Central African States and UA 0.98 million in the East African Development Bank.

Sifida Investment Company S.A. ("Sifida")

Sifida, incorporated under the laws of Switzerland, was established with the Bank's assistance in 1980 to promote private investment in the regional members of the Bank. As of December 31, 1984 total equity capital of Sifida was \$18.2 million, of which 5.73% was provided by the Bank. The other shareholders include private and public institutional shareholders in Europe, North America and the Middle East.

The African Reinsurance Corporation ("Africa-Re")

Africa-Re, an international organization, was established, with the Bank's assistance, in February 1976 and began operations in January 1978. Its objective is to foster the development of the insurance and reinsurance industry in Africa and to promote the growth of national and regional underwriting entities. Africa-Re has an authorized capital of \$15 million, two-thirds of which has been subscribed by members, 50% of which has been paid in and the remainder of which is unpaid and subject to call. The Bank has provided \$1 million of equity capital; the other shareholders are regional members of the Bank. The liability of all shareholders is limited to the unpaid portion of their subscriptions.

Shelter-Afrique

Shelter-Afrique, an international organization, was established with the Bank's assistance in May 1982 for the purpose of providing capital and technical assistance for new and existing low- and middle-income housing development operations in the Bank's regional member countries. Its shareholders include regional members, the Bank, Africa-Re and the Commonwealth Development Corporation ("CDC") of the United Kingdom. Total subscribed capital at December 31, 1984 was \$29.5 million, of which \$13.8 million was paid in. An amount of \$14.7 million represented callable capital.

SPECIAL OPERATIONS OF THE BANK

In addition to its own resources, the Bank administers various special and trust funds for purposes consistent with the Bank's objectives of promoting the economic development and social progress of its regional member countries. Under the Agreement, the total amount outstanding in respect of the special operations of the Bank relating to any special fund may not exceed the total amount of the unimpaired special resources appertaining to that special fund. The resources of special and trust funds are required at all times to be held, used, committed, invested and otherwise disposed of entirely separate from the ordinary capital resources of the Bank and from each other. Each of these funds is subject to its own rules and regulations.

The two major funds administered by the Bank are the African Development Fund and the Nigeria Trust Fund, both of which supplement the activities of the Bank. The Bank receives an administration fee for its services.

African Development Fund ("ADF")

The ADF was established in 1972 pursuant to an Agreement between the Bank and 16 non-regional members, including the United States, to provide loans on concessionary terms to the regional members of the Bank. The ADF and all of its resources are separate and entirely independent from those of the Bank. The Bank bears no liability for any of the obligations of the ADF.

The ADF uses a fund unit of account (the "FUA") as the measure of the subscription of its participants and of its loans and for statistical and financial reporting purposes. The value of the FUA (SDR 0.921052) is based on the relationship existing between it and the SDR at the time of the creation of the ADF. At June 30, 1985 1 FUA = \$0.919471.

The purpose of the ADF is to assist the Bank in making an effective contribution to the economic progress and social development of the regional member countries and to the promotion of cooperation among them. In seeking to achieve this aim, the operations of the ADF supplement those of the Bank. In contrast to the lending policy of the Bank, the ADF furnishes long-term finance for projects on concessionary terms. ADF's loan financing is directed primarily at the regional members which, in the opinion of the ADF, are in the greatest need for such financing.

For operational purposes the ADF categorizes the regional member countries based on their per capita gross national product ("GNP"). For the fourth general replenishment of the Fund (1985 to 1987) there are four categories: category A1 consists of 23 countries with a per capita GNP of less than \$350; category A2 consists of 10 countries with a per capita GNP of from \$350 to \$510; category B consists of 9 countries with a per capita GNP of from \$511 to \$990; and category C consists of 8 countries with a per capita GNP of greater than \$991.

Ninety percent of ADF resources is allocated to category A1 and A2 countries and the remaining ten percent is allocated to category B countries. Category C countries do not qualify for ADF funding. Since category A1 countries have the highest priority for access to ADF funds to finance projects and programs in all sectors of their economies, the Bank does not consider these countries to be eligible for loans from the Bank's ordinary capital resources.

The ADF makes loans for projects with repayment over 50 years (including a 10-year grace period prior to the commencement of principal repayments) and with a service charge of $\frac{3}{4}$ of 1% per annum. The approval process is identical to the process followed by the Bank for loans from its ordinary capital resources. The ADF has never suffered a loss on a loan.

Participants in the ADF currently consist of the Bank, its 25 non-regional members and the United Arab Emirates. The resources of the ADF consist of the subscriptions of its members, other resources received by the ADF and funds derived from operations or otherwise accruing to the ADF. At June 30, 1985 the total subscriptions of the ADF amounted to FUA 2,982.3 million of which FUA 2,273.4 million had been paid in. The Bank's subscription to the ADF at June 30, 1985 was FUA 80.6 million, of which FUA 46.5 million had been paid in. The Bank has 50% of the voting power of the ADF.

At June 30, 1985 the ADF had approved loan commitments, less cancellations, to 370 projects totaling FUA 2,396.8 million of which approximately 41% were committed to the agricultural sector, 26% to transport, 17% to public utilities, 15% to education and health and 1% to industry.

Nigeria Trust Fund ("NTF")

The Agreement Establishing the NTF was signed on February 26, 1976 between the Bank and the Federal Government of Nigeria and became effective on April 25, 1976. The purpose of the NTF is to assist in the economic development of the economies of the most needy regional member countries of the Bank by the provision of funds on terms intermediate between those of the Bank and those of the ADF. NTF loans currently bear an interest rate of 4%, a repayment period of 25 years including a grace period prior to the commencement of principal repayments of five years and a commitment fee of $\frac{3}{4}$ of 1% per annum. The assets of the NTF come from contributions from the Federal Government of Nigeria and the net income of the NTF.

At June 30, 1985 the NTF had total assets of UA 258.8 million. At the same date the NTF had approved total loans, less cancellations, to 28 projects amounting to UA 102.4 million, of which UA 45.6 million were disbursed and outstanding.

Other Funds

The Bank has been entrusted with the administration of other funds, including principally the Arab Oil Fund which is restricted to making concessionary loans to specific African countries and the Special Relief Fund, designed to supply aid to African countries affected by drought. The balance in these Funds at June 30, 1985 was UA 14.5 million and UA 2.3 million, respectively.

ADMINISTRATION OF THE BANK

The Bank's administration is composed of the Board of Governors, the Board of Directors, the President, the Vice-Presidents and other officers and staff. At June 30, 1985 the Bank had 860 employees.

Board of Governors

All the powers of the Bank are vested in the Board of Governors, which consists of a Governor and an Alternate Governor appointed by each member of the Bank, who exercise the voting power to which that member country is entitled. Each Governor and Alternate Governor serves for a term of five years, subject to termination of appointment or to reappointment at any time.

The Board issues general directives concerning the credit policies of the Bank. The Board of Governors may delegate to the Board of Directors all its powers except such powers as are reserved to the Board of Governors as specified in the Agreement.

The Board of Governors holds an annual meeting and such other meetings as may be provided for by the Board of Governors or called by the Board of Directors. Meetings of the Board of Governors are 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.

Governors and Alternates serve as such without remuneration from the Bank, but the Bank reimburses them for reasonable expenses incurred in attending meetings.

Board of Directors

Without prejudice to the powers of the Board of Governors, the Board of Directors is responsible for the conduct of the general operations of the Bank and for this purpose exercises all the powers delegated to it by the Board of Governors. The Board of Directors is composed of eighteen members who cannot be Governors or Alternate Governors. Twelve members are elected by the Governors representing the regional members and six members are elected by the Governors representing the non-regional members. Each Director appoints an Alternate who acts for him when he is not present. Directors and their Alternates are required to be nationals of member countries. An Alternate may participate in meetings of the Board of Directors but may vote only when he is acting in place of his Director.

Directors are elected for a term of three years and may be re-elected. The Board of Directors functions in continuous session at the principal office of the Bank and meets as often as the business of the Bank so requires. In the voting of the Board of Directors, each Director is entitled to cast the number of votes that counted towards his election, which votes are cast as one unit.

Board of Directors — Countries Represented and Voting Power at August 31, 1985

Regional Members:

Mohamed Aboufadi	Morocco, Guinea, Togo and Tunisia	5.62%
Samuel K. Botchway	Ghana, Gambia, Liberia and Sierra Leone	4.02
D.C. Danha	Zimbabwe, Angola, Botswana and Mozambique	4.99
Mohamed Samir Koraiem	Egypt and Djibouti	5.30
K.M. Manyelli	Lesotho, Malawi, Mauritius, Swaziland and Zambia	4.74
Pierre Moussa	Chad, Cape Verde, Somalia, Sudan and Zaire	5.55
J.A. Moutou-Mondziaou	Central African Republic, Burundi, Comoros, Cabon, Mali and Senegal	3.40
Emmanuel Ndahimana	Rwanda, Kenya, Ethiopia, Seychelles, Tanzania and Uganda	6.24
Godefroy Nguionza	Cameroon, Benin, Bourkina Faso, Congo, Equatorial Guinea, Ivory Coast and Niger	6.28
Muftah Ali Sherif	Libya and Mauritania	3.93
Mouloud Tiab	Algeria, Guinea Bissau and Madagascar	4.18
B.N. Unachukwu	Nigeria and São Tomé and Principe	8.83
	Total Regional Members	<u>63.10%(1)</u>

Non-Regional Members

Lutz A. Baehr	Federal Republic of Germany, Portugal, the Netherlands and the United Kingdom	6.20%
Claude Cambray	France, Belgium and Italy	6.11
Donald Sherk(2)	United States of America	5.74
Tauno Kaaria	Finland, Denmark, India, Norway, Sweden and Switzerland	5.80
Georges Proulx	Canada, Korea, Kuwait, Spain and Yugoslavia	5.38
Osamu Shimizu	Japan, Austria, Brazil and Saudi Arabia	6.10
Not yet represented	Argentina and China	1.56
	Total Non-Regional Members	<u>36.90%</u>
	Total	<u>100.00%(1)</u>

(1) Does not add exactly due to rounding.

(2) Elected subsequent to August 31, 1985.

President and Management

The Board of Governors, on the recommendation by the Board of Directors of one or more nominees, elects the President of the Bank by a vote of majority of the total voting power of the members, including a majority of the total voting power of the regional members. The Agreement provides that he shall be a national of a regional member. On the recommendation of the President of the Bank the Board of Directors appoints one or more Vice-Presidents. The President is elected for a term of five years and may be re-elected.

The President is Chairman of the Board of Directors but has no vote except a deciding vote in case of a tie. He may participate in meetings of the Board of Governors but has no vote. He is also chief executive officer of the Bank.

The principal officers and financial managers of the Bank are:

B. N'Diaye	President
D. Bihute	Vice-President
S.A. Ogunleye	Vice-President
A.R. Moussa	Vice-President
M.L. Yuma	Secretary General
K.K. Dei-Anang	General Counsel
I.U. Iheme	Director-Treasury Department
S.B. Badinga	Director-Accounting Department

THE AGREEMENT ESTABLISHING THE BANK

The Agreement constitutes the Bank's governing charter and establishes the status, immunities, exemptions and privileges of the Bank, describes its purpose, membership, capital structure and organization, authorizes the kinds of transactions in which it may engage and prescribes limitations on such transactions. The Agreement also contains, among other things, provisions with respect to the admission of additional members, the increase of the authorized capital stock, the terms and conditions under which the Bank may make or guarantee loans, the use of currencies held by it, the withdrawal and suspension of member countries and the suspension and termination of the operations of the Bank.

The Agreement may be amended only by a resolution of the Bank's Board of Governors approved by a two-thirds majority of the total number of Governors representing not less than three-quarters of the total voting power of the member countries, including two-thirds of the regional members having three-quarters of the total voting power of the regional members. The unanimous agreement of the Board of Governors is required for the approval of any amendment modifying the right to withdraw from the Bank, the pre-emptive rights to subscribe capital stock or the limitation on the liability of the member countries. No such amendment has been made to the Agreement to date. The Agreement provides that any question of interpretation of its provisions arising between any member country and the Bank or between any member countries shall be referred to the Board of Directors for decision. Such decision may then be submitted to the Board of Governors whose decision shall be final.

Copies of the Agreement are available at the Federal Reserve Bank of New York, the Bank's Fiscal Agent with respect to the Notes, and at the Bank's principal office in Abidjan, Ivory Coast.

MEMBERSHIP

Any African country that has the status of an independent state may become a regional member of the Bank. The geographical area to which the regional membership and development activities of the Bank extend consists of the continent of Africa and the African islands. Non-regional countries that are, or become, members of the ADF or that have made, or are making, contributions to the ADF may be admitted to the Bank.

Within the foregoing limitations, new members may be admitted upon the affirmative vote of two-thirds of the total number of Governors representing not less than three-quarters of the total voting power of the members. The Agreement provides that no new membership subscription shall be authorized which would have the effect of reducing the percentage of capital stock held by regional members below two-thirds of the total subscribed capital stock. Although any member may withdraw from the Bank by delivering written notice, any such member remains liable for all direct and contingent obligations to the Bank (including its obligations in respect of callable capital) so long as any part of the loans or guarantees contracted before the termination date is outstanding. No member has withdrawn from the Bank since its establishment.

LEGAL STATUS, IMMUNITIES AND PRIVILEGES

The following is a summary of the principal provisions of the Agreement relating to the legal status, immunities and privileges of the Bank in the territories of its members.

The Bank has full juridical personality with capacity to contract, to acquire and dispose of immovable and movable property, and to institute legal proceedings. It is immune 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 it has its principal office, or in the territory of a member or non-member where it has appointed an agent for the purpose of accepting service or notice of process or has issued or guaranteed securities. No actions may be brought by members or persons acting for or deriving claims from members.

The property and assets of the Bank are immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Bank. Such property and assets are also immune from search, requisition, confiscation, expropriation or any other form of taking or foreclosure by executive or legislative action. The archives of the Bank are inviolable. The Governors, Directors, Alternates, officers and employees of the Bank and experts and consultants performing missions for the Bank are immune from legal process with respect to acts performed by them in their official capacity. The Agreement enables the Board of Directors to waive any of these immunities where in its opinion it would further the interest of the Bank to do so.

The Bank, its property, other assets, income and the operations and transactions it carries out pursuant to the Agreement are exempt from all taxation and from all customs duties in the member states. The Bank is also exempt from any other obligation relating to the payment, withholding or collection of any tax or duty.

DESCRIPTION OF THE NOTES

The Ten Year Notes of 1985, due November 1, 1995 (the "Notes"), will be direct unsecured obligations of the Bank and will be limited to the aggregate principal amount of \$100,000,000. Interest on the Notes at the rate per annum set forth on the cover page will be payable semi-annually on May 1 and November 1, commencing May 1, 1986.

The Notes are not the obligation of any government, and their terms and conditions will contain a statement to that effect.

The principal of and interest on the Notes will be payable, in such coin or currency of the United States of America as at time of payment is legal tender for public and private debts, at the office of the Fiscal Agent of the Bank in New York City. The Federal Reserve Bank of New York (the "Federal Reserve Bank") will be appointed the Bank's Fiscal Agent for the purposes of paying principal of, and interest on, the Notes and of handling exchanges, registration and transfers of the Notes. The Bank will maintain a fiscal agent in New York City for such purposes so long as any of the Notes shall be outstanding and payment thereof shall not have been made or duly provided for. The Notes will not be issued under an indenture, and no trustee is provided for in the Notes.

The Notes will be issued, in denominations of \$1,000 and any integral multiple thereof, in uncertificated bookentry form ("Bookentry Notes") and, if a purchaser specifically so requests, in the form of registered certificates ("Certificated Notes") without coupons. Bookentry Notes and Certificated Notes will be interchangeable in like aggregate principal amounts without charge. On original issuance, all Notes will be held by a Holding Institution (as defined below) designated by Kidder, Peabody & Co. Incorporated, except those Notes for which a purchaser has requested Certificated Notes. In order to request Certificated Notes on original issuance of the Notes, a purchaser must send a notice to Kidder, Peabody & Co. Incorporated on or before seven days prior to the delivery of the Notes. After original issuance, all Bookentry Notes will continue to be held by such Holding Institution unless a purchaser arranges for the transfer of its Bookentry Notes to another Holding Institution for its Notes or requests Certificated Notes from the Holding Institution.

The Notes are not redeemable prior to maturity, and no sinking fund will be provided for the Notes.

The statements under this heading are subject to, and qualified in their entirety by reference to, the detailed provisions of the Notes. The text of the terms and conditions of the Notes will be set forth on the reverse side of Certificated Notes and will be available to holders of Bookentry Notes (as defined below) upon request from Kidder, Peabody & Co. Incorporated.

Bookentry Notes

The Federal Reserve Bank will take delivery of and hold Bookentry Notes as record owner and custodian, but only in the name of a depository institution that has an appropriate bookentry account with the Federal Reserve Bank (a "Holding Institution"). Transfers of Bookentry Notes will be made through the Federal Reserve Communications System between Holding Institutions, but currently within the Second Federal Reserve District. The Federal Reserve Bank will not record pledges of Bookentry Notes.

