

MINUTES OF THE 68th BOARD OF DIRECTORS' MEETING

November 24, 2008
Safir Room, Hotel Istana
Kuala Lumpur, Malaysia

Members Present

Mr. Fuimaono Falefa Lima, Development Bank of Samoa, Presiding Chair
Mr. Nihal Fonseka, DFCC Bank
Mr. Yogesh Agarwal, IDBI Limited
Mr. Son Koun Thor, Rural Development Bank of Cambodia
YBhg. Dato' Tajuddin Atan, Bank Pembangunan Malaysia Berhad
Mr. Mohammad Reza Pishrow, Bank of Industry and Mine
Mr. Krishna Prasad Acharya, Nepal Industrial Development Corporation
Mr. Victor C. Abainza, representing Ambassador Jesus P. Tambunting, Planters Development Bank
Mr. Ugyen Dhendup, representing Mr. Nawang Gyetse, Bhutan Development Finance Corporation
Mr. Masamitsu Kawasumi, representing Mr. Minuro Murofushi, Development Bank of Japan
Mr. Muslim Bekteпов, representing Mr. Zhanat Zhakanov, Development Bank of Kazakhstan
Mr. Octavio B. Peralta, Secretary General

Others Present

Mr. Timur Izbassarov, Development Bank of Kazakhstan
Mr. Isidro A. Sobrecarey, Deputy Secretary General
Ms. Chea Nary, Rural Development Bank of Cambodia

Members Absent¹

Mr. Zaigham Mahmood Rizvi, House Building and Finance Corporation
Mr. Chen Yuan, China Development Bank
Mr. Deve Toganivalu, Fiji Development Bank
Mr. Abdullah Celik, Development Bank of Turkey
Mr. Pongsak Chajiamjan, SME Development Bank of Thailand
Mr. Le Dao Nguyen, Bank for Investment and Development of Vietnam
Mr. Randolph Koppa, Trade & Development Bank of Mongolia
Mr. Saidakmad B. Rahimov, National Bank of Uzbekistan
Mr. Jean-Rene Halde, Business Development Bank of Canada

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

The Minutes

The Board meeting consisted of two sessions. The first session began at 9:00 a.m. as part of the continuing governance enhancement process that started in 2004 and afforded the Board to learn more about effective Board governance and leadership. Ms. Susan Sarfati² made a presentation on the subject to the Board.

The second session which covered the operational aspects of the Association began after the coffee break.

1. Call to Order and Brief Remarks by the Chairman

The second session started at 10:30 a.m., with the Chairman calling the meeting to order. He cited the relevance of the first session and thanked Ms. Sarfati for her excellent presentation.

The Chairman then welcomed all the Board Members to the meeting. He thanked Dato' Tajuddin Atan, who also represented the Association of Development Finance Institutions of Malaysia (ADFIM), for hosting the CEO Forum and for his kind hospitality.

2. Approval of the Minutes of the 67th Board of Directors Meeting

The Chairman then put the minutes of the last meeting on the table and upon receiving the required motions; the Board approved the adoption of the minutes of the 67th Board of Directors Meeting held at the Esteghlal Grand Hotel in Tehran, Iran on April 28, 2008.

3. Resolution on the Constitutional provisions on governance

On matters arising from the last Board meeting, the Chairman called for the Board's deliberation the results of the survey conducted by the Secretariat and reviewed by the Board subcommittee created for this purpose (please refer to **Annex 1**) regarding proposals from members for amendment of certain provisions of the Constitution regarding the governance aspects of the Association. Upon due exchange and discussion on the matter, the Board, citing continuity, teamwork and discretion, agreed that there is no compelling reason to amend the existing Constitutional provisions on governance of the Association.

4. Approval of the Secretary General's Report

The Chairman then called upon the Secretary General to make his report covering the period from April 16 to November 15, 2008. The report consisted of three parts, i.e., routine, consent and strategic matters.

