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**MINUTES OF THE 18<sup>th</sup> MEETING OF THE BOARD OF DIRECTORS OF THE NEW DEVELOPMENT BANK HELD IN CAPE TOWN, SOUTH AFRICA, ON MARCH 31, 2019 AT 01:30 PM**

PRESENT:

**Directors and Alternate Directors**

- i. Mr. Marcos Troyjo (Director for Brazil, Chairperson)
- ii. Mr. Sergei Storchak (Director for Russia)
- iii. Mr. K. Rajaraman (Director for India)
- iv. Ms. Jiandi Ye (Temporary Alternate Director for China)
- v. Mr. Dondo Mogajane (Director for South Africa)
- vi. Ms. Vuyelwa Vumendlini (Alternate Director for South Africa)
- vii. Mr. K. V. Kamath (President and Board Member)

**Advisors and Other Participants Accompanying Directors**

- i. Mr. Erivaldo Alfredo Gomes, Secretary for International Economic Affairs, Ministry of Economy, Brazil
- ii. Mr. Michel Laham Neto, Deputy Consul-General, Brazilian Consulate General in Cape Town, Brazil
- iii. Ms. Elena Zamorina, Consultant, Department for International Financial Affairs, Ministry of Finance, Russia
- iv. Mr. Prasanna V. Salian, Joint Director, United Nations and Other Multilateral Institutions Division, Department of Economic Affairs, Ministry of Finance, India
- v. Ms. Jin Rui, Staff Member, IFI Division V, Department of International Financial and Economic Cooperation, Ministry of Finance, China
- vi. Mr. Enoch Godongwana, Advisor, South Africa

- vii. Mr. Mfundo Hlatshwayo, Chief Director, BRICS Global and Emerging Market, International and Regional Economic Policy, National Treasury, South Africa
- viii. Mr. Andile Kuzwayo, Director, BRICS Global and Emerging Market, International and Regional Economic Policy Division, National Treasury, South Africa

**Vice Presidents**

- i. Mr. Sarquis Sarquis, Vice-President and Chief Risk Officer (“CRO”)
- ii. Mr. Vladimir Kazbekov, Vice-President and Chief Administrative Officer (“CAO”)
- iii. Mr. Xian Zhu, Vice-President and Chief Operations Officer (“COO”)
- iv. Mr. Leslie Maasdorp, Vice-President and Chief Financial Officer (“CFO”)

**New Development Bank Staff**

- i. Mr. Naveen Srivastava, Director General and Corporate Secretary
- ii. Ms. Yolande Dwarika, Chief, Corporate Secretary Division
- iii. Mr. Weijie Liu, Principal Professional, Corporate Secretary Division
- v. Ms. Miya Liu, Junior Professional, Corporate Secretary Division

The following staff members attended the meeting for relevant agenda items with the approval of the Chairperson:

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| <ul style="list-style-type: none"> <li>i. Mr. Shaohua Wu, Director General, Operations I</li> <li>ii. Mr. Yury Surkov, Director General, Operations II</li> <li>iii. Mr. Levan Zolotarev, Director General, Treasury and Portfolio Management</li> <li>iv. Mr. Sergei Kuznetsov, Director General and Legal Counsel</li> <li>v. Mr. Jose Luiz Fernandes, Director General, Risk Management</li> <li>vi. Mr. Garvit Sah, Principal Professional, Operations I</li> <li>vii. Mr. Zakhele Mayisa, Principal Professional, Operations II</li> <li>viii. Mr. Gustavo Mathias, Principal Professional, Legal</li> </ul> | <ul style="list-style-type: none"> <li>ix. Mr. Fabio Batista, Executive Assistant to CRO</li> <li>x. Mr. Yang Luo, Senior Professional, Operations I</li> <li>xi. Mr. Nokuthula Mabuza, Senior Professional, Operation II</li> <li>xii. Ms. Charmaine Kazamula, Senior Professional, Operations II</li> <li>xiii. Mr. Akhil Kumar, Professional, Operational II</li> <li>xiv. Mr. Tim Fleming, Young Professional, Operations II</li> <li>xv. Mr. Julien Demeulemeester, Young Professional, Economic Research and Analytics</li> <li>xvi. Ms. Lefentse Bodibe, Young Professional, Legal</li> </ul> |
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xvii. Ms. Aimee Ji, Junior Professional,  
Operations I

xviii. Ms. Danwei Zhang, Junior  
Professional, Operations I

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

The agenda (2019-BD18-DOC-001-REV1) was considered and adopted by the Board of Directors (“Board”).

## **2. Leave of Absence**

The absence of the Director for China was recorded. The Director for China was represented by a Temporary Alternate Director.

