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## Historical summit in Havana

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The 101<sup>st</sup> meeting of the Council of the International Investment Bank took place in the capital of the Republic of Cuba, Havana, on May 8, 2014. The delegations of all the member states of the Bank, the representatives of Hungary and Vneshekonombank (Russia) which have an observer status and also Russian Agency for Export Credit and Investment Insurance (EXIAR) participated in the meeting. It is the first summit of the Council of the IIB in modern history which has taken place on the American continent and it symbolizes Cuba's return as a full-fledged member of the Bank.

The summit in Havana became possible after the Agreement on the restructuring of the debt of the Republic of Cuba towards the Bank which was signed in December 2013. The 101<sup>st</sup> Council of the IIB adopted a historically important decision on the fundamental amending in the constituent documents of the Bank for the first time in its 40-year history. Thus a new page in the development of the IIB as a multilateral institution for development which corresponds to the modern standards of corporate management and best practices of the international financial organizations is open.

The Protocol amending the Agreement on the Establishment of the IIB and its Statute was approved. In the course of the meeting the representatives of the delegations of the Republic of Bulgaria, the Republic of Cuba, Mongolia and the Slovak Republic affixed their signatures on the document. Other member states pledged themselves to have done it by November 1, 2014, after the completion of the required interstate procedures. Among the most important changes is the transition from the principle «one country-one vote» to a more proportional system of decision-making.

As the Chairman of the Board Nikolay Kosov noted in his concluding speech: «This decision is finalizing IIB's relaunch, the operations of the Bank are completely re-established, the IIB is developing on priority rates, accomplishing all the targets set by the member states». The results of the reformation of the Bank were fixed in the activity report of 2013, which along with the report of the Statutory Audit Commission were approved unanimously by the Council. For a year and a half, the Bank has reformed its internal corporate governance, implemented a risk management system based on the Basel II standards, completely readjusted its credit portfolio and established new principles of the credit policy, established partnerships with the leading international financial organizations, obtained an international investment credit rating, changed to a new system of funding, attracting resources on the financial markets including the debut bonds placement in April this year.

Due to the active development of the credit-investment operations the increase of the resource base is one of the main targets of the Bank today. Hence the Council considered the practical measures of the maintenance of the credit rating of the IIB. Measures on the maintenance and the improvement of the ranking score of credit solvency was approved by the Board. The member states agreed to consider the possibility to open financing for the IIB under

preferential conditions, pledged to take measures to create the most favored nation treatment for the development of the operations on the national financial markets.

The transfer of the tranche of the Russian Federation in the amount of EUR 10 million for the Bank's recapitalization, in accordance with the decision of the meeting of the Council of the IIB which took place in Bratislava in June 2013, took place on the day of the meeting of the Council, which was significant in the sense of the support of the new activity of the IIB by the member states.

A milestone event of the Havana summit was the formal confirmation of the decision on the return of Hungary to the IIB. After the withdrawal of its membership from the Bank in the 2000's, Hungary maintained the IIB in the sphere of its interests, having quickly responded to the principal reforms of the Bank. The representative of the Government of Hungary which participated in the meeting voiced the intention to enter into a membership of the Bank taking into account all the innovations, including a new version of constituent documents and the recapitalization of the Bank. The Board prepared a few versions of the renewal of Hungary's participation. Having considered them, the Council granted the Board of the IIB the authority to complete the negotiations with the Hungarian party and the members of the Bank in order to develop specific conditions for the renewal of the membership of Hungary.

The recognition of the growing authority of the IIB in the international financial society was the request of the VTB Group on granting the observer status in the IIB. As it is noted in the request of its President Andrey Kostin: «The VTB Group is interested in the further deepening of the partnership relations with the IIB and giving them strategic importance». The Board of the Bank, having viewed the request of the VTB Group, adopted a unanimous decision to grant it an observer status in the IIB.

Vneshekonombank which already has an observer status also participated in the work of the Council of the IIB. The representatives of the largest Russian institution for development acquainted the participants of the Council with the activities of Vneshekonombank in the sphere of infrastructure and socially significant projects, including those implemented in the member states of the Bank, having noted that IIB is a natural partner of Vneshekonombank.

The CEO of the Vneshekonombank's subsidiary company Russian Agency for Export Credit and Investment Insurance (EXIAR) made a speech at the open session of the Council. He talked about the perspectives of the development of bilateral and multilateral foreign trade ties of the member states of the Bank within the framework of the recently signed Memorandum on Cooperation between five national export agencies (the Republic of Bulgaria, the Russian Federation, Romania, the Slovak Republic, the Czech Republic). Mr. Fradkov took a favorable view of the plans of Hungary to join the Bank and the perspectives of cooperation with the Hungarian Export-Import Bank Plc. (Eximbank) on the whole territory of the IIB.

The Cuban Economic Forum took place upon completion of the official program of the Council. It was organized by the Government and the National Bank of Cuba with the purpose of presenting the program on updating the economic model which is now taking place in the country. It is worth noting that the IIB is the only financial organization with Cuba as a full-fledged member.

The Vice-President of Council of Ministers of the Republic Cuba Marino Alberto Murillo Jorge made a detailed report on the strategic plans of the Cuban Government on the modernization of the national economy. The Vice-Minister of Foreign Trade and Foreign Investment of Cuba

Antonio Caricarte presented the new opportunities for the foreign investors which will come into being after the adoption of the new edition of the Foreign Investment Law. During the Forum the representative of The *National Bank of Cuba* handed over the Honorary Diploma to the IIB Chairman of the Board Nikolay Kosov and Deputy Chairman of the Board Demchigjav Molomjamts and noted their efforts to maintain Cuba in the Bank and the development of relations with IIB and its other Member States.

The IIB's delegation was also received by the Vice-President of the Executive Committee of the Council of Ministers of the Republic of Cuba Ricardo Cabrisas Ruiz. The results of the meeting of the Council, perspectives of the multilateral cooperation of the member states under the aegis of the International Investment Bank were discussed at the meeting. At the end of the meeting Nikolay Kosov thanked Mr. Cabrisas and all the Cuban Government for the warm welcome, hospitality and the high level at which they held the 101<sup>st</sup> Council of the Bank.

According to the decision of the Council its scheduled meeting will take place in the capital of Bulgaria Sofia in the second part of November this year.