



Denis Ivanov:
«We made a useful breakthrough»

– This year has been a special one for all humankind due to the COVID-19 pandemic. New problems have been added to the big tangle of global problems, significantly changing the usual formats of interaction – between people, companies and states. What role will multilateral development institutions play in a changing world, and what new opportunities can they offer to their participants and the entire international community?

– The Corona virus epidemic has caused crisis phenomena in the medical, social and economic sectors, and the amount of resources required to deal with the consequences is unprecedented. In the context of pandemics the actors in national economies are often limited in their acting. We are aware that the current situation requires a collective response from the international community in the area of restoring broken links and further financing development. This is why the resources mobilized by the public sector and international development institutions are of particular importance in the global economy.

Global development banks have already announced special programs to support countries in overcoming the consequences of the pandemic. Back in April the World Bank announced plans to spend 160 billion dollars over the next 15 months to support global growth, support small and medium-sized enterprises and protect the poor and vulnerable. An additional 80 billion will be provided by regional multilateral organizations: EBRD, EIB, ABII, Asian and African Development Banks and the Inter-American Development Bank. Regional development banks, including the IBEC, can also make a significant contribution to a more effective architecture for the global economy. The challenges of the present will help to shape the future model of the world economy based on the right principles, which will give a new and significant filling to the term “sustainable development”.

– Any crisis is also a new opportunity. What has the IBEC “acquired” in this difficult year?

– COVID-19 has fundamentally changed our work and life. The restrictions imposed around the world have led to work of organizations in a remote format. This unprecedented model of “working from home” required the adoption of new realities. Given the multi-nationality staff and, consequently, the different experiences of all participating countries in the fight against the pandemic, the IBEC worked quickly and smoothly

under these conditions. IBEC showed well-coordinated work and, as a result, its sustainability in this unique crisis. In general, the current situation has shown that the issues of IT-support of organizations are becoming the most urgent for today and future work. We have made a forced, but useful breakthrough in infrastructure development. In particular we have seriously improved electronic document flow procedures.

In general, despite the pandemic, the IBEC is demonstrating positive dynamics this year in all key indicators. In the first half of the year, assets grew by 13.5% and the loan and document portfolio by 12%, reaching 396 million euros. The quality of the growth is also important – the Bank continued to diversify its portfolio, and now all member countries are represented among the borrowers. In addition, the share of long-term liabilities in loan funding exceeded 50% – for the first time in the Bank’s recent history. These results were reflected in the assessments of leading rating agencies. In March 2020, Fitch Ratings revised the outlook for the IBEC’s Long-term Issuer Default Rating (IDR) from ‘stable’ to ‘positive’ and confirmed the IDR at ‘BBB-’. The IBEC’s Short-term Rating was affirmed at F3. In June 2020, Fitch Ratings affirmed a positive outlook for the IBEC rating amid the ongoing global crisis caused by the COVID-19 pandemic. The financial results of the first half of the year, along with investment grade ratings from Fitch (BBB-, positive) and Moody’s (Baa3, stable), the highest national scale rating from ACRA (AAA(RU), stable) and rating from the European rating agency ACRA Europe (BBB, stable), confirm the reputation and status of the IBEC as a stable and reliable partner.

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Denis Ivanov was born in Moscow in 1974.

In 1997 he graduated with honors from the Moscow State Institute of International Relations. In 2011 he received an MBA degree from Cass Business School at City University (London). He holds an advanced diploma in corporate finance from London Business School.

In 1997-2004 he worked for the Russian Foreign Ministry and the Embassy of the Russian Federation in the UK.

In 2004-2013, he headed Vnesheconombank’s Representative Office in London.

From February 2013 to April 2018 he worked at the International Investment Bank (IIB) as Deputy Chairman of the Executive Board. He made a significant contribution to the implementation of the «restart» program of the IIB. Under his leadership the IIB’s loan and documentary portfolio demonstrated record growth dynamics through the attraction of major strategic projects implemented jointly with other IFIs to the Bank’s portfolio. The Bank started financing large infrastructure projects in Russia and other countries.

From April 2018 by unanimous decision of the Bank’s shareholders he assumed the position of Chairman of the Executive Board of the International Bank for Economic Cooperation. Since then a new concept for the Bank’s development has been approved and full-scale reforms have been launched, including the intensification of business and the dynamic growth of the Bank’s credit and documentary portfolio.