The aggregate holding of Bookentry Notes of each Holding Institution will be reflected in the bookentry account of such Holding Institution with the Federal Reserve Bank. Each Holding Institution, and all other intermediate holders in the chain to the ultimate beneficial owner, will have the responsibility of establishing and maintaining accounts for their customers having an interest in Bookentry Notes. The Federal Reserve Bank will be responsible only for maintaining the bookentry accounts of Holding Institutions, effecting transfers on its books, and ensuring that payments from the Bank are credited to appropriate Holding Institutions and transmitting to the Bank any notices received from holders of Bookentry Notes pursuant to the provisions described under "Remedy on Default". With respect to Bookentry Notes, the Federal Reserve Bank will act only on the instructions of Holding Institutions for which it maintains such Bookentry Notes.

The Bank will not impose fees in respect of Bookentry Notes; however, owners of Bookentry Notes may incur fees payable to the Federal Reserve Bank or a Holding Institution in respect of the maintenance and operation of the bookentry accounts in which such Bookentry Notes are held.

Exchanges and Transfers

Without charge: (i) Certificated Notes may be exchanged upon presentation and surrender at a designated office or agency of the Federal Reserve Bank in New York City for Certificated Notes of other authorized denominations or for Bookentry Notes of any authorized denominations, or both, in the same aggregate principal amount; (ii) any Certificated Note may be transferred by the registered holder thereof, or by his attorney duly authorized in writing, at said office upon presentation and surrender of such Note for cancellation, and upon any such transfer a new Certificated Note or Notes, of authorized denominations and in the same aggregate principal amount, will be issued to the transferee; and (iii) Bookentry Notes may be exchanged for Certificated Notes of any authorized denominations in accordance with procedures established for this purpose from time to time by the Federal Reserve Bank. Bookentry Notes may be transferred between Holding Institutions in accordance with such procedures.

Exchanges of Bookentry Notes for Certificated Notes or transfers or exchanges of Certificated Notes may not be effected during a period of ten days next preceding any interest or principal payment date.

Status

The Bonds will rank *pari passu* with all other bonds, notes or other evidences of debt or guarantees of the Bank, present and future, except to the extent that any such other obligations are by their terms expressly subordinated in right of payment.

The Bank will undertake in the terms and conditions of the Notes that, in the event of a call on the callable capital of the Bank, it will instruct its members to make payments in satisfaction of such call into an account established with the Federal Reserve Bank (or its successor duly designated for this purpose) on terms that the proceeds of any such call shall be applied in payment of, or provision for full settlement of, outstanding obligations of the Bank incurred by it in the exercise of its powers to borrow and give guarantees (other than such obligations which by their terms are expressed to be subordinated in right of payment) before any other payment shall be made with such proceeds. The Bank shall be entitled, without the consent of the holders of the Bonds, to agree to any amendments to

the agreement between the Bank and the Federal Reserve Bank (or its successor duly designated for the purpose) provided the same are not inconsistent with the foregoing undertaking.

Negative Pledge Covenant

As long as any of the Notes shall be outstanding and unpaid, the Bank will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes or other evidences of indebtedness heretofore or hereafter issued, assumed or guaranteed by the Bank for money borrowed (other than purchase money mortgages, pledges or liens on property purchased by the Bank as security for all or part of the purchase price thereof), unless the Notes shall be secured by such mortgage, pledge or other lien or charge equally and ratably with such other bonds, notes or evidences of indebtedness.

Remedy on Default

If the Bank shall default in the payment of the principal of, or interest on, or in the performance of any covenant in respect of a purchase fund or a sinking fund for, any bonds or notes (including the Notes) or similar obligations which have been issued, assumed or guaranteed by the Bank, and such default shall continue for a period of 90 days, then at any time thereafter and during the continuance of such default the holder of any of the Notes may deliver or cause to be delivered (in the case of Bookentry Notes, through the holder, if any, immediately preceding it and any other intermediate holder in the chain to the Federal Reserve Bank, and through the Federal Reserve Bank) to the Bank, at the office of the Bank's Fiscal Agent, written notice that such holder elects to declare the principal of all Notes held by him (the serial numbers and denominations, in the case of Certificated Notes, and the aggregate principal amount, in the case of Bookentry Notes, to be set forth in such notice) to be due and payable (with a copy of such written notice mailed or delivered to the Bank at its principal office), and on the thirtieth day after such notice shall be so delivered to the Bank the principal of such Notes shall become due and payable, unless prior to that time all such defaults theretofore existing shall have been cured.

Title

The Bank may deem and treat the Federal Reserve Bank, in respect of all Bookentry Notes, and the registered owner, in respect of any Certificated Note, as the absolute owner thereof for all purposes whatsoever notwithstanding any notice to the contrary; all payments to or on the order of the Federal Reserve Bank and such registered owner, respectively, shall be valid and effectual to discharge the liability of the Bank upon the Bookentry Notes and such Certificated Note to the extent of the sum or sums so paid. As custodian of Bookentry Notes, the Federal Reserve Bank may deem and treat the Holding Institution of any Bookentry Note as the absolute owner thereof for all purposes whatsoever notwithstanding any notice to the contrary; all payments to or on the order of such Holding Institution, as the case may be, will be valid and effectual to discharge the responsibility of the Federal Reserve Bank with respect to such Bookentry Note, to the extent of the sum or sums so paid.

Governing Law

The validity and the terms and conditions of the Notes will be governed by the law of the State of New York.

TAXATION

The Notes and the interest on them will not be exempt from taxation generally.

Under the Agreement, the Notes and the interest paid on them are not subject to any tax by a member of the Bank (i) which discriminates against the Notes solely because they are issued by the Bank, or (ii) if the sole jurisdictional basis for the tax is the place or currency in which the Notes are

issued, made payable or paid, or the location of any office or place of business maintained by the Bank. Also, under the Agreement, the Bank is exempt from any obligation to withhold or pay any tax on the interest on the Notes.

The United States Internal Revenue Service (the "IRS") has ruled, based on a representation by the Bank that the Bank should be classified as a corporation for United States Federal income tax purposes, that interest paid by the Bank on its obligations is income from sources without the United States. In addition, the IRS has ruled, based on such representation, that interest paid by the Bank on its obligations is not subject to United States Federal income tax if paid to a nonresident alien individual or a foreign corporation (whether or not such person is engaged in a trade or business in the United States) except that, absent any special statutory or treaty exemption, such interest is subject to United States Federal income tax in the following cases: (1) the interest is derived by a nonresident alien individual or foreign corporation in the active conduct of a banking, financing or similar business within the United States or is received by a corporation the principal business of which is trading in stock or securities for its own account, and in either case the interest is attributable to an office or other fixed place of business of such person within the United States; or (2) the interest is received by a foreign corporation taxable as a life insurance company carrying on a United States insurance business and is attributable to its United States business. Finally, the IRS has ruled that neither the Bank nor any agent of the Bank is required to withhold tax on interest or any other amount paid by or on behalf of the Bank.

In addition, the Bank has requested rulings from the IRS that (1) the Bank should be classified as a corporation for United States Federal income tax purposes, (2) interest paid by the Bank on its obligations to a foreign partnership, estate or trust is not subject to United States Federal income tax, and (3) debt obligations of the Bank are deemed to be situated outside the United States and are therefore not includable in the gross estate of a nonresident alien individual for purposes of the United States Federal estate tax. The IRS has not responded to the Bank's request for these rulings to date. However, similar multilateral development banks, such as the International Bank for Reconstruction and Development and the Inter-American Development Bank, have received similar rulings from the IRS, and the Bank has no reason to believe that the IRS will not rule favorably on its requests.

United States law imposes reporting requirements with respect to certain payments of interest or principal on debt obligations and, in limited circumstances, a backup withholding tax with respect to such payments. The Bank is not subject to these reporting requirements, and temporary regulations issued by the IRS confirm that the backup withholding requirements do not apply to the Bank or its paying agent. Information returns may, however, be filed with the IRS by the Bank's paying agent with regard to payments on the Notes made within the United States to United States persons, as if such returns were required of the paying agent. In addition, brokers, trustees, custodians and other middlemen are subject to the reporting and backup withholding requirements with respect to certain payments received by them on Notes held for the account of certain United States persons. Foreign persons receiving interest payments on Notes may be required to establish their foreign status in order to avoid the filing of information returns by the paying agent or such middlemen, and backup withholding of tax by such middlemen, in respect of such payments.

LEGAL OPINIONS

The validity of the Notes will be passed upon by the General Counsel of the Bank and by Arent, Fox, Kintner, Plotkin & Kahn, United States counsel for the Bank, and by Sullivan & Cromwell, counsel for the Underwriters. Arent, Fox, Kintner, Plotkin & Kahn and Sullivan & Cromwell, with respect to certain matters, will rely upon the opinion of the General Counsel of the Bank.

GENERAL

The Notes will not contain any limitations on the right of the Bank to issue any other bonds, notes or obligations. The Notes will not be issued under an indenture, and no trustee is provided for in the Notes.

Under the provisions of Section 9(a) of the African Development Bank Act, the Securities are exempted securities within the meaning of Section 3(a) (2) of the Securities Act of 1933, as amended, and Section 3 (a) (12) of the Securities Exchange Act of 1934, as amended.

The Bank will appoint C T Corporation System, 1633 Broadway, New York, New York 10019, as its authorized agent upon which process may be served in any action arising out of or in connection with the issuance and sale of the Notes which may be instituted in any court of competent jurisdiction in the State of New York. This appointment will not be revoked so long as any of the Notes remains outstanding and payment thereof has not been made or duly provided for, unless and until there has been appointed a successor authorized agent (which will be a bank or trust company or a recognized corporate services company having its principal offices in the City and State of New York) and such successor has accepted such appointment.

The Notes are listed subject to notice of issuance on the New York Stock Exchange.

UNDERWRITING

The Underwriters named below have severally agreed, subject to the terms and conditions of the Underwriting Agreement, to purchase from the Bank the respective principal amount of Notes set forth opposite their names below:

<u>Underwriter</u>	<u>Principal Amount of Notes</u>
Kidder, Peabody & Co. Incorporated	\$ 20,000,000
The First Boston Corporation	20,000,000
Goldman, Sachs & Co.	2,800,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	2,800,000
Morgan Stanley & Co. Incorporated	2,800,000
Salomon Brothers Inc	2,800,000
Shearson Lehman Brothers Inc.	2,800,000
Baring Brothers & Co., Limited	2,000,000
Bear, Stearns & Co.	2,000,000
Alex. Brown & Sons, Inc.	2,000,000
Daiwa Securities America Inc.	2,000,000
Daniels & Bell, Inc.	2,000,000
Deutsche Bank Capital Corporation	2,000,000
Dillon, Read & Co. Inc.	2,000,000
Donaldson, Lufkin & Jenrette Securities Corporation	2,000,000
Drexel Burnham Lambert Incorporated	2,000,000
E. F. Hutton & Company Inc.	2,000,000
Lazard Frères & Co.	2,000,000
The Nikko Securities Co. International, Inc.	2,000,000
Nomura Securities International, Inc.	2,000,000
PaineWebber Incorporated	2,000,000
Prudential-Bache Securities Inc.	2,000,000
L. F. Rothschild, Unterberg, Towbin	2,000,000
Smith Barney, Harris Upham & Co. Incorporated	2,000,000
Swiss Bank Corporation International Securities Inc.	2,000,000
UBS Securities, Inc.	2,000,000
S. G. Warburg, Rowe & Pitman, Akroyd Securities, Inc.	2,000,000
Wertheim & Co., Inc.	2,000,000
Dean Witter Reynolds Inc.	2,000,000
Yamaichi International (America), Inc.	2,000,000
Total	<u>\$100,000,000</u>

The Underwriting Agreement provides that the Underwriters are obligated to purchase all of the Notes if any are purchased.

The Bank has been advised by Kidder, Peabody & Co. Incorporated and The First Boston Corporation, the Representatives of the several Underwriters, that the Underwriters propose to offer the Notes to the public at the offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession of not in excess of .40% of the principal amount of the Notes, and that the Underwriters and such dealers may reallow a discount of not in excess of .25% of the principal amount of the Notes to other dealers. The public offering price and the concession and discount to dealers may be changed by the Representatives after the initial public offering.

The Bank has agreed to make a payment to the Underwriters in lieu of reimbursement of expenses and to indemnify the Underwriters against certain liabilities.

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(Audited only through December 31, 1984)

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REPORT OF THE EXTERNAL AUDITORS — ORDINARY CAPITAL RESOURCES

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Cameroon

Z. Hassan, H. Hassan & Co.
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Cairo
Egypt

Board of Governors
African Development Bank
Abidjan 01
Ivory Coast

We have examined the accompanying financial statements (Annexes I-1 to I-9) of the African Development Bank — Ordinary Capital Resources. Our examinations were made in accordance with generally accepted auditing standards and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the African Development Bank—Ordinary Capital Resources at December 31, 1984 and 1983, and the results of its operations and the changes in its financial position for each of the five years in the period ended December 31, 1984, in accordance with the Agreement Establishing the Bank and in conformity with accounting principles generally accepted internationally and applied on a consistent basis.

AKINTOLA WILLIAMS & CO
Chartered Accountants
(Member Firm of Touche Ross International)

Z. HASSAN, H. HASSAN & CO.
Public Accountants
(Member Firm of Peat Marwick International)

Abidjan, March 26, 1985

AFRICAN DEVELOPMENT BANK
BALANCE SHEET
(Expressed in Units of Account—Note B-1)

	ASSETS				
	December 31, 1983	December 31, 1984		June 30, 1985 (unaudited)	
	UA	UA	US \$ (unaudited)	UA	US \$
Due from Banks	59,421,324	82,834,649	81,195,351	118,684,533	118,480,752
Demand Obligations	8,988,262	—	—	—	—
Investments					
Time deposits with banks ...	63,649,718	494,766,113	484,974,692	556,247,430	555,292,353
Other investments (Notes I and Q)	75,006,072	81,679,299	80,062,865	82,383,275	82,241,823
	<u>138,655,790</u>	<u>576,445,412</u>	<u>565,037,557</u>	<u>638,630,705</u>	<u>637,534,176</u>
Non-Negotiable Instruments (Note H)	76,798,400	127,129,600	124,613,705	154,750,400	154,484,694
Amounts Receivable					
Accrued income	29,800,651	41,525,093	40,703,313	50,287,130	50,200,787
Amounts receivable and sun- dries	30,108,366	38,989,831	38,218,222	45,900,539	45,821,728
	<u>59,909,017</u>	<u>80,514,924</u>	<u>78,921,535</u>	<u>96,187,669</u>	<u>96,022,515</u>
Due from Members on Sub- scriptions (Annex I-8)					
Arrears on subscriptions	54,709,327	67,247,012	65,916,194	71,536,665	71,413,837
Non-negotiable instruments not deposited	23,134,400	19,313,600	18,931,383	21,825,600	21,788,125
	<u>77,843,727</u>	<u>86,560,612</u>	<u>84,847,577</u>	<u>93,362,265</u>	<u>93,201,962</u>
Loans (Note J) (Annex I-9)					
Approved loans less cancella- tions	2,207,978,668	2,653,568,383	2,601,054,265	2,724,489,790	2,719,811,841
Less: Loans unsigned	304,742,000	273,200,000	267,793,372	124,360,000	124,146,474
Loans signed	1,903,236,668	2,380,368,383	2,333,260,893	2,600,129,790	2,595,665,367
Less: Undisbursed	1,058,268,925	1,364,285,435	1,337,286,226	1,444,941,283	1,442,460,319
Loans disbursed	844,967,743	1,016,082,948	995,974,667	1,155,188,507	1,153,205,048
Less: Repayments	146,108,334	204,755,693	200,703,578	228,883,060	228,490,068
	<u>698,859,409</u>	<u>811,327,255</u>	<u>795,271,089</u>	<u>926,305,447</u>	<u>924,714,980</u>
Equity Participation (at cost) (Note K)					
ADF	35,893,749	44,656,670	43,772,915	44,656,669	44,579,993
Other development institu- tions	7,955,291	8,481,665	8,313,813	8,754,698	8,739,666
	<u>43,849,040</u>	<u>53,138,335</u>	<u>52,086,728</u>	<u>53,411,367</u>	<u>53,319,659</u>
Fixed Assets (Note L)	42,948,732	40,195,642	39,400,170	38,792,971	38,726,363
	<u>1,207,273,701</u>	<u>1,858,146,429</u>	<u>1,821,373,712</u>	<u>2,120,125,357</u>	<u>2,116,485,101</u>
Assets of Special Funds (Note D) (Annex I-6)	217,209,510	263,695,920	258,477,378	271,018,751	270,553,412
Assets of Trust Funds (Note E)	13,806,899	14,746,182	14,454,355	14,479,932	14,455,070
Assets of Shelter Afrique	12,793,771	14,054,113	13,775,982	14,433,496	14,408,714
Total	<u>1,451,083,881</u>	<u>2,150,642,644</u>	<u>2,108,081,427</u>	<u>2,420,057,536</u>	<u>2,415,902,297</u>

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

AFRICAN DEVELOPMENT BANK

BALANCE SHEET

(Expressed in Units of Account—Note B-1)

