

MINUTES OF THE 60th BOARD OF DIRECTORS MEETING

**Bank Industri & Teknologi Malaysia Berhad Headquarters
Kuala Lumpur, Malaysia
August 9, 2004**

Members Present:

Amb. Jesus P. Tambunting, Planters Development Bank, Presiding Chairman
Mr. Nawang Gyetse, Bhutan Development Finance Corporation
Mr. Meleveetil Damodaran, Industrial Development Bank of India
Mr. Mohd Noor Yusoff, Bank Industri & Teknologi Malaysia Berhad
Mr. Zaigham Mahmood Rizvi, Pakistan-Kuwait Investment Co. (Private) Ltd.
Mr. Anthony Nihal Fonseka, DFCC Bank
Mr. Takashi Natori, Development Bank of Japan, representing Mr. Takeshi Komura
Mr. Sirichai Sakornratanakul, Industrial Finance Corporation of Thailand, representing Mr. Kraithip Krairiksh
Mr. Botir U. Nurullayev, National Bank of Uzbekistan, representing Mr. Zainutdin Mirkhodjaev
Ms. Tran Anh Thu, Bank for Investment and Development of Vietnam, representing Mr. Nguyen Le Dao
Mr. Orlando P. Peña, Secretary-General

Others Present:

Mr. Octavio B. Peralta, Deputy Secretary General
Ms. Rahmonkulova Hulkar, National Bank of Uzbekistan

Members Absent¹:

Mr. Chen Yuan, China Development Bank
Mr. Tukana Bovoro, Fiji Development Bank
Mr. Ji-Chang Yoo Korea Development Bank
Mr. Mohammad Reza Solankhah Bidokhti, Bank of Industry and Mine
Mr. Kambar Shalgimbayev, Development Bank of Kazakhstan
Mr. Siilegmaa Monhbat, Trade and Development Bank of Mongolia
Mr. B. K. Man Singh, Nepal Industrial Development Corporation
Mr. Falefa Lima, Development Bank of Samoa
Mr. Taci Bayhan, Development Bank of Turkey

¹ Members who were unable to attend notified the Secretariat of their reasons and wished the meeting a success.

The Minutes:

1. The Chairman called the meeting in order at 2:10 p.m. He thanked the host of the meeting, Mr. Mohd Noor Yusoff who welcomed everyone and gave the details of the other activities of the Board.
2. The Chairman then welcomed and thanked the members of the Board present and requested them to introduce themselves to each other. He also welcomed Bank for Investment and Development of Vietnam which is attending its first Board meeting as Director.
3. The Chairman then asked the Secretary General to render his report for the period May 31 to July 31, 2004.
4. The Secretary-General started his report by indicating his wish to retire effective December 31, 2004 to devote time to his company, Asia Business Consultants, Inc., from which he organized ADFIAP 28 years ago. He however said that he will continue to be of service to the Association as the Board sees fit to utilize his services. He nominated Mr. Octavio B. Peralta, his Deputy for 14 years, to succeed him because of his long and very satisfactory service record. A formal letter on this has been submitted to the Chairman and the Board. The Chairman said this would be further discussed under Other Matters on the agenda.
5. The Secretary-General's report consisted of the following:

(a) Update on ADFIAP's "impact" projects:

- The "*DFIs for Corporate Governance*" Project, a capacity-building program funded by the Center for International Private Enterprise (CIPE), a Washington, D.C.-based affiliate of the U.S. Chamber of Commerce, is now on its second phase, with the theme, "*Enhancing Corporate Governance in DFIs of Asia & the Pacific*". One regional workshop slated in Manila in October, 2004 and four national events in the subregions of South Asia, Southeast Asia, North Asia and the Pacific will be conducted under the project. Continuing support of the Board by way of participants was requested.
- The "*Greening of DFIs*" Project, a continuing program of the Association initially supported by a grant from the *US-Asia Environmental Partnership* (US-AEP), a USAID initiative to promote environmental management and due diligence in ADFIAP member-banks will continue. In September this year, ADFIAP will team up with the Asia-Pacific Roundtable for Sustainable Consumption and Production (APRSCP) to conduct a conference on "*The Greening of the Financial Sector*" to be held in Manila.

