

---

**MINUTES OF THE 9<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS OF THE NEW DEVELOPMENT BANK HELD AT NEW DELHI, INDIA ON 31 MARCH 2017 AT 11:00 AM**

PRESENT:

**Board of Directors and Alternate Directors Acting for Directors**

- i. Mr. Marcello Estevão (Director, Brazil, Chairperson of the Board of Directors)
- ii. Mr. Andrey Bokarev (Alternate Director, Russia)
- iii. Mr. Dinesh Sharma (Director, India)
- iv. Mr. Shixin Chen (Director, China)
- v. Mr. Tito Mboweni (Director, South Africa)
- vi. Mr. K. V. Kamath (President and Board Member)

**Alternate Directors**

- i. Mr. Guoqi Wu (Alternate Director, China)
- ii. Mr. Monale Ratsoma (Temporary Alternate Director, South Africa)

**Vice Presidents**

- i. Mr. Paulo Nogueira Batista Jr.
- ii. Mr. Vladimir Kazbekov
- iii. Mr. Xian Zhu
- iv. Mr. Leslie Maasdorp

**Advisors accompanying Directors**

- i. Mr. Erivaldo Alfredo Gomes, Deputy Secretary for International Affairs, Ministry of Finance, Brazil
- ii. Ms. Carolina Costellini, Diplomat, Embassy of Brazil
- iii. Ms. Elena Zamorina, Consultant, Department for International Financial Affairs, Ministry of Finance, Russia
- iv. Mr. Alexander Karyukin, Counsellor Finance, Russian Embassy in India
- v. Mr. Bhaskar Dasgupta, Department of Economic Affairs, Ministry of Finance, India
- vi. Ms. Urmila Bahlot, Deputy Director, Multilateral Institutions Division, Department of Economic Affairs, Ministry of Finance, India
- i. Mr. Weijie Liu, Director, Department of International Financial and Economic Cooperation, Ministry of Finance, China

### **New Development Bank**

- i. Mr. Yury Surkov, Director General, Operations Policy and Project Implementation and Support
- ii. Mr. Simbarashe Mabhena, Chief, Market Risk
- iii. Mr. Sandeep Jain, Chief, Treasury and Portfolio Management
- iv. Mr. Jeff Tao, Independent Auditor, Deloitte
- v. Ms. Miya Liu, Consultant
- vi. Ms. Yolande Dwarika, Seconded

### **1. Adoption of the Agenda**

The Chairman of the Board of Directors (“**the Board**”) proposed to include the Memorandum of Understanding between the New Development Bank and the European Bank for Reconstruction and Development to the agenda of the meeting.

Under any other matters, the Chairman also proposed to include issues to be presented to the Second Annual Board of Governors meeting to be held the next day, i.e. General Strategy of NDB and New Membership. The Board agreed to such proposal. It was also agreed by the Board that the President would give a short summary from the BRICS Finance Ministers meeting held in Baden-Baden, Germany.

The agenda was adopted, as amended by the Board of Directors.

### **2. Leave of absence**

The Director for Russia was not present and was represented by the Alternate Directors. The Director for China joined the second session of the meeting.

**3. Approval of the Minutes and Summary of the 8<sup>th</sup> meeting of the Board of Directors, 22 February 2017**

The Board of Directors considered and approved the Minutes (2017-BD08-DOC-003) and Summary (2017-BD08-DOC-004) of the 8<sup>th</sup> meeting of the Board of Directors held on 22 February 2017.

**4. Matters Arising from 7<sup>th</sup> and 8<sup>th</sup> meeting**

The Board took note of the matters arising from the 7<sup>th</sup> and 8<sup>th</sup> meeting of the Board of Directors. An update was provided by the Management on the following topics:

**a. Update on Project Pipeline and Loan Agreements**

Management updated the Board on the project pipeline and progress on the conclusion of the loan agreements. The Board was of the view that the projects should be broadly balanced across the member countries. Management was requested to prepare a brief paper on the split of sovereign and non-sovereign, and circulate it inter-sessionally for consideration. The Board also suggested that Management ensure that all the projects fall within the mandate of the Articles of Agreement. It was requested that Management speed up the signing process of the first batch projects, with joint efforts made by Governments of member countries. Management was requested to brief the BRICS leaders on the progress on project pipeline in the upcoming BRICS Summit in September.

**b. Update on Project Preparation Fund**

The COO recalled that member countries had reached an agreement before the entry into force of the Articles of Agreement, that each of the founding members would make a contribution to the Project Preparation Fund. The Board confirmed the commitment to contribute to the Project Preparation Fund and that contributions would be made by all member countries but not necessarily at the same time or with a set contribution amount.

**c. Human Resources**

Management recalled that a written note on the recruitment update was circulated inter-sessionally to the Board. This Note also covered the issue of diversity.