LIABILITIES, RESERVES AND CAPITAL

	December 31, 1983	December 31, 1984		June 30, 1985 (unaudited)	
	UA	UA	US \$ (unaudited)	UA	US \$
Accounts Payable and Sundries	52,697,429	70,456,968	69,062,625	85,819,358	85,672,006
Borrowings (Annex I-5) (Note O)	405,706,269	811,490,415	795,431,019	906,929,441	905,372,243
Grants (Note P)	2,110,214	3,924,934	3,847,260	4,321,526	4,314,106
Reserves (Annex I-7)					
Special Reserve (Note F) ...	28,988,750	36,497,058	35,774,781	40,786,280	40,716,250
Sinking Fund (ADF) ...	6,121,162	6,121,162	6,000,024	6,121,162	6,110,652
Reserve for construction ...	6,990,428	6,990,428	6,852,087	6,990,428	6,978,425
Reserve for revaluation of currency values ...	13,758,288	15,244,115	14,942,434	9,160,938	9,145,209
General reserve ...	65,409,994	73,914,104	72,451,344	98,055,743	97,887,381
Net income for the period ...	8,504,110	25,141,639	24,644,086	16,722,940	16,694,227
	<u>129,772,732</u>	<u>163,908,506</u>	<u>160,664,756</u>	<u>177,837,491</u>	<u>177,532,144</u>
Capital (Note G) (Annex I-8) (in shares of UA 10,000 each)					
Authorized	5,250,000,000	5,250,000,000	5,146,102,500	5,400,000,000	5,390,728,200
Less: Unsubscribed	201,880,000	142,680,000	139,856,363	242,680,000	242,263,319
Subscribed Capital	5,048,120,000	5,107,320,000	5,006,246,137	5,157,320,000	5,148,464,881
Less: Callable Capital	3,786,090,000	3,830,490,000	3,754,684,603	3,867,990,000	3,861,348,661
Paid-Up Capital	1,262,030,000	1,276,830,000	1,251,561,534	1,289,330,000	1,287,116,220
Less: Uncalled portion	657,982,500	493,982,000	484,206,096	352,674,000	352,068,459
	604,047,500	782,848,000	767,355,438	936,656,000	935,047,761
Add: Subscriptions paid in advance	12,939,557	25,517,606	25,012,613	8,561,541	8,546,841
	<u>616,987,057</u>	<u>808,365,606</u>	<u>792,368,051</u>	<u>945,217,541</u>	<u>943,594,602</u>
	<u>1,207,273,701</u>	<u>1,858,146,429</u>	<u>1,821,373,711</u>	<u>2,120,125,357</u>	<u>2,116,485,101</u>
Special Funds (Note D) (Annex I-6)	217,209,510	263,695,920	258,477,378	271,018,751	270,553,412
Trust Funds (Note E)	13,806,899	14,746,182	14,454,355	14,479,932	14,455,070
Shelter Afrique Resources	12,793,771	14,054,113	13,775,982	14,433,496	14,408,714
Total	<u>1,451,083,881</u>	<u>2,150,642,644</u>	<u>2,108,081,426</u>	<u>2,420,057,536</u>	<u>2,415,902,297</u>

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

AFRICAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF INCOME AND EXPENDITURE
(Expressed in Units of Account—Note B-1)

	Years ended December 31,						Six months ended June 30, (unaudited)		
	1980	1981	1982	1983	1984	1984	1984	1985	1985
	UA	UA	UA	UA	UA	US \$	UA	UA	US \$
INCOME									
From Loans									
Interest	22,903,649	27,978,724	34,506,080	43,434,965	52,969,537	51,921,270	25,128,242	31,753,754	31,699,233
Commitment Charges	3,048,413	3,928,913	5,249,643	7,191,829	10,651,354	10,440,564	4,740,442	6,342,677	6,331,787
Statutory Commission	3,531,153	4,226,361	5,124,195	6,318,512	7,508,308	7,359,719	3,592,172	4,289,222	4,281,857
	29,483,215	36,133,998	44,879,918	56,945,306	71,129,199	69,721,553	33,460,856	42,385,653	42,312,877
From Investments	30,951,106	22,918,170	16,060,464	15,842,274	23,084,212	22,627,375	8,481,867	25,821,198	25,776,863
From Other Sources	4,226,083	4,262,489	3,661,000	3,089,325	2,380,251	2,333,146	1,163,618	931,593	929,993
Gross Income	64,660,407	63,314,657	64,621,302	75,876,905	96,593,662	94,682,074	43,106,341	69,138,444	69,019,733
EXPENDITURE									
Board of Governors	764,573	751,540	755,055	911,334	1,097,468	1,075,749	681,991	795,578	794,212
Board of Directors	1,148,594	1,163,357	1,518,378	2,850,687	2,863,994	2,807,316	1,149,055	1,274,500	1,272,312
Personnel Services	12,379,441	14,350,219	18,780,279	21,195,110	23,434,014	22,970,255	11,310,349	12,815,545	12,793,540
General Administrative Expenses (Note M)	5,557,190	8,738,764	8,869,763	9,220,603	11,457,318	11,230,578	3,363,566	3,200,991	3,195,495
Technical Assistance to Member Countries	802,953	800,000	529,472	391,227	—	—	—	—	—
Total Administrative Expenses	20,652,751	25,803,880	30,452,947	34,568,961	38,852,794	38,083,898	16,504,961	18,086,614	18,055,559
Less: Management Fees (Note N)	(9,909,330)	(12,506,776)	(14,970,933)	(16,592,094)	(21,282,220)	(20,861,045)	(8,652,047)	(10,200,117)	(10,182,603)
	10,743,421	13,297,104	15,482,014	17,976,867	17,570,574	17,222,853	7,852,914	7,886,497	7,872,956
Add: Financial Charges	41,138,172	37,010,733	33,873,043	38,948,017	45,518,242	44,617,436	20,813,297	38,661,059	38,594,678
Depreciation	2,561,309	2,578,399	2,809,793	2,810,832	2,811,027	2,755,397	1,405,514	1,405,514	1,403,101
	54,442,902	52,886,236	52,164,850	59,735,716	65,899,843	64,595,686	30,071,725	47,953,070	47,870,735
	10,217,505	10,428,421	12,456,532	16,141,189	30,693,819	30,086,388	13,034,616	21,185,374	21,148,998
Add/(Deduct): Gain/(Loss) on Exchange (net)	(425,138)	(1,021,453)	(1,410,069)	(1,318,567)	1,956,128	1,917,417	1,151,006	(173,212)	(172,914)
	9,792,367	9,406,968	11,046,463	14,822,622	32,649,947	32,003,805	14,185,622	21,012,162	20,976,084
Deduct: Statutory Commission (Note F)	(3,531,153)	(4,226,361)	(5,124,195)	(6,318,512)	(7,508,308)	(7,359,719)	(3,592,172)	(4,289,222)	(4,281,857)
Net Income for the period ...	6,261,214	5,180,607	5,922,268	8,504,110	25,141,639	24,644,086	10,593,450	16,722,940	16,694,227

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

AFRICAN DEVELOPMENT BANK
STATEMENT OF CHANGES IN FINANCIAL POSITION
(Expressed in Units of Account—Note B-1)

	Years ended December 31,						Six months ended June 30, (unaudited)		
	1980	1981	1982	1983	1984	1984	1985	1985	
	UA	UA	UA	UA	UA	US \$ (unaudited)	UA	US \$	
Source of Funds:									
Operations									
Net Income (see Annex I-2)	6,261,214	5,180,607	5,922,268	8,504,110	25,141,639	24,644,086	10,593,450	16,694,227	
Special Reserve ..	3,531,153	4,226,361	5,124,195	6,318,512	7,508,308	7,359,719	3,592,172	4,289,222	
Items not requiring or providing cash:									
Accrued Income on loans and investments	(3,458,627)	(3,893,846)	(2,744,597)	(3,125,208)	(11,724,442)	(11,492,415)	(5,560,772)	(3,746,993)	
Depreciation	2,561,309	2,578,399	2,809,793	2,810,832	2,811,027	2,755,396	1,405,514	1,403,101	
Cash provided by operations	8,895,049	8,091,521	11,111,659	14,508,246	3,736,532	23,266,786	10,030,364	13,655,639	
Borrowings	31,857,303	87,472,724	52,550,597	46,932,345	437,467,632	428,810,148	96,076,095	102,818,264	
Receipt on capital subscriptions (net of demand notes)	16,888,364	24,178,137	23,803,119	128,014,217	141,318,726	138,522,028	110,905,666	102,429,482	
Repayment on loans to the Bank	15,380,392	25,208,973	28,495,495	42,321,631	58,647,359	57,486,727	27,217,072	24,127,367	
Difference on conversions of currencies to UA	5,212,317	6,582,480	349,245	(9,016,482)	1,485,827	1,456,422	(6,567,450)	(6,083,177)	
Other resources	2,360,247	13,218,256	(745,084)	11,059,907	10,692,794	10,481,184	4,076,293	8,848,274	
	<u>80,593,672</u>	<u>164,752,091</u>	<u>115,565,031</u>	<u>233,819,864</u>	<u>673,348,870</u>	<u>660,023,295</u>	<u>241,738,040</u>	<u>245,795,849</u>	
Application of Funds:									
Disbursements on loans	91,697,335	85,463,639	132,818,775	181,054,114	171,115,205	167,728,835	80,630,324	138,866,715	
Capital Expenditure	3,669,502	1,373,283	29,869	7,800	57,937	56,790	—	2,838	
Special Relief Fund Allocation	—	—	—	—	—	—	—	1,000,000	
Equity participation	3,241,556	3,235,803	12,841,359	8,530,745	9,289,295	9,105,460	570,652	273,032	
Repayment on borrowings	95,164,361	88,881,041	5,424,607	10,544,128	31,683,486	31,056,470	25,051,268	7,379,238	
	<u>193,772,754</u>	<u>178,953,766</u>	<u>151,114,610</u>	<u>200,136,787</u>	<u>212,145,923</u>	<u>207,947,555</u>	<u>106,252,244</u>	<u>147,760,672</u>	
Increase (Decrease) in Funds available for operations	<u>(113,179,082)</u>	<u>(14,201,675)</u>	<u>(35,549,579)</u>	<u>33,683,077</u>	<u>461,202,947</u>	<u>452,075,740</u>	<u>135,485,796</u>	<u>97,866,850</u>	
Analysis of Components of Funds									
Increase (Decrease):									
Cash in banks	(3,601,705)	16,782,647	2,344,591	21,224,827	23,413,325	22,949,975	7,187,587	35,849,884	
Short-term investments	(109,577,377)	(30,984,322)	(37,894,170)	12,458,250	437,789,622	429,125,765	128,298,209	62,078,520	
	<u>(113,179,082)</u>	<u>(14,201,675)</u>	<u>(35,549,579)</u>	<u>33,683,077</u>	<u>461,202,947</u>	<u>452,075,740</u>	<u>135,485,796</u>	<u>97,866,850</u>	

The accompanying notes to the Financial statements (Annex I-4) form part of this statement.

AFRICAN DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 1984 AND 1983
AND THE SIX MONTHS ENDED JUNE 30, 1984 AND JUNE 30, 1985.

(Audited only through December 31, 1984)

Note A—Operations

The African Development Bank (the "Bank") was established as an international institution to contribute to the economic and social progress of its Member States by using the resources at its disposal to finance related investment projects and programs in Member States, either unilaterally or in co-operation with other development institutions, whether of national or international status. In furtherance of this aim, the Bank participates in the selection, study and preparation of projects contributing to such development and, where necessary, providing technical assistance. The Bank also mobilizes resources for financing of these investments and promotes investments in Africa of public and private capital in projects and programs designed to contribute to the economic and social progress of the Member States.

Note B—Summary of Significant Accounting Policies

The accounting policies employed by the Bank are consistent with internationally accepted accounting principles promulgated by the International Accounting Standards Committee. The more significant accounting policies are summarized below.

1. Monetary basis of Financial Statements

- 1.1 The financial statements are expressed in Units of Account. The value of the Unit of Account is defined in Article 5.1(b) of the Agreement Establishing the Bank (the "Agreement") as 0.88867088 gram of fine gold.
- 1.2 Under Article 26 of the Agreement, whenever it shall become necessary to value any currency in terms of another currency, in terms of gold or of the Unit of Account, such revaluation shall be reasonably made by the Bank after consultation with the International Monetary Fund ("IMF"). In compliance with these provisions, the Board of Directors resolved on February 8, 1978, pursuant to Article 26 of the Agreement, that with effect from December 31, 1977 and for all the Bank's accounting purposes, the weight of gold of the Unit of Account shall be deemed and understood to be equivalent in value to one Special Drawing Right ("SDR") of the International Monetary Fund as the same shall be determined from time to time. Subsequently, on May 4, 1978, the Board of Governors decided by Resolution 6-78 to redefine the Unit of Account to be equivalent to one Special Drawing Right of the International Monetary Fund. Pending the ratification of this decision, the Unit of Account has been valued as equivalent to 1 SDR.
- 1.3 Income and Expenditure Accounts in currencies have been translated into Units of Account at the rates prevailing on the last day of the quarter preceding the date of transaction.

Assets and Liabilities other than those denominated in Units of Account are translated into Units of Account at rates prevailing at the balance sheet dates.

Translation adjustments and conversion gains or losses on subscriptions are credited or debited to the reserve for revaluation and conversion of currency values.

Where currencies are converted into any other currency, the resulting gain or loss is included in the determination of net income.

AFRICAN DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 1984 AND 1983
AND THE SIX MONTHS ENDED JUNE 30, 1984 AND JUNE 30, 1985.

(Audited only through December 31, 1984) — (Continued)

2. Fixed Assets

Fixed Assets are treated in the accounts on the following basis:—

- 2.1 Land is stated at cost, including charges for reclamation. No depreciation is provided.
- 2.2 Buildings are shown at cost less depreciation provided to date. Depreciation is calculated at a rate which is expected to amortize the cost in equal annual instalments over the useful life which is estimated at between 15 and 20 years. The financial charges incurred in connection with borrowed funds for the construction of buildings were capitalised during the construction period.
- 2.3 Furniture, fixtures, equipment and motor vehicles are written off in the years of purchase.

3. Investments

Investments are valued at the lower of cost or market value, income being construed as realized capital gains and interest earned less provision for any unrealized losses.

Note C—Exchange Rates

The rates used for translating currencies into Units of Account at December 31, 1983 and 1984 and June 30, 1985 and 1984 are as follows:—

	December 31,		June 30, (Unaudited)	
	1983	1984	1984	1985
1 UA = 1 SDR				
Algerian Dinar	5.14733	5.02130	5.084587	5.07676
Austrian Schilling	20.2491	21.6527	20.1354	21.4301
Belgian Francs	58.2523	61.8314	58.4491	61.4417
Botswana Pula	—	—	1.25895	1.76762
Brazilian Cruzeiro	—	3,105.30	1772.65	5949.76
Canadian Dollars	1.30282	1.29671	1.36058	1.35637
CFA Francs	436.971	470.96	440.559	465.052
Danish Krone	10.3386	11.0372	10.5312	10.9337
Deutsche Marks	2.85168	3.08570	2.8711	3.05544
Finnish Markkas	6.08278	6.40078	6.08517	6.33609
French Francs	8.73942	9.41912	8.81117	9.30103
Indian Rupee	—	12.2049	11.5494	12.4101
Italian Lira	1,737.41	1,897.56	1,769.58	1,946.60
Japanese Yen	243.102	246.131	244.913	248.523
Kenyan Shilling	14.4172	14.7868	14.7868	16.1489
Kuwaiti Dinar	0.305737	0.298434	0.302783	0.302289
Libyan Dinar	0.309953	0.290193	0.305293	0.295545
Mauritian Rupee	13.3347	15.2944	14.7868	15.7396
Netherlands Guilders	3.20838	3.47925	3.24428	3.44059
Nigerian Naira	0.783705	0.792268	0.779669	0.893556
Norwegian Krone	8.06361	8.90718	8.24090	8.78387
Portuguese Escudo	—	165.930	148.199	174.243
Pound Sterling	0.721736	0.847565	0.762335	0.770814
Spanish Peseta	—	170.275	162.823	174.397
Saudi Arabian Riyal	—	—	0.61439	3.63875
Swedish Krona	8.37665	8.82753	8.43946	8.78835
Swiss Francs	2.28183	2.53842	2.40293	2.5571
Ugandan Shilling	—	509.707	329.987	598.969
US Dollars	1.04695	0.980210	1.03121	0.998283
Yugoslavian Dinar	—	198.022	147.666	287.375
Zambian Kwacha	1.61733	2.15719	1.75779	2.33549
Zimbabwe Dollars	—	1.47266	1.23869	1.56226

AFRICAN DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 1984 AND 1983
AND THE SIX MONTHS ENDED JUNE 30, 1984 AND JUNE 30, 1985.

(Audited only through December 31, 1984) — (Continued)

No representation is made that any currency held by the Bank can be, could be or could have been converted into any other currency at the cross rates resulting from the rates indicated above.

Note D—Special Funds

Under Article 8 of the Agreement Establishing the Bank, the Bank may establish or be entrusted with the administration of special funds. At December 31, 1983 and 1984 and June 30, 1984 and 1985 there were the following funds whose assets were held separate from those of the ordinary capital resources.

	December 31,		June 30, (Unaudited)	
	1983 UA	1984	1984 UA	1985
Nigeria Trust Fund	208,089,074	252,993,285	231,264,951	258,779,460
Staff Provident Fund	8,792,784	10,319,022	8,454,304	9,939,898
Special Relief Fund	327,652	383,613	332,319	2,299,393
Total	<u>217,209,510</u>	<u>263,695,920</u>	<u>240,051,574</u>	<u>271,018,751</u>

Note E—Trust Funds

The Bank has been entrusted per Resolutions 11-70 and 19-74 of the Board of Governors with the administration of the Mamoun Bebeiry Fund and the Arab Oil Fund.

