

**Minutes of the Meeting No. 13/09**  
**Board of Directors of the IDB Retirees Association**  
**Wednesday, November 18, 2009**  
**Room: NW-469 - Time: 10:30 a.m.**

Present: Saúl Hanono (10), President  
Nohra Rey de Marulanda (10) Vice-President  
Marie Joelle Haas (10), Deputy Secretary  
Asunción Aguilá (11), Director  
Ciro de Falco (11), Director  
Gabriela Sotela (10), Director  
James R. Taylor (10), Director

Absent: Marilia C. Mirza (10), Secretary  
Paula G. Verdun (10), Treasurer  
Fausto Medina-Lopez (11), Deputy Treasurer  
Isabel C. Larson (10), Director  
Alfred Thieme (10), Director  
Ira Kaylin (10), Director

**Quorum:** The quorum was verified and the meeting started at 10:45 a.m.

The **Agenda** for the meeting was approved. The Board registered the unanimous approval of the **Minutes** of the previous meeting (October 14, 2009) **by short procedure**.

**New Members:** The new retirees enrolled between October and November were: Margarita Valdez, Eugenia Victoria Orellana, Erico de Oliveira e Silva, Mauricio R. Bertrand Flores, Pietro Masci, and Julio E. Villanueva.

**President's Report.** The President indicated that he received only one reaction from his letter sent to all Chapters on November 16. He reiterated that the Chapters want pensions to be adjusted to the local CPI, and cost of living adjustment issues are compounded in countries that experience domestic currency reevaluation. The President suggested that the Board request a formal position of the Administration Committee to the concerns raised by the Chapters.

**Focus Groups and Report on the Administration Committee.** In its meeting of November 11<sup>th</sup>, 2009, the Administration Committee discussed Document PJ-43/09 - Review of SRP Local Currency Payment Benefit Alternatives. This document reviews the alternatives for a proposed local currency benefit in the Staff Retirement Plan presented in a study by Buck Consultants, for

the purpose of conducting Retiree Focus Groups. Document PJ-43/09 proposed three alternatives to the Committee to serve as a basis for the discussion with the Focus Groups, and the Committee agreed. Ms. Marulanda advised the Committee that certain retirees had requested a copy of the currency benefit study prepared by Buck Consultants, but the Committee indicated that the study had been prepared by an external advisor to support the deliberations of the Committee, and: *“did not reflect the views of the Committee nor options that were necessarily endorsed by the Committee, and was not drafted in a form that would facilitate discussion with the retirees.”* In addition, the Committee also observed its *“long standing practice of maintaining the confidentiality of the Committee’s documents and Bank policies for the disclosure of information.”* In light of the considerations, the Committee confirmed that: *“it did not support a proposal to distribute the study to retirees”*. However, it agreed that the Secretariat would prepare, in consultation with the Representative of the Association of Retirees on the Committee, “a document based largely on PJ 43/09 for the purpose of consulting with Focus Groups of the Association”.

Nohra de Marulanda explained to the Board that a draft of such document was already prepared and that the team of Board members that had been working on the issue of the Focus Groups would send their comments to the Secretariat. When the Secretariat finalizes the document, it will be sent through the Association to all retirees who receive their pension in dollars but live outside the US, who would be the potential respondents of the Focus Groups.

The President proposed to the Board to draft a letter (which would essentially explain all the concerns/issues expressed by the Chapters related to Cost of Living Adjustment Methodology), and to submit it officially to Roberto Vellutini, as the Chairperson of the Administration Committee. Once the letter has been sent, the President would request a meeting with the Chairperson of the Administration Committee to consider the retirees concerns and to see whether and how they might be met.

Given the fact that there have been very few responses to the letter sent by the Retiree Association in August inviting retirees who live outside the USA and receive their pension in US dollars to express their interest in participating in the Focus Groups, the Board concluded that it may be impossible to establish statistically representative Focus Groups in every country. The Board considered an alternative way of consulting the Retirees by sending a short electronic survey. The Board agreed that the Executive Secretariat of the Staff Retirement Plans should be advised of this change and their comments should be requested. This process would be introduced to Retirees via video conferences set up in Country Offices with a team from the Secretariat, the Chapters’ Presidents and retirees who wish to attend. For those Retirees who live in countries where there is no Chapter, the possibility of telephone communication would be open.

Ms. Marulanda also reported on other issues pertaining to the Administrative Committee such as the presentation of Document PJ-44/09 – Review of the General Adjustment to Pension and Benefits in the Local Retirement Plan in View of the Bank’s National Employee Compensation Policy. This document proposes principles that will be taken into account in a study that will be undertaken to help the Committee through its review of the General Adjustment to Pensions and Benefits mechanisms of the Local Retirement Plan. It was noted that the principal goals of the new methodology could include uniformity of adjustments on a percentage basis within each country,

transparency of the process, adjustments based upon published data and the consideration of “ceilings and floors” to the adjustments to avoid either unlimited upward movements or prolonged periods of 0% increases. The Committee approved the principles and asked the Secretariat to develop recommendations for changes in the adjustment mechanism.

Document PJ-45/09 – Review of the Determination of the Final Average Pensionable Remuneration (FAPR)<sup>1</sup> in the Local Retirement Plan in view of the Bank’s National Staff Compensation Policy was also discussed. This document proposes principles that will be taken into account in a study that will be undertaken to help guide the Administrative Committee through its review of the method for determining the FAPR of the Local Retirement Plan. Ms. Marulanda indicated that Mr. Cole noted that a goal of any modification would be to ensure that the FAPR would not exceed the highest actual salary ever paid to the employee, and that any change in methodology should be cost neutral for the Plan. Ms. Marulanda pointed out that the Administrative Committee agreed with the principles and asked the Secretariat to develop recommendations for changes to be proposed for the Plan’s Regulations.

**Other Matters.**

Investment Committee. Ciro de Falco reported on the last meeting of the Investment Committee, where a preliminary report indicated that a significant portion was recovered from the losses of 2008, and that Consultants are now proposing new investment strategies, which might include the use of hedge funds, funds of funds, private equity, commodities, including investments in forestry, etc.. Mr. De Falco underscored his position against increasing risks that the fund would take and the Board fully agreed with such stand.

Annual Report. The Retirees Annual Meeting will be held in April 2010, on a date yet to be determined. The Board briefly discussed the Annual Report, which should focus on topics of interest to all members. The President asked that a copy of last year’s Annual Report be distributed to all Board members. The officer who will coordinate the preparation of the Report will be designated at the next Board meeting.

Letters from Alvaro Beca and Carlos Santistevan. The Board decided not to publish these letters in the Newsletter but, rather, to communicate its own views and actions directly to members.

Possible Bylaws Change. The President proposed a change to the Bylaws to allow for the country and local chapters to directly elect a Director of the Board. The Board agreed with this proposal and will consult with its Legal and Regulations Committee to help draft a corresponding change to the Bylaws.

The meeting adjourned at 12:30 pm.

Marie-Joelle Haas  
Deputy Secretary

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<sup>1</sup> The FARP is used as a basis to determine pensions at the moment of retirement.