

MINUTES OF THE 66th BOARD OF DIRECTORS' MEETING

**December 17, 2007
Alpha Room, Pullman Bangkok King Power Hotel
Bangkok, Thailand**

Members Present:

Mr. Fuimaono Falefa Lima, Development Bank of Samoa, Presiding Chairman
Mr. Nihal Fonseka, DFCC Bank, Vice Chairman
Mr. Pongsak Chewcharat, SME Development Bank of Thailand, Host
Mr. Tukana Bovorov, Fiji Development Bank
Mr. Yogesh Agarwal, IDBI Limited
Mr. Milan Bikram Shah, Nepal Industrial Development Corporation
Mr. Abdullah Celik, Development Bank of Turkey
Dr. Mehdi Razavi, Bank of Industry and Mine
Mr. Nawang Gyetse, Bhutan Development Finance Corporation
Mr. Son Koun Thor, Rural Development Bank of Cambodia
Mr. Zenya Yamazaki, representing Mr. Takeshi Komura, Development Bank of Japan
Mr. Timur Izbassarov, representing Mr. Askar Sembin, Development Bank of Kazakhstan
Ms. Fauziah Hanim Baharin, representing Dato' Tajuddin Atan, Bank Pembangunan Malaysia Berhad
Mr. Octavio B. Peralta, Secretary General

Others Present

Ms. Anna Zagoskina, Development Bank of Kazakhstan
Mr. Masamitsu Kawasumi, Development Bank of Japan
Mr. Arash Onsori, Bank of Industry and Mine
Mr. Chongchet Boonkerd, SME Development Bank of Thailand
Mr. Pongsak Chajaimjan, SME Development Bank of Thailand
Mr. Isidro A. Sobrecarey, Deputy Secretary General

Members Absent¹

Ambassador Jesus P. Tambunting, Planters Development Bank
Mr. Zaigham Mahmood Rizvi, House Building and Finance Corporation
Mr. Chen Yuan, China Development Bank
Mr. Chang-lok Kim, Korea Development Bank
Mr. Le Dao Nguyen, Bank for Investment and Development of Vietnam
Mr. Jean-Rene Halde, Business Development Bank of Canada
Mr. Randolph Koppa, Trade & Development Bank of Mongolia
Mr. Saidakmad B. Rahimov, National Bank of Uzbekistan

¹ Board Members absent have sent their regret letters for not being able to attend or send a representative to the meeting.

The Minutes

1. Call to Order and Brief Remarks by the Presiding Chairman

The meeting commenced at 9:10 p.m., with the Presiding Chairman calling the meeting to order. He mentioned the letter of Chairman Tambunting expressing regrets of not being able to attend the meeting, citing a family occasion in the U.S.

He thanked Mr. Chewcharat, President of SME Development Bank of Thailand, for hosting the event and also welcomed him as the newest Board Member, representing his bank which took over the seat of TMB Bank Thailand.

The Presiding Chairman then welcomed and thanked all the Board Members for attending the meeting and requested them to introduce themselves to each other.

2. Approval of the Minutes of the 64th Board of Directors Meeting

The Presiding Chairman then asked the Board to review the minutes of the 65th Board of Directors Meeting held at the Melia Hotel in Hanoi, Vietnam on May 9, 2007 and requested for its approval. Upon receiving the required motions from the members, the Presiding Chairman moved for its adoption and the Board approved it.

3. The Secretary General's Report

The Presiding Chairman requested the Secretary General to render his report covering the period from May 15 to December 15, 2007. The report consisted of three parts, i.e., routine, consent and strategic matters, as follows.

A. Routine Matters

Membership Matters – A comparison of the membership count, CEO Forum attendance, country host programme and existing database resource of the Association as at May 15 and December 15, 2007 was presented. In terms of membership count, it increased to 86 members in 36 countries and territories from 78 and 36, respectively.