As a member of the Supervisory Board he participates in the activities of the International Fund for Technological Development, established in November 2019 under an agreement between the Government of the Russian Federation and the International Bank for Economic Cooperation.

He is a member of the Presidium of the National Committee for the Promotion of Economic Cooperation with Latin America of NC SECLA, a member of the Board of Directors of the Russian-British Chamber of Commerce and a member of the Business Council of the Financial and Business Association of Euro-Asian Cooperation.

He was awarded the medal of the Order of Merit for the Fatherland, 2nd class, for his great contribution to the development of the financial and banking system of the Russian Federation and attraction of investments into the Russian economy. He has gratitude from the President of the Russian Federation.



Signing a loan agreement with Polish company Laude Smart Intermoda

ing global crisis caused by the COVID-19 pandemic. The financial results of the first half of the year along with investment grade ratings from Fitch (BBB-, positive) and Moody's (Baa3, stable), the highest national scale rating from ACRA (AAA(RU), stable) and rating from the European rating agency ACRA Europe (BBB, stable), confirm the reputation and status of the IBEC as a stable and reliable partner.

– Where is IBEC moving, what are your strategic goals and aims?

– This is a time when it is useful to pay special attention to general approaches to solving economic and financial issues, to human health, protection of biodiversity and ecosystems, fight against climate change and inequality in general. For the IBEC as a multilateral development bank, these tasks are a priority. The time to rethink how we live, work and invest, and to start on our way to more flexible, inclusive and sustainable solutions and to strengthen international cooperation has come. We will emerge from the pandemic into a changed world that will require even greater efficiency and competitiveness. This primarily concerns the process of forming the Bank's strategy for a five-year cycle, which is already in its final stages of development. The document will define the starting position of the IBEC in the current conditions, will make it possible to take into account the impact of the challenges of the current economic situation, assess their impact on the economies of member countries, and most importantly, to enter confidently into a new strategic period.

– Trade finance is one of the key areas of IBEC business, not too typical for international development banks. What is the attractiveness and uniqueness of the service that the IBEC offers?

– Indeed, IBEC has a rare mandate for MDBs – the main focus of the business model is focused on supporting trade operations and settlements, which is confirmed by both the unconditional interest of shareholders and the interest of core client segments. At the same time the Bank can carry out project finance transactions, participate in syndicated transactions and carry out treasury operations with counterparties of all member countries, using the attributes of an international development institute, having an international investment grade rating and being beyond sovereign economic sanctions.

It should be remembered that under conditions of economic and geographical restrictions, special attention is paid to the state of world trade. The financing of world trade is a source of vitality for the daily turnover of goods and services, enabling transactions between buyers and sellers around the world. In particular, trade finance provides the flexibility and security required for the movement of goods and services. In the context of the decline in business activity caused by the pandemic, the disruption of supply chains and production and trade links, supporting and financing existing contracts is of utmost importance. Now the priority statutory tasks of the IBEC as a multilateral development institution focused on the development of international trade have become particularly important for the economies of all partici-

pating countries, for all our partners and customers, including those from third countries. Active promotion over the last year and a half of the complex of trade finance products allows the IBEC to offer now effective tools and optimal solutions. During its remote operation the IBEC has issued more than 20 loans to secure export-import operations – transactions were conducted through the banks of member countries and other partner countries. Despite the high volatility in the financial markets, credit terms reach 12 months, which became possible due to the stable resource base of the IBEC.

In total, over 90 trade finance transactions were completed during the year. These are operations with our main partners in the member countries, targeted trade credits, financing under letters of credit, as well as documentary transactions to support foreign trade between member countries, as well as with countries from the EU, Asia, Africa and South America.

This also includes active work with the CIS in 2020. The IBEC started cooperation with financial institutions of Uzbekistan, implemented the first credit



and documentary transactions to support Russian non-material exports.

The syndicated business has continued to develop and since 2019 has been participating in syndicated financing of corporate clients and financial institutions in the participating countries (including local currencies) – Romania, Bulgaria, Mongolia and other countries (e.g. Uzbekistan) in the amount of more than 120 million Euros in equivalent.