The position of these Trust Funds at December 31, 1983 and 1984 and June 30, 1984 and 1985 are as follows:

	December 31,		June 30, (Unaudited)	
	1983 UA	1984 UA	1984 UA	1985 UA
(A) Arab Oil Fund				
Accumulated Fund	13,801,996	14,741,739	14,012,665	14,474,853
Represented by: Loans disbursed	<u>13,801,996</u>	<u>14,741,739</u>	<u>14,012,665</u>	<u>14,474,853</u>
(B) Mamoun Behiery Fund				
Original Fund	3,000	3,000	3,000	3,000
Income from Investments	1,903	1,443	1,747	2,079
Accumulated Fund	<u>4,903</u>	<u>4,443</u>	<u>4,747</u>	<u>5,079</u>
Represented by: Short-term Investments	<u>4,903</u>	<u>4,443</u>	<u>4,747</u>	<u>5,079</u>
Total of Resources and Assets of Trust Funds	<u>13,806,899</u>	<u>14,746,182</u>	<u>14,017,412</u>	<u>14,479,932</u>

AFRICAN DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 1984 AND 1983
AND THE SIX MONTHS ENDED JUNE 30, 1984 AND JUNE 30, 1985.

(Audited only through December 31, 1984) — (Continued)

Note F—Special Reserve

Commission received on loans have been set aside pursuant to Article 20 of the Agreement Establishing the Bank, as a special reserve to be held in liquid form and to be used for the purposes of meeting liabilities of the Bank on its borrowings and guarantees.

On all loans granted to date, the rate of commission is 1% per annum.

Note G—Capital Stock

The authorized capital of the Bank consists of 540,000 shares (1983 and 1984: 525,000 shares) having a par value of 10,000 Units of Account each. The last increase of shares was decided by the Board of Governors (Resolution B/BG/85/03) in May 1985. The subscribed capital has increased from UA 5,107,320,000 as at June 30, 1984 to UA 5,157,320,000 as at June 30, 1985. The increase of UA 50,000,000 represents the new shares taken by the Peoples Republic of China.

Note H—Non-negotiable Instruments

Non-negotiable instruments represent subscription payments made by Member States in accordance with Board of Governors Resolution No. 06-81. These instruments bear no interest and are payable at par value.

Note I—Other Investments

The composition of other investments is as follows:

	December 31,		June 30, (Unaudited)	
	1983 UA	1984 UA	1984 UA	1985 UA
Floating rate US dollar certificates of deposit	12,234,851	7,675,294	10,642,080	11,542,066
Straight Bonds.....	5,238,645	10,897,769	21,652,592	10,240,426
Portfolio Investments	57,532,576	63,106,236	57,692,623	60,600,783
Total	<u>75,006,072</u>	<u>81,679,299</u>	<u>89,987,295</u>	<u>82,383,275</u>

Note J—Loans

Signed loans are denominated in Units of Account. Amounts disbursed on loans are repayable in the currency or currencies disbursed by the Bank, or at the option of the Bank in such other freely convertible currency or currencies determined by the Bank.

The amount repayable in each currency shall be the equivalent (as of the date or dates of repayment) of the value of the currency or currencies disbursed expressed in terms of the Units of Account, determined as of the respective dates of disbursement. Loans are granted for a maximum period of twenty years including the grace period which is related to the timetable for implementation.

No provision for losses on loans has been made since no such losses are anticipated as each loan is made to, or guaranteed by, a Member State.

AFRICAN DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 1984 AND 1983
AND THE SIX MONTHS ENDED JUNE 30, 1984 AND JUNE 30, 1985.

(Audited only through December 31, 1984) — (Continued)

At June 30, 1985:

- (i) Agreements for approved loans amounting to UA 124,360,000 (1984: UA 158,320,000) had not been signed.
- (ii) In respect of the undisbursed balances of signed loans the Bank may enter into special irrevocable commitments to pay amounts to the borrowers or others in respect of costs of goods and services to be financed under loan agreements. The Bank has issued irrevocable reimbursement guarantees to commercial banks for amounts totalling UA 16,368,702 (1984: UA 34,825,664) on undisbursed loans.

At December 31, 1984:

- (i) Agreements for approved loans amounting to UA 273,200,000 (1983: UA 304,742,000) had not been signed.
- (ii) In respect of the undisbursed balances of signed loans the Bank may enter into special irrevocable commitments to pay amounts to the borrowers or others in respect of costs of goods and services to be financed under loan agreements. The Bank has issued irrevocable reimbursement guarantees to commercial banks for amounts totalling UA 31,838,613 (1983: UA 15,678,769) on undisbursed loans.

Note K—Equity Participation

At December 31, 1983 and 1984 and June 30, 1984 and 1985 the Bank's equity participations are as follows:

	December 31,		June 30, (Unaudited)	
	1983 UA	1984 UA	1984 UA	1985 UA
ADF	35,893,749	44,656,670	35,893,749	44,656,669
Africa-Re	414,473	414,473	414,473	414,473
SIFIDA	924,811	924,811	924,811	924,811
Development Banks	2,038,259	2,564,633	2,608,911	2,837,666
Shelter Afrique	4,577,748	4,577,748	4,577,748	4,577,748
Total	<u>43,849,040</u>	<u>53,138,335</u>	<u>44,419,692</u>	<u>53,411,367</u>

The subscriptions of UA 44,656,669 at June 30, 1985 and 44,656,670 at December 31, 1984 to the African Development Fund includes non-negotiable, non-interest bearing promissory notes payable on demand issued by the Bank in favor of the Fund. The revaluation of these notes at June 30, 1985 and December 31, 1984 is equal to UA 46,919,116 and UA 47,780,748 respectively and is included under "Accounts Payable and Sundries" on the Liabilities side of the Balance Sheet.

AFRICAN DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 1984 AND 1983

AND THE SIX MONTHS ENDED JUNE 30, 1984 AND JUNE 30, 1985.

(Audited only through December 31, 1984) — (Continued)

Note L—Fixed Assets

	December 31,		June 30, (unaudited)	
	1983	1984	1984	1985
	UA	UA	UA	UA
Buildings	55,881,911	55,939,848	55,881,911	55,942,691
Accumulated depreciation	<u>(13,289,900)</u>	<u>(16,100,927)</u>	<u>(14,695,414)</u>	<u>(17,506,441)</u>
	42,592,011	39,838,921	41,186,497	38,436,250
Land	<u>356,721</u>	<u>356,721</u>	<u>356,721</u>	<u>356,721</u>
Net Book Value	<u>42,948,732</u>	<u>40,195,642</u>	<u>41,543,218</u>	<u>38,792,971</u>

Note M—General Administrative Expenses

The total amounts of UA 3,200,991—June 30, 1985 (June 30, 1984: UA 3,363,566) and UA 11,457,318—December 31, 1984 (December 31, 1983: UA 9,220,603) includes UA 65,143—June 30, 1985 (June 30, 1984: UA 75,197) and UA 1,239,463—December 31, 1984 (December 31, 1983: UA 593,847) representing expenditure on the acquisition of office furniture, equipment and motor vehicles. The amount has been written off to the Income and Expenditure Account in consistence with the Bank's accounting policies.

Note N—Management Fees

The amount of UA 10,200,117—June 30, 1985 (June 30, 1984: UA 8,652,047) and UA 21,282,220—December 31, 1984 (December 31, 1983: UA 16,592,094) represents reimbursements to the Bank by the following entities for their share of expenses relating to offices, staff, organisation, services and facilities for the period.

	December 31,		June 30, (unaudited)	
	1983	1984	1984	1985
	UA	UA	UA	UA
African Development Fund	15,165,081	19,314,560	7,987,306	9,099,526
Nigeria Trust Fund	1,204,214	1,742,872	657,195	983,912
Association of African Development Institutions				
Finance Institutions	16,341	14,738	7,546	6,928
IFAD	<u>206,458</u>	<u>210,050</u>	<u>—</u>	<u>109,751</u>
	<u>16,592,094</u>	<u>21,282,220</u>	<u>8,652,047</u>	<u>10,200,117</u>

Note O—Borrowings and Currency Swaps

The Bank has entered into currency swap agreements with major international banks in which proceeds of a borrowing are converted into a different currency and simultaneously a forward exchange agreement is executed providing for a schedule of future exchanges of the two currencies in order to recover the currency converted. The effect of the currency swap transactions is to transform the cost of the original borrowing to a reduced cost which reflects the yield of the currency obtained in the conversion. The average cost of borrowings outstanding at the end of the period was 9.0% (annualized) (7.5% — December 31, 1984; 9.4% — June 30, 1984 (annualized)); 10.0% — December 31, 1983), reflecting a reduction of cost of UA 4,556,323 (UA 341,900 — December 31, 1984; Nil — June 30, 1984; Nil — June 30, 1983).

AFRICAN DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 1984 AND 1983
AND THE SIX MONTHS ENDED JUNE 30, 1984 AND JUNE 30, 1985.

(Audited only through December 31, 1984) — (Continued)

Note P—Grants

According to Article 11 of the Agreement Establishing the Bank, the accounts for each financial year shall be submitted in a form which distinguishes between the funds available for the general operations and any such operations as may be financed from time to time by contributions entrusted to it under Article 8 which empowers the Bank to receive other resources including grants from member countries, non-participating African or other countries, and from any public or private body or bodies.

The amount shown in the Balance Sheet captioned "Grants" represents such undisbursed resources received from the following countries:

	December 31,		June 30, (unaudited)	
	1983	1984	1984	1985
	UA	UA	UA	UA
Norway	656,001	496,360	336,448	535,090
Belgium	278,622	1,826,530	283,479	2,250,294
Sweden	226,113	639,170	668,772	605,593
Canada	175,685	252,118	168,227	262,144
Denmark	512,515	535,827	342,357	494,379
Switzerland	36,129	153,551	20,733	152,429
Finland	225,749	21,378	171,171	21,597
Total	<u>2,110,214</u>	<u>3,924,934</u>	<u>1,991,187</u>	<u>4,321,526</u>

These funds are represented by equivalent amounts in the Assets under "Due from banks".

Note Q—Change in Accounting Policy

At January 1, 1984, the Bank adopted the accounting principle described in Note B-3 concerning the valuation of all short-term investments. Previously, investments managed by the Bank were valued at cost since it was intended that such investments should be held to maturity date. Had the above mentioned accounting change not been adopted, net income would have increased by UA 1,693,424 at December 31, 1984.

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AFRICAN DEVELOPMENT BANK
Ordinary Capital Resources
Statement of Borrowings — Position as at June 30, 1985
(audited only to December 31, 1984)
(Expressed in Units of Account)

Description	Date of Agreement	Amount Borrowed in Currency	Amount in UA	Amount Drawn in Currency	Amount Drawn in UA
Government of Canada	01-Jul-73	Cdn\$ 4,718,895	3,479,062	Cdn\$ 4,718,895	3,479,062
Government of Sweden	14-Nov-74	Skr 25,000,000	2,844,675	Skr 25,000,000	2,844,675
Government of Austria	07-Apr-75	Aschs 37,982,000	1,772,367	Aschs 37,982,000	1,772,367
Government of Sweden	16-Nov-76	Skr 10,000,000	1,137,870	Skr 10,000,000	1,137,870
KD Bonds due 1987					
Series A	15-May-77	KD 2,000,000	6,616,185	KD 2,000,000	6,616,185
Government of Sweden	21-Feb-78	Skr 18,000,000	2,048,166	Skr 18,000,000	2,048,166
Eximbank of Japan Yen 4 billion.....	03-May-78	Yen 4,000,000,000	16,095,090	Yen 4,000,000,000	16,095,090
DM Bonds due 1986.....	23-May-79	DM 100,000,000	32,728,510	DM 100,000,000	32,728,510
DM Fixed Rate Loan due 1991	14-May-79	DM 100,000,000	32,728,510	DM 100,000,000	32,728,510
DM Bonds due 1987.....	12-Oct-79	DM 100,000,000	32,728,510	DM 100,000,000	32,728,510
Euro-Credit	22-Jun-80	FF 650,000,000	69,884,733	FF —	—
Yen 15 billion Fixed Rate Loan.....	69-Mar-81				
Tranche A		Yen 12,000,000,000	48,285,269	Yen 12,000,000,000	48,285,269
Tranche B		Yen 3,000,000,000	12,071,317	Yen 3,000,000,000	12,071,317
Eximbank of Japan Yen 10 billion.....	09-Oct-81	Yen 10,000,000,000	40,237,724	Yen 10,000,000,000	40,237,724
CD due 1988	08-Jan-82	US\$ 50,000,000	50,085,998	US\$ —	—
CD due 1989	13-Jan-82	US\$ 100,000,000	100,171,995	US\$ —	—
SDR 200 million facility	05-Feb-82	SDR 200,000,000	200,000,000	SDR 42,604,000	42,677,277
DM Bonds due 1989.....	24-Sep-82	DM 100,000,000	32,728,510	DM 100,000,000	32,728,510
Aschs Bonds due 1991	18-Apr-83	Aschs 400,000,000	18,665,335	Aschs 400,000,000	18,665,335
Two-Year Bonds due 1985					
with Member countries and					
other Central Banks.....	01-Aug-83	US\$ 60,000,000	60,103,197	US\$ 60,000,000	60,103,197
DM Bonds due 1991.....	28-Mar-84	DM 100,000,000	32,728,510	DM 100,000,000	32,728,510
Yen 15 Billion Fixed Rate Loan	29-Mar-84	Yen 15,000,000,000	60,356,587	Yen 15,000,000,000	60,356,587
Dfl Bonds due 1994	17-Sep-84	Dfl 100,000,000	29,064,782	Dfl 100,000,000	29,064,782
PSTG Loan Stock due 2010	31-Oct-84	Pstg 50,000,000	64,866,492	Pstg 50,000,000	64,866,492
Sfr Bonds due 1994	02-Nov-84	Sfr 100,000,000	39,106,801	Sfr 100,000,000	39,106,801
US\$ Subordinated Notes					
Tranche A	28-Nov-84	US\$ 50,000,000	50,085,998	US\$ 50,000,000	50,085,998
Tranche B		US\$ 50,000,000	50,085,998	US\$ 50,000,000	50,085,998
ECU Bonds					
Tranche A	30-Nov-84	ECU 40,000,000	29,448,575	ECU 40,000,000	29,448,575
Tranche B		ECU 35,000,000	25,767,503	ECU 35,000,000	25,767,503
US\$ Subordinated FRN due 1996	17-Dec-84	US\$ 100,000,000	100,171,995	US\$ 100,000,000	100,171,995
US\$ Subordinated RUF due 1994	27-Dec-84	US\$ 250,000,000	250,429,988	US\$ —	—
Yen Bonds due 1997—1st Series	28-Mar-85	Yen 15,000,000,000	60,356,587	Yen 15,000,000,000	60,356,587
TOTALS — June 30, 1985			<u>1,556,882,843</u>		<u>928,987,405</u>
TOTALS — December 31, 1984			<u>1,501,084,144</u>		<u>826,169,141</u>

Notes

1. The SDR loan was drawn at 1SDR=US\$ 1.0651
2. The Bank has concluded currency and interest exchange agreements whereby some borrowings have been swapped as follows:
 - (i) ECU 40 million 10% Bonds due 1989 for SFR at an interest of 6.25%
 - (ii) ECU 35 million 10% Bonds due 1991 for SFR at an interest of 6.25%
 - (iii) US\$ 50 million 13% Subordinated Notes due 1989 for SFR at an interest of 7.30%
 - (iv) US\$ 50 million 13% Subordinated Notes due 1994 for SFR at an interest of 7.50%.