Training – Under the Board's *Training Committee* chaired by Mr. Fuimaono Falefa Lima, 10 events were held and one project completed, as follows:

- Three seminars under the “*DFIs for Corporate Governance*” project
- Successful completion of the EU-funded “*Environmental Governance Standards*” project
- Two events under the *SME Finance Initiative* project
- One study tour program under the *Microfinance* project
- Two credentialing programs (Levels 1 and 2)
- Two fee-based seminars

Grants & Projects – Details of grant projects submitted for funding were presented and included the following:

- EU-Asia Invest Programme: Euro 437,900 (declined)

- CIPE: US\$ 63,000 (granted)
- ITC Global Trust Fund: US\$ 220,000 (pending)
- JP Morgan Chase Foundation: US\$ 296,100 (declined)

Business Cooperation – The Board's *Business Cooperation Committee* chaired by Mr. Mahmood Zaigham Rizvi, has initiated an information gathering activity to compile concise but relevant data on member-institutions that the Secretariat will use in the publication of the *ADFIAP Factbook*. 38 members so far have submitted the required data to the Secretariat and are now available on the ADFIAP website.

International Relations – The *Finance & Relations Committee* of the Board headed by Mr. Nihal Fonseka has moved into the dialogue stage the possibility of setting up the “ADFIAP Enterprise Fund” to provide for a regional refinancing facility for small and medium enterprises (SMEs), with the participation of interested ADFIAP members and Germany's KfW Development Bank. The Fund is still in the very initial stages of discussion and needs a “driver-institution” to move it further. So far, there is yet a member to take the lead.

Partnerships & Speaking Invitations – The Board was informed of the various development institutions around the world with which ADFIAP has maintained relationships as well as details of speaking invitations offered to ADFIAP as part of its ‘*mainstreaming*’ initiative. Other related matters included:

- a new partnership with the USAID’s Environmental Cooperation Asia (ECO-Asia) through a memorandum of understanding that calls for an ADFIAP-ECO Asia collaboration in water sector finance and capacity-building programs; and
- in an agreement with the member-Development Bank of Kazakhstan (DBK), ADFIAP will provide technical assistance to the proposed Secretariat of the Interbank Consortium of the Shanghai Cooperation Organization (SCO) consisting of DFIs in Kazakhstan, Russia, China, Tajikistan and Kyrgyzstan.

Information Services – Details of the various publications and web-based resources of the Association were presented, among which are as follows:

Web services:

- ADFIAP website www.adfiap.org
- SME Finance Initiative website www.smefi.com
- Environmental Governance Standards website www.egs-asia.com
- DFIs for Corporate Governance website www.governance-asia.com
- Annual Meetings website www.adfiap.org/30th
- E-Newsletter

Publications:

- Journal of Development Finance
- ADFIAP Newsletter
- Chief Executive Memogenda
- SME Toolbox
- Greenbank
- Governance

- Various books on development banking

Financial Highlights

An interim financial report as of November 30, 2007 was presented and showed the following results:

- Cash Position: US\$445,309.77
- Cash Flow Balance: + US\$475,447.00
- Membership Dues Collection
 - Total Annual Collectibles: US\$324,760.00 (100%)
 - Total Collection: US\$294,480.00 (90%)

An unaudited financial statement as at November 15, 2006 with comparative results as at November 15, 2007 was likewise presented to the Board.

The budget for 2008 was also presented and deliberated upon by the Board.

Secretariat Matters

a) Organization

The Secretary General reported that the Secretariat still maintains a lean staff of 10 permanent staff, including the Secretary General. However, after being vacant for almost three years, and after consultations with the Chairman and the Chair of the Finance & Relations Committee of the Board, the position of Deputy Secretary General has been filled in the person of Mr. Isidro “Roy” Sobrecarey, an experienced, senior-level development banker (Development Bank of the Philippines and Philippine Export-Import Agency – both ADFIAP members).

b) Performance Measurement

The Secretary General reported that the Secretariat exceed its targets in terms of the following (targets on the left side; performance on the right):

○ New Members	10	15
○ Service fees ¹	US\$ 7,700	US\$70,223
○ Grant money	US\$ 40,000	US\$134,207
○ Office rental ²	US\$ 7,000	US\$20,571
○ Savings	US\$ 6,600	US\$10,055
○ Net Annual	US\$ 66,000	US\$519,927 ³
Cash Flow Balance		

¹ Training fees, sale of publications, sponsorship, etc.

² Lease of rentable office space in headquarters

³ Net of beginning cash balance

c) Report to the Committees

The Secretary General also made a report to the Board based on the minutes of the last Committee meetings held in Hanoi, Vietnam on May 9, 2007.

