

# NETHERLANDS

## **Governor's Statement**

### **Minister of Finance of the Netherlands**

#### **Jeroen Dijsselbloem**

As the world changes, the challenges that face the world change with it. The institutions that were created to address certain challenges have a responsibility to evolve with changing circumstances, but must always work from its core strengths to be effective.

When the founding members signed the Agreement Establishing the European Bank for Reconstruction and Development just over 25 years ago, they decided in the very first Article that *'the purpose of the Bank shall be to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative in the Central and Eastern European countries.'*

In 25 years, the world has changed, and the EBRD has changed with it. The EBRD's original operational area consisted of 8 countries that until recently had largely centrally planned economies; making *foster[ing] the transition towards open market-oriented economies* a mission which was - though very challenging and complicated - at least relatively straightforward in what it entailed. Today the Bank operates in 37 countries, many of which have no recognizable past as a centrally planned economy, and the EBRD operates significantly outside the area one would recognize as Central and Eastern Europe.

Over time, adding countries to its operational area has taken the Bank's investments and accompanying support as far as Mongolia and large parts of Central Asia, while the decision to move into the Southern and Eastern Mediterranean (SEMED) region has expanded the Bank's region into the Middle East and Northern Africa. These decisions have led to an increasingly diverse group of countries of operations with different backgrounds and levels of development.

The EBRD has been able to expand its range of countries of operations, and remain relevant in its original region, because in its DNA the Bank has a mandate which is applicable to all these countries. Even in countries that are already largely market based, the EBRD has an important role to play in supporting a move towards a competitive, well-governed, sustainable and inclusive market economy and promoting private and entrepreneurial initiative.

In this role the EBRD has increasingly started operating in important fields such as economic inclusion, focusing more on the legitimacy and sustainability of market structures. The approval of a gender strategy is an important step in this respect and we encourage the Bank to further mainstream gender into its operations, we also look forward to the discussions relating to a new inclusion strategy. When the gains of market based economic progress are not distributed in a fair way, and people do not have the opportunity to improve their lives, markets simply do not function the way they should.

In its efforts to continue to add value towards the future, the Bank has shown that it can apply its core mandate in a practical manner to the challenges of the world today. At the previous Annual Meeting the Board of Governors adopted 'addressing common global and regional challenges' as one of its strategic priorities. The Green Economy Transition Approach passed by the Board of Directors has shown that the EBRD can translate this rather broad priority into a practical and mandate based approach of scaling up environmental and climate finance.

The adoption of the Paris Agreement and the agreement reached on the Addis Ababa Action Agenda and the 2030 Agenda for Sustainable Development last year highlight the importance of these issues. Starting this year we should focus on the implementation of these commitments and the Bank should work within its mandate to address these.

Additionally, we highly appreciate the commitment of the EBRD to assist in the current refugee crisis. We feel that the Bank, with its private sector focus, can be of immense added value by providing a long term perspective for the refugees and host communities and we fully support the proposed allocation of funds from the Bank's Net Income in support of the Bank's operational response. It is vital that the EBRD in this respect operates in close cooperation with humanitarian and development actors such as the UN, the World Bank and Regional Development Banks.

These new areas, both geographical and thematic, are all very deserving of the EBRD's attention. However, it remains absolutely crucial to maintain the distinctive features of the EBRD and to stay true to its mandate in a changing world, as the EBRD is far from the only International Financial Institution (IFI) which addresses these topics. The focus on the functioning and effectiveness of markets, the institutions that support it and on private and entrepreneurial initiative are the EBRD's unique traits and the reason why the EBRD remains relevant today. In other words: the Bank should preserve its niche.

A testament to the EBRD's continued relevance and place in the IFI architecture is the fact that the People's Republic of China has requested, and has been granted, EBRD membership. We are privileged to be able to welcome China as our newest constituency partner. Together, our constituency will be an even stronger supporter of multilateral cooperation within the EBRD and we will endeavor to ensure that the EBRD is able to fulfill its mandate as efficiently as possible.

Finally, I would like to thank the EBRD staff and management for their hard work throughout the year. The professionalism that you display on a daily basis ensures that the EBRD makes an impact on people's lives and stays relevant in an ever-changing world. We encourage you to continue to modernize the EBRD and focus on operational efficiency and effectiveness.