	Amount Repaid in Currency	Amount Repaid in UA	Balance Outstanding in UA	Interest rate %	Status of Debt	Repayment Period		Repayment Instalments
						Start	End	
Cdn\$	312,500	230,394	3,248,667	—	Senior	1983	2023	Semi-annual
Skr	250,000	28,447	2,816,228	0.75	Senior	1984	2023	Semi-annual
Aschs	—	—	1,772,367	3	Senior	1985	2003	Semi-annual
Skr	—	—	1,137,870	—	Senior	1986	2026	Semi-annual
KD	500,000	1,654,046	4,962,139	8.75	Senior	1984	1987	Semi-annual
Skr	—	—	2,048,166	—	Senior	1987	2027	Semi-annual
Yen	1,336,000,000	5,375,760	10,719,330	7.75	Senior	1981	1993	Semi-annual
DM	—	—	32,728,510	7.75	Senior	1983	1986	
DM	40,000,000	13,091,404	19,637,106	8.3	Senior	1982	1991	Annual
DM	—	—	32,728,510	8	Senior	1983	1987	
FF	—	—	—	—	Senior	1984	1987	Semi-annual
Yen	—	—	48,285,269	8.9	Senior	1991	1996	Semi-annual
Yen	—	—	12,071,317	9	Senior	1991	2001	Semi-annual
Yen	417,000,000	1,677,913	38,559,811	8.25	Senior	1985	2003	Semi-annual
US\$	—	—	—	—	Senior	1988	1988	
US\$	—	—	—	—	Senior	1989	1989	
US\$	—	—	42,677,277	11.375	Senior	1987	1990	Semi-annual
DM	—	—	32,728,510	10	Senior	1989	1989	
Aschs	—	—	18,665,335	8.75	Senior	1991	1991	
US\$	—	—	60,103,197	11.25	Senior	1985	1985	
DM	—	—	32,728,510	8	Senior	1991	1991	
Yen	—	—	60,356,587	8	Senior	1989	1994	Semi-annual
Dfl	—	—	29,064,782	9	Senior	1990	1994	Annual
Pstg	—	—	64,866,492	11.125	Senior	2010	2010	
Sfr	—	—	39,106,801	6.25	Senior	1994	1994	
US\$	—	—	50,085,998	13.125	Subordinated	1989	1989	
US\$	—	—	50,085,998	13.25	Subordinated	1991	1994	Annual
ECU	—	—	29,448,575	10.375	Senior	1989	1989	
ECU	—	—	25,767,503	10.625	Senior	1991	1991	
US\$	—	—	100,171,995	9.4375	Subordinated	1996	1996	
US\$	—	—	—	—	Subordinated	1994	1994	
Yen	—	—	60,356,587	7.4	Senior	1991	1997	
		<u>22,057,965</u>	<u>906,929,441</u>					
		<u>14,678,726</u>	<u>811,480,415</u>					

(v) US\$ 100 million Subordinated FRN due 1996 for fixed interest rate of 12.21% an amount of US\$ 79.5 million from this facility was further swapped for SFR at an interest rate of 6.92%

3. The Board of Directors has adopted a policy to limit the senior borrowings and guarantees chargeable to the Bank's ordinary capital resources to 80% of the callable capital of its non-borrowing members and to limit the total borrowings represented by both senior and subordinated debt to 80% of the total callable capital of all its member countries. As at June 30, 1985 and December 31, 1984 an amount of UA 200,343,991 and UA 204,037,911, respectively, was subordinated debt and UA 706,585,450 and UA 607,452,504, respectively, was senior debt and the ratio of total outstanding borrowings to total callable capital was 23.45%

AFRICAN DEVELOPMENT BANK

Summary Statement of Resources and Assets of Special Funds
(Expressed in Units of Account—Note B-1)

	December 31,			June 30, (unaudited)		
	1983	1984		1984	1985	
	UA	UA	US \$	UA	UA	US \$
(A) Nigeria Trust Fund						
—Contribution received	111,147,208	121,189,681	118,791,337	121,189,681	121,189,681	120,981,598
—Funds generated (net)	96,941,866	131,803,604	129,195,211	110,075,270	137,589,779	137,353,537
	<u>208,089,074</u>	<u>252,993,285</u>	<u>247,986,548</u>	<u>231,264,951</u>	<u>258,779,460</u>	<u>258,335,135</u>
Represented by:						
—Due from Bank	686,783	167,997	164,672	164,308	147,395	147,142
—Short-term Investments	170,270,872	206,646,417	202,556,884	189,732,716	209,200,705	208,841,507
—Accrued service charges on loans ...	1,197,218	1,451,273	1,422,552	1,760,679	1,906,359	1,903,086
—Amounts receivable	—	—	—	—	—	—
—Accrued interest on short-term Investments	3,069,022	4,868,419	4,772,073	3,535,534	2,927,519	2,922,492
—Disbursements on loans	33,698,095	40,591,650	39,788,341	36,783,412	45,581,391	45,503,131
	<u>208,921,990</u>	<u>253,725,756</u>	<u>248,704,522</u>	<u>231,976,649</u>	<u>259,763,372</u>	<u>259,317,358</u>
Deduct: Current Liabilities	(832,916)	(732,471)	(717,974)	(711,698)	(983,912)	(982,223)
	<u>208,089,074</u>	<u>252,993,285</u>	<u>247,986,548</u>	<u>231,264,951</u>	<u>258,779,460</u>	<u>258,335,135</u>
(B) Staff Provident Fund						
—Accumulated Fund	6,992,425	8,559,359	8,389,970	7,885,622	9,668,220	9,651,620
—Funds generated	1,800,359	1,759,663	1,724,839	568,682	271,678	271,212
	<u>8,792,784</u>	<u>10,319,022</u>	<u>10,114,809</u>	<u>8,454,304</u>	<u>9,939,898</u>	<u>9,922,832</u>
Represented by:						
—Due from bank	97,934	413,245	405,067	573,940	376,406	375,760
—Short-term Investments	8,473,189	9,857,339	9,662,262	7,847,676	9,757,919	9,741,165
—Accrued interest	129,414	143,069	140,238	221,496	128,735	128,514
—Amounts payable (receivable)	92,247	(94,631)	(92,758)	(188,708)	(323,162)	(322,607)
	<u>8,792,784</u>	<u>10,319,022</u>	<u>10,114,809</u>	<u>8,454,304</u>	<u>9,939,898</u>	<u>9,922,832</u>
(C) Special Relief Fund						
—Fund balance	880,461	880,461	863,036	880,461	2,801,513	2,796,703
—Funds generated	265,623	321,584	315,220	270,290	316,312	315,769
	<u>1,146,084</u>	<u>1,202,045</u>	<u>1,178,256</u>	<u>1,150,751</u>	<u>3,117,825</u>	<u>3,112,472</u>
Less: Relief granted	(818,432)	(818,432)	(802,235)	(818,432)	(818,432)	(817,027)
	<u>327,652</u>	<u>383,613</u>	<u>376,021</u>	<u>332,319</u>	<u>2,299,393</u>	<u>2,295,445</u>
Represented by:						
—Due from bank	14,274	13,243	12,980	14,157	1,920,931	1,917,683
—Short-term Investments	299,551	370,370	363,041	318,162	378,412	377,762
—Accrued Interest	13,827	—	—	—	—	—
	<u>327,652</u>	<u>383,613</u>	<u>376,021</u>	<u>332,319</u>	<u>2,299,393</u>	<u>2,295,445</u>
Total of Resources and Assets of Special Funds	<u>217,209,510</u>	<u>263,695,920</u>	<u>258,477,378</u>	<u>240,051,574</u>	<u>271,018,751</u>	<u>270,553,412</u>

AFRICAN DEVELOPMENT BANK

Statement of Reserves

(Expressed in Units of Account—Note B-1)

	December 31,			Six Months ended June 30, (Unaudited)		
	1983	1984		1984	1985	
	UA	UA	US \$	UA	UA	US \$
(A) Special Reserve						
Balance as at						
January 1.....	22,670,238	28,988,750	28,415,062	28,988,750	36,497,058	36,434,393
Add: Statutory com-						
mission for the period	6,318,512	7,508,308	7,359,719	3,592,172	4,289,222	4,281,857
Balance as at period						
end.....	<u>28,988,750</u>	<u>36,497,058</u>	<u>35,774,781</u>	<u>32,580,922</u>	<u>40,786,280</u>	<u>40,716,250</u>
(B) Sinking Fund (ADF)						
Balance as at January						
1 and period end....	<u>6,121,162</u>	<u>6,121,162</u>	<u>6,000,024</u>	<u>6,121,162</u>	<u>6,121,162</u>	<u>6,110,652</u>
(C) Reserve for Construc-						
tion						
Balance as at January						
1 and period end....	<u>6,990,428</u>	<u>6,990,428</u>	<u>6,852,087</u>	<u>6,990,428</u>	<u>6,990,428</u>	<u>6,978,425</u>
(D) Reserve for Revalua-						
tion of Currency						
Values						
Balance as at January						
1.....	22,774,770	13,758,288	13,486,012	13,758,288	15,244,115	15,217,941
Difference on revalua-						
tion.....	(9,016,482)	1,485,827	1,456,422	(6,567,450)	(6,083,177)	(6,072,732)
Balance as at period						
end.....	<u>13,758,288</u>	<u>15,244,115</u>	<u>14,942,434</u>	<u>7,190,838</u>	<u>9,160,938</u>	<u>9,145,209</u>
(E) General Reserve						
Balance as at						
January 1.....	59,487,726	65,409,994	64,115,530	65,409,995	73,914,105	73,787,194
Add: Net Income for						
the previous year ...	5,922,268	8,504,110	8,335,814	8,504,110	25,141,638	25,098,470
Deduct: Special						
Relief Fund Alloca-					1,000,000	998,283
tion.....	—	—	—	—		
Balance as at period						
end.....	<u>65,409,994</u>	<u>73,914,104</u>	<u>72,451,344</u>	<u>73,914,105</u>	<u>98,055,743</u>	<u>97,887,381</u>
(F) Net Income						
For the period.....	8,504,110	25,141,639	24,644,086	10,593,450	16,722,940	16,694,227
Total Reserves.....	<u>129,772,732</u>	<u>163,908,506</u>	<u>160,664,756</u>	<u>137,390,905</u>	<u>177,837,491</u>	<u>177,532,144</u>

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

AFRICAN DEVELOPMENT BANK

Ordinary Capital Resources—Statement of Subscriptions to the Capital Stock
and Voting Power as at June 30, 1985
(audited only to December 31, 1984)
(Expressed in Units of Account—Note B-1)

Member States	Initial Shares	Voluntary Increase	First General Increase	Technical Increase	Second General Increase Resolution No.	
					06/79	06/81
1. Algeria	2,450	1,500	3,872	3,950	10,336	—
2. Angola	1,908	—	—	—	1,672	1,680
3. Benin	140	—	140	140	368	368
4. Botswana	100	60	100	160	368	368
5. Burkina Faso	130	—	128	130	340	340
6. Burundi	120	120	236	240	624	632
7. Cameroon	400	550	932	950	2,488	2,484
8. Cape Verde	100	—	—	100	176	176
9. Central African Rep.	100	—	100	100	264	264
10. Chad	160	—	292	160	536	540
11. Comoros	100	—	—	100	176	—
12. Congo	150	200	344	350	916	916
13. Djibouti	100	—	—	100	176	176
14. Egypt	3,000	—	2,440	3,000	7,416	7,404
15. Equatorial Guinea	100	—	—	100	176	176
16. Ethiopia	1,030	—	1,012	1,030	2,700	2,696
17. Gabon	300	200	992	500	1,752	1,748
18. Gambia	100	—	100	100	264	264
19. Ghana	1,280	300	1,548	1,580	4,136	4,132
20. Guinea Bissau	100	—	100	100	264	264
21. Guinea	250	80	324	330	860	868
22. Ivory Coast	600	350	2,800	950	4,124	4,128
23. Kenya	600	350	1,232	950	2,756	2,744
24. Lesotho	100	10	108	110	288	288
25. Liberia	260	100	856	360	1,384	1,384
26. Libya	3,000	2,000	—	5,000	8,776	8,784
27. Madagascar	700	—	—	700	1,228	1,228
28. Malawi	200	60	256	260	684	680
29. Mali	230	—	228	230	604	604
30. Mauritania	110	60	168	170	448	444
31. Mauritius	300	100	592	400	1,224	1,220
32. Morocco	1,510	352	1,824	1,862	4,860	4,880
33. Mozambique	1,000	—	—	1,000	1,752	—
34. Nigeria	2,410	2,590	6,900	5,000	14,840	14,836
35. Niger	160	200	356	360	936	952
36. Rwanda	120	—	120	120	312	320
37. Sao Tome & Principe	100	—	—	100	176	176
38. Senegal	550	200	736	750	1,964	1,960
39. Seychelles	100	—	—	100	176	176
40. Sierra Leone	210	100	244	310	760	756
41. Somalia	220	52	268	272	712	712
42. Sudan	1,010	252	1,236	1,262	3,304	3,296
43. Swaziland	160	80	236	240	624	632
44. Tanzania	630	320	932	950	2,488	2,484
45. Togo	100	100	196	200	524	524
46. Tunisia	690	320	992	1,010	2,648	2,640
47. Uganda	460	100	552	560	1,472	1,464
48. Zaire	1,300	1,700	2,940	3,000	7,852	7,844
49. Zambia	1,300	300	1,568	1,600	4,180	4,192
50. Zimbabwe	5,000	—	—	—	4,396	4,384
Total—Regionals at June 30, 1985	<u>35,248</u>	<u>12,706</u>	<u>38,000</u>	<u>41,046</u>	<u>111,500</u>	<u>99,228</u>
Total December 31, 1984	<u>35,248</u>	<u>12,706</u>	<u>38,000</u>	<u>41,046</u>	<u>111,500</u>	<u>99,228</u>

Total Shares	% of Total	Paid-up Shares	Amount Due	Amount Paid	Amount Unpaid	Advance Payments	Number of Votes	Voting Power %
22,108	4.29	55,270,000	50,102,000	34,598,000	15,504,000	—	16,531	3.149
5,260	1.02	13,150,000	9,798,000	9,811,716	—	13,716	5,885	1.121
1,156	.22	2,890,000	1,970,000	1,675,312	294,688	—	1,663	.317
1,156	.22	2,890,000	2,338,000	2,339,764	—	1,764	1,781	.339
1,068	.21	2,670,000	2,160,000	1,991,454	168,546	—	1,626	.310
1,972	.38	4,930,000	3,986,000	3,986,000	—	—	2,597	.495
7,804	1.51	19,510,000	15,782,000	15,793,378	—	11,378	8,429	1.605
552	.11	1,380,000	1,116,000	1,116,334	—	334	1,177	.224
828	.16	2,070,000	1,674,000	712,610	961,390	—	1,068	.203
1,688	.33	4,220,000	3,142,000	1,820,000	1,322,000	—	1,790	.341
376	.07	940,000	852,000	25,000	827,000	—	860	.164
2,876	.56	7,190,000	5,816,000	5,816,000	—	—	3,501	.667
552	.11	1,380,000	1,028,000	887,268	140,800	68	1,121	.214
23,260	4.51	58,150,000	47,038,000	47,038,000	—	—	23,885	4.549
552	.11	1,380,000	1,116,000	42,766	1,073,234	—	938	.179
8,468	1.64	21,170,000	17,124,000	17,126,223	—	2,223	9,093	1.732
5,492	1.06	13,730,000	11,106,000	11,082,249	24,708	957	6,107	1.163
828	.16	2,070,000	1,542,000	1,438,480	103,520	—	1,412	.269
12,976	2.52	32,440,000	24,172,000	25,824,800	—	1,652,800	13,601	2.591
828	.16	2,070,000	1,542,000	750,000	792,000	—	1,136	.216
2,712	.53	6,780,000	5,482,000	5,851,748	—	369,748	3,337	.636
12,952	2.51	32,380,000	26,190,000	26,740,915	—	550,915	13,577	2.586
8,632	1.67	21,580,000	17,458,000	17,314,102	143,898	—	9,199	1.752
904	.18	2,260,000	1,828,000	1,830,591	—	2,591	1,529	.291
4,344	.84	10,860,000	8,784,000	6,709,000	2,076,000	—	4,139	.788
27,560	5.34	68,900,000	55,728,000	33,776,124	21,951,876	—	19,404	3.696
3,856	.75	9,640,000	7,798,000	7,798,000	—	—	4,481	.853
2,140	.41	5,350,000	4,328,000	4,328,000	—	—	2,765	.527
1,896	.37	4,740,000	2,928,000	1,150,000	1,778,000	—	1,810	.345
1,400	.27	3,500,000	2,608,000	1,370,610	1,237,390	—	1,530	.291
3,836	.74	9,590,000	7,758,000	7,757,262	738	—	4,461	.850
15,288	2.96	38,230,000	30,910,000	30,919,237	—	9,237	15,913	3.031
46,576	9.03	9,380,000	8,504,000	8,504,000	—	—	4,377	.834
2,964	.57	116,440,000	94,184,000	90,305,679	3,878,321	—	45,650	8.695
992	.19	7,410,000	5,990,000	6,001,410	—	11,410	3,589	.684
552	.11	2,480,000	2,004,000	1,626,400	377,600	—	1,466	.279
6,160	1.19	1,380,000	1,116,000	1,115,006	994	—	1,177	.224
552	.11	15,400,000	12,458,000	8,782,398	3,675,602	—	5,315	1.012
2,380	.46	1,380,000	1,116,000	1,116,000	—	908,800	3,005	.572
2,236	.43	5,950,000	4,814,000	5,722,800	—	—	2,178	.415
10,360	2.01	25,900,000	17,656,000	2,457,839	11,186,059	—	6,511	1.240
1,972	.38	4,930,000	3,986,000	6,469,941	—	—	2,597	.495
7,804	1.51	19,510,000	15,782,000	14,050,116	1,731,884	—	7,736	1.473
1,644	.32	4,110,000	3,324,000	3,062,000	262,000	—	2,164	.412
8,300	1.61	20,750,000	15,466,000	14,115,275	1,350,725	—	8,385	1.597
4,608	.89	11,520,000	8,588,000	6,529,334	2,058,666	—	4,410	.840
24,636	4.78	61,590,000	49,820,000	31,087,539	18,732,461	—	17,768	3.384
13,140	2.55	32,850,000	26,568,000	31,593,600	—	5,025,600	13,765	2.622
13,780	2.67	34,450,000	27,868,000	27,868,000	—	—	14,405	2.744
337,728	65.46	844,320,000	678,614,000	593,813,280	93,322,261	8,561,541	332,021	63.240
337,728	66.14	844,320,000	612,810,000	535,360,994	86,560,612	9,111,606	335,024	64.132

AFRICAN DEVELOPMENT BANK

Ordinary Capital Resources—Statement of Subscriptions to the Capital Stock
and Voting Power as at June 30, 1985
(audited only to December 31, 1984)
(Expressed in Units of Account—Note B-1)

Member States	Initial Shares	Voluntary Increase	First General Increase	Technical Increase	Second General Increase Resolution No.	
					06/79	06/81
Total—Regionals	35,248	12,706	38,000	41,046	111,500	99,228
1. Austria	1,996	—	—	—	—	—
2. Belgium	2,872	—	—	—	—	—
3. Brazil	1,996	—	—	—	—	—
4. Canada	16,800	—	—	—	—	—
5. China	5,000	—	—	—	—	—
6. Denmark	5,180	—	—	—	—	—
7. Finland	2,188	—	—	—	—	—
8. France	16,800	—	—	—	—	—
9. Germany	18,444	—	—	—	—	—
10. India	1,000	—	—	—	—	—
11. Italy	10,832	—	—	—	—	—
12. Japan	24,568	—	—	—	—	—
13. Korea	1,996	—	—	—	—	—
14. Kuwait	1,996	—	—	—	—	—
15. Netherlands	3,412	—	—	—	—	—
16. Norway	5,180	—	—	—	—	—
17. Portugal	1,008	—	—	—	—	—
18. Saudi Arabia	1,300	—	—	—	—	—
19. Spain	2,624	—	—	—	—	—
20. Sweden	6,912	—	—	—	—	—
21. Switzerland	6,560	—	—	—	—	—
22. U.K.	7,524	—	—	—	—	—
23. U.S.A.	29,820	—	—	—	—	—
24. Yugoslavia	1,996	—	—	—	—	—
Total—Non-regionals, June 30, 1985	178,004	—	—	—	—	—
Grand Total—June 30, 1985	213,252	12,706	38,000	41,046	111,500	99,228
Total—Regionals, December 31, 1984	35,248	12,706	38,000	41,046	111,500	99,228
Total—Non-regionals, December 31, 1984	173,004	—	—	—	—	—
Grand Total—December 31, 1984	208,252	12,706	38,000	41,046	111,500	99,228

NOTES

The Bank's Agreement provides that each member shall have 625 votes in addition to one vote for each share subscribed by that member.

