Why is financial development important for Cuba?

- Financial development and monetary reforms will:
  - enable new enterprises to access startup capital;
  - provide new resources through microfinancing and mobile banking to small private businesses that today depend entirely on remittances;
  - and increase efficiency and competitiveness of Cuban businesses.
- US companies and Cuban consumers will benefit from:
  - total elimination of controls on financing for US exports to Cuba and
  - lifting restrictions in using US dollars in transactions with Cuba.

How can international financial institutions (IFIs) help?

- Through technical advice and assistance, IFIs can address structural obstacles such as Cuba’s dual-currency system, poor statistical data, and weak infrastructure.

Can Cuba join the IFIs?

- No country has veto power over membership, which requires only a simple majority of votes.
  - With 33 percent of the vote, the United States cannot block Cuba’s membership in the Inter-American Development Bank (IDB).
  - With 17 percent of the vote, the United States cannot block Cuba’s membership to the International Monetary Fund (IMF) or World Bank.
- Membership in the Organization of American States (OAS) is a prerequisite for membership in the IDB. Cuba’s OAS suspension was revoked in 2009.
- Membership in the IMF is a prerequisite for membership in the World Bank.
- IFIs provide technical and financial assistance to nonmembers.

What about Helms-Burton legislation?

- It requires the United States to vote against Cuban membership in IFIs until the US President determines that a democratically elected Cuban government is in power.
Helms-Burton does not explicitly require the United States to vote against loans or assistance to Cuba. However, for any loan or other assistance provided to Cuba, the Secretary of the Treasury must withhold an equal amount from the institution.

But there may be a loophole: Helms-Burton does not address IFI assistance to non-government entities within Cuba or trust funds in IFIs set up by other countries.

**What can Cuba do?**

The Cuban government can take the following actions to strengthen its financial markets and integration:

- Request IFI membership.
- Open the door to foreign bank branches in Cuba.
- Move toward a single, unified Cuban currency by clearly signaling a unified exchange rate.
- Expand online and mobile banking to improve access to finance and banking services.

**What can the United States do?**

The US government—specifically the US Treasury—can do more to improve the lives of Cubans and empower the private sector through the following measures:

- Endorse Cuban accession to IFIs and abstain from votes on Cuban accession.
- Lift financing restrictions on using US dollars for transactions within Cuba.
- Liberalize banking rules and allow US banks to operate branches within Cuba.
- Clearly signal that foreign banks will not be prosecuted for operating in Cuba.

**What can the international community do?**

- The IMF, World Bank, and IDB should create a steering group to begin officially engaging the Cuban government. This steering group might be chaired by Luis Alberto Moreno, President of the IDB, the institution best able to facilitate Cuba’s financial reintegration. This group should begin to offer technical missions to Cuba to build a culture of trust.
- Encourage the development of microfinance programs for Cuban citizens.