

# MINUTES OF THE 67<sup>th</sup> BOARD OF DIRECTORS' MEETING

April 28, 2009

Darya-ye-Nour Conference Hall, Esteghlal Grand Hotel  
Tehran, Iran

## Members Present:

**Ambassador Jesus P. Tambunting**, Planters Development Bank, Presiding  
**Mr. Fuimaono Falefa Lima**, Development Bank of Samoa  
**Mr. Nihal Fonseka**, DFCC Bank  
**Dr. Mehdi Razavi**, Bank of Industry and Mine  
**Mr. Tukana Bovoro**, Fiji Development Bank  
**Mr. Yogesh Agarwal**, IDBI Limited  
**Mr. Milan Bikram Shah**, Nepal Industrial Development Corporation  
**Mr. Zenya Yamazaki**, representing Mr. Minuro Murofushi, Development Bank of Japan  
**Mr. Gali Iskaliyev** representing Mr. Zhanat Zhakanov, Development Bank of Kazakhstan  
**Mr. Erdinc Kutlu** representing Mr. Abdullah Celik, Development Bank of Turkey  
**Mr. Pongsak Chajiamjan** representing Mr. Pongsak Chewcharat, SME Development Bank of Thailand  
**Ms. Trinh Thi Hue Chi**, representing Mr. Le Dao Nguyen, Bank for Investment and Development of Vietnam  
**Mr. Ugyen Dhendup**, representing Mr. Nawang Gyetse, Bhutan Development Finance Corporation  
**Mr. Octavio B. Peralta**, Secretary General

## Others Present:

**Mr. Masamitsu Kawasumi**, Development Bank of Japan  
**Mr. Tionisio Hunt**, Development Bank of Samoa  
**Mr. M. Serdar Kabukcuoglu**, Development Bank of Turkey  
**Mr. Arnat Wiboonkanarak**, SME Development Bank of Thailand  
**Mr. Rustem Salkhanov**, Development Bank of Kazakhstan  
**Mr. Arash Onori**, Bank of Industry and Mine  
**Mr. Isidro A. Sobrecarey**, Deputy Secretary General

## Members Absent<sup>1</sup>

**Mr. Zaigham Mahmood Rizvi**, House Building and Finance Corporation  
**Mr. Chen Yuan**, China Development Bank  
**Datuk Tajuddin Atan**, Bank Pembangunan Malaysia Berhad  
**Mr. Randolf Koppa**, Trade & Development Bank of Mongolia  
**Mr. Son Koun Thor**, Rural Development Bank of Cambodia  
**Mr. Saidakmad B. Rahimov**, National Bank of Uzbekistan  
**Mr. Jean-Rene Halde**, Business Development Bank of Canada

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<sup>1</sup> Absent Board Members 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 Chairman**

The meeting started at 2:30 p.m., with the Chairman calling the meeting to order. He mentioned the relevance of the morning session on the update of the ADFIAP 5-year strategic plan by the Secretary General and the presentation on marketing by Dr. Mohammad Haghghi of Tehran University.

The Chairman then welcomed all the Board Members to the meeting. He thanked Dr. Mehdi Razavi of BIM for hosting the conference and for the excellent arrangements made in Tehran.

### **2. Approval of the Minutes of the 66<sup>th</sup> Board of Directors Meeting**

Upon receiving the required motions to approve the adoption of the minutes of the 66<sup>th</sup> Board of Directors Meeting held at the Pullman Bangkok King Power Hotel in Bangkok, Thailand on December 17, 2007, the Chairman moved for its adoption and the Board approved it.

### **3. The Secretary General's Report**

Before going through his main report, the Secretary General first apprised the Board on the Secretariat's actions regarding matters arising from the Bangkok Board meeting (please see **Annex 1**).

The Secretary General then made his report covering the period from December 15, 2007 to April 17, 2008. It consisted of three parts, i.e., routine, consent and strategic matters.

#### **A. Routine Matters**

Membership Matters – A comparison of the membership count, annual meetings attendance, country host programmes undertaken and existing database resource of the Association as of December 15, 2007 and as of April 15, 2008 was presented – all indicating an increase in numbers. In terms of membership count, it increased to 92 members in 37 countries and territories from 87 and 37, respectively.

