

NETHERLANDS

Governor's Statement Minister Wopke B. Hoekstra

Minister of Finance of the Netherlands

Continued NL support for the EBRD and its mission. As this is my first Governor's statement since becoming the EBRD Governor for The Netherlands, I would like to wholeheartedly express our continued support for the EBRD as an institution and our gratitude to the people that make up the EBRD. Additionally, I would like to stress the enduring importance of the EBRD's mission: fostering sustainable open market-oriented economies in - and around - Europe.

Addressing the root causes of migration and climate change within the context of the Sustainable Development Goals are two key priorities of the government of The Netherlands. This focus – in addition to an increased focus of our foreign policy on the 'ring around Europe' – makes the EBRD well positioned to remain an important partner of our government.

The EBRD should continue to build on its core strengths and look to the future with confidence. Due to the Bank's unique capabilities and core strengths it should be confident about its enduring important role within the (European) development architecture, particularly when it comes to private sector development. Importantly, I highly value coordination, complementarity, additionality and synergies within this architecture, and will continue to stress this in all relevant fora.

Support for the Green Economy Transition activities. Building on those core strengths, the EBRD has been successfully assisting its countries of operations in their transition to a green economy through both investments and policy work. This should continue to be a priority and I commend the EBRD for reaching its green investments target of 40% three years ahead of schedule. Ambitious plans to further increase climate finance activities in the future – particularly in the private sector – are also highly welcomed.

Discussions about geographical expansion are premature. I acknowledge that the EBRD operates in a changing environment and stress that it is important to have transparent discussions - based on thorough analysis - about the future of the EBRD. At this point in time, the Bank finds itself in the unique position of having capital headroom available. I call on the Bank to conduct a thorough examination on ways to step up investments within the current EBRD region, leaving sufficient capital available to invest countercyclically in case an economic or financial crisis erupts. There are many transition gaps remaining and there is room for further fulfillment of the EBRD's goals in the current region. This analysis should also explore how the Bank can be more innovative and how it delivers transition impact.

Before such a thorough examination is conducted and the results are presented to the Board of Governors, any discussion about the EBRD operating outside its current mandated region is untimely and premature.

Article 1 is what makes the EBRD unique. The Netherlands highly values that the Bank fulfills its mandate only in '*countries committed to and applying the principles of multiparty democracy, pluralism and market economics.*' It is crucial that the EBRD delivers frank analyses concerning the commitment to - and application of - these principles by its countries of operations. Furthermore, it is important that when a country is found not (sufficiently) compliant with this article, the EBRD has the option to limit or reconsider the focus of its operations. In such a situation, the EBRD should focus on parts of the economy where meaningful transition is still possible. Going forward, the EBRD should stimulate improvement or further limit operations: more for more, and less for less.

Inacceptable behavior, both at headquarters and in projects financed by the EBRD, should not be tolerated. Given the recent allegations of sexual intimidation and misconduct in international development I want to underline the importance of a transparent, open and safe

working environment. On a project-level, safeguards should ensure the prevention, identification and mitigation of sexual harassment. In this light, I welcome the upcoming review of the Project Complaint Mechanism and the Environmental and Social Policy, and support gender equality as an explicit priority both at headquarters and in the field.

Working for the EBRD should be rewarding. The Reward Review which is currently being carried out is necessary to review the compensation that is being offered by the EBRD, to ensure that employees are fairly compensated for their hard work. This review should take due account of the fact that financial compensation is not the only aspect of working for a development institution that's rewarding.

In conclusion, we appreciate the EBRD for its unique features and capabilities of fostering transition to sustainable market economies while developing the private sector. Importantly, a distinct feature