A. Routine Matters

Membership Matters – A comparison of the membership count, CEO Forum attendance, country host program, database development and surveys conducted, as of April 16,

² Ms. Sarfati is the principal of Beyond Excellent!, a Washington, D.C.-based consulting & advisory firm on association leadership, management and social responsibility and concurrently EVP of the American Program Bureau. She was formerly the Executive Vice President of the 24,000 member-strong American Society of Association Executives & the Center for Association Leadership.

2008 and as of November 15, 2008 was presented – all indicating an increase in numbers. In terms of membership count, it increased to 100 members in 40 countries and territories from 92 and 37, respectively.

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
- Two 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
- Two new programs – the *Water Finance* program and the *ADFIAP Responsible Citizenship* (ARC) program – are to be carried out soon

The Board noted the two *Associations Make a Better World Awards*³ given to ADFIAP for its “*DFIs for Corporate Governance*” project and its “*Environmental Governance Standards*” project by the Washington D.C.-based American Society of Association Executives and the Center for Association Leadership.

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 (declined)
- CIPE: US\$ 69,900 (awaiting required documentation)
- USAID: US\$ 25,000 (approved)
- ITC: US\$ 20,000 (approved)
- Ford Foundation: US\$ 320,000 (declined)⁴
- Korea Ministry of Knowledge Economy: US\$ 4.49 million (declined)⁵

Business Cooperation – The Board’s *Business Cooperation Committee* chaired by Mr. Zaigham Mahmood Rizvi, Chairman of the House Building Finance Corporation (HBFC), has initiated an information gathering activity to compile concise but relevant data on member-institutions. The *ADFIAP Factbook*, aimed at facilitating interaction and business cooperation among ADFIAP members, is a result of this initiative. An online version of this factbook can be found at the ADFIAP website at this link: <http://www.adfiap.org/members-factsheet.php>

³ The *Associations Make a Better World Awards* is an annual recognition given to outstanding associations that make significant contribution to societies and economies worldwide.

⁴ Received email declining the proposal on November 25, 2008

⁵ Received email declining the proposal on November 17, 2008

International Relations

- The ADFIAP Fund: 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. This idea is still to be discussed during the Water Forum slated to be held in January 2009 in Manila.
- 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
- 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/31st
- E-Newsletter

Publications:

- Journal of Development Finance
- Newsletter
- Executive Memogenda
- Greenbank
- Governance
- Various books on development banking

Financial Highlights

An interim and unaudited financial statement of the Association as of October 15, 2008 was presented and reviewed by the Board. Below are the figures:

- Cash Position: US\$ 420,749
- Cash Flow Balance: + US\$ 593,145
- Membership Dues Collection
 - Total Annual Collectibles: US\$ 339,136 (100%)
 - Total Collection: US\$ 299,256 (87%)
- Aging of receivables: Balance US\$ 39,880 (13%)

Secretariat Matters

The organization and performance measurement of the Secretariat was presented. (Note: Details of the key performance indicators and achieved results are shown in **Annex 2**.)

B. Consent Matters

The following matters were approved by the Board:

- a) Annual budget for 2009
- b) Membership reconfirmation of the following:
 - Oman Housing Bank
 - Philippine Postal Savings Bank, Inc.
 - Public Development Bank Ltd. (Nepal)
 - International Financial Consulting Ltd. (Canada)
 - Pacific Islands Development Bank (Guam)
 - Antigua & Barbuda Development Bank (Eastern Caribbean)
 - Vanuatu Agriculture Development Bank
 - Local Water Utilities Administration (Philippines)
- c) Rotation of the venue of the CEO Forum, with ADFIM having the first option
- d) Acceptance of Business Development Bank's offer to host the ADFIAP Annual Meetings in Vancouver in 2010
- e) Grant of honorary membership to Mr. Tukana Bovoro of Fiji

C. Strategic Matters


The following matters were approved by the Board:

- a) The setting up of the ADFIAP Responsible Citizenship Institute (The ARC Institute) as the Association's CSR/outreach unit
- b) Enhancing member participation through Special Interest Group (SIG) interaction and activities

5. **Venue of the Next Board Meeting** – The next Board meeting will be held in conjunction with the 31st ADFIAP Annual Meetings to be held in Muscat, Oman in April 2009. The exact timing and venue of the meeting will be communicated to the Board in due time.