#### **d. Africa Regional Centre**

An update was provided by Management on the matter of Africa Regional Centre. Management indicated that the Bank was in dialogue with the South African Government. A bilateral meeting with the Director for South Africa was suggested by the COO, on the matter of Terms of Reference.

### **5. Record of approval of matters agreed to during the inter-sessional period**

The Board of Directors took note of the inter-sessional decisions taken since the 8<sup>th</sup> Board of Directors meeting on 22 February 2017. The Board of Governors approved and authorised the Bank to sign three Memoranda of Understanding with:

- i. Asian Infrastructure Investment Bank;
- ii. European Investment Bank; and
- iii. International Investment Bank.

These Memoranda of Understanding were approved by BOG on 29 March 2017 and would be signed on 1 April 2017.

### **6. Financial Accounts**

The Board was presented the Independent Auditor's Report and Financial Statements for the period from 3 July 2015 to 31 December 2016, document number 2017-ARBC02-DOC-006. The ARBC Chairman informed the Board that the ARBC had considered the Independent Auditor Report and the Financial Statements, and had agreed to suggest that the Board of Directors recommend the financial accounts to the Board of Governors, for approval.

The Board, after reviewing the financial accounts, agreed to recommend the Financial Accounts to the Board of Governors, for approval.

### **7. Policies for Review**

The Board was presented with the policy reviews pertaining to treasury, human resources, operational policies, as well as the Board Governance Structure. The Treasury division also presented the update on investment strategy and the proposed next steps.

The Board decided to approve the proposed policy amendments to the Treasury Business Management Policy, the Debt Instrument Financing Policy, Procurement Policy, as well as the Board Governance Structure subject to the incorporation of the comments made by the Board members. The establishment of a committee/s for budget and human resources should also be considered. The Board also approved the

Recruitment Policy, as amended. The Policy on Loans with Sovereign Guarantees would be revised and circulated to the Board of Directors for approval. The update on investment strategy and the proposed next steps were noted by the Board.

**8. Base Salary Revisions for Staff**

The Board was presented a note on Base Salary Revisions for Staff of NDB, document number 2017-BD09-DOC-011. The Board adopted the base salary revisions in accordance with the aforementioned note. The Board requested Management to develop a policy on performance management. A Remuneration Committee was proposed to be established in due course.

**9. Report of the Chairman of the Audit, Risk and Budget Compliance Committee**

Mr. Tito Mboweni, the Chairperson of the Audit, Risk and Budget Compliance Committee (“ARBC”) provided a report on the third meeting of the ARBC.

The Board took note of the report and recommendations of the ARBC, and agreed to submit the financial accounts to the Board of Governors for approval. The Board adopted the amendments to the Operational Risk Management Policy; the Interest Rate Risk Management Policy; the Exchange Rate Risk Management Policy; the Liquidity Risk Management Policy; the Credit Risk Management Policy; and the Provisioning and Write-Off Policy. The Board noted the Internal Audit Status update and the Internal Audit Report. The Board noted the Annual Compliance update, the Compliance Assessment Report and the Anti-Money Laundering Work Report. The Compliance Management Plan and the Whistleblower Procedures were approved.

**10. Memoranda of Understanding**

The Board of Directors considered the Memorandum of Understanding between New Development Bank and Fondo Financiero para el Desarrollo de la Cuenca del Plata on Strategic Cooperation, and the Memorandum of Understanding between New Development Bank and the European Bank for Reconstruction and Development.

The Board of Directors agreed to submit the Memorandum of Understanding between New Development Bank and Fondo Financiero para el Desarrollo de la Cuenca del Plata on Strategic Cooperation, and the Memorandum of Understanding between New Development Bank and the European Bank for Reconstruction and Development to the Board of Governors for consideration.

**11. Draft Resolutions for Second Annual Meeting of NDB Board of Governors**

The Board discussed the draft Resolutions for the Second Annual Board of Governors Meeting, document number 2017-BD09-DOC-013. In this context, the Board also discussed the General Strategy of the Bank and the Terms, Conditions and Procedures for the Admission of New Members to the New Development Bank. The Board agreed to submit the General Strategy and the Terms, Conditions and Procedures for the Admission of New Members to the New Development Bank, to the Second Annual Board of Governors meeting, for consideration. The Board also agreed to submit the draft resolutions to the Second Annual Board of Governors meeting, for its consideration.

**12. Date and Venue of next meeting**

The Board agreed that the next Board of Directors meeting would be 20 June 2017 in Shanghai, pending on all Directors' final confirmation of the date.

**13. Any other Matters**

The General Strategy and the Terms, Conditions and Procedures for the Admission of New Members to the New Development Bank, were discussed under the item on Draft Resolutions for Second Annual Meeting of NDB Board of Governors.

**14. Closure**

The Meeting ended with thanks from the Chairman.