



INTERNATIONAL  
INVESTMENT  
BANK

Moscow, Mashki Poryvayevoy st. 7  
Phone: : +36 1 727 8888  
Fax: : +7 (499) 975-20-70  
E-mail: mail@iibbank.com

## **IIB Chairman presents an innovative concept for financing water projects at IIF G20 conference**

March 16, 2017

The delegation of the International Investment Bank (IIB), led by the Chairman of the Board, Nikolay Kosov, participated in the events of [the Institute of International Finance's \(IIF\) G20 conference "The G20 Agenda Under the German Presidency"](#) in Frankfurt-am-Main, Germany. Representatives of G20 governments, presidents and CEOs of leading world banks, state treasuries and other financial organizations participated in the annual forum, which focused on the issues of sustainable development and financial globalization, and new financial technologies.

Speaking as an expert at the Green Finance Roundtable, N. Kosov presented an innovative concept for financing water-related projects by multilateral development banks (MDBs). The IIB's top executive suggested the establishment of a scheme to issue specialized bonds or "water bonds" to fund such environmental programmes. Such an instrument will efficiently aggregate the resources of those MDBs, which due to their size or composition of shareholders do not have the highest ratings to attract competitive financing, but to allow them to participate in cross border green projects.

The IIB is proposing to approve a separate regulatory arrangement for the "water bond" due to the fact, that global water projects present high risk since they are cross border in many cases and may not have a single government guarantee. Investing in such a project unilaterally could negatively affect the MDBs' investment ratings. The risk factor could be reduced if the largest MDBs, such as World Bank, IFC, EBRD provide their guarantee for such bonds, allowing MDB's credit rating to be viewed by the international rating agencies apart from their activities in such a high risk projects.

*"The issue of specialized bonds to fund water projects could truly break down the dam that is currently limiting a number of MDBs to participate in such projects. Such an approach will bring an absolute benefit in the broad context of sustainable development and combating climate change,"* - stressed the Chairman of the IIB Board.

During the roundtable, representatives of such international bodies as IFC, IIF, EIB, KfW, European Climate Foundation, African Development Bank, HSBC, BNP Paribas Group, Commerzbank discussed in particular options how to attract additional investments and to expand the cooperation between the MDBs, state and commercial bodies in the area of green finance. The Head of Funding IFC Treasury Ben Powell actively supported the IIB's concept on the issue of specialized bonds and expressed his interest in building up multilateral cooperation between IFIs (MDB's) in the capital markets.

The IIB pays special attention to water-related problems - [the IIB Chairman addressed the Budapest Water Summit 2016 and the meeting of the High Level Panel on Water](#). The Bank is

actively cooperating with the World Wide Fund for Nature (WWF) in this area. In 2016, the institution provided grants for the [development of the Water Risk Filter](#) – WWF’s flagship online tool for water monitoring, and for the [project “Restoring Peatlands in Russia – for fire prevention and climate change mitigation”](#).