Often, the “traditional” format of international development banks’ financial support for exports involves the activities of state or quasi-state export support institutions that act as intermediaries between the state and exporting companies: export credit agencies, excimbanks. However, it must be understood that in general the agencies’ mandate is limited to supporting only the interests of one country, although on a global scale. Inter-regional development banks can be not only a platform for identifying crossovers of mutual foreign trade interests, but also an effective tool for subsequent targeted support of multinational export and import projects within their mandate. The implementation of such projects can pro-

vide an impulse for development for a multitude of trade and integration initiatives involving several IBRD shareholders at the same time: both within the “membership area” and outside the geography of the institute.

– One of the global trends is the “green economy”. The IBEC has repeatedly declared its commitment to these principles, supporting, in particular, the UN Sustainable Development Goals. How do you move in this direction, how is it reflected in the Bank’s balance sheet?

– The IBEC is in the process of active formation of its plan to involve development institutions in international efforts to stabilize economic and social and environmental development in accordance with the UN sustainable development goals.

We expect and believe that the new five-year strategic cycle of the IBEC, which will begin in 2021, will be an innovative breakthrough in the Bank’s work not only in terms of volume and scope of operations, technological development, but also in terms of responsible financial contribution to the economies of member countries. We will build our future

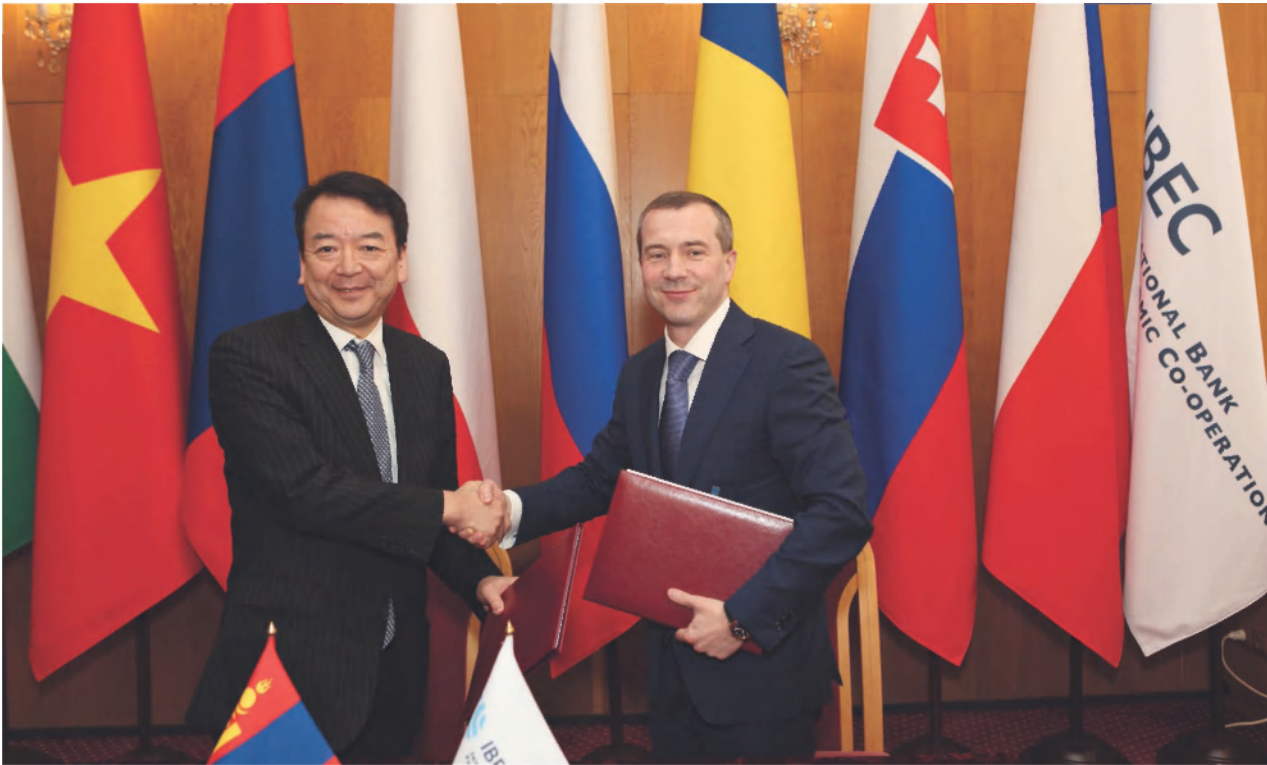
work taking into account the most important stage in the global community’s implementation of sustainable development goals, which will take place in the next ten years.