## **3. Approval of the Minutes and Summary of the 17<sup>th</sup> Board of Directors Meeting held on November 16, 2018**

The Board approved the Minutes (2019-BD18-DOC-003) and Summary (2019-BD18-DOC-004) of the 17<sup>th</sup> Board of Directors Meeting held on November 16, 2018.

## **4. Record of Approval of Matters Agreed to during the Inter-sessional Period**

The Board took note that the matters as contained in the Note on inter-sessional Decisions of the Board of Directors since the 17<sup>th</sup> Meeting (2019-BD19-DOC-005) were approved by the Board.

## **5. Matters Arising from Previous Meetings**

The Board considered the Matters Arising from the 17<sup>th</sup> Board of Directors Meeting (2018-BD18-DOC-006) and took note thereof.

## **6. Projects**

### **a. Project Proposals**

The Board considered the Note concerning Project Proposals (2019-BD18-DOC-006-REV1) and took note thereof.

**(i) Loan of RMB 825 million to the People’s Republic of China for Zhejiang Green Urban Project – Shengzhou Urban and Rural Integrated Water Supply and Sanitation Project (Phase II)**

The Board considered the project document (2019-BD18-DOC-008) on the proposed loan of RMB 825 million to the People’s Republic of China for Zhejiang Green Urban Project – Shengzhou Urban and Rural Integrated Water Supply and Sanitation Project (Phase II) and approved the project proposal.

**(ii) Loan of USD 300 million to the People's Republic of China for Guangxi Chongzuo Urban Water System Ecological Restoration Project**

The Board considered the project document (2019-BD18-DOC-009) on the proposed loan of USD 300 million to the People’s Republic of China for Guangxi Chongzuo Urban Water System Ecological Restoration Project and approved the project proposal.

**(iii) Loan of USD 480 million to Eskom Holdings Ltd. for Environmental Protection Project for Medupi Thermal Power Plant, Guaranteed by the Government of the Republic of South Africa**

The Board considered the project document (2019-BD18-DOC-011) on the proposed loan of USD 480 million to Eskom Holdings Ltd for Environmental Protection Project for Medupi Thermal Power Plant guaranteed by the Government of the Republic of South Africa and approved the project proposal.

Resolution 2018-BD-R029 (2019-BD18-DOC-013-a) concerning the aforementioned three projects was adopted.

**(iv) Loan of ZAR 1.15 billion to Industrial Development Corporation for Renewable Energy Sector Development Project, without Sovereign Guarantee**

The Board considered the project document (2019-BD18-DOC-012) on the proposed loan of ZAR 1.15 billion to the Industrial Development Corporation for Renewable Energy Sector Development Project without Sovereign Guarantee and approved the project proposal.

Resolution 2018-BD-R030 (2019-BD18-DOC-013-b) concerning the aforementioned project was adopted.

**(v) Loan of ZAR 3.2 billion to Trans Caledon Tunnel Authority for Lesotho Highlands Water Project (Phase II), Guaranteed by the Government of the Republic of South Africa**

The Board considered the project document (2019-BD18-DOC-010) on the proposed loan of ZAR 3.2 billion to Trans Caledon Tunnel Authority for Lesotho Highlands Water Project (Phase II) Guaranteed by the Government of the Republic of South Africa and approved the project proposal.

Resolution 2018-BD-R031 (2019-BD18-DOC-013-c) concerning the aforementioned project was adopted.

**7. Update on Project Pipeline and Disbursements**

The Board considered the Note on Project Pipeline (2019-BD18-DOC-014-a) as well as Note on Disbursements (2019-BD18-DOC-014-b) and took note thereof.

**8. Concept Note on Financing of Social Infrastructure Projects**

The Board considered and approved the Note on Financing Social Infrastructure by NDB (2019-BD18-DOC-015).

**9. Note on Issuance of Euro Commercial Paper**

The Board considered and approved the Note on Issuance of Euro Commercial Paper (2019-BD18-DOC-031).

Resolution 2018-BD-R032 (2019-BD18-DOC-031-a) concerning the Euro Commercial Paper Programme was adopted.

**10. Note on Establishment of the Reg-S Bond Programme in the International Capital Markets**

The Board considered the Note on Establishment of the Reg-S Bond Programme in the International Capital Markets (2019-BD18-DOC-016) and approved the recommendations contained therein.

**11. Establishment of Ruble Bond Programme in Russia**

The Board considered the Note on Establishment of RUB Bond Programme in Russia (2019-BD18-DOC-017) and approved the recommendations contained therein.