6. Concluding Remarks

The Chairman thanked the Board for their cooperation and valuable inputs, the Secretariat for successfully executing ADFIAP's strategies, and ADFIM for hosting the CEO Forum V and the 68th Board meeting in Kuala Lumpur. Having completed the agenda, the Chairman called the meeting to an end at 1:00 p.m.


Octavio B. Peralta
Secretary General

SURVEY ON CONSTITUTIONAL PROVISIONS ON GOVERNANCE ASPECTS

Article 9: GOVERNANCE ASPECTS

	NO FURTHER REVISIONS/ COMMENTS	COMMENTS/PROPOSAL
<p>9.1 The Association shall be governed by a Board of Directors consisting of not more than thirty (30) members to be elected from among the Ordinary Members of good standing.</p> <p>a) <i>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.</i></p>	<p>1. EFIC 2. NIDC 3. CDB 4. TDB 5. BIDVN 6. IDBI 7. DBAS 8. DBP 9. DBT 10. FCIB 11. DBS</p>	<p>1. none 2. I agree 3. none 4. none 5. – 6. – 7. – 8. – 9. – 10. The country with more than 4-members will have an add'l director, with a maximum of 2-directors per country. 11. --</p>
<p>b) <i>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.</i></p>		<p>1. None 2. No need of any change at the moment 3. none 4. Agree with current revisions. Only addition is the last point above. - to be nominated as chairman a Board member must have served the Board for at least 3 years. 5. 6. No change appears necessary as the existing system has been working satisfactorily. 7. -- 8. -- 9. -- 10. --Set the fixed term for the chairman for 2-years, with re-election after a gap of 4-yrs. --To be nominated as chairman, a board member must have served the Board for at least 3-years. 11. --</p>

	NO FURTHER REVISIONS/ COMMENT	COMMENTS/PROPOSAL
<p>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.</p>	<p>1. EFIC 2. NIDC nr 3. CDB 4. TDB 5. BIDVN 6. IDBI 7. DBAS 8. DBP 9. DBT 10. FCIB 11. DBS</p> <p>(nr- no response)</p>	<p>1. none 2. agree 3. none 4. – 5. – 6. – 7. – 8. – 9. – 10. – 11. --</p>
<p>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.</p>	<p>1. EFIC 2. NIDC nr 3. CDB 4. TDB 5. BIDVN 6. IDBI 7. DBAS 8. DBP 9. DBT 10. FCIB 11. DBS</p>	<p>1. none 2. I agree 3. none 4. – 5. – 6. – 7. – 8. – 9. – 10. The term of an elected Board Member should be 3-years 11. --</p>
<p>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.</p>	<p>1. EFIC 2. NIDC nr 3. CDB 4. TDB 5. BIDVN 6. IDBI 7. DBAS 8. DBP 9. DBT 10. FCIB 11. DBS</p>	<p>1. none 2. I agree 3. none 4. – 5. – 6. – 7. – 8. – 9. It is better if their functions are Determined in the constitution 10. -- 11. --</p>
<p>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.</p>	<p>1. EFIC 2. NIDC 3. CDB 4. TDB 5. BIDVN 6. IDBI 7. DBAS 8. DBP 9. DBT 10. FCIB 11. DBS</p>	<p>1. none 2. none 3. none 4. – 5. – 6. – 7. – 8. – 9. – 10. --</p>