Amount paid in advance will be applied to future instalments.

The accompanying notes to the Financial Statements (Annex I-4) form part of this Statement.

<u>Total Shares</u>	<u>% of Total</u>	<u>Paid-up Shares</u>	<u>Amount Due</u>	<u>Amount Paid</u>	<u>Amount Unpaid</u>	<u>Advance Payments</u>	<u>Number of Votes</u>	<u>Voting Power %</u>
337,728	65.46	844,320,000	678,614,000	593,813,280	93,362,261	8,561,541	332,021	63.240
1,996	.39	4,990,000	2,994,000	2,994,000	—	—	2,621	.499
2,872	.56	7,180,000	4,308,000	4,308,000	—	—	3,497	.666
1,996	.39	4,990,000	1,996,000	1,996,000	—	—	2,621	.499
16,800	3.26	42,000,000	25,200,000	25,200,000	—	—	17,425	3.319
5,000	.97	12,500,000	2,500,000	2,500,000	—	—	5,625	1.071
5,180	1.00	12,950,000	7,770,000	7,770,000	—	—	5,805	1.106
2,188	.42	5,470,000	3,282,000	3,282,000	—	—	2,813	.536
16,800	3.26	42,000,000	25,200,000	25,200,000	—	—	17,425	3.319
18,444	3.58	46,110,000	27,666,000	27,666,000	—	—	19,069	3.632
1,000	.19	2,500,000	1,000,000	1,000,000	—	—	1,625	.310
10,832	2.10	27,080,000	16,248,000	16,248,000	—	—	11,457	2.182
24,568	4.76	61,420,000	36,852,000	36,852,000	—	—	25,193	4.798
1,996	.39	4,990,000	2,994,000	2,994,000	—	—	2,621	.499
1,996	.39	4,990,000	2,994,000	2,994,000	—	—	2,621	.499
3,412	.66	8,530,000	5,118,000	5,118,000	—	—	4,037	.769
5,180	1.00	12,950,000	7,770,000	7,770,000	—	—	5,805	1.106
1,008	.20	2,520,000	1,008,000	1,008,000	—	—	1,633	.311
1,300	.25	3,250,000	1,300,000	1,300,000	—	—	1,925	.367
2,624	.51	6,560,000	2,624,000	2,624,000	—	—	3,249	.619
6,912	1.34	17,280,000	10,368,000	10,368,000	—	—	7,537	1.436
6,560	1.27	16,400,000	9,840,000	9,840,000	—	—	7,185	1.369
7,524	1.46	18,810,000	11,286,000	11,286,000	—	—	8,149	1.552
29,820	5.78	74,550,000	44,730,000	44,730,000	—	—	30,445	5.799
1,996	.39	4,990,000	2,994,000	2,994,000	—	—	2,621	.499
<u>178,004</u>	<u>34.52</u>	<u>445,010,000</u>	<u>258,042,000</u>	<u>258,042,000</u>	<u>—</u>	<u>—</u>	<u>193,004</u>	<u>36.762</u>
<u>515,732</u>	<u>99.98</u>	<u>1,289,330,000</u>	<u>936,656,000</u>	<u>851,855,280</u>	<u>93,362,261</u>	<u>8,561,541</u>	<u>525,025</u>	<u>100.002</u>
337,728	66.14	844,320,000	612,810,000	535,360,994	86,560,612	9,111,606	335,024	64.132
173,004	33.85	432,510,000	170,038,000	186,444,000	—	16,406,000	187,379	35.870
<u>510,732</u>	<u>99.99</u>	<u>1,276,830,000</u>	<u>782,848,000</u>	<u>721,804,994</u>	<u>86,560,612</u>	<u>25,517,606</u>	<u>522,403</u>	<u>100.002</u>

AFRICAN DEVELOPMENT BANK

Ordinary Capital Resources—Supplementary Statement of Subscriptions
to the Capital Stock as at June 30, 1985
(audited only to December 31, 1984)
(Expressed in Units of Account—Note B-1)

Member States	Amount due				Amount paid			
	Convertible Currency	Notes	Local Currency	Total	Convertible Currency	Notes	Local Currency	Total
1. Algeria	39,766,000	—	10,336,000	50,102,000	32,014,000	—	2,584,000	34,598,000
2. Angola	7,284,000	—	2,514,000	9,798,000	7,297,716	—	2,514,000	9,811,716
3. Benin	1,234,000	736,000	—	1,970,000	1,233,712	441,600	—	1,675,312
4. Botswana	1,694,000	—	644,000	2,338,000	1,695,764	—	644,000	2,339,764
5. Burkina Faso	1,650,000	—	510,000	2,160,000	1,650,000	—	341,454	1,991,454
6. Burundi	2,229,200	1,756,800	—	3,986,000	2,229,200	1,756,800	—	3,986,000
7. Cameroon	8,820,400	6,961,600	—	15,782,000	8,831,778	6,961,600	—	15,793,378
8. Cape Verde	623,200	492,800	—	1,116,000	623,534	492,800	—	1,116,334
9. Central African Republic	934,800	739,200	—	1,674,000	607,010	105,600	—	712,610
10. Chad	1,852,400	1,289,600	—	3,142,000	960,800	859,200	—	1,820,000
11. Comoros	570,400	281,600	—	852,000	25,000	—	—	25,000
12. Congo	3,251,200	2,564,800	—	5,816,000	3,251,200	2,564,800	—	5,816,000
13. Djibouti	605,600	422,400	—	1,028,000	605,668	281,600	—	887,268
14. Egypt	26,287,600	20,750,400	—	47,038,000	26,287,600	20,750,400	—	47,038,000
15. Equatorial Guinea	523,200	492,800	—	1,116,000	42,766	—	—	42,766
16. Ethiopia	9,568,800	7,555,200	—	17,124,000	9,571,023	7,555,200	—	17,126,223
17. Gabon	8,043,000	—	3,063,000	11,106,000	8,018,292	—	3,063,957	11,082,249
18. Gambia	1,146,000	—	396,000	1,542,000	1,146,000	—	292,480	1,438,480
19. Ghana	14,250,400	9,921,600	—	24,172,000	14,250,400	11,574,400	—	25,824,000
20. Guinea Bissau	908,400	633,600	—	1,542,000	750,000	—	—	750,000
21. Guinea	3,971,000	—	1,511,000	5,482,000	4,340,748	—	1,511,000	5,851,748
22. Ivory Coast	14,638,000	11,552,000	—	26,190,000	15,188,915	11,552,000	—	26,740,915
23. Kenya	12,644,000	—	4,814,000	17,458,000	12,644,000	—	4,670,102	17,314,102
24. Lesotho	1,021,600	806,400	—	1,828,000	1,024,191	806,400	—	1,830,591
25. Liberia	4,908,800	3,875,200	—	8,784,000	3,940,000	2,768,000	—	6,708,000
26. Ibiya	40,364,000	—	15,364,000	55,728,000	29,388,124	—	4,388,000	33,776,124
27. Madagascar	4,359,600	3,438,400	—	7,798,000	4,359,600	3,438,400	—	7,798,000
28. Malawi	2,417,600	1,910,400	—	4,328,000	2,417,600	1,910,400	—	4,328,000
29. Mali	1,961,600	966,400	—	2,928,000	1,150,000	—	—	1,150,000
30. Mauritania	1,537,600	1,070,400	—	2,608,000	1,191,410	179,200	—	1,370,610
31. Mauritius	5,619,000	—	2,139,000	7,758,000	5,619,000	—	2,138,262	7,757,262
32. Morocco	17,278,000	13,632,000	—	30,910,000	17,287,237	13,632,000	—	30,919,237
33. Mozambique	5,700,800	2,803,200	—	8,504,000	5,700,800	2,803,200	—	8,504,000
34. Nigeria	68,217,000	—	25,967,000	94,184,000	68,213,202	—	22,092,477	90,305,679
35. Niger	4,574,000	—	1,416,000	5,990,000	4,583,427	—	1,417,983	6,001,410
36. Rwanda	1,120,800	883,200	—	2,004,000	1,120,800	505,600	—	1,626,400
37. Sao Tome & Principe	808,000	—	308,000	1,116,000	807,006	—	308,000	1,115,006
38. Senegal	9,024,000	—	3,434,000	12,458,000	7,216,702	—	1,565,696	8,782,398
39. Seychelles	623,200	492,800	—	1,116,000	623,200	492,800	—	1,116,000
40. Sierra Leone	2,690,800	2,123,200	—	4,814,000	2,690,800	3,032,000	—	5,722,800
41. Somalia	2,457,200	1,708,800	—	4,166,000	2,173,039	284,800	—	2,457,839
42. Sudan	11,051,200	6,604,800	—	17,656,000	6,469,941	—	—	6,469,941
43. Swaziland	2,229,200	1,756,800	—	3,986,000	2,229,200	1,756,800	—	3,986,000
44. Tanzania	8,820,400	6,961,600	—	15,782,000	7,088,516	6,961,600	—	14,050,116
45. Togo	1,856,800	1,467,200	—	3,324,000	1,904,400	1,257,600	—	3,062,000
46. Tunisia	9,117,200	6,348,800	—	15,466,000	8,825,675	5,289,600	—	14,115,275
47. Uganda	6,384,000	—	2,204,000	8,588,000	5,803,210	—	726,124	6,529,334
48. Zaire	27,844,000	21,976,000	—	49,820,000	15,389,939	15,697,600	—	31,087,539
49. Zambia	14,849,600	11,718,400	—	26,568,000	14,849,600	16,744,000	—	31,593,600
50. Zimbabwe	15,573,600	12,294,400	—	27,868,000	15,573,600	12,294,400	—	27,868,000
Total—Regionals at June 30, 1985	435,005,200	168,988,800	74,620,000	678,614,000	390,805,345	154,750,400	48,257,535	593,813,280
Total—Regionals at December 31, 1984	413,611,800	138,299,200	60,899,000	612,810,000	369,742,351	127,129,600	38,489,043	535,360,994

Total Unpaid				Amount Paid in Advance			
Convertible Currency	Notes	Local Currency	Total	Convertible Currency	Notes	Local Currency	Total
7,752,000	--	7,752,000	15,504,000	--	--	--	--
288	294,400	--	294,688	13,716	--	--	13,716
--	--	168,546	168,546	1,764	--	--	1,764
--	--	--	--	11,378	--	--	11,378
--	--	--	--	334	--	--	334
327,790	633,600	--	961,390	--	--	--	--
891,600	430,400	--	1,322,000	--	--	--	--
545,400	281,600	--	827,000	--	--	--	--
--	140,800	--	140,800	68	--	--	68
--	--	--	--	--	--	--	--
580,434	492,800	--	1,073,234	2,223	--	--	2,223
24,708	--	--	24,708	--	--	957	957
--	--	103,520	103,520	--	1,652,800	--	1,652,800
158,400	633,600	--	792,000	--	--	--	369,748
--	--	--	--	--	--	--	550,915
--	--	143,898	143,898	2,591	--	--	2,591
968,800	1,107,200	--	2,076,000	--	--	--	--
10,975,876	--	10,976,000	21,951,876	--	--	--	--
811,600	966,400	--	1,778,000	--	--	--	--
346,190	891,200	--	1,237,390	--	--	--	--
--	--	738	738	9,237	--	--	9,237
--	--	--	--	--	--	--	--
3,798	--	3,874,523	3,878,321	9,427	--	1,983	11,410
--	--	--	--	--	--	--	--
994	377,600	--	377,600	--	--	--	--
1,807,298	--	1,868,304	3,675,602	--	--	--	--
--	--	--	--	--	908,800	--	908,800
284,161	1,424,000	--	1,708,161	--	--	--	--
4,581,259	6,604,800	--	11,186,059	--	--	--	--
1,731,884	--	--	1,731,884	--	--	--	--
52,400	209,600	--	262,000	--	--	--	--
391,525	1,059,200	--	1,350,725	--	--	--	--
580,700	--	1,477,876	2,058,666	--	--	--	--
12,454,061	6,278,400	--	18,732,461	--	5,025,600	--	5,025,600
--	--	--	--	--	--	--	--
45,171,256	21,825,600	26,365,405	93,362,261	971,401	7,587,200	2,940	8,561,541
44,800,135	19,313,600	22,416,877	86,560,612	930,686	8,144,000	36,920	9,111,606

AFRICAN DEVELOPMENT BANK

Ordinary Capital Resources—Supplementary Statement of Subscriptions
to the Capital Stock as at June 30, 1985
(audited only to December 31, 1984)
(Expressed in Units of Account—Note B-1)

Member States	Amount due				Amount paid			
	Convertible Currency	Notes	Local Currency	Total	Convertible Currency	Notes	Local Currency	Total
Total—Regionals	435,005,200	168,988,800	74,620,000	678,614,000	390,805,345	154,750,400	48,257,535	593,813,280
1. Austria	2,994,000	—	—	2,994,000	2,994,000	—	—	2,994,000
2. Belgium	4,308,000	—	—	4,308,000	4,308,000	—	—	4,308,000
3. Brazil	1,996,000	—	—	1,996,000	1,996,000	—	—	1,996,000
4. Canada	25,200,000	—	—	25,200,000	25,200,000	—	—	25,200,000
5. China	2,500,000	—	—	2,500,000	2,500,000	—	—	2,500,000
6. Denmark	7,770,000	—	—	7,770,000	7,770,000	—	—	7,770,000
7. Finland	3,282,000	—	—	3,282,000	3,282,000	—	—	3,282,000
8. France	25,200,000	—	—	25,200,000	25,200,000	—	—	25,200,000
9. Germany	27,666,000	—	—	27,666,000	27,666,000	—	—	27,666,000
10. India	1,000,000	—	—	1,000,000	1,000,000	—	—	1,000,000
11. Italy	16,248,000	—	—	16,248,000	16,248,000	—	—	16,248,000
12. Japan	36,852,000	—	—	36,852,000	36,852,000	—	—	36,852,000
13. Korea	2,994,000	—	—	2,994,000	2,994,000	—	—	2,994,000
14. Kuwait	2,994,000	—	—	2,994,000	2,994,000	—	—	2,994,000
15. Netherlands	5,118,000	—	—	5,118,000	5,118,000	—	—	5,118,000
16. Norway	7,770,000	—	—	7,770,000	7,770,000	—	—	7,770,000
17. Portugal	1,008,000	—	—	1,008,000	1,008,000	—	—	1,008,000
18. Saudi Arabia	1,300,000	—	—	1,300,000	1,300,000	—	—	1,300,000
19. Spain	2,624,000	—	—	2,624,000	2,624,000	—	—	2,624,000
20. Sweden	10,368,000	—	—	10,368,000	10,368,000	—	—	10,368,000
21. Switzerland	9,840,000	—	—	9,840,000	9,840,000	—	—	9,840,000
22. U.K.	11,286,000	—	—	11,286,000	11,286,000	—	—	11,286,000
23. U.S.A.	44,730,000	—	—	44,730,000	44,730,000	—	—	44,730,000
24. Yugoslavia	2,994,000	—	—	2,994,000	2,994,000	—	—	2,994,000
Total—Non-Regionals at June 30, 1985	258,042,000	—	—	258,042,000	258,042,000	—	—	258,042,000
Grand total at June 30, 1985	693,047,200	168,988,800	74,620,000	936,656,000	648,847,345	154,750,400	48,257,535	851,855,280
As at December 31, 1984								
Total—Regionals	413,611,800	138,299,200	60,899,000	612,810,000	369,742,351	127,129,600	38,489,043	535,360,994
Total—Non-Regionals ...	170,038,000	—	—	170,038,000	186,444,000	—	—	186,444,000
Grand total at December 31, 1984	583,649,800	138,299,200	60,899,000	782,848,000	566,186,351	127,129,600	38,489,043	721,804,994

The accompanying notes to the Financial Statements (Annex I-4) form part of this Statement.