The Board also noted one member resignation – that of Korea Development Bank – citing its impending privatization as reason.

Programs – Details of capacity-building and training programs held and promoted were presented and explained to the Board, as follows:

- Two programs under the “*DFIs for Corporate Governance*” project
- One under the *SME Finance Initiative* project
- One under the *Social Banking/Microfinance Initiative* project
- Two under the *ADFIAP Credentialing Program*
- Three under the IDF's fee-based programs

Grants & Projects – Details of ongoing grant projects as well as those in the pipeline were presented and included the following:

- EU-Asia Pro Eco Programme: Euro 346,446 (completed)
- EU's SWITCH Programme: Euro 1.24 million (under evaluation)
- CIPE: US\$ 69,900 (awaiting approval)
- USAID: US\$ 25,000 (awaiting approval)

Business Cooperation – The ADFIAP Board's *Business Cooperation Committee* chaired by Mr. Zaigham Mahmood Rizvi, Chairman & Managing Director of the House Building Finance Corporation (HBFC), has initiated an information gathering activity to compile concise but relevant data on member-institutions which the Secretariat will use in the publication of the *ADFIAP Factbook*, aimed at facilitating interaction and business cooperation among ADFIAP members.

International Relations – The *Finance & Relations Committee* of the Board headed by Mr. Nihal Fonseka, General Manager & CEO of DFCC Bank Sri Lanka, is studying the possibility of setting up an *ADFIAP Fund*, a regional financing facility with the participation of interested ADFIAP members and other partners. The first concept was that of an SME Fund with Germany's KfW Development Bank. The Fund is still very much in the discussion stage and needs an ADFIAP member to lead it to implementation phase. So far, there has been no member to take the challenge.

Another concept is to set up a Water Fund to finance projects in the water supply and sanitation sector. Discussions are being held with the Dutch SNS Reaal Bank that has an existing Water Fund for developing countries.

(Note: More on these issues are presented in the Permanent Working Committee Minutes on **Annex 2**).

Partnerships & Speaking Invitations – The Board was informed of the development institutions around the world with which ADFIAP has maintained relationships and details of speaking invitations offered to ADFIAP as part of its '*mainstreaming*' initiative.

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](http://www.adfiap.org)
- SME Finance Initiative website [www.smefi.com](http://www.smefi.com)
- Environmental Governance Standards website [www.egs-asia.com](http://www.egs-asia.com)
- DFIs for Corporate Governance website [www.governance-asia.com](http://www.governance-asia.com)
- Annual Meetings Website [www.adfiap.org/31st](http://www.adfiap.org/31st)
- E-Newsletter

Publications:

- Journal of Development Finance
- Newsletter

- Executive Memogenda
- Greenbank
- Governance
- Various books on development banking

### Financial Highlights

The audited financial statements for the year ending December 31, 2007 were presented and reviewed by the Board. Upon receiving the motions to approve the financial statements, the Board proposed its recommendation for adoption of the General Assembly.

An interim financial report as of *March 31, 2008* was also presented and showed the following results:

- Cash Position: US\$ 535,296
- Cash Flow Balance: + US\$ 630,490
- Membership Dues Collection
  - Total Annual Collectibles: US\$ 324,760 (100%)
  - Total Collection: US\$ 196,040 (55%)

### Secretariat Matters

The organization and performance measurement of the Secretariat was tabled. Having achieved its performance targets for the year, the Board commended the Secretariat for a job well done. (Note: Details of the key performance indicators are shown in **Annex 3**.)

## **B. Consent Matters**

Membership Reconfirmation – The following five new members were reconfirmed by the Board:

- Eurasian Development Bank (a Russian-Kazakh joint venture)
- Esquire International Financing Inc. (Philippines)
- Coalition of Socially Responsible SMEs in Asia
- Center for SME Growth & Development Finance (India)
- MNY Consulting Sdn Berhad (Malaysia)

## **C. Strategic Matters**

CEO Award – The Board approved the change of venue of the awarding of the ADFIAP *Outstanding CEO of the Year Award* from the Annual Meetings to the CEO Forum beginning 2009 but disapproved the Secretariat's proposal to grant more awards for CEOs as these will dilute the essence and prestige of the Award.

