

## **Mission Statement by Pier Carlo Padoan**

Dear Governor,

My nomination by the Italian authorities for the position of President of the European Bank for Reconstruction and Development is for me an honour and a privilege. I have followed the growth of the EBRD since inception, and taking inspiration from its great successes of the past, my vision for its future is one of continued ambition, inclusion, sustainability, and measurable impact. It is through this lens that I am ready to guide the Institution towards its future.

The EBRD is no stranger to me as I have had the opportunity to interact with it multiple times, most notably when in 2015, serving as Minister for the Economy and Finance of Italy, I was elected Chair of the Board of Governors.

My whole career has been devoted to multilateralism, and I have deep respect and understanding for the governance ruling Multilateral Development Banks. Recently, we have been facing both declining trust in the benefits of multilateralism and increasing global challenges; and in this respect, it is my firm belief that only the international community's strengthened efforts can provide shared, system-wide solutions to those challenges. The EBRD is a crucial part of this endeavour.

This a critical time for everyone, and the EBRD is no exception, as the effects of the COVID-19 Pandemic will hit at the core of its mandate: fostering the contribution of the private sector to the real economy. The business model of the Bank has been able to adapt to the evolving environment; we must stand ready to embrace changes once again, as we deal with an emergency of unprecedented nature and size. We will have to face those challenges in a flexible and creative way, while listening to our clients first; the EBRD presence in the field, and its staff's dedication are the best guarantee in this respect.

We should not take this as "a new normal", though. As an Institution created for market development, the EBRD needs to keep its focus on the mandate even during such difficult times.

Once the emergency is over, time for reconstruction will come, possibly sooner than expected, and we will succeed if we protect progresses made and avoid transition reversals, starting with safeguarding capital markets functioning. They are of paramount importance to keep the system alive, as only efficient market economies will be able to exploit economic rebound fully.

We must remain fully committed to the principle of open, competitive market economies. For almost thirty years, reforms have been the key to cementing the Bank's legacy; this will not change. The EBRD must strive to continue engaging with its shareholders on policy issues and pushing a reform agenda. It is through reforms that investment opportunities, for everyone, are unlocked and it is through reforms that our resources deliver the most impact. The EBRD has been promoting a real cultural change in how the private sector behaves and operates; it has raised standards and improved the framework for doing business, thus becoming a benchmark for other multilateral development banks.

Another issue that risks to be overshadowed in the current crisis is the need to continue fighting against climate change. Transition towards a low carbon economy has never been easy, and today it might seem utopic. This cannot be the case. The Bank's Green Agenda must remain a priority, as it has become increasingly clear that the funding gap to address the climate emergency will have to be filled by a combination of public and private finances. My EBRD will build upon its strong comparative advantage and its impressive track record to further crowd in the private sector in this area. Climate risk is a special type of investment risk, and its socioeconomic implications will offer new challenges and new opportunities.

We also have an unfinished work on the definition of the Bank's strategic directions that our shareholders have mandated to explore. Two particularly sensitive issues have to be addressed over the coming years: the way Countries of Operation can move towards 'graduation' and a further expansion of the geographical scope. We should not refrain from tackling them.

Closing transition gaps and helping countries to graduate is a core objective of the EBRD and it shall remain so during the coming years; I see a way forward by strengthening the implementation of our policies. Countries should be able to more effectively get on a path towards graduation, agreed by them, that fully takes into account the continuous shifts – and possible reversals – in additionality and Transition Impact.

The Bank has successfully expanded its geographic scope multiple times, and some countries in Sub-Saharan Africa could present the case for a selective, focused and gradual intervention, as long as it is evident that EBRD expertise could contribute to developing and mobilising the private sector. This should not happen in isolation. On the contrary, actors and institutions should work together and in co-operation with other partners already active on the ground.

Today, more than ever, multilateral institutions must join forces to strengthen implementation of the development agenda according to their respective comparative advantages. The EBRD must be ready to engage with all partners, starting with the EIB and the other European Institutions, leveraging on its unique business model and mandate to assist the transition to market economies and promote private sector initiatives while leveraging democratic systems.

On the three pillars that form part of my vision:

### Continued Ambition

The Bank's mandate remains as relevant now as it was in 1991, that is helping countries implement the necessary reforms to have access to growth and prosperity. The Bank must preserve its AAA rating in order to continue offering competitive market-based pricing and successfully crowding in the private sector in its operations. The Bank must also keep developing the capital markets of underserved countries and regions of operation so that the path towards graduation remains as clear now as it was at the beginning. Finally, the Bank must stand ready to operate in new geographies, should its shareholders mandate it.

### Inclusion and Sustainability

In the wake of current and future regional and global crises, the Bank must maintain its ability to be inclusive and sustainable. This means retaining the flexibility to address challenges wherever and whenever they arise in a swift and effective way. The Bank should remain an integral part of the MDBs network in a spirit of effective division of labour among institutions. This will be crucial in tackling the Green Agenda, while also addressing the needs of the most vulnerable sectors of the society and those of SMEs, both core components of the economy in a number of Countries of Operation.

### Measurable Impact

The ability to recognize success and learn from mistakes is a challenge for any institution and the EBRD is no different. We must acknowledge our impact, and be transparent with all stakeholders. I will strive for an organization that is fully up to speed with all current channels of communication, both internally and externally, building on the continuous digitalisation of the world. I will push for further standardisation of metrics to ensure consistency with those of others, while strengthening impact assessment and monitoring. The great successes of the Bank shall not go unnoticed.

Yours sincerely,

Pier Carlo Padoan