

CHECK AGAINST DELIVERY

CANADA

STATEMENT BY TED MENZIES,

TEMPORARY ALTERNATE GOVERNOR FOR CANADA

AT THE EBRD ANNUAL MEETING

KIEV, UKRAINE ON MONDAY, MAY 19 2008 (9:00-9:05 AM)

It is a pleasure to address you here in Kiev, a beautiful city steeped in culture and tradition. I want to express my appreciation to the Government of Ukraine and to the City of Kiev for graciously hosting the 17th Annual Meeting of the EBRD.

Let me begin by thanking President Jean Lemierre for eight years of extraordinary leadership. His determination and vision have provided a solid foundation for the ongoing relevance of the institution, as well as its strong financial success. He is also a great friend of Canada and we will be pleased to see him again in June.

This year's meeting takes place in an environment of global uncertainty because of the current turmoil in financial markets and soaring food prices. The latter threatens to reverse many of the gains we have made in promoting prosperity in this and other regions over the last decade.

Fortunately, the EBRD has reported very strong results again this year both in its financial performance and, more importantly, in its transition impact. The decision on net income in 2007 provides the basis for an allocation Canada is pleased to support. The package ensures that the bank's capital will be used effectively and in line with its mandate. The Shareholder Fund will allow the Bank to be more active in countries and sectors where it is additional and the projects generate higher transition impact. And, we are pleased to be making a one-time contribution to the completion of the confinement of the Chernobyl site.

Another resolution before us concerns the process for considering the request by Turkey to become a country of operations. Canada welcomes the consensus approach of the resolution, and we look forward to a recommendation from the Board of Directors.

This past year also saw the first graduation of a country of operations, the Czech Republic. We congratulate them and we look forward to seeing more countries graduate over the next two years.

Let me turn to the issues Canada believes the Bank should focus on:

First, transition impact, of course, is fundamental.

We all agree that many challenges remain in the Bank's countries of operation. As the demand for its support remains strong, the Bank can be selective and continue to apply rigorously its three pillars of additionality, sound banking, and transition impact. We believe that good governance and integrity are core determinants of transition impact. With a waning commitment to democratic reforms in some parts of the region, the EBRD should increasingly focus on projects where it can effect a bottom-up change by identifying clients with a potential to be industry trend-setters in business and environmental conduct.

We support the various steps taken towards a renewed effort in the Early Transition Countries. The risks are high but the potential rewards, not only in financial terms, justify the risks. Canada strongly supports the Bank's efforts in policy dialogue and institutional reform to build the foundations for a strong market economy in these countries.

The Bank's new Environment and Social Policy will further enhance our transition impact in the region. The process of public consultation demonstrates the Bank's commitment to engage with stakeholders. Canada sees the inclusion of gender equality in this new policy as setting best practice for project finance and hopes that this inclusion demonstrates the bank's overall commitment to incorporating gender equality across the Bank.

Second, the new strategic framework is critical.

As I mentioned, Canada is pleased with this year's process for reviewing the allocation of net income and the adoption of a strategic operational framework, including the creation of a strategic reserve. Its adoption will ensure the sustainability of the Bank's business model over the medium-term.

Third, the Bank should set a good governance example.

The Bank, appropriately, requires high standards of governance from its partners. It can set a first-class example in all aspects of its own governance, from compliance to risk management, from Board decision-making to the role of Governors. Today, we will elect a new president of the EBRD and we congratulate him in advance. However, Canada favours a transparent, open and merit-based process for the selection of the heads of international institutions.

In addition to the priorities I have just outlined, three emerging policy matters deserve to be mentioned. First, the current turmoil in financial markets raises issues about appropriate regulatory structures. At their Spring Meeting, G7 Finance Ministers committed to reviewing their national regulatory frameworks in order to promote greater stability. We would encourage national authorities in the Bank's countries of operation to do the same.

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Secondly, food price increases are an opportunity to reduce barriers to promote competition in the food sector. In particular, there is a huge opportunity to increase food production in Ukraine, Russia and Kazakhstan.

Finally, the EBRD has emerged as a leader on climate change issues by successfully engaging in mitigation projects and developing the Sustainable Energy Initiative. The experience the Bank has gained will be invaluable as the international community looks for ways to deal with the effects of climate change.

In concluding, having briefly outlined Canada's priorities, I want again to welcome Thomas Mirow. Canada looks forward to working with him.

He will be pleased to hear that Canada is committed to working with the EBRD to ensure the continued economic growth of the region. In the current uncertain environment, where there is a possibility of a backlash against the very ideals that led to the EBRD's creation, we must work together to preserve and build on our collective accomplishments. A strong, credible and effective EBRD will play a critical role in facilitating the international cooperation needed to achieve that goal.

I wish to thank the Board of Directors, President Jean Lemierre, and the staff of the Bank for a year of considerable accomplishments.