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## As a leading expert IIB's Chairman addresses CAF-LSE Conference

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In London [on January 13, 2016](#), during the annual conference of the Development Bank of Latin America (CAF) and the London School of Economics and Political Science (LSE) "Globalisation in Crisis: Implications for the Global South" the Chairman of the Board of the International Investment Bank (IIB), Nikolay Kosov caught the audience's attention with an idea of joint efforts by the multilateral development banks (MDBs) to review international rating agencies' approaches for the rating of MDBs. This, above all, concerns MDBs, which more often do not enjoy AAA ratings given automatically to other development institutions, mainly due to the strong composition of their shareholders.

*"While all MDBs should have higher ratings by default, those institutions that have shareholders with developing and/or transitional economies face even stricter criteria from the agencies. Here comes a paradoxical situation, since exactly such countries are in greater need of inexpensive long-term financing from development institutions,"* - said **N. Kosov**, speaking as an expert at a high level panel discussion "The Role of Development Banks in a Globalised World."

It was also noted that such a decision could lower the influence of sovereign ratings of shareholders, potentially lead to more equal opportunities for development banks and, most importantly, could reduce the cost of funding and as a consequence contribute to more effective implementation of these institutions' mission to support socio-economic development of member states through increased lending for national economies with a focus on the SME sector.

The IIB Chairman further stressed the importance of more vigorous joint IFIs efforts for more effective use of their own resources and financial infrastructure, as well as for greater support of local capital markets, primarily in developing countries. *"Given a global economic growth slowdown, an increase of regulators' requirements and constraints, such as the Basel Committee, for commercial banks, a reduction of public investment volumes, MDBs should act not only as an additional, but as an alternative source of funding, as investment catalyzers, and, in a way, market makers for developing countries and states with transitional economies,"* - responded N. Kosov to a question from the audience.

A good example of such cooperation, as it was noted, is a growing dialog between the IIB and the CAF regarding the joint projects implementation, i. a. in area of technical assistance, in Cuba, a member country of the International Investment Bank.

The meeting also focused on difficulties faced by companies from developing or emerging market countries while trying to further expand their trade on international markets. The LSE Deputy Director, Stuart Corbridge, the CAF President, Enrique García, and N. Kosov

particularly noted that the MDBs are able to provide more effective support for exports and imports in comparison with commercial institutions, owing to their supranational status and, respectively, flexible approach to the opening of financial limits, as well as lack of regulatory or legal restrictions.

The fourth and the most representative CAF-LSE conference attracted the leading international experts, politicians and financial analytics, including senior representatives of the World Bank, the OECD, the Inter-American Development Bank, central banks of a number of Latin American countries, including Cuba, as well as representatives of academic communities from USA, France, China. The event was addressed by an honorary speaker Michel Camdessus, a former Managing Director of the IMF.

The IIB and the CAF consistently develop their partnership, that started in 2015 during the [Asian Development Bank's 48th Annual Meeting of its Board of Governors](#), followed by the CAF's participation at a number of Open Sessions of the [IIB Council's Meeting](#) and institutionalized with the signing of a [Memorandum of Understanding](#) in 2016.

#### [IV CAF-LSE Conference\\_intervention by N.Kosov](#)