

Minutes of the Executive Board Meeting 2017/2, 10 July 2017 by email correspondence

Participating Members of the Executive Board

Walter Fust (Chair)
Tim Fischer (Vice Chair)
Peter Crane
Gebisa Ejeta
Prem Lal Gautam
Alexander Müller
Knut Storberget
Mary Ann Sayoc
Marcio de M. Santos
Marie Haga (Executive Director of the Crop Trust)

Introduction

- The purpose of this email correspondence was to provide the Executive Board with an evaluation of the revised concessional loan offer from KfW for Eur50 million taking into account a grant of Eur 4.15 million from BMZ, the German Federal Ministry for Economic Co-operation and Development. The Executive Board was asked to consider and approve this loan.
- Participating in the written procedure were the voting members of the Executive Board listed above.

EB/2017/2-1 KfW Concessional Loan

- The Executive Board members noted the circulated paper and a study prepared by Lexor Management to evaluate the revised loan offer from KfW and grant from BMZ.
- The Executive Board noted that the Donor's Council, at its meeting on 21 October 2016 considered the KfW loan offer and approved that the "Crop Trust may contract the KfW concessional loan subjectto securing an additional donor grant in order to reduce the interest cost on the KfW loan by at least half, to 0.5% per year, and preferably down to an interest cost of nil".
- The circulated document highlighted that the report concluded that, for the 1.3% interest rate quotation of the KfW loan, with Eur 4,150,000 interest subsidy to be drawn down in full in ca. 6 months after the drawdown of the KfW loan, the loan and subsidy cash flow will lead to an effective interest rate of 0.5% per annum.
- The Executive Board also noted that the Finance & Investment Committee, at its meeting on 31 May 2017, agreed to management's proposal that the loan proceeds, rather than being

split between both investment managers, be invested with one of the existing investment managers. Management will, in due course, present FIC with a proposal as to which investment manager the funds should be invested with, based on their performance to date and investment strategy proposed for these funds.

- The Executive members approved that management move forward on the KfW offer of 7 June 2017. In the event that there is a movement in the interest rate up to the time that the agreement is signed, members agreed to provide the Executive Director with the discretion to contract the loan agreement and to source the additional donor funds required for an amount above an effective interest rate of 0.5%.
- The Executive Board congratulated management on the efforts made towards materializing this innovative funding strategy and noted that it will require close monitoring from both management and the Executive Board along its full implementation.

Decision:

- 1) *Executive Board Members approved the acceptance of the KfW concessional loan and agreed to provide the Executive Director with the discretion to contract the loan agreement and to source the additional donor funds required for an amount above an effective interest rate of 0.5%.*