The representative of the Development Bank of Japan, Mr. Natori, expressed the view that his institution gives great importance to environment and thus cites the ADFIAP for its initiative is undertaking environment-related projects which are important to development.

- The *Local Economic Development (LED) Project*, is an area that member-DFIs could take advantage of in terms of opportunities for growth and development as well as a fulfillment of their development mandate. As an initial phase, ADFIAP in

cooperation with Germany's InWEnt and GTZ, has put up a knowledge network in the Internet which can be viewed at <http://www.led.adfiap>. Also, a study on "LED and Development Banks", is being prepared by GTZ for implementation.

- Continuing studies are being undertaken on the ADFIAP *Career Credentialing Program (ACCP)* which is designed to systematically develop and recognize professionals in development banking/financing in view of the importance of financing projects that contribute to national development. ADFIAP's *Institute of Development Finance*, the professional career development and credentialing center of the Association, will be the implementing body of the ACCP. The ADFIAP has a cooperative arrangement through an MOU with the Istanbul-based ADFIMI to develop and promote the credentialing process in Asia-Pacific and the member-countries of the Islamic Development Bank.

b) Matters arising from the previous meeting:

Upon approval of the Board and ratification of the General Assembly, the Secretariat undertook the following measures to improve the current financial position of the Association:

- Have leased about 127 sq. m. out of the 388 sq. m. office area of ADFIAP (the middle section of the office) to Asia Business Consultants (ABC) at P 30,000 per month. The lease term is for one year, renewable upon agreement of both ABC and ADFIAP. ABC, in addition, will pay the corresponding condominium fee and utility consumption. ADFIAP stands to save about P 40,000 a month, equivalent to around US\$ 8,600 for one year.
- Starting in calendar year 2005, the Secretariat will implement the increase in the annual membership dues by 20%.
- Developed a five-year strategic plan and a business plan for Years 2005 and 2006, with a set of key performance indicators (Please refer to **Annex 1**).
- Reviewed the asset base of members and their corresponding membership dues with a view of adjusting fees to the correct level. A schedule of this will be circulated.

c) Membership Matters

- As of July 31, 2004, ADFIAP has a total membership of 52 institutions in 25 countries.
- The following institutions were invited as members through the recommendation of the Board of Directors:
 - SME Bank Ltd. (Pakistan)
 - SME Bank (Thailand)
 - Tourism Finance Corporation of India, Ltd.
 - Power Finance Corporation (India)

- North Eastern Development Finance Corp. Ltd. (India)
- National Bank for Agriculture and Rural Development (India)
- The Development Assistance Fund (Vietnam)
- National Innovation Fund (Kazakhstan)
- Kazakstan Investment Fund (Kazakhstan)
- Royal Insurance Corporation of Bhutan Ltd.
- Bhutan National Bank
- Bank of Bhutan
- National Development Bank of Sri Lanka
- Land Bank of the Philippines
- Bank Mandiri (Indonesia)

Director Nawang Gyetse of Bhutan was congratulated for his effort in bringing in three potential members despite the relative smallness of his country.

- ADFIAP has re-linked with Japan's Association for Overseas Technical Scholarship (AOTS) through a collaborative undertaking that features a multi-country SME management training program for loan officers and managers of member-banks. The two-week *Program on SME Financing for Asia and the Pacific (APSF)* will be held at the AOTS Tokyo Kenshu Center (TKC) from October 4 to 15, 2004.
- The *ADFIAP Awards Programme* that recognizes outstanding development projects and individuals in development banking is getting recognized internationally. Now on its 8th year, it consists of one institutional award, the *Outstanding Development Project Awards* and two individual awards, the *Outstanding CEO Award* and the *Distinguished Person Award*.

d) Communication and Information Services

- Most of ADFIAP's communication and information services are now on-line. The ADFIAP website, www.adfiap.org contains all information about the organization. Printed materials and publications are also circulated to members regularly.

e) Secretariat Matters

- The ADFIAP Secretariat consists of a lean staff. To date, there are still 11 permanent staff. Other staff requirements are outsourced. The Secretariat handles membership services, training events, information and publication, I.T. services, finance and administration. To augment the Secretariat, members contribute local logistical services whenever an event is held in their respective countries, such as the Annual Meetings, workshops, seminars, etc.