AFRICAN DEVELOPMENT BANK
Summary Statement of Loans as at June 30, 1985
 (audited only to December 31, 1984)
 (Expressed in Units of Account—Note B-1)

Country	Number of Loans	Amount Approved Less Cancellations	Amount Disbursed	Amount Undisbursed	Repayments	Outstanding Balance
1. Algeria	6	23,400,000	21,106,849	2,293,151	8,581,748	12,525,101
2. Angola	2	44,740,000	2,559,907	42,180,093	—	2,559,907
3. Benin	7	16,162,451	15,519,985	642,466	4,710,442	10,809,543
4. Botswana	11	118,705,211	20,961,184	97,744,027	1,631,784	19,329,400
5. Burkina Faso	3	26,904,360	3,864,360	23,040,000	2,898,150	966,210
6. Burundi	5	44,375,265	25,133,133	19,242,132	1,704,589	23,428,544
7. Cameroon	14	95,490,000	35,944,896	59,545,104	8,297,924	27,646,972
8. Cape Verde	2	12,050,000	12,050,000	—	—	12,050,000
9. Central African Republic	3	15,155,274	4,263,199	10,892,075	697,903	3,565,296
10. Chad	—	—	—	—	—	—
11. Comoros	1	10,000,000	8,552,079	1,447,921	—	8,552,079
12. Congo	13	77,096,237	58,002,712	19,093,525	9,311,393	48,691,319
13. Djibouti	—	—	—	—	—	—
14. Egypt	12	159,384,609	53,324,840	106,059,769	9,714,647	43,610,193
15. Ethiopia	4	40,530,000	14,455,618	26,074,382	1,569,836	12,885,782
16. Gabon	10	58,279,012	37,393,925	20,885,087	5,903,478	31,490,447
17. Gambia	5	21,332,638	12,049,192	9,283,446	619,058	11,430,134
18. Ghana	12	69,534,824	30,307,059	39,227,765	6,600,920	23,706,139
19. Guinea	11	57,102,000	21,041,344	36,060,656	4,511,693	16,529,651
20. Guinea Bissau	2	11,010,000	9,482,430	1,527,570	58,148	9,424,292
21. Equatorial Guinea	3	7,200,000	6,007,983	1,192,017	199,723	5,808,260
22. Ivory Coast	13	74,233,758	38,44,501	35,789,257	10,435,538	28,008,963
23. Kenya	16	129,274,712	47,111,69	82,102,743	10,871,368	36,300,601
24. Lesotho	3	28,770,000	17,211,11	11,552,889	584,402	16,632,709
25. Liberia	18	115,929,977	61,464,745	54,465,232	6,715,760	54,748,985
26. Madagascar	5	61,990,000	3,653,538	58,336,462	—	3,653,538
27. Malawi	11	67,051,107	40,170,734	26,880,373	9,146,194	31,024,540
28. Mali	2	5,631,870	5,631,870	—	1,299,940	4,331,930
29. Mauritania	5	26,510,000	11,114,855	15,395,145	1,476,987	9,637,868
30. Mauritius	8	32,478,717	16,071,224	16,407,493	4,573,916	11,77,308
31. Morocco	17	161,761,054	66,523,691	95,237,363	15,071,996	51,451,695
32. Mozambique	7	78,300,000	25,791,718	52,508,282	965,349	24,826,369
33. Niger	6	27,746,165	21,921,679	5,825,086	5,042,013	16,879,066
34. Nigeria	3	6,931,313	6,931,313	—	5,626,367	1,304,946
35. Rwanda	2	12,100,000	2,350,646	9,749,354	587,662	1,762,984
36. Sao Tome & Principe	—	—	—	—	—	—
37. Senegal	11	51,932,369	37,633,130	14,299,239	6,152,278	31,480,852
38. Seychelles	5	23,003,000	6,613,283	16,389,717	823,210	5,790,073
39. Sierra Leone	6	11,212,322	9,911,548	1,300,774	3,608,439	6,303,109
40. Somalia	3	7,313,802	4,662,190	2,651,612	972,608	3,689,582
41. Sudan	7	38,811,268	13,287,602	25,523,666	7,000,842	6,286,760
42. Swaziland	13	52,924,607	25,847,453	27,077,154	6,769,247	19,078,206
43. Tanzania	9	45,663,326	36,291,778	9,371,548	6,757,248	29,534,530
44. Togo	6	18,295,596	15,357,227	2,938,369	5,200,403	10,156,824
45. Tunisia	24	261,864,943	58,194,854	203,670,089	15,684,740	42,510,114
46. Uganda	14	97,651,752	48,646,979	49,004,773	8,643,694	40,003,285
47. Zaire	19	162,305,474	54,240,007	108,065,467	10,561,224	43,678,783
48. Zambia	12	106,138,871	40,886,997	65,251,874	5,977,956	34,909,041
49. Zimbabwe	3	28,300,000	1,965,196	26,334,804	—	1,965,196
Multinational						
50. E.A.D.B.	3	17,000,000	9,523,729	7,476,271	3,184,550	6,339,179
51. Air Afrique	1	2,072,367	2,072,367	—	2,072,367	—
52. R.A.N.	2	7,999,461	7,999,461	—	4,506,432	3,493,029
53. Liberia/Sierra Leone (Mano Bridge)	2	1,807,723	1,807,723	—	861,406	946,317
54. C.I.M.A.O.	1	8,200,000	8,200,000	—	341,667	7,858,333
55. Mali/Mauritania/Senegal (C.M.V.S.)	1	10,900,000	3,470,317	7,429,683	—	3,470,317
56. Mali/Senegal (Railways)	1	6,650,000	3,105,335	3,544,665	—	3,105,335
57. Ivory Coast/Ghana (Tono Bridge)	1	1,842,355	1,829,258	13,097	228,657	1,600,601
58. Mali/Burkina Faso/Niger (Liptako)	1	10,000,000	5,209,748	4,790,252	127,164	5,082,584
59. Togo/Benin (Nagbeto)	1	15,440,000	1,952,636	13,487,364	—	1,952,636
Total — June 30, 1985	388	2,724,489,790	1,155,188,507	1,569,301,283	228,883,060	926,305,447
Total — December 31, 1984	383	2,653,568,383	1,016,082,948	1,637,485,435	204,755,693	811,327,255

The accompanying notes to the Financial Statements (Annex I-4) form part of this Statement.

No person is authorized to give any information or to make any representation not contained in this Prospectus; any information or representation not contained herein must not be relied upon as having been authorized by the Bank or by any dealer, underwriter or agent of the Bank. This Prospectus does not constitute an offer to sell or solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

\$100,000,000



African Development Bank

10½% Ten Year Notes of 1985,
due November 1, 1995

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PROSPECTUS

Kidder, Peabody & Co.
Incorporated

The First Boston Corporation

Arent, Fox, Kintner, Plotkin & Kahn

JEROME ARMAN
ALBERT E. ARNT
DAVID J. BARN
DONALD M. BARNES
JOEL P. BASSOFF
EVAN A. BERLACK
ERIC J. BERTHOLD
STANLEY J. BIRAN
WILLIAM R. BURRO
LINDA C. CACOTTA
ERIN M. COLLSON
JOHN C. CULVER
MICHAEL M. EATON
SMULL EFRON
MARC L. EICHNER
STEPHEN B. FISHMAN
THEODORE D. FRANK
JOSEPH M. FRES
STEPHEN L. GEIDON
E. CALVIN GILLUM
GERALD B. GREENWALD
JAMES H. HALPERN
JOHN HARVEY JR.
LAWRENCE F. HENNERBERGER
ROBERT H. HUSCH
ROBERT H. HUY
JOHN D. HUSPON

MICHAEL E. JAFFE
EDWIN L. JANN
EAGLE W. KINTNER
GEORGE R. KLEIN
MICHAEL W. LEAHY
LAWRENCE A. LEVIT
ALAN R. MALARRY
EUGENE A. MASSEY
STUART R. MATTHEWS
EUGENE J. MEISNER
JAMES P. MEGOWID
ROBERT H. NELMAN
DAVID M. OSYCS
RODNEY P. RAGE
JAMES P. PARKER
MATTHEW S. PERLMAN
HARRY M. PETERIN
JOHN R. FISHER JR.
SALVATORE A. ROMANO
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MALVERN J. SHEFFIELD JR.
ALEXANDER S. SEGEL
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CHRISTOPHER SMITH

DANIEL C. SMITH
CARTER STONG
WILLIAM SULLIVAN
PETER TANNENWALD
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STEPHEN J. WEISS
ARNOLD R. WESTERMAN
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MANAK BAGHDADI
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STEPHAN J. EDWARDS
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NANCY T. FORDEN

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WILLIAM W. GOODRICH JR.
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Writer's Direct Dial Number

202-857-6434

January 17, 1984

Mr. Willis F. Kirkpatrick
Director
State of Alaska
Department of Commerce and Economic Development
Pouch D
Juneau, Alaska 99811

Re: Legislative Qualification of African Development
Bank Securities for Investment by Alaska
State-Regulated Institutional Investors

Dear Mr. Kirkpatrick:

I am writing in response to your letter of September 16, 1983 to Secretary of the Treasury Regan concerning the African Development Bank.

Our firm has been retained by the African Development Bank ("the Bank") to represent it in its efforts to obtain legislation in Alaska which would permit various state-regulated institutional investors to purchase the securities of the Bank. I would like to ask your support and assistance in helping to introduce and pass appropriate legislation to help the African Development Bank qualify its securities in Alaska. The needed bill would simply give the African Development Bank the same opportunity to sell securities in Alaska that the other international development banks already enjoy.

BACKGROUND

The United States recently became a member of the African Development Bank, a regional international financial institution established in 1964. The Bank's current membership consists of nearly all countries in Africa (with the exception of South Africa), together with nonregional member governments, largely from Europe, Japan and Canada.

Mr. Willis F. Kirkpatrick
January 17, 1984 .
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As was the case for the International Bank for Reconstruction and Development (the World Bank), the Inter-American Development Bank, and the Asian Development Bank, legislation will be required to authorize institutional investors in Alaska and other states to invest in securities issued by the African Development Bank. Such legislation has already been passed in New York and Illinois.

The Bank makes loans at near-market rates to member countries. These loans in the main support agricultural development and basic infrastructure projects in the recipient African countries.

In 1981 Congress enacted and President Reagan signed into law a bill (Public Law 97-35) authorizing United States participation in the Bank. Approximately \$360 million has been appropriated for the initial U.S. stock subscription. Twenty-five percent (\$89.93 million) of the U.S. subscription would be paid in and seventy-five percent (\$269.8 million) would be callable.

The African Development Bank plays perhaps the leading role in fostering economic cooperation in Sub-Saharan Africa, an area of increasing economic significance for the United States. This cooperative effort among Black African countries serves as the only pan-African institution still in existence. U.S. participation in the Bank will be of critical importance in our attempts to enhance and consolidate our relationships with the nations of this region.

As with other multilateral development banks, the African Development Bank raises its lending resources primarily on the international capital markets. The issuance and marketing of securities in the United States is governed by both federal and state law. As noted above the federal government has already acted to permit federally-chartered financial institutions to invest in the securities of the Bank. We must now seek appropriate legislation at the state level.

PROPOSED LEGISLATIVE CHANGES

With respect to Alaska, I outline below for your review those laws which govern the investment authority of state investors. The needed legislative changes are not

Mr. Willis F. Kirkpatrick
January 17, 1984 .
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complicated and in general require only the addition of the name "African Development Bank" to existing statutes. All references and citations are to Alaska Statutes (A.S.).

I. Commercial Banks

State commercial banks will need specific authority to invest in African Development Bank securities. Alaska Statutes § 06.05.270.(a)(9) will have to be amended to add the African Development Bank to the list of approved international development bank obligations which now includes those of the International Bank for Reconstruction and Development and Inter-American Development Bank.

II. Insurance Companies

Domestic insurers will require specific authorization to invest in African Development Bank securities. The following amendment will be necessary to A.S. § 21.21:

Sec. 21.21. . African Development Bank. An insurer may invest in obligations issued, assumed or guaranteed by the African Development Bank.

(Investment in the obligations of the International Bank for Reconstruction and Development and the Inter-American Development Bank are authorized at A.S. §§ 21.21.120 and 21.21.130, respectively.)

A.S. § 21.21.25 authorizes investments "not otherwise expressly permitted," provided they qualify as "sound" investments and meet other conditions.

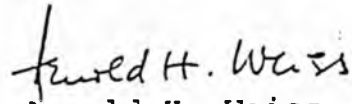
As the above outline indicates, only two provisions of existing Alaska law will need to be amended in order to qualify fully the securities of the African Development Bank. Similar legislation has already been adopted in New York and Illinois and has been proposed in a number of other states.

I would appreciate the opportunity to discuss this legislative proposal further with you or your staff. My colleague, George Lehner, and I would be happy to review with you in detail any questions you may have with regard to this matter. Mr. Lehner can be reached at 202-857-6232.

Mr. Willis F. Kirkpatrick
January 17, 1984.
Page Four

Enclosed for your review is a copy of the White House press statement issued on February 8, 1983 marking the occasion of the formal acceptance of the U.S. in the African Development Bank and a reprint from "Institutional Investor" on the Bank.

Sincerely yours,


Arnold H. Weiss

Enclosures

United States Joins African Development Bank.

FACT SHEET

President Reagan today signed the necessary documentation accepting United States membership in the African Development Bank.

In 1972, non-regional countries joined Bank members in establishing the African Development Fund to provide concessional financing to the poorest African countries. In 1979, the Governors of the Bank extended the offer of membership to the United States and other non-regional countries.

In 1981, Congress authorized both U.S. membership in the African Development Bank and a U.S. subscription of \$359.7 million of Bank capital. Also in 1981, the first installment (\$17.99 million of paid-in capital and \$53.96 million of callable capital) was enacted by the Congress. Four additional installments with identical amounts for paid-in and callable capital subscriptions will be sought in the FY 1984-1987 period.

United States membership in the African Development Bank reflects this country's growing economic and security interests in this important region, and our desire to cooperate in a constructive multilateral effort to help the countries of Africa overcome their very serious development problems.

Background on the African Development Bank

The African Development Bank, with headquarters in Abidjan in the Ivory Coast, was established in 1963, by 30 African countries to make loans on near-market terms to promote economic and social development in member countries individually and through regional cooperation. Under the terms of the original Articles of Agreement, membership was restricted to independent African countries. There are currently 50 African member countries. In 1972, Bank members joined with non-regional countries to establish the African Development Fund to provide financing on concessional terms to the poorest African countries. The United States became a member of the Fund in 1976.

The Bank finances its loan operations primarily from the paid-in capital subscriptions of member countries and funds raised through borrowings or guarantees in international capital markets. Lending operations totaled \$1,663 million as of year-end 1981, with lending concentrated in public utilities (32 percent), industry and development banks (25 percent), transport (24 percent) and agriculture (17 percent).

Although Bank resources have increased significantly, the absence of industrial countries severely limited the Bank's access to world capital markets. In May 1979, the Governors of the African Development Bank agreed, subject to the necessary ratification by member governments, to invite non-African countries to join the Bank. Twenty-one non-regional countries subsequently agreed to subscribe a total of \$2.1 billion to the Bank, 25 percent in paid-in capital and 75 percent in callable capital. The United States share of the non-regional subscription is 17.04 percent, i.e., \$89.93 million in paid-in capital and \$269.80 million in callable capital.

February 8, 1983

EXECUTIVE ORDER

AFRICAN DEVELOPMENT BANK

By the authority vested in me as President by the Constitution and statutes of the United States of America, including Section 1 of the International Organizations Immunities Act (22 U.S.C. 288), Reorganization Plan No. 4 of 1965, and the African Development Bank Act (22 U.S.C. 290i), and in order to facilitate United States participation in the African Development Bank, it is hereby ordered as follows:

Section 1. The African Development Bank, in which the United States participates pursuant to Sections 1332-1342 of Public Law 97-35 and the Agreement Establishing the African Development Bank, is hereby designated as a public international organization entitled to enjoy the privileges, exemptions, and immunities conferred by the International Organizations Immunities Act. This designation is not intended to abridge in any respect the privileges and immunities which such organization has acquired or may acquire by treaty or Congressional action. This designation shall not affect in any way the applicability of Section 1 of Article 52 of the Agreement, Article 57 of such Agreement or the Declaration made by the United States pursuant to Article 64 of the Agreement.

Sec. 2. Executive Order No. 11269, as amended, is further amended by deleting "and African Development Fund" and adding ", African Development Fund, and African Development Bank" in Sections 2(c), 3(d) and 7, respectively.

Sec 3. The functions vested in the President by Sections 1333(c), 1334, 1338(a) and 1341(b) of Public Law 97-35 (22 U.S.C. 290i-1(c), 290i-2, 290i-6(a), and 290i-9(b)) are delegated to the Secretary of the Treasury.

RONALD REAGAN

THE WHITE HOUSE,
February 8, 1983.

#

February 8, 1983

TEXT OF A LETTER FROM THE
PRESIDENT TO THE PRESIDENT OF THE
AFRICAN DEVELOPMENT BANK

February 8, 1983

Dear Mr. President:

On behalf of the United States of America, it gives me great pleasure to accept membership in the African Development Bank in accordance with Board of Governors resolutions 05-79, 06-79, and 07-79.

