

Title of the PRR	Modalities for BSEC-BSTDB Interaction
Authority	Board of Directors
Effective Date	08 Oct 1999
Codification	COR-12
History	Approved in the 10 th meeting of the Board of Directors – Agenda item 10
Relates Policies and Information	The agreement was sent to the BSTDB Governors with letter 003009/1999 of the President on 09 Oct 1999, requesting their approval by mail reply by 22 Oct 1999.
Access Level	For Public Use
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Objectives

Mandate

Areas of interaction

Mechanism for interaction

Objectives

1. The Istanbul Summit Declaration on the Black Sea Economic June 1992 considers the establishment of a "Black Sea Foreign Trade and Investment Bank" in the context, of concluding appropriate credit and financial arrangements in order to mobilize funds, including through international institutions and third parties, for the purpose of expanding mutual economic and commercial cooperation and implementing specific projects of common interest in the Black Sea area.
2. The Yalta Summit Declaration of 5 June 1998 considers the Black Sea Trade and Development Bank as being the main financial pillar of the BSEC whose activities are now evolving from the stage of project development into the stage of project implementation. It also appeals to the international banking and financial institutions to strongly support the BSTDB and consider ways and means to participate in its activities.
3. The Agreement Establishing the BSTDB, done in Tbilisi on 30 June 1994, provides that the purpose of the Bank to effectively contribute to the transition process of the Member States towards economic prosperity, to finance and promote regional projects and provide other banking services to projects of the public and private sectors in the Member States and trade activities among them.
4. As a multilateral international financial institution that conducts its operations in a competitive environment, the BSTDB shall follow recognized prudent banking principles aiming to ensure viability of all its financial activities.

Mandate

5. The Charter of the Organization of the Black Sea Economic Cooperation which entered into force on 1 May 1999 (Chapter VII "BSEC Related Bodies", Article 22 "Black Sea Trade and Development Bank") stipulates that the Member States set up the BSTDB by the "Agreement Establishing the Black Sea Trade and Development Bank".
6. The Eleventh MMFA held in Yerevan on 30 April 1998, instructed the WG on Banking and Finance at its forthcoming meeting to consider and elaborate a mechanism of interaction between the BSEC and the BSTDB.
7. The Tenth BSTDB Board of Directors Meeting took note of the BSEC WG on Banking and Finance's recommendation with respect to the Modalities for BSEC – BSTDB Interaction, which was used as a basis for the present document. The Board of Directors reasoned that according to BSTDB's internal order, as stipulated in the Agreement Establishing the Bank, the final text as may be agreed by both sides should be endorsed by BSTDB's Board of Governors and instructed the President to promote the issue accordingly.

Areas of interaction

8. The BSEC shall promote the BSTDB image while participating at international fora, and encourage the direct involvement of the IFIs and third parties in its activities. In line with the Platform for cooperation between the BSEC and the

EU, approved by the Thirteenth MMFAs, held in Tbilisi on 30 April 1994, the EC is expected to continue to provide technical and logistical support to the BSTDB and link it to other sources of funding, taking due consideration that the EU Council of December 1997 advised the EC to search further assistance from the IFIs in order to support the cooperation in the Black Sea region, as well as the openness of the BSTDB for membership to international banking and financial institutions.

9. The BSTDB shall provide support to viable and bankable projects and programs of regional cooperation through financing as well as co-financing with commercial and development banks and funds, if available, following its Operational Priorities and Business Strategy.
10. In order to enable the financing of projects and programs under a serious shortage of investment capital in our region, the BSEC, in the Platform for Cooperation of the BSEC with the EU, calls upon the EU for the establishment of a BSEC Fund, through voluntary contributions of EU Member States - BSEC Observers and other financial sources, similar to that set up for the Central European Initiative. BSTDB, within the framework of its mandate and functions as stipulated by the Agreement Establishing the Bank, may consider the possibility to manage the Fund, either on its own or in cooperation with other bank(s) or appropriate financial institution(s).
11. The BSEC Secretariat (PERMIS) will seek appropriate opportunities, acceptable to BSTDB, to promote its engagement in the implementation of the Stability Pact, as referenced in its founding document, and all other related activities or initiatives that could be contributed by the Bank, according to its mandate.

In order to diversify the regional cooperation the BSEC Secretariat will keep itself informed on funding, implementation and progress of projects to be realized within the framework of the Stability Pact for South-Eastern Europe. The Secretariat will provide the BSEC Member States with its recommendations and suggestions regarding the possible ways and forms of participation of the BSEC States in these projects.

Mechanism for interaction

12. The BSEC PERMIS Secretary General and the BSTDB President or their duly authorized representatives may be invited to participate in the annual meetings of the Board of Governors and sessions of the Council of Ministers, respectively, if such participation is considered to be contributing significantly to the purpose of the specific meeting.
13. The representative(s) of the BSEC Secretariat (PERMIS) and the BSTDB may be invited to attend the discussions on specific agenda items of the meetings of the BSTDB Board of Directors and of the BSEC High Officials meetings, respectively. The approved agendas of the bodies should be made known well in advance to the BSTDB and the PERMIS, respectively, so as to allow for an indication of interest with respect to participation.
14. High-level and working meetings should be organized, when necessary, in order to ensure exchange of information and proper coordination between the BSEC and the BSTDB. It is advisable that regular meetings take place twice a year

between the BSTDB Senior Management and top level PERMIS officials in order to advise each other on the progress of their work, coordinate activities with regard to other international institutions, organizations and entities of member countries, participation in meetings and events, exchange other relevant information, etc.

15. The BSEC will share with the BSTDB its database related to identification of cross-country projects and undertake to provide access to other similar vehicles facilitating for the BSTDB project implementation.
16. The BSTDB and the BSEC Business Council will seek to cooperate in such areas as elaboration of project ideas, promoting better awareness in the regional business community of new project and trade financing opportunities offered by the BSTDB, etc.