	NO FURTHER REVISIONS/ COMMENTS	COMMENTS/PROPOSAL
<p>9.6 The Board of Directors shall in particular:</p> <p>a) <i>consider, review and determine the annual budget of the Association in collaboration with the General Secretariat;</i></p> <p>b) <i>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</i></p> <p>c) <i>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.</i></p>	<p>1. EFIC</p> <p>2. NIDC nr</p> <p>3. CDB</p> <p>4. TDB</p> <p>5. BIDVN</p> <p>6. IDBI</p> <p>7. DBAS</p> <p>8. DBP</p> <p>9. DBT</p> <p>10. FCIB</p> <p>11. DBS</p>	<p>1. none</p> <p>2. I agree</p> <p>3. none</p> <p>4. -</p> <p>5. -</p> <p>6. -</p> <p>7. -</p> <p>8. -</p> <p>9. -</p> <p>10. -</p> <p>11. --</p>
<p>9.7 The Board of Directors shall meet at least once a year and a simple majority of elected members shall constitute a quorum.</p>		<p>1. none</p> <p>2. I agree and keep up the tradition</p> <p>3. none</p> <p>4.</p> <p>5. We think the first priority should be given to the annual/mtg. in Apr/May when all significant issues of the Association should be brought to discussion. Attending the CEO Forum should be optional.</p> <p>6. -</p> <p>7. -</p> <p>8. -</p> <p>9. -</p> <p>10. -</p>
<p>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.</p>	<p>1. EFIC</p> <p>2. NIDC nr</p> <p>3. CDB</p> <p>4. TDB</p> <p>5. BIDVN</p> <p>6. IDBI</p> <p>7. DBAS</p> <p>8. DBP</p> <p>9. DBT</p> <p>10. FCIB</p> <p>11. DBS</p>	<p>1. none</p> <p>2. Any new ideas shall be first discussed in the Board and then only it should be put up to the AGM (Annual General Assembly) if be necessary.</p> <p>3. none</p> <p>4.</p> <p>5. We agree with this article</p> <p>6. -</p> <p>7. -</p> <p>8. -</p> <p>9. -</p> <p>10. -</p> <p>11. --</p>

	NO FURTHER REVISIONS/ COMMENTS	COMMENTS/PROPOSAL
<p>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.</p>	<ol style="list-style-type: none"> 1. EFIC 2. NIDC 3. CDB 4. TDB 5. BIDVN 6. IDBI 7. DBAS 8. DBP 9. DBT 10. FCIB 11. DBS 	<ol style="list-style-type: none"> 1. none 2. I agree 3. none 4. -- 5. -- 6. -- 7. - 8. - 9. - 10. Should the position of any member of the Board of Directors become vacant for any reason, such position shall serve for the unexpired term. 11. Allow a specific period of 3-years, before any further proposal for amendments of the constitution, are considered

Legend:

1. CDB - China Development Bank
2. BIDVN- Bank for Investment and Development of Vietnam
3. DBAS- Development Bank of Samoa
4. DBP - Development Bank of the Philippines
5. DBS- Development Bank of Samoa
6. DBT- Development Bank of Turkey
7. EFIC- Export Finance & Insurance Corp (Australia)
8. FCIB- First Credit and Investment Company, Ltd. (Pakistan)
9. IDBI, Ltd.- Industrial Development Bank of India
10. NIDC- Nepal Industrial Development Corporation
11. TDB- Tonga Development Bank

ADFIAP
Key Performance Measurement
Results vs. Targets (January 1 to November 15, 2008)

K P I	Target (Whole Year)	Result (11 mos.)	Attainment
1. New Members	10	13	Exceeded target. Membership now a record-high
2. Service fees ¹	US\$ 7,700	US\$70,834	919% service fees- more fee-based programs run till year end
3. Grant money	US\$ 40,000	US\$13,700	34% (from Eco Asia grant of US\$25,000 & ITC) plus US\$ 70,000 new CIPE grant in 2009.
4. Office rental ²	US\$ 7,000	US\$16,385	234% (from lease rental of 2/3 of the office space)
5. Savings	US\$ 6,600	US\$5,085	77% (savings from condominium dues, electricity & other utilities due to office lease)
6. Net Annual Cash Flow Balance	US\$ 66,000	US\$603,687 ³	914% in 9 mos.

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

² Lease of rentable office space in headquarters

³ Net of beginning cash balance