In accepting membership, I also wish to inform you of the following:

1. The United States of America has completed all steps necessary in accordance with its laws and is prepared to fulfill all the obligations of membership under the Agreement Establishing the Bank.
2. On January 31, 1983, a duly authorized representative of the United States of America signed the Agreement Establishing the Bank and deposited our instrument of acceptance with the United Nations.
3. The United States of America hereby subscribes to 1,491 shares of the paid-up capital stock of the African Development Bank ("Bank"), and 4,473 shares of the callable capital stock of the Bank (inasmuch as pertinent budgetary appropriations have already been obtained); and subscribes, subject to obtaining budgetary appropriations, to an additional 5,964 shares of the paid-up capital stock of the Bank and an additional 17,892 shares of the callable capital stock of the Bank in accordance with the provisions of the General Rules Governing Admission of Nonregional Countries to Membership in the Bank.
4. I have nominated Donald T. Regan, Secretary of the Treasury, to be Governor of the Bank and W. Allen Wallis, Under Secretary of State for Economic Affairs, to be Alternate Governor of the Bank. The Senate is now in the process of confirming those nominations. We will notify you when they have been confirmed.
5. Pursuant to Article 40 of the Agreement Establishing the African Development Bank, the United States of America designates the Department of the Treasury for purposes of communication with the Bank on matters connected with the Agreement.

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(over)

depository in which the bank may keep its holdings of the currency of the United States of America or other assets.

6. The United States of America has fulfilled all the legal requirements necessary to make the subscription to the capital stock and to assure that the currency received by the Bank thereunder shall be freely convertible into the currencies of other countries for the purposes of the Bank's operations.

Sincerely,

RONALD REAGAN

Mr. Wila Mung'Omba
President
African Development Bank
Abidjan, Ivory Coast

* * * * *

REMARKS OF THE PRESIDENT
IN CEREMONY MARKING U.S. MEMBERSHIP
IN AFRICAN DEVELOPMENT BANK

The State Dining Room

1:51 P.M. EST

THE PRESIDENT: Your Excellencies, President Mung 'Cmba, Secretary Regan and members of the Congress and distinguished guests, one of the great pleasures of this office is that I often have a chance to do something unabashedly positive in nature. And I'm pleased to say that what we're about to do offers such an opportunity.

Today we mark the new American partnership, as I'm sure Secretary Regan has told you, with the people of Africa through our acceptance of membership in the African Development Bank.

We take the step purposefully and by it we underscore our commitment to African growth.

The United States has always taken a farsighted view to assist the growth of developing nations. At the Cancun Summit in October of '81, the United States laid out a broad-based program of trade, investment and aid to meet the diverse needs of the developing countries. Last year, we put this approach into practice in our Caribbean Basin Initiative for the developing countries of the Caribbean and Central America. And with this step today, the United States reaches out to its developing nation partners in Africa.

The United States and the African Development Bank are not new friends by any means. Since '68, the United States has provided technical assistance to the bank through the Agency of International Development. And since '76, we've channeled part of our development assistance to Africa through the bank's affiliates -- or affiliates, I should say, of the African Development Fund.

And now, by opening its membership to the non-African countries, the African Development Bank has given us the opportunity for even closer cooperation. I'm happy to say we accept the invitation and stand ready to do our share.

We're painfully aware that Africa's economic development is encountering difficult obstacles. As the leader in the cause of the progress, the African Development Bank group along with other assistance organizations must strive for more effective use of the limited development funds.

The African governments who carry the heaviest responsibility for their own domestic economy -- or economic conditions

MORE

If the leaders of Africa's nations recognize the critical role of private enterprise, they can then expect to share in much more of the worldwide economic upturn that we think is now beginning in this country. Americans recognize both the special development needs and the great potential of Africa. The African Development Bank Group symbolizes the determination of Africa and the International Community to meet those needs and to achieve that potential.

We, in the United States, are enthusiastic about this partnership as I am sure the Secretary has told you. And we look forward to seeing tangible results from this cooperative and very special effort.

And now, I am going to sign a letter to the President of the Bank, and I am going to sign our Action Paper.

(The documents are signed. Applause.)

There, that makes it absolutely official.

(Applause.)

PRESIDENT MUNG'OMBA: Mr. President of the United States, Mr. Secretary of the Treasury, and the Governor of the African Development Bank, distinguished Senators and Congressmen, Your Excellencies, ladies and gentlemen, on behalf of the Board of Governors and the Board of Directors of the African Development Bank and on my own behalf, permit me to acknowledge with sincere gratitude the singular honor you have done the Bank and ourselves today in deciding to mark the signing of the formal instruments of accession of the United States to membership of the African Development Bank with this special ceremony.

Mr. President, the ceremony we have just witnessed is significant in many respects. But I think it is most obviously significant in that it marks the clearest commitment of the government and the people of this great country to the development objectives and aspirations of the African peoples as collectively expressed in their institutions that form the African Development Bank Group.

Mr. President, we have long had clear and consistent proof of the sincerity and sympathy of the United States toward these institutions. Your country's assistance both in the formal funds and technical assistance to the Bank has been a reliable and invaluable supplement to the Bank's own efforts for nearly as long as the Bank has been in existence. And this notwithstanding that, for reasons that are now happily historical, the United States could not at that time be a member of the African Development Bank.

The same history of great care and concern is even more amply evident in the clear leadership position that the

MORE

it marks a further confirmation of the commitment of your people, your government, and we recognize it as an explicit assurance that it is a long-term commitment.

And because it's long-term in nature, it further underscores the concern of the people of this country for the plight of the people of Africa, which is the chief duty of the institutions of the Bank group to help mitigate.

On behalf of the governing bodies of the Bank, it is my singular honor and pleasant duty to welcome the United States of America to membership of the Bank. You will, Mr. President, have, no doubt, have been informed at least in outline of the long period of internal debate which preceded the decision of our governors to admit non-African countries to membership of the Bank. In the end, what persuaded them was the consideration that non-African membership could create an opportunity on the continental level and, under their own leadership, for a more extensive dialogue and partnership between the two sides in combatting Africa's endemic development problems.

Mr. President, it is this opportunity which we in the Bank, with the assistance of countries like yours, have the responsibility to translate into reality. And I am convinced that we will succeed in this endeavor. There can be no doubt that with the material and technical resources that will be made available to the Bank as the result of this day's work, its effectiveness in manning this frontier and pushing it back is significantly enhanced.

Mr. President, your decision to have present at this ceremony such a distinguished and broadly representative selection of the members of the executive, the legislature and the business and banking organs of the nation signifies clearly to all of us how essential is the participation of all these sectors of the nation before this great adventure in international cooperation can become a true success.

Allow me, sir, to address a word of gratitude to the many concerned friends of Africa in the Senate and Congress whose consistent support for this program over all these years has today brought our efforts to fruition.

Equally, sir, a word of thanks is due to these tasks of both of the executive and the legislative who sought tirelessly and patiently assisted us at all stages of our preparations.

Mr. President, I would on this happy occasion go further and take this wonderful opportunity, on behalf of my colleagues, myself, the African Development Bank, personally to wish you a belated Happy Birthday and sincere good wishes for health, success and God's blessings in your future endeavors.

Sir, on behalf of the Boards of Governors and Directors of the Bank group, accept our most sincere welcome to the African Development Bank and our thanks to you and to the people of your great country. (Applause.)

END

2:05 P.M. EST

Arent, Fox, Kintner, Plotkin & Kahn

Washington Square 1050 Connecticut Avenue, N.W.

Washington, D.C. 20036-5339

David J. Aronofsky
(202) 857-6054

January 23, 1985

Roger Lewis
Office of the Honorable Patrick M. Rodey
Alaska Senate
Juneau, AK 99811

Re: African Development Bank Legislative Needs
in Alaska

Dear Roger:

I enjoyed our conversation today about the above-referenced matter, and am forwarding the materials from other states you requested. After you and I spoke, I talked with Melissa Fouse in Senator Sturgulewski's office about the legislation and she informed me that she would speak to you this week. At her suggestion, I have also contacted Wes Coyner of the Alaska Bankers Association, along with Association Legislative Director David Dahlke in Anchorage, and forwarded them a set of materials identical to that in your possession. Wes indicated to me in a telephone conversation that the Association probably will not take any position at all on this legislation, but I am sensitive to the political protocol here and understand the need to involve the state banking community in legislation of this sort from time to time. In fact, we have occasionally relied upon support from state banking groups to facilitate passage of similar bills in other states, and welcome their support.

Please do not hesitate to call me if I can provide you with any additional information. If for some reason I am out-of-town or otherwise unavailable, you can call my colleague, George Lehner (202-857-6232) who is working with me in coordinating the Bank's nationwide legislative efforts. I shall rely upon your judgment about whether George or I need to come to Juneau.

Thank you again for the interest and consideration shown by Senator Rodey regarding the Bank and its legislative concerns.

Sincerely,



David Aronofsky

Arent, Fox, Kintner, Plotkin & Kahn

Washington Square 1050 Connecticut Avenue, N.W.
Washington, D.C. 20036-5339

David J. Aronofsky
(202) 857-6054

December 17, 1984

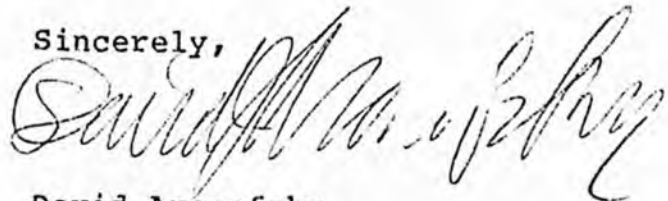
Jim Kelley
Office of The Honorable Patrick M. Rodey
Alaska Senate
3271 Montclair
Anchorage, Alaska 99503

Dear Jim:

I am writing on behalf of the African Development Bank to follow up your recent visit with David Dye about the legislation the Bank is seeking during the 1985 Alaska legislative session. I am enclosing a draft bill and a brief memorandum about the Bank and its Alaska legislation needs to accompany the other materials which I understand David left with you. He thinks very highly of Senator Rodey and has strongly recommended that we seek to get his support in introducing the legislation for the Bank. I hope after you discuss this matter with him, he will agree to work with us. For your information, I have also forwarded copies of the Bank materials to Melissa Fouse in Senator Sturgulewski office and to Representative Walt Furnace.

Please do not hesitate to call either George Lehner (202-857-6232) or myself (202-857-6054) if you have any questions. I shall look forward to speaking with you soon personally about this matter.

Sincerely,



David Aronofsky

Enclosure

M E M O R A N D U M

AFRICAN DEVELOPMENT BANK STATE
LEGISLATIVE PROGRAM - ALASKA

I. Background

Our law firm has been retained by the African Development Bank ("the Bank") to help secure enactment of legislation, where necessary, which would permit state regulated banks, insurance companies, fiduciaries and public employee retirement systems to invest in Bank obligations if they choose to do so. A few years ago, largely through efforts of the Congressional Black Caucus, Congress enacted Title XIII of P.L. 97-35 authorizing United States membership and financial participation in the Bank, which was initially created in 1964 and until 1982 limited its membership to African countries. Today, the Bank's membership includes all African nations except for South Africa, plus the Governments of the United States, Canada, Japan and Western Europe.

The Bank, a principal source of economic development projects on the African continent, must finance these projects through the sale of its securities in the world's capital markets. As with the International Bank for Reconstruction and Development (World Bank), the Inter-American Development Bank, and the Asian Development Bank, investments in African Development Bank securities by the state-regulated institutions described above generally require either state legislation or administrative agency rulings prior to the time such securities can be marketed in a particular state. P.L. 97-35 referred to above authorized federally regulated financial institutions to invest in such securities.

During the past 15 months, the Bank has managed to obtain passage of legislation qualifying its securities for investments by state regulated investors in California, Connecticut, Florida, Illinois, Maryland, Minnesota, New York, Tennessee, and Virginia. Similar legislation is currently pending in Colorado, Michigan, New Jersey, Ohio, Pennsylvania, and Texas, and commitments to introduce bills for the 1985 legislative year have been obtained in various additional states. Other states have either issued administrative rulings or have laws which already permit such investments under a "prudent investor" standard, although each state has its own particular legal rules applicable to state-regulated institutional investors and no two states are alike in this regard.

The Bank is planning to enter the United States capital market for the first time in 1985. The three principal American bond rating services have recently given its securities AAA, AAA and AA ratings, which makes this type of investment quite attractive once a regulated investor receives the appropriate legal authorization. In order to assure a successful United States market debut, the Bank is seeking enactment of legislation in a number of additional states, including Alaska, to obtain this authorization.

II. Specific Legislation Needs in Alaska

Our review of the applicable Alaska laws indicates a need for amending only a few sections of the Alaska Statutes to gain investment authorization for state regulated banks and insurance companies. This involves merely adding the name of the African Development Bank to that of the other multinational development banks whose securities are already eligible for these investments. The other state regulated funds apparently already have appropriate investment authority under a prudent investor standard and do not require statutory change. Draft legislation has been prepared to meet the Bank's needs.

Based upon our experience to date in other states, this legislation should be completely noncontroversial. President Reagan and U.S. Treasury Secretary Regan have actively supported our efforts to get this legislation enacted, as have many B... political leaders around the country. Because of the h... Bank securities ratings, prospective investors also support it since this increases their high yield, low risk portfolio options and provides them an opportunity to make both profitable and socially worthwhile investments. Finally, since the Bank is the major source of foreign exchange financing transactions in Africa, American exporters to that continent, particularly in the agricultural sector, have ample incentive to support the Bank's financial success.

S.B./H.B. _____

Offered _____ (Date) _____

By Senator/Representative _____

A Bill to amend Alaska Statutes §§06.05.270(a)(9) and 21.21, providing for certain investments in obligations of the African Development Bank.

BE IT ENACTED BY THE ALASKA LEGISLATURE THAT THE ALASKA STATUTES BE AMENDED AS FOLLOWS:

Section 1: Alaska Statutes §06.05.270(a)(9) is amended as follows:

"(9) obligations of the International Bank for Reconstruction or the Interamerican Development Bank or the African Development Bank subject to the limitation of (b) of this section."

Section 2: Alaska Statutes §21.21 is amended to add new section 340, as follows:

"**Sec. 21.21.340 African Development Bank.** An insurer may invest in obligations issued, assumed or guaranteed by the African Development Bank."

Section 3: This legislation shall take effect immediately upon passage.



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Kidder, Peabody International Limited

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Xipeco Finance S.A.

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Wilkes-Barre

African Development Bank



SUMMARY FACT BOOK

Description

The African Development Bank (the "Bank" or "ADB"), established in 1963, provides financial and technical resources to the African region for the economic and social development of its member countries.

In its first twenty years, the Bank was organized and capitalized entirely by African countries. The Bank's capital consists of callable and paid-in subscribed capital stock and reserves. Callable capital may not be used to fund loans and is subject to call only when required to meet the Bank's obligations on borrowings or guarantees. It is especially noteworthy that at March 31, 1983, the total subscribed capital of African members was \$3,269.7 million, of which \$817.4 million, or 25%, was in the form of paid-up capital.

On December 30, 1982, the Bank amended its Charter to open its membership to non-regional member countries. At March 31, 1983, the Bank's membership consisted of sixty-seven countries, fifty of which were African country members with the remaining seventeen composed of the new non-regional members, which include the United States, Japan, Canada,

and most of the major industrial countries of Europe. The new non-regional subscriptions at March 31, 1983 amounted to \$1,699.5 million, of which callable capital totalled \$1,274.6 million and paid-up capital amounted to \$424.9 million. These member countries are, in effect, both the Bank's shareholders and to the extent of their capital subscriptions, ultimate guarantors of the Bank's obligations. Their collective financial strength within the Bank transcends the individual strengths of each member country's subscription. At March 31, 1983, the Bank's total capital resources amounted to \$5,362.1 million, of which \$4,637.6 million was callable capital and \$724.5 million was paid-in capital plus reserves. The Bank has been profitable in every year since its creation and by policy, has retained all net income by transferring it to reserves.

In the ordinary capital operations of the Bank, loans are made for specific projects which are planned on the basis of detailed analysis and designed to fulfill a priority need in the borrowing member country. These are "hard" loans which have been thoroughly analyzed as to technical and economic feasibility and are fully documented as legal and binding obligations with terms and conditions comparable to commercial loans in the private sector. *These loans are made only to, or guaranteed by, sovereign member governments or to agencies which engage the full faith and credit of a sovereign government. Since the Bank's inception, no borrowing entity has ever defaulted on a loan, and the Bank has maintained its firm policy of not engaging in any loan renegotiations or reschedulings.*

This summary book has been prepared by the Corporate Finance Department of Kidder, Peabody & Co. Incorporated. The information contained in this report with respect to the African Development Bank, Inter-American Development Bank, World Bank, Asian Development Bank, and European Investment Bank has been obtained from officials, releases, trade and statistical services, and other sources which we deem reliable. We do not represent that it is accurate or complete, and it should not be relied upon as such. Any opinions expressed herein reflect our judgment at this date and are subject to change.

Kidder, Peabody & Co. Incorporated has on numerous occasions acted as an underwriter of the securities of the Inter-American Development Bank, World Bank, Asian Development Bank, and European Investment Bank and also acts as a market-maker in these securities. Kidder, Peabody & Co. Incorporated also acts as investment banker for the African Development Bank and will act as an underwriter and market-maker in its securities.

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