B. Consent Matters

1. Membership Reconfirmation – The following eight new members were reconfirmed by the Board:
 - Bank Keshavarzi (Iran)
 - World Trade & Development Institute (WTDC-Philippines)
 - Bank for Development and Foreign Economic Affairs (Vneshecombank – (Russia))
 - India SME Technology Services Ltd.
 - Japan Bank for International Cooperation
 - Pak Brunei Investment Company Ltd. (Pakistan)
 - Eco-Frontier (Korea)
 - National Investment Company P. Ltd. (Nepal)
2. Governance Minimum Standard Requirement for Board Officers – The Board approved the Secretariat's proposal to set governance minimum standard requirements for Board officers to further enhance the governance process of the Board. Henceforth, all officers of the Board should comply with these minimum standards and sign a proforma document attesting to these standard requirements prior to being elected as Board officer.
3. DFI-to-DFI “Twinning” Initiative – The Board approved the proposal to offer to the members a capacity-building mechanism to boost relationship and experience-sharing of members. For the “Twin DFIs” initiative, the common principles are as follows:
 - Non-commercial engagement
 - Sharing of new innovations/technologies/systems
 - Capacity-building or mentoring element
 - Practitioner-to-practitioner exchange
 - Mutual benefits: new experiences plus joint effort

The role of the Secretariat will be to provide the following assistance:

- information to link potential “twins”
- facilitating activities such as:
 - institutional visits and staff exchanges
 - on-the-job training
 - workshops and discussion groups
 - web communication
- documenting and disseminating experiences

C. Strategic Matters

1. Business Model for ADFIAP as a Social Enterprise – The Board approved the proposal for ADFIAP to position itself as a social enterprise as a business model going forward. The key elements of this model are:
 - “spinning off” of the *Institute of Development Finance* (IDF)
 - setting up of the *ADFIAP Strategic Center* (ASC) as its R&D and consulting unit
 - putting up the *ADFIAP Development Foundation* as a grant-making and outreach unit

The Secretariat was mandated by the Board to draw up the business plans for these units.

2. Climate Change Policy Statement – The Board approved the climate change policy statement drafted by the Secretariat to set stage for mainstreaming the issue to the general membership.

4. Other Matters arising from the Secretary General’s Report

- The Presiding Chairman, Mr. Lima, pointed out for the record, to change the date in the Board agenda from December 19 to 17, 2007.
- Dr. Razavi requested the Secretary General that his report be given to the Board members ahead of the meeting so they are able to apprise themselves better of the report contents and engage more discussions during the meeting. He also suggested to draw up a mechanism to facilitate business cooperation and training among members.
- On annual membership dues, Mr. Yamazaki requested for the schedule of the payments that each member is remitting for reference of the Board.
- Regarding the budget for 2008, the Board requested to revise it to make it closer to actual figures of 2007 rather than being too conservative. On recommendation of Mr. Fonseca to submit the revised budget for approval at the committee level rather than the full Board, the Board acceded to his proposal.
- In approving the governance minimum standard requirements for Board officers, the Board approved the proposal of Mr. Fonseca to start the process with the current officers of the Board.
- In approving the strategic business model of ADFIAP, the Board noted the comment of Mr. Tukana that the consulting and advisory unit of the Association will be a natural fit to its vision.
- In reconfirming Mr. Sobrecarey’s appointment as Deputy Secretary General, the Board, through Dr. Razavi, requested Mr. Sobrecarey to speak and present his academic and professional career credentials.

5. Remarks by the Host

Mr. Chewcharat thanked the Board for welcoming him to the governing body and announced the scheduled activities during the CEO Forum as well as wished the Board for an enjoyable and pleasant stay in Thailand.

6. Concluding Remarks

The Presiding Chairman thanked the Board for their cooperation and valuable inputs, the Secretary General for successfully executing ADFIAP's policies and strategies for year 2007, and the host SME Bank for the organizing this event. There being no other matters to be deliberated on, the Presiding Chairman called the meeting to an end at 12:30 p.m.

For the record, a new short audio visual presentation on ADFIAP called the "*ADFIAP Minute*" was presented to the Board before it started its meeting. The communication tool which provides a 'snapshot' of what ADFIAP is will be used to further enhance the Association's brand equity in various forums that ADFIAP will be involved in.



Octavio B. Peralta
Secretary General