4. Venue of the Next Board Meeting – The next Board meeting will be held in conjunction with the *CEO Forum V* in Malaysia on November 17-19, 2008 to be hosted by the Association of

DFIs in Malaysia (ADFIM). The exact timing and venue of the meeting will be communicated to the Board in due time.

#### 5. Governance Issues

The Board took note of the email sent by Mr. Rizvi to the members of the Board prior to the meeting concerning the election process of the Board Directors and its officers and subsequent email replies by the Secretary General and two Board members. The Board, upon due motions, decided to create a subcommittee to study the suggestions of Mr. Rizvi as well as to welcome suggestions from other members regarding this matter. Named as members of the subcommittee were: Mr. Lima, Mr. Fonseka and Mr. Yamazaki. The resulting study will be taken up by the Board in its next meeting in Malaysia in November. **Please refer to Annex 4, on Article 9 of the ADFIAP Constitution on Governance.**

#### 6. Election of Chairman and Vice Chairman

With the decision of Ambassador Tambunting to stand down as Chairman of ADFIAP after serving the Board for four years, the Board unanimously elected Mr. Fuimaono Falefa Lima as its new Chairman. Since there was a vacancy on the Vice Chairman post, the Board elected Dr. Mehdi Razavi as its third Vice Chairman.

#### 7. Concluding Remarks

In closing, the Chairman stated that 2007 was another good year for the Association. Membership has been increasing as well as revenues, more quality programs, innovative changes in the Constitution, new publications, better website and, most importantly, the conduct of good Association governance.

The Chairman also stated that ADFIAP is in a very solid financial position and could continue to move forward with confidence. The credibility and confidence placed on ADFIAP by its members as well as its partner-organizations had contributed immensely to the success of the Association.

The Chairman thanked the Board for their cooperation and valuable inputs, the Secretary General and his team for successfully executing ADFIAP's policies and strategies for year 2007, and the host BIM for the organizing the Tehran Meetings.

There being no other matters to be deliberated on, the Chairman called the meeting to an end at 5:00 p.m.



**Octavio B. Peralta**  
Secretary General

**Matters arising from the Minutes of the Last Board Meeting held at the Pullman Bangkok King Power Hotel on December 17, 2007**

1. The Presiding Chairman, Mr. Lima, pointed out, for the record, to change the date in the Board agenda from December 19 to 17, 2007.

**Action:** *This error has been noted and corrected.*

2. 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.

**Action:** *The Board meeting agenda and Secretary General's report were sent by email on 17 April 2008.*

*Existing mechanism for business cooperation among members include the networking sessions during ADFIAP's two big annual events namely, the Annual Meetings and the CEO Forum as well as bilateral agreements forged independently between members.*

*On training, with the scaling up of operations of ADFIAP's Institute of Development Finance, it can now also conduct an inventory of in-house training programs of member-banks which can be communicated to members.*

*The Secretariat requests that the Board's Business Cooperation and Training Committees consider brainstorming on these matters.*

3. In noting the various training programs conducted, Mr. Fonseka suggested that the Secretariat also identify training activities and other programs in countries of member-DFIs.

**Action:** *In addition to Item 2 above, the IDF will also take stock of other relevant training programs offered in members' countries.*

4. With regard to ADFIAP's visibility activities, both Mr. Lima and Dr. Razavi suggested to increase its visibility further in the Pacific and Middle East regions.

**Action:** *As part of its 'mainstreaming' efforts (e.g. attendance to conferences, use of the Association's various communication channels – publications and websites), ADFIAP has worked closely with ADFIP (Pacific) and ADFIMI (Middle East) and its member-banks there, to increase ADFIAP's visibility in these regions through training events of the IDF and networking initiatives. The ADFIAP annual meetings in Tehran this year and Muscat (Oman) next year are also meant to make ADFIAP more visible.*

5. On annual membership dues, Mr. Yamazaki requested for the schedule of the payments that each member is remitting for reference of the Board.