## **12. Variable Spread USD Sovereign Loan Pricing**

The Board considered and approved the Note on Variable Spread USD Sovereign Loan Pricing Framework (2019-BD18-DOC-020).

## **13. Policies**

### **a. Policy on Operations in Disputed Area and/or International Waterways**

The Board considered and approved the Policy on Operations in Disputed Area and/or involving International Waterways (2019-BD18-DOC-021-a).

### **b. Distribution of Net Income of the New Development Bank**

The Board decided to defer the proposal for distribution of net income of the New Development Bank.

## **14. Review of Policies**

### **a. Review of the General Conditions (Loans with Sovereign Guarantees)**

The Board requested the Management to further work on revising the General Conditions and to submit the revised draft during the inter-sessional period.

### **b. Review of the Policy on Processing of Loans with Sovereign Guarantee**

The Board considered the proposed revisions to the Policy on Processing of Loans with Sovereign Guarantee (2019-BD18-DOC-024) (2019-BD18-DOC-024-a) (2019-BD18-DOC-024-b). The Board approved the revisions to the Policy on Processing of Loans with Sovereign Guarantee.

## **15. Report of the Chairperson of Audit, Risk and Compliance Committee**

The Chairperson of the Audit, Risk and Compliance Committee ("ARC"), provided a report on the 10<sup>th</sup> Meeting of the ARC. The Board took note of the following:

- a. Quarterly Credit Risk Report for the period ended September 30, 2018;
- b. Quarterly Market and Liquidity Risk Report for the period ended September 30, 2018;
- c. Quarterly Operational Risk Report for the period ended September 30, 2018;

- d. A revised Enterprise Risk Management and Risk Appetite Framework would be submitted to the Board taking into account the suggestions made by the Committee members;
- e. Compliance Update;
- f. The Internal Audit Report for Q4\_2018; and
- g. The Corporate Procurement Report conducted by Internal Audit Division.

The Board approved the following:

- a. The submission of the Annual Audited Financial Statements for the New Development Bank for CY2018 to the Board of Governors for consideration and approval, in accordance with Article 14(a) of the Articles of Agreement;
- b. The submission of the Audited Financial Statements for the Project Preparation Fund of the New Development Bank for January 20, 2017 to December 31, 2018 to the Board of Governors for consideration and approval, in accordance with Article 14(a) and 23(b) of the Articles of Agreement;
- c. The Compliance Management Plan 2019;
- d. The Internal Audit Plan for 2019;
- e. The revised Internal Audit Policy;
- f. The revised Internal Audit Charter; and
- g. The proposal on procuring services of KPMG for internal audit for 2019.

#### **16. Report of the Chairman of the Budget, Human Resources and Compliance Committee**

The Chairperson of the Budget, Human Resources and Compensation Committee (“BHRC”) provided a report to the Board on the 5<sup>th</sup> Meeting of the BHRC. The Board took note of the following:

- a. Recruitment and Diversity Update;
- b. Budget Utilisation Report for CY2018; and
- c. Compensation and Benefits for Africa Regional Centre.

The Board approved the following:

- a. The Note on Compensation and Benefits Review;
- b. The Children Education Assistance Allowance in Americas Regional Office; and
- c. The Budget for Annual Base Salary Increments.

## **17. Membership Expansion**

The Board considered various aspects related to the expansion of membership and decided to brief the Board of Governors on the status of the discussions.

## **18. Midterm Review of NDB's General Strategy: 2017-2021**

The Board considered the Briefing on NDB's General Strategy: 2017-2021 (2019-BD18-DOC-029) and recommended that it be circulated to the Board of Governors for consideration.

## **19. Amendment of the Board of Directors Rules of Procedure**

The Board considered the Note on the Proposed Amendment to the Rules of Procedure of the Board of Directors (2019-BD18-DOC-030) and the proposed revisions (2019-BD18-DOC-030-a) (2019-BD18-DOC-030-b). The Board recommended that the Board of Governors approve the Amended Rules of Procedure of the Board of Directors, subject to revisions requested by the Board. The Board agreed that the number of advisors could increase to three.

## **20. Resolutions for Board of Governors**

The Board of Directors considered the draft Resolutions for Board of Governors (2019-BD18-DOC-032) and recommended that the Board of Governors adopt them at the 4<sup>th</sup> Board of Governors meeting to be held on April 1, 2019, as amended.

## **21. Date and Venue of the Next Board of Directors Meeting**

The Board decided that the next meeting of the Board would take place in June 2019 in Shanghai, pending on all Directors' final confirmation of the date.

## **22. Any Other Matters**

The Board of Directors thanked the Director for South Africa for his contribution to the NDB Board of Directors. The meeting ended with thanks from the Chairperson of the Board.