

MINUTES OF THE 2ND MEETING OF THE BOARD OF DIRECTORS OF THE NEW DEVELOPMENT BANK HELD AT THE NEW DEVELOPMENT BANK, SHANGHAI, CHINA ON 23-24 NOVEMBER 2015

Present:

Board of Directors

- i. Mr. Luis Balduino (Board Member, Brazil, Chairman)
- ii. Mr. Dinesh Sharma (Board Member, India)
- iii. Mr. Sergey Storchak (Board Member, Russia)
- iv. Mr. Shaolin Yang (Board Member, China)
- v. Mr. Tito Mboweni (Board Member, South Africa)
- vi. Mr. K. V. Kamath (President and Board Member)

Vice Presidents

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

Alternate Directors

- i. Mr. Andrey Bokarev, Director of Department for International Financial Affairs, Alternate Director for Russia
- ii. Ms. Elizabeth Mmakgoshi Lekhethe, Alternate Director for South Africa

Other Attendees

- i. Mr. Evgeny Kochkin, Leading Adviser, Department for International Financial Affairs, Russia
- ii. Mr. Licheng Yao, Director, Department of International Financial and Economic Cooperation, MOF, China

- iii. Mr. Weijie Liu, Deputy Director, Department of International Financial and Economic Cooperation, MOF, China
- iv. Mr. Bo Jin, Deputy Director, Department of International Economic Relationships, Ministry of Foreign Affairs, China
- v. Ms. Kun Pan, Deputy Director, Legal Department, Ministry of Foreign Affairs, China
- vi. Ms. Mengli Wu, Staff, Department of International Financial and Economic Cooperation, MOF, China

Staff of the Technical Secretariat

- i. Mr. Couto Silva, Consultant
- ii. Mr. Gopal Balachandran, Seconded
- iii. Mr. Manish Singh, Seconded
- iv. Mr. Navin Agarwal, Seconded
- v. Mr. Satish Rao, Consultant

1. Adoption of the Agenda

The Board of Directors (“the Board” or “BoD”) adopted the proposed agenda (2015-BD02-DOC-001) for the meeting. No requests for leave of absence were received from any member.

2. Approval of minutes of the inaugural meeting of the BoD, 21 July 2015

The Board considered and approved the Minutes (2015-BD01-M-001) and Summary of Proceeding (2015-BD01-S-001) of the Board meeting held on 21 July 2015.

3. Discussion on Organisational Matters and Structure

The organisational structure proposed by the President was discussed and approved in-principle with modifications. The Board requested that the approved structure should be put into effect immediately after the HR policies are approved. It was decided that recruitment to these posts will be done as per the requirement and will be limited to filling those posts which are most essential in the first phase. A recruitment plan will be put up for approval in the next meeting of the Board.

4. Update by the NDB President

The NDB President, Mr. K. V. Kamath, addressed the Board, outlining the high level objectives and expectations of the Board meeting, and setting out the progress made over the past four months. Mr. Kamath stated that considerable progress has been made in numerous areas over the past quarter to incorporate the Bank. Essentially, the Technical Secretariat team (with support from external consultants)

had developed foundational policies in three core areas, i.e. Human Resource policies, Financial and Control policies and Operational policies. He noted that these policies were not only critical to incorporate the Bank but also constitute essential building blocks for the type of institution they intended to build. Mr. Kamath stated further that the aim was to build consensus on the overall policy framework and that some scope should exist to adjust specific aspects of the policies as required.

5. Preparation of project pipeline

The Board noted the progress made on preparation of the project pipeline (2015-BD02-DOC-002) submitted by the Management and requested them to identify the priority of the proposals which may be considered by the NDB for financing.

6. Paid in capital

The proposal made in relation to receipt of paid-in capital (2015-BD02-DOC-003) was supported by all members and Resolution 2015-BD02-R-003 was adopted.

7. Headquarter agreement

The Board noted the status of the Headquarter Agreement (2015-BD02-DOC-004) presented by the Management and asked that the issue be accorded priority.