**Action:** *The membership payment schedule will be made available to the Board as part of the Secretariat report.*

6. 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.

**Action:** *The revised budget was immediately sent by email to the Chair of the Finance & Relations Committee and was subsequently approved by the Committee.*

7. 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.

**Action:** *The process will be made prior to the Board meeting in Tehran.*

8. In approving the strategic business model of ADFIAP, the Board noted the comment of Mr. Bovoro that the consulting and advisory unit of the Association will be a natural fit to its vision.

**Action:** *The consulting and advisory unit of ADFIAP will be temporarily lodged under the Institute of Development Finance headed by the Deputy Secretary General until such time that the required resources are in place.*

**Minutes of the 3<sup>rd</sup> Permanent Working Committee Meetings**

April 28, 2008

Darya-ye-Nour Conference Hall, Esteghlal Grand Hotel  
Tehran, Iran

**Finance & Relations Committee**

*Rapporteur: Mr. Nihal Fonseka, DFCC Bank, Committee Chair*

**Other Members Attending:**

**Dr. Mehdi Razavi**, Bank of Industry and Mine

**Mr. Gali Iskaliyev & Mr. Rustem Salkhanov**, Development Bank of Kazakhstan

**Mr. Erdinc Kutlu & Mr. Mehmet Serdar Kabukcuoglu**, Development Bank of Turkey

**Mr. Tukana Bovorov**, Fiji Development Bank

**Mr. Yogesh Agarwal**, IDBI Ltd.

1. While increase in membership is good for ADFIAP, the quality of membership must always be maintained.
2. Training programs should be broadened and opened up even to non-members.
3. Grant access should continue to be undertaken. There are many “do-gooders” or donor-organizations in many countries that could be sourced. Grant proposal writing should be strengthened.
4. There is need to tap into the expertise of officers and staff of members who can be included in the “pool of advisers” for training and capacity-building programs of ADFIAP.

**Business Cooperation Committee**

*Rapporteur: Mr. Zenya Yamazaki, Development Bank of Japan, Committee Member*

**Other Members Attending:**

**Ms. Trinh Thi Hue Chi**, Bank for Investment and Development of Vietnam

**Mr. Masamitsu Kawasumi**, Development Bank of Japan

**Mr. Pongsak Chajiamjan & Mr. Arnat Wiboonkanarak**, SME Development Bank of Thailand

1. Benefits of ADFIAP membership could not only accrue to members but could also extend to their clients. For example, there could be client business matching opportunity that can be explored.



2. Database on member-institutions should be made more extensive and useful by identifying/specifying type of operation, e.g., SME bank, infrastructure, mining, environment, etc.
3. ADFIAP could be a “marketplace” of knowledge for members in terms of database, information, conferences, etc.
4. An ADFIAP award could be given in the area of promoting business cooperation.

### **Training Committee**

*Rapporteur: Mr. Fuimaono Falefa Lima, Development Bank of Samoa, Committee Chair*

#### **Other Members Attending:**

**Mr. Ugyen Dhendup**, Bhutan Development Finance Corporation

**Mr. Milan Bikram Shah**, Nepal Industrial Development Corporation

**Mr. Isidro A. Sobrecarey**, Deputy Secretary General, ADFIAP

1. As there were few members in attendance in the committee, there is need to allocate some members from other committees into the Training Committee.
2. Continuous review of the present strategic plan and need to prepare for a new one.
3. Bringing the training programs onsite or nearer to the location of members for cost effectiveness.
4. Study the use of surplus funds to assist members to enroll in training programs.
5. Training needs assessment of members has to be revisited and undertaken.
6. Continue the dissemination of information and publications not only from the Secretariat but also from members.

