

**CLOSING STATEMENT BY THE
CHAIR OF THE
BOARD OF GOVERNORS**

2016 ANNUAL MEETING OF THE BOARD OF GOVERNORS

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CHAIR OF THE BOARD OF GOVERNORS

MR PIER CARLO PADOAN

THURSDAY 12 MAY 2016

Let me congratulate you, Suma, once again on your re-appointment, which bodes well for the period ahead. You have also done an excellent job in summing up a very rich discussion.

Nevertheless, let me say a few things which I feel I need to say. I think this has been a very stimulating, productive discussion. We have also taken a number of important decisions, including the Net Income Allocation and new share allocations to Egypt and Morocco.

We are at an anniversary, and we feel – and this has been very much present in your statements and remarks – that we need to think or rethink the concept of transition. Allow me to share with you a personal thought about transition. I think the need for transition is now much more generalised than it used to be 25 years ago, when transition economies were identified very specifically according to a geographical area or historical experience. Now the global economy is shaped such that I think there is hardly any country that does not need to think about structural transition. I think the value added of the Bank therefore goes well beyond areas and countries of operations – it provides intellectual capital that needs to be exploited more broadly.

Today the bank faces a double challenge, not just to reconsider the transition concept but also to apply it in a broader, more difficult general framework. The reconsideration of transition implies reviewing priorities. Key points that have been shared by Governors around the table are: the Green Economy, gender equality and inclusiveness, and of course, the key role of

small business, innovation and infrastructure. We need to translate them into practical advice on a country-specific basis.

Moreover, let me stress a point that many of you made, which I strongly share. The challenges posed in the regions of operation, but also elsewhere, by the huge displacement of people is something that will not go away in the short term. This is not one shock that has hit economies; this is in my view a structural change in the way countries interact, and institutions as well as governments must do their best to provide appropriate responses for the benefit of all.

There was a lot of discussion on the Bank's characteristics, what the Bank should be concentrating on. I think that the goals just recalled by Suma, both in his opening remarks and now, are very much to share. I also very much endorse that we need to strengthen our collaboration with other IFIs and other global institutions precisely because the global framework is so much more challenging than it used to be. We need to gather all the energy as well as resources and knowledge that different international organisations are endowed with.

We all support the Bank's effort to enhance effectiveness and efficiency. This should allow it to continue to do more, better, and faster activity and will provide an important basis for the Bank's financial sustainability, which, as was recalled, is extremely important, especially in the new, challenging environment.

Allow me to take up one formal point that the Russian Governor, Sergei, raised, just to offer a point of clarification. In other words, I would like to remind Governors of the nature of the reforms made to the planning process over the past two years. At the Annual Meeting in Warsaw in 2014, Governors took note of a report from the Board of Directors proposing a revised approach to planning in the Bank. No objections were raised at that time. The new process gave Governors the role of setting overarching medium-term objectives through a Strategic Capital Framework for 2016-2020, setting the Bank's strategy, reviewing its capital, and providing controls within which the Bank must operate on budget, financial and transition performance. It gave the Board of Directors the role of setting a three-year rolling budget and an annual budget, which is consistent with Directors' role as per the Agreement

Establishing the Bank. At the Annual Meeting last year in Tbilisi the first Strategic Capital Framework was approved by Governors.

Let me conclude by thanking all of you, by thanking the UK and the City of London authorities for their hospitality, and of course, above all I would like to thank especially the staff of the EBRD for excellent, impeccable work, both in preparing this meeting and in doing their day-by-day professional activities to support all our countries directly and indirectly.

This brings me to the official declaration that the 25th Annual Meeting of the Board of Governors of the European for Reconstruction and Development is officially closed. I look forward to seeing you all again at the next Annual Meeting in May 2017 in Cyprus. Thank you very much.