8. Africa Regional Centre

The Board noted the proposal submitted by the Management for the establishment of the Africa Regional Centre (2015-BD02-DOC-005) and approved the recommended approach.

9. Resource raising: Access local currency markets of the founding members

The Board noted the progress made in preparations for raising of resources by the NDB and expressed support for the approach to the capital raising program (2015-BD02-DOC-006).

10. Partnerships and consultations with other international development organisations and national development banks across member countries

The Board noted the status report (2015-BD02-DOC-007) submitted by the Management on the partnerships and consultations of the NDB with other multilateral development banks and national development banks. Members suggested that the NDB should further strengthen its engagement with national development banks in member countries.

11. Update on development of IT Systems

The Board noted the progress made on the development of the IT systems (2015-BD02-DOC-008) and also agreed to change the internet domain name for the Bank from *newdevelopmentbank.int* to *ndb.int* as proposed by the Management.

12. Designing the flag, logo, name descriptor, colour coding to be standardised for use by the NDB

The Board noted the Management's proposal for a comprehensive development of the brand identity of the NDB (2015-BD02-DOC-009) and the progress in identification of an agency for this task. The Board considered two companies, DYWorks and Shanghai Art Design Institute that had been shortlisted by the Management, and selected DYWorks for the task.

13. Adoption of Resolution for travel and stay arrangements for BoD members by the NDB

The Board considered and supported the proposal of the Management (2015-BD02-DOC-010) for a resolution to be adopted by the Board of Governors regarding travel and stay arrangements and an allowance for BoD members when they attend its meetings. It was decided that the President may send a communication on this issue to the Chairman of the Board of Governors along with a draft resolution proposing its adoption by circulation.

14. Discussion on the minutes of the IBD meetings and ratification

The Board considered the proposal made for ratification of the past minutes of the meetings of the Interim Board of Directors (2015-BD02-DOC-011). It was agreed that these may be archived for purposes of historical record. The Board adopted the Resolution 2015-BD02-R-004.

15. Policies and Board Governance for discussion and approval

The Board considered the Finance, Operations and Human Resource policies proposed by the management. Following discussions, the BoD decided to provisionally approve those policy frameworks which were necessary to start the functioning of the Bank. The Management would further develop these policies in accordance with the approved frameworks, and then submit them and all other relevant matters to the Board before the next meeting, for final approval.

16. On governance, the proposal for constitution of committees at the Board level and at the Management level was discussed. It was decided that at the Board level, the Audit, Risk and Budget Compliance Committee will be constituted to be chaired by

Mr. Tito Mboweni. At this point, this committee is not a decision-making body, and shall comprise of all members of the Board and consider all audit, risk and budget compliance matters. With respect to the budgets of the Bank, the full Board will consider and approve the final budgets for the NDB. In this sense, the Sub-committee will only look into budget compliance activity. Furthermore, the Board would directly look into matters concerning human resources and on matters concerning ethics, and appropriate ad-hoc Committee would be constituted to address such issues. The proposal to constitute the Credit and Investment Committee and a Finance Committee along with two sub-committees for operations and treasury was agreed to.

17. Note on appointment of independent auditors and internal auditors

The Board noted the appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP (“Deloitte”) and Price Waterhouse Coopers (“PwC”), audit firms as independent auditors and internal auditors respectively (2015-BD02-DOC-012), pursuant to the Board’s approval of their appointment that had been sought by circulation.

18. Consideration of audited accounts for the period ending 30 September 2015

The Board approved the accounts of the Technical Secretariat for the period ended 30 September 2015 along with the audit report of Deloitte, the independent auditors (2015-BD02-DOC-013).

19. Budget for 2016

The proposed budget for the period from January to May 2016 (2015-BD02-DOC-014) was discussed and it was suggested that the budget be prepared for the entire year, i.e. from January to December 2016, and circulated to the Board before its next meeting.

20. Special funds

The Board held preliminary discussions on the issue of special funds (2015-BD02-DOC-015) and decided to discuss the details at a later date.