**ADFIAP**

**Performance Measurement  
Results vs. Targets (January 1 to December 31, 2007)**

<b>K P I</b>	<b>Target (Whole Year)</b>	<b>Result (12 months)</b>	<b>Attainment</b>
1. New Members	10	<b>15</b>	150% (37 other new prospective members invited)
2. Service fees <sup>1</sup>	US\$ 7,700	<b>US\$108,197</b>	1,405% service fees-more fee-based programs run till year end
3. Grant money	US\$ 40,000	<b>US\$147,902</b>	369% (net – from EU grant of Euro 69,289 or US\$ 100,000 and CIPE grant)
4. Office rental <sup>2</sup>	US\$ 7,000	<b>US\$20,608</b>	294% (from lease rental of 2/3 of the office space)
5. Savings	US\$ 6,600	<b>US\$10,055</b>	152% (savings from condominium dues, electricity & other utilities due to office lease)
6. Net Annual Cash Flow Balance	US\$ 66,000	<b>US\$519,927 <sup>3</sup></b>	787% in 12 months

<sup>1</sup> Training fees, sale of publications, sponsorship, etc.

<sup>2</sup> Lease of rentable office space in headquarters

<sup>3</sup> Net of beginning cash balance

**Article 9 - GOVERNANCE**

- 9.1 The Association shall be governed by a Board of Directors<sup>2</sup> consisting of not more than thirty (30) members to be elected from among the Ordinary Members of good standing.
- a) Representation in the Board will be on a “one member per country” basis. Starting 2007, countries with 10 or more members will be eligible to have an additional seat for every five members.<sup>3</sup>
  - b) The Board of Directors shall appoint its officers – a Chairman, not more than three Vice-Chairmen, and a Treasurer. Starting 2007, the terms of the Board Officers shall be two (2) years, with re-election permitted to the same office for another one term of office<sup>4</sup>.
- 9.2 The Board of Directors shall appoint three (3) Independent Directors from among the non-voting members, i.e. Special, Sustaining/Sponsor and Associate, to sit in the Board as *ex-officio* members.
- 9.3 Not more than half of the elected members of the Board of Directors shall retire by rotation for reelection. No member shall serve for more than four successive years before retiring and being eligible for reelection.
- 9.4 The Board of Directors shall determine the functions of Chairman, the Vice-Chairman, the Treasurer, the members, the Secretary General and other staff of the Secretariat, subject to the overriding authority of the General Assembly.
- 9.5 The Board of Directors shall be responsible for the control and direction of all activities of the Association and for exercising control over the General Secretariat at all times.
- 9.6 The Board of Directors shall in particular:
- a) consider, review and determine the annual budget of the Association in collaboration with the General Secretariat;
  - b) submit to the General Assembly the necessary Annual Reports including the Financial Report, the General Report and the Reports of other organs of the Association; and
  - c) supervise, review, coordinate and direct the activities of the Association, the General Secretariat and the organs of the Association in between meetings of the General Assembly.

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<sup>2</sup> Change of nomenclature from Management committee to Board of Directors was adopted during the 9th Ordinary Meeting of the General Assembly, Jakarta, 1992

<sup>3</sup> Adopted during the 19<sup>th</sup> Ordinary Meeting of the General Assembly, Hanoi, 2007

<sup>4</sup> As amended during the 11<sup>th</sup> Extraordinary Meeting of the General Assembly, Colombo, 2006

- 9.7 The Board of Directors shall meet at least once a year and a simple majority of elected members shall constitute a quorum.<sup>5</sup>
- 9.8 The Board of Directors shall adopt such rules and by-laws as it may deem necessary and appropriate for the conduct of the business of the Association, provided such rules and by-laws shall not be inconsistent with the provisions of this Constitution, subject to the overriding authority of the General Assembly.
- 9.9 Should the position of any member of the Board of Directors become vacant for any reason, such position shall be filled by the majority vote of the remaining members, if still constituting a quorum, from among the Ordinary members present in the Board meeting, and the member so appointed shall serve for the unexpired term.<sup>6</sup>

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<sup>5</sup> Adopted during the 1st Ordinary Meeting of the General Assembly, Bangkok, 1978

<sup>6</sup> Adopted during the 9th Ordinary Meeting of the General Assembly, Jakarta, 1992