f) Long-term Development Projects

The following long-term projects which have been approved by the Board previously are still current and being pursued.. These projects, however, have no implications on the budget of the Association since they are being supported by sponsors:

- The *International Trade and Banking Facility* (ITBF) is designed to provide a regional e-commerce network for SME clients of member-banks and other purposes. This is a project under an MOU with the East West Electronic Trade Center (EWETC). It is now operational and maybe deployed to the members.
 - The *National Summit on Development Finance* is designed to be undertaken in each country of ADFIAP member-banks in collaboration with the members, ADFIAP and the UNDP. This is being undertaken in pursuance of the *Monterrey Declaration on the Financing of Development of the United Nations* and the *UN Global Partnership Compact*. It has been proposed to the UNDP since the ADFIAP is an NGO of the UN ECOSOC. The initiative was started in India last year and an agenda for a national summit has been designed.
6. The Chairman requested the Board to deliberate and decide on the proposals presented by the Secretariat. Following are the decisions of the Board.

The Board approved the following proposals:

- Reactivation of Ordinary Membership of the Commonwealth Development Authority of the Northern Marianas Islands in the Pacific.
- Change in membership category from Observer Status to Ordinary Member of Rural Development Bank (Cambodia).
- Additional constitutional provision on *Non- Member Affiliation* of provincial and state-wide DFIs.
- Implementation of the credentialing program for development banking professionals starting with the *Fellow* in Development Banking. The implementing details will be worked out shortly.
- Approval of the Strategic Plan and Business Plan, including the budget for 2005 (please see summary in **Annex 1**).

The Board deferred the following proposals:

- Creation of an ADFIAP Members' Trust Fund, using the 'model' of the Pacific DFI Association (ADFIP) which has successfully raised F\$1 million in trust funds in 10 years (1993 to 2002) to finance partly the operations of the Secretariat.
- Charging delegates a fee at the ADFIAP Annual Meetings.


In lieu of the two proposals above, the Board approved, after discussing various options to meet the very tight cash position of the Secretariat, the sale of ADFIAP's office condominium units so that the Association can create a cash reserve for its immediate and future liquidity requirements. It authorized the Chairman to negotiate for the sale.

7. The following were taken up under Other Matters on the agenda:

- The Board expressed its preference for the Secretariat to study the possibility of having a program of internship where members may send their staff members for short study tours at their expense. This would enable members to have a better opportunity to learn and exchange information and know-how. This could be part of the professional development and credentialing program.
- Upon nomination by Dato Mohd Noor Yusoff, the Board elected Mr. Zaigham Mahmood Rizvi, Managing Director of Pakistan-Kuwait Investment Co. (Private) Ltd., as the third Vice Chairman of the Association.
- In respect of his wishes, the Board accepted the desire of Mr. Orlando P. Peña to retire as Secretary General after serving for 28 years, effective December 31, 2004 and, on the recommendation of the Chairman, approved his appointment as Adviser to the four existing ADFIAP working committees effective January 1, 2005 with a fixed monthly fee of P 30,000, the term of which will be co-terminus with the tenure of Chairman Tambunting.
- On nomination of the Secretary-General, the Board appointed Mr. Octavio B. Peralta as the new Secretary General effective January 1, 2005.
- As suggested by the Chairman, a formal ceremony in connection with Mr. Peña's retirement will be held on the occasion of the General Assembly Meeting in Fiji, in May 2005.

(Please refer to **Annex 2** for the Chairman's memo approved by the Board regarding the last three items above).

6. Upon completing the agenda at hand, the Chairman adjourned the meeting at 5:30 p.m. and thanked once again the host, Bank Industri & Teknologi Malaysia Berhad, represented by its Group CEO, Mr. Mohd Noor Yusoff, for graciously hosting the Board meeting at its headquarters.


ORLANDO P. PEÑA
Secretary General

STRATEGIC AND BUSINESS PLANS

A. The 5-Year Strategic Plan (2005-2009)

As the Association goes midway into its third decade of existence, ADFIAP, led by its Board of Directors, engaged in a participative strategic planning process that started in Almaty last May. The planning process was intensive, introspective and self-critical. ADFIAP revisited and changed its mission and benchmarked it against comparable associations. Candid discussions were held with the Board and the Secretariat to assess the future leadership and advocacy role of ADFIAP and the needs of its members.

