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**MINUTES OF THE 10<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS OF THE NEW DEVELOPMENT BANK HELD AT SHANGHAI, CHINA ON 18 JUNE 2017 AT 09:45 AM**

PRESENT:

**Board of Directors**

- i. Mr. Marcello Estevão (Director, Brazil, Chairperson of the Board of Directors)
- ii. Mr. Sergei Storchak (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. Carlos Cozendei (Alternate Director, Brazil - videoconference)
- ii. Mr. Andrey Bokarev (Alternate Director, Russia)
- iii. Mr. Guoqi Wu (Alternate Director, China)

**Vice Presidents**

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

### **Advisors accompanying Directors**

- i. Ms. Danielle Ayres Delduque, Coordinator for International Financial Affairs, Ministry of Finance, Brazil
- ii. Mr. André Simas Magalhães, Counsellor, Ministry of Foreign Affairs, Brazil
- iii. Mr. Gennadiy Vasiliev, Deputy Head of Division, Department for International Financial Affairs, Ministry of Finance, Russia
- iv. Ms. Vladlena Popova, Chief Expert, Department for International Financial Affairs, Ministry of Finance, Russia
- v. Mr. Weijie Liu, Director, Department of International Financial and Economic Cooperation, Ministry of Finance, China
- vi. Ms. Yue Ding, Senior Staff, Department of International Financial and Economic Cooperation, Ministry of Finance, China
- vii. Mr. Andile Kuzwayo, Director, BRICS, Global and Emerging Markets, International and Regional Economic Policy, National Treasury, South Africa

### **New Development Bank**

- i. Mr. Naveen Srivastava, Director General, Corporate Secretary
- ii. Mr. Sergei Kuznetsov, Director General, Legal (Africa Regional Centre)
- iii. Mr. Shaohua Wu, Director General, Project Financing (Project Pipeline)
- iv. Mr. Yury Surkov, Director General, Operations Policy and Project Implementation and Support (Project Pipeline)
- v. Mr. Sergio Sucholdolski, Director General, Strategy and Partnerships (Expansion of Membership)
- vi. Mr. Sandeep Jain, Chief, Treasury and Portfolio Management (Changes to Loan Pricing)
- vii. Mr. Alexander Baryshnikov, Chief, Information Technology (Information Technology Policies)
- viii. Ms. Yolande Dwarika, Chief, Corporate Secretary
- ix. Mr. Yu Shen, Professional, Treasury and Portfolio Management (Changes to Loan Pricing)
- x. Mr. Fabio Batista, Executive Assistant to Chief Risk Officer (Expansion of Membership)
- xi. Mr. Alexey Kosarev, Young Professional, Corporate Communications (Information Disclosure Policy)
- xii. Mr. Charlie Tian, Young Professional, Project Financing (Project Pipeline)
- xiii. Mr. Garvit Sah, Seconded (Project Pipeline)
- xiv. Mr. Shu Zhan, Seconded (Expansion of Membership)
- xv. Ms. Miya Liu, Consultant, Corporate Secretary

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

The President proposed to include two items to the agenda, which had previously been requested both by the Alternate Director for Russia and Director for Russia, including a status report on progress on Memoranda of Understanding and preparation of an economic report for the BRICS Summit. The Director for Russia requested that the strategy of the Bank also be placed on the agenda. These matters were included under the item, "Any Other Matters".

The agenda was adopted, as amended by the Board of Directors ("**the Board**").

## **2. Leave of absence**

All Members of the Board were present.

## **3. Approval of the Minutes and Summary of the 9<sup>th</sup> meeting of the Board of Directors, 31 March 2017**

The Board considered and approved the Minutes (2017-BD10-DOC-003) and Summary (2017-BD10-DOC-004) of the 9<sup>th</sup> meeting of the Board of Directors held on 31 March 2017. The Chairman noted that during the inter-sessional period, the Board approved the Memorandum of Understanding with the Ministry of Finance, People's Republic of China on Collaboration on Matters of Common Interest under the Belt and Road Initiative. The Board also confirmed the appointment of the Director-General, Risk Management and Director-General, Finance, Budget and Accounting.

## **4. Matters Arising from 9<sup>th</sup> Board of Directors meeting**

The Board took note of the matters arising from the 9<sup>th</sup> meeting of the Board. An update was provided by the Management on the following topics:

### **a. BRICS FMCBG Meeting**

The Board took note of the President's participation in the BRICS Finance Minister and Central Governors Meeting which was held in Baden-Baden in March 2017.

