

Paris, April 13 2020

Dear EBRD Governors,

I am writing to you under exceptional circumstances. As I am at the forefront of the economic policy response to the Covid-19 crisis in France and in Europe, I know how deep our societies and economies are being affected by this unprecedented crisis. On a personal note, I sincerely hope this letter finds you and your loved ones healthy.

I am honoured and grateful to have been nominated as a candidate for the position of President of the European Bank for Reconstruction and Development (EBRD). Over the last few months, I have engaged with many shareholders and visited several countries of operations. My key takeaway from these conversations is that EBRD, in line with its original mandate for transition through private sector development in countries committed to democracy and pluralism, has been instrumental in the stabilization and economic development of Europe and its neighbourhood.

As new global challenges are mounting, the EBRD has a key role to play to overcome them. The Bank must build on its achievements, its strong financial position and unique expertise. I would bring my experience in policy making at national, European and international level, on economic and development issues, my negotiating skills in complex environment and my experience in managing large public financial institutions. My vision for the Bank in the upcoming years relies on four strategic pillars.

1) Tackling the global crisis and rebuilding together

We have entered uncharted territories, as we are facing a major health and economic shock. The EBRD responsibility is to accompany its clients and support countries of operation, while capital outflows from emerging markets have reached unprecedented levels. As a long term investor, it must play a counter-cyclical stabilizing role for businesses.

The Bank has already launched a Solidarity package, and should keep working on additional funding and measures to fully deploy its specific business model and strengthen its policy dialog to support companies, in particular SMEs, financial institutions, local authorities and governments, and contribute to kick starting the economy following what is expected to be the strongest recession since 1945.

In the reconstruction phase, as EBRD President, I would push the Bank's ambitions on cross-cutting issues to restore an inclusive and sustainable growth:

- **Supporting the private sector** in a post Covid-19 environment where global value chains are likely to be reorganized and digitalization is likely to increase. These new trends will create opportunities and challenges for EBRD's clients and the Bank is well placed to support them. It should boost both local and foreign direct investment in its countries of operation.
- **Addressing climate change, energy transition** and making our economies more resilient to possible new health or environmental challenges.

2) Deepening transition in countries of operation while remaining open to intervening in new countries in line with the Bank's mandate

Fostering transition is at the core of the Bank's identity. The concept of transition has been progressively enriched and deepened to take into account new challenges. In parallel, the Bank has successfully launched activities in and beyond its historical scope, as well as in fragile or post-conflict countries.

As transition gaps vary among countries, a **differentiated approach** seems more appropriate than ever:

- **In early transition countries** facing significant transition gaps, the Bank should keep deploying its full-fledged range of instruments and attracting additional donors' funds.
- **In advanced transition countries**, the EBRD should maintain its engagement to target remaining transition and financing gaps, focusing on specific segments where it proves additional such as climate change, energy transition and capital markets and deploying quality-oriented and innovative instruments. Further actions are needed to address socio-demographic challenges such as workforce drain, gender and economic inclusion as well as regional integration.

A new and innovative post-graduation package should complement this approach to facilitate graduation process when time is ripe, on a country-led basis.

Looking ahead, the Bank should be ready to expand into new countries in the Southern and Eastern Mediterranean (SEMED).

Going beyond, I would support any decision on expansion to be based on three principles: the Bank's financial capacity, its value added and expected impact in line with its mandate, and shareholders' consensus. Expansion in Iraq and selected countries in Africa has been widely discussed in the last few months. I believe that the expertise and knowhow of the EBRD can make a difference in some countries of the region, which is critical for the stabilization and economic development of Europe's enlarged neighbourhood. As EBRD President, I would engage in such a move only if the abovementioned three principles are fully met.

3) Working with other developments partners

Strong coordination with other development partners (IFIs, DFIs, donor agencies, civil societies), at global and European level, is crucial to maximize EBRD intervention and shareholder value for money. Country platforms could be extremely useful to foster coordination with relevant stakeholders in the field of investments, policy dialog, standards and pricing. After the crisis, lessons should be drawn on the most efficient ways for development partners to work as a system, leveraging each institution's expertise.

The EU is providing guidance to strengthen the European financial architecture for development. Open architecture and equal access to EU funds is essential to ensure an efficient delivery of the EU development goals. **A clearer working arrangement between EIB and EBRD, based on each institution specific strengths, should be developed**, starting with collaborative platforms, co-syndication and mutual recognition of standards and procedures. EBRD's expertise and model is widely recognised, and should be preserved and fully used. The Bank should capitalise on its assets as a niche player with a strong local presence, and strong knowhow in areas such as private sector financing, including equity, local financial market developments and innovation.

4) Improving EBRD's effectiveness and governance

Innovation, agility, sound financial management and best-in class governance should be the key values driving the institution.

Resources should be adapted to our level of ambition, starting with new skills (such as knowledge management), staff redeployment and development of regional hubs. Controlling costs and ensuring full transparency is key, while making sure that immediate critical operational issues, such as significant IT investments, are adequately addressed.

As the top manager of a multilateral institution, I would put diversity and representation at the forefront: international experience, gender balance and nationality diversity should be encouraged at all levels, in staff and senior management.

As EBRD President, I would bring the Bank to the highest standards in terms of governance, by ensuring a balanced representation of shareholders, a stronger involvement of staff representatives, best-in-class Codes of Conduct and procedures and a newly established Ethic Committee.

Tackling the global crisis while renewing transition ambitions, enhancing coordination with other development partners and improving EBRD's structure and governance to deliver on this agenda: those are the main pillars I suggest to focus on to implement the next Strategic and Capital Framework in the most efficient way. **If elected EBRD President, I would do my very best to achieve these ambitious objectives, together with the remarkable EBRD's teams and the trust and the guidance of shareholders.**

Yours sincerely,



Odile RENAUD BASSO