The output of this planning process is a 5-year strategic plan with theme “*ADFIAP: More Focused and Prepared to Lead*”, the salient points are as follows:

1. For ADFIAP to become an exemplary association, with sustainable development as an advocacy and with member services that are central to all activities, it must transform itself into a *full-service* international association that is open and responsive to the collective interests of its members, constituents and partners.
2. The five (5) strategic directions that will guide the goals and tactics set forth in the Plan for the next five years consist of the following:
 - Association Membership Development
 - Policy Development and Advocacy
 - Resource Development and Innovation
 - Human Capital Development, Professional Standards and Education
 - Support of ADFIAP-affiliated National and Sub-regional DFI Associations and Counterpart Regional Associations Worldwide

B. The Two-Year Business Plan (2005-2006)

To set the motion in fulfilling the ambitious provisions of the 5-year Strategic Plan, the Secretariat has prepared a two-year business plan aimed at concentrating on two basic issues: (a) membership development (retention and expansion) and (b) revenue source innovation (financial growth). Thus, the theme of the business plan is aptly called, “*Back to Basics*” and the salient points are as follows:

1. The main strategy of ADFIAP is the *growth of its membership*. A large membership base provides revenue from dues and also positions ADFIAP as the leading association of development-oriented financial institutions in the region, if not the world.
2. ADFIAP wants to finance growth solely through cash flow. It recognizes that this means it will have to grow more slowly than it might like but that means also that no additional assessment of members or borrowing is necessary in the immediate future.

3. To augment membership dues, ADFIAP plans to generate additional revenues from service fees and grants. Service fees come from the conduct of training events as well as advisory services. Grants are expected to come from its present donors, i.e., Germany's InWEnt and GTZ, the U.S.A.'s CIPE and Japan's AOTS. Revenue from annual membership dues, service fees, grants and others is expected to increase from about US\$ 227,000 in 2003 to \$ 350,600 in 2006 or an increase of about 54%.
4. ADFIAP hopes to achieve the following specific objectives in the next two years. These form the key performance indicators of the Secretariat:
 - Ten new members for 2005 and ten more in 2006
 - Service fees of US\$ 7,000 net of expenses, increasing 10% in 2006
 - Grant money proceeds of about US\$ 36,000 annually
 - Net annual proceeds greater than US\$ 60,000 to sustain a fair beginning cash level for each year



**Association of Development
Financing Institutions in Asia and the Pacific**

"Promoting development financing as the key to sustainable development"

Annex 2

August 7, 2004

**To: The Board of Directors
From: The Chairman
Re.: Turnover of Secretary Generalship**

1. Background

On August 6, 2004, Mr. Peña has submitted a memorandum to me expressing his desire to retire from the service effective December 31, 2004, after reaching retirement age and serving as the founding Secretary General of the Association for 27 years. He will be returning to his mother company, the Asia Business Consultants, Inc., and serve full time as its President.

It will be recalled that the consulting company was a subsidiary of PDCP, headed then by founding ADFIAP Chairman, Mr. Vicente R. Jayme. It was PDCP which hosted the Association's Secretariat during the first ten years of its existence.

In the same memorandum, Mr. Peña nominated Mr. Peralta, his deputy for 14 years, a former officer of the Development Bank of the Philippines (DBP), and who run the day-to-day operation of the Secretariat with him, as his successor.

2. Recommendations

In this regard, I respectfully recommend the following:

- a) Acceptance of Mr. Peña's retirement effective December 31, 2004 and assumption of Mr. Peralta as Secretary General effective January 1, 2005. A formal ceremony in connection with Mr. Peña's retirement will be held at the next General Assembly Meeting of ADFIAP in May 2005.
- b) Appointment of Mr. Peña as Adviser to the Association's four existing working committees effective January 1, 2005 with a fixed monthly fee of P 30,000, the term of which will be co-terminus with my chairmanship.

3. Remarks

I would like to take this opportunity to pay tribute to Mr. Peña's lengthy dedicated service to ADFIAP, highlighted by the many programs and projects of the Association, notably the expansion of membership and its leap to the information technology era. It will be fitting to honor Mr. Peña's many achievements in the next Annual Meetings in May, 2005.


**AMB. JESUS P. TAMBUNTING
Chairman**

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