### **b. Split between Sovereign and Non-Sovereign Projects**

The Vice President and Chief Operations Officer ("COO") indicated that further work needed to be done on the paper on the split between sovereign and non-sovereign operations. He indicated that in principle work would mainly be done on sovereign

guaranteed projects and that capacity would be built in order to do more non-sovereign projects. The Board requested that Management develop a plan and roadmap focussing on building capacity in the area of non-sovereign operations.

**c. Update on Projects**

The COO provided feedback on the preliminary assessment of the projects.

**d. Financial and Risk Assessment Model**

The Vice President and Chief Financial Officer (“CFO”) indicated that the work was underway to develop the financial and risk assessment model.

**e. Policy on Loans with Sovereign Guarantee**

The COO indicated that the revision process of the Policy on Loans with Sovereign Guarantee was under way. The Management would ensure that any inconsistencies with other relevant policies of the Bank are avoided. The revised policy would be ready for circulation by the next Board meeting.

**f. Committee for Budget, Human Resources and Remuneration**

The Board decided, in principle, to establish a Budget, Human Resources and Compensation Sub-committee of the Board of Directors. The Sub-committee would comprise all the Directors and would be chaired by China. The terms of reference of the Sub-committee would be drafted and circulated by the Management for Board’s consideration.

**g. Policy on Performance Management**

The Vice President and Chief Administrative Officer (“CAO”) informed that a Policy on Performance Management was in the process of being developed. The policy would be presented to the Board at the next Board meeting.

**5. Project Pipeline**

The COO provided an update on the project pipeline in each of the member countries. He also conveyed that four new projects were at an advanced stage of preparation. It was agreed that the presentation on the four projects would be circulated for Board members information.

**6. Expansion of Membership**

The Board continued to discuss the issue of expansion of membership and related matters.

**7. Africa Regional Centre**

The Board considered a note on the Africa Regional Centre, document number 2017-BD10-DOC-018. The Board authorised the conclusion of the Agreement between the Government of the Republic of South Africa and the New Development Bank on Hosting the New Development Bank Africa Regional Centre in the Republic of South Africa. The Board also granted a waiver from the taxation exemption for South African nationals and permanent residents employed by the Bank to work at the Africa Regional Centre. The Board adopted Resolution 2017-BD-R012.

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

Mr. Tito Mboweni, the Chairperson of the Audit, Risk, Budget and Compliance Committee (“**ARBC**”) provided a report on the fourth meeting of the ARBC. The Board took note of the risk report discussed in the ARBC and noted that NDB’s risk profile remained unchanged in comparison to previous quarter. The Board took note of the ARBC’s recommendation in document 2017-ARBC04-DOC-009 pertaining to the Internal Audit on Financial Reporting dated 1 June 2017, document 2017-ARBC04-DOC-010 concerning the Internal Audit Report on Treasury and Portfolio Management, and document 2017-ARBC04-DOC-011 concerning the Internal Audit Report on Administration.

**9. Quarterly Audited Financial Report for the period 1 January to 31 March 2017**

The Board of Directors considered the quarterly audited financial report for the period 1 January to 31 March 2017, document number 2017-ARBC04-DOC-006 and agreed to submit the quarterly audited financial report for the period 1 January to 31 March 2017 to the Board of Governors.

**10. Budget Revision**

The Board considered the adjustments to the 2017 budget contained in document number 2017-ARBC04-DOC-007. The Board approved the budget adjustments.

**11. Note on Changes to Loan Pricing**

The Board considered document number 2017-BD10-DOC-010 on revised loan pricing approach and adopted Resolution 2017-BD-R013, as amended.

**12. Information Technology Policies**

The Board considered the IT Strategy, the Business Continuity Management Policy and NBD Information Security Policy and approved these. The Board also noted the update provided insofar as the NDB Business Continuity Management and Data Recovery update.

**13. Information Disclosure Policy**

The Board considered the revisions to the Information Disclosure Policy, as contained in document number 2017-BD10-DOC-016. The Board adopted the amendments to the Information Disclosure Policy.

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

The Board agreed that the next Board of Directors meeting could be held in late August or early September 2017 in Shanghai, pending on all Directors' final confirmation of the date.

**15. Any Other Matters**

The Board noted that the draft General Strategy of the Bank had been circulated to the Board of Governors for final approval and took on board a suggestion from a Director. The Board did not discuss the status report on progress on Memoranda of Understanding and preparation of an economic report for the BRICS Summit and deferred discussion on these items to the next meeting of the Board.

**16. Closure**

The meeting ended with thanks from the Chairman.