

UNITED STATES

Statement of the United States by

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Congratulations to the staff of the European Bank for Reconstruction and Development (EBRD) for their dedication and commitment to the EBRD's mission over the past 25 years. The 25th anniversary of the EBRD's founding provides an excellent opportunity both to reflect on past achievements and, looking forward, to strengthen the capacity of a unique multilateral development bank that continues to command strong shareholder support. The staff who have served at the EBRD over the past quarter century have our admiration and support for all they have done to promote market transition in the EBRD's countries of operations.

Congratulating the Re-elected President

Congratulations to Sir Suma Chakrabarti on his well-deserved re-election to a second term. Sir Suma deftly handled difficult challenges facing the region, most notably in Ukraine, and carved out a critical role for the EBRD in the Southern and Eastern Mediterranean region. He helped countries progress on their transition to market economies, while championing a greater focus on inclusion and gender programming as part of the EBRD's core transition mandate and business model. These numerous achievements under Sir Suma's leadership are among the reasons the United States strongly supported his candidacy. As his second term begins, we will be pleased to continue working closely with Sir Suma as he leads the EBRD's efforts to achieve transition impact in the 36 countries of operations.

Our special thanks go to the Polish authorities for nominating Marek Belka, President of the National Bank of Poland, to be a candidate for EBRD president. Throughout his distinguished career, President Belka has been a powerful voice for prudent economic management and open market principles. He is a thought leader among distinguished economists and government officials.

Staying True to the EBRD's Mandate

Shareholders are considering the EBRD's role in revitalizing long-term growth through the review of an evolving concept of transition, the acceleration of green energy investments, and the advancement of programming for economic inclusion. The United States staunchly believes that the EBRD can play an important role in addressing these new challenges, and that this will be achieved best by remaining true to the EBRD's core mandate.

We are convinced that the EBRD's unique and narrow mandate – to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative while applying the principles of multiparty democracy, pluralism, and market economics – remains highly relevant and worth pursuing vigorously. Adherence to this

private sector orientation, primarily through investment, has served the EBRD well over the last 25 years and will continue to do so in the future. Given the diversity of the EBRD's countries of operations, there is already more than enough for the EBRD to do within this mandate. Expansion – whether of its mandate or its regions of operations – does not serve the interests of the EBRD, its current countries of operations, or other shareholders.

Promoting Equitable and Inclusive Growth

The EBRD has made considerable progress in developing its private sector-based model to advance economic inclusion and increase opportunities for women and girls. Sir Suma has tirelessly advanced the EBRD's inclusion work by assigning more resources to its implementation and broadening partnerships with donors, civil society, and governments in countries of operations. We welcome that the EBRD has begun to implement the recently approved gender strategy and now encourage EBRD Management to prioritize the delivery of an economic inclusion strategy before the end of this year.

Supporting Green Energy Investments

Following the Paris Agreement on Climate Change, the EBRD's green investments are more relevant than ever. We applaud the EBRD's first-in-class sustainable energy and sustainable resource business practice. The EBRD's green investments both support market transition and contribute to the global effort to address climate change. We welcome the EBRD's commitment to increase the "green economy transition" share of its annual investments to 40 percent by 2020. With its ability to leverage significant private sector financing, the EBRD will be instrumental in promoting climate-smart, climate-resilient policies that can also foster investment and support innovation.

Responding to the Refugee Crisis

We commend Sir Suma for his strong leadership in recognizing the targeted role that the EBRD can play in helping the Southern and Eastern Mediterranean region cope with the Syrian refugee crisis. The crisis in the Middle East has highlighted a gap between the international community's humanitarian response capabilities and the work of development institutions, including multilateral development banks like the EBRD. These marginalized refugee populations lack access to the essential services and opportunities needed to sustain their livelihoods. Further, absorbing these populations can strain the already limited services and infrastructure available in their host communities. The EBRD rightly stepped up its contribution to the European effort to address the plight of refugees and the communities that host them by setting aside €35 million of its 2015 net income to support an EBRD-led, private sector response. The United States very much supports this effort and will seek to boost the EBRD's work in Jordan.

Maintaining Support for Ukraine

We thank the EBRD for its rapid and continued response to the crisis in Ukraine. From the start, the EBRD has been pivotal in the establishment of the Business Ombudsman and National Reform Council. It has also led the way on improving the corporate governance of Naftogaz and played a significant role in promoting investments in the energy, agriculture, and transportation sectors. We appreciate the EBRD's ability to strike the right balance

between protecting its financial capacities and providing Ukraine the support needed for recovery and transition.

The new Ukrainian government must continue on the path of reform, with a particular focus on anti-corruption efforts, so as to build a foundation for a sustainable economic recovery and a stronger private sector. We are encouraged by the initial efforts of the new government – including eliminating inefficient energy subsidies. This is a critical step to help reduce corruption, increase energy independence, and create fiscal sustainability. We call on Ukraine’s new government to build on this progress, coordinating closely with the EBRD and other international partners.

Defining the Ultimate Measure of Success: Graduation

As with any other public institution, the EBRD must continually demonstrate that it is a strong steward of public resources. This is why the United States has consistently pressed for stronger results measurement at the EBRD, just as we have in other multilateral institutions. We also continue to believe that seeing the EBRD’s countries of operations progressively transition their economies to a level where multilateral development finance is no longer needed, particularly for the private sector, is the ultimate indicator of success. After 25 years, it is regrettable that only one country can claim such a successful outcome: the Czech Republic.

The EBRD needs to celebrate more examples like the Czech Republic, which has rightly taken its place among more advanced market economies. Sharpening the EBRD’s graduation principles is important work that should be taken up by the EBRD’s new chief economist and vice president for policy. For the chief economist, the challenge is to define a credible path that leads to graduation. For the vice president for policy, the challenge is to keep the EBRD’s interventions selective and highly targeted as transition gaps narrow. And for all EBRD Management, starting with Sir Suma, there needs to be a concerted effort to provide a positive narrative for graduation. We are committed to collaborating with EBRD Management and other shareholders over the coming months to come to consensus on workable principles.

The EBRD should continue to be guided by the practices that have served it so well. This includes maintaining its strategic orientation to move progressively towards countries that are less advanced in transition. It also means that the EBRD should continue to apply a high bar for projects in advanced transition countries, given the narrowing transition gaps evident in those economies. Finally, and as called for by EBRD Governors, the EBRD should conclude its engagement in new investments in Cyprus and Greece by 2020.

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