“Green financing, as one of the most relevant areas of socially responsible business today, is becoming one of the priorities for the renewed IBEC and an integral part of its new business profile.

The IBEC has been already actively developing “green” projects. We have signed agreements and memorandums of cooperation with a number of partners from participating countries, where environmental issues are given considerable attention. For example the Memorandum of Understanding with Mongolian Golomt Bank. It is aimed at developing a “green economy” and outlines joint plans of financial institutions to finance environmental projects in Mongolia, the IBEC member countries and the regions of its presence.

The ideological platform for such agreements are the goals of sustainable development – low-cost and clean energy, responsible consumption and production, and combating climate change.





Signing of the Memorandum of Understanding aimed at development of "green economy" with Mongolian Golomt bank

Among the priority sectoral areas are transport, housing construction, renewable energy, energy-saving technologies, i.e. all key items of the world agenda in the field of "green" economy and environmental protection.

As an example, there are two significant for the IBEC projects, combining both the environmental aspect and promoting cooperation between the Bank's member countries.

We provided an earmarked loan to the Ulaanbaatar Railway for the purchase of Russian-made diesel locomotives. The transaction was carried out with maximum efficiency by attracting tied financing for 11 years from Roseximbank under the insurance coverage of EXARJSC. This complex structured transaction worth a total of 40 million Euros contributes to the implementation of the long-term investment program to modernization of the Mongolian railway infrastructure. The locomotives purchased under the agreement meet the most modern environmental safety requirements.

The Polish company Laude Smart Intermodal has opened a 15 million Euro credit line to finance the purchase of innovative intermodal freight rail containers and platforms manufactured in Russia and Belarus. The use of innovative containers makes it possible to significantly optimize the structure of goods being transported and, by filling in goods flows in both directions, to avoid "empty" railcar runs. Evidence of the importance

of using such equipment is the European Union's support for the transaction, which encourages changes in the transport and logistics industry aimed at optimizing and greening transport. For this project, Laude receives special subsidies from EU funds.

– What place will digital technologies occupy in the new IBEC strategy?

– The world is increasingly becoming digital. This creates both opportunities and challenges. The digital world has served as a saving alternative reality in a time of long physical distance and self-isolation during a crisis. Digitalization affects most production processes and activities in the economy, including products in all sectors, from agriculture to services. Although we are now only seeing the early stages of digital transformation, we can no longer deny the increasing role of digitalization and its inevitable rapid development. It seems that the invisible hand of the market will become digital. E-commerce and other aspects of the digital economy are driven by two main factors: data and platforms. Digital data has become a new economic resource for value creation. Control over data is strategically important to be able to transform it into digital intelligence. In virtually every value chain, the ability to collect, store, analyze and transform data provides additional opportunities and competitive advantages. They lie at the

heart of all rapidly developing digital technologies such as data analytics, AI, blockchain, IoT, cloud computing and all Internet services.

In particular, the IBEC is involved in a joint project with an international IT company to develop and implement a blockage solution for trade financing (and, in the future, settlement) to facilitate cross-border trade.

Traditionally, trade finance has been heavily dependent on paper-based transactions related to information, asset transfer, goods transfer and payment processes. In this established paradigm, business parties build trust through a central operating mechanism, such as payment by letter of credit. However, low efficiency and vulnerability to malicious changes (including direct fraud) hinder overall performance. Decentralization of operational business networks can help address issues such as transparency, real-time transaction tracking and trust-based transactions between players.

A blockchain serving as a general ledger (database) can facilitate trade finance through its distributed network. In addition, its subsidiary technology – Smart Contract – can be deployed in a blockchain environment to fulfill the terms of contracts or event-based agreements.

The IBEC is currently testing a prototype platform for its first trade finance products, and we plan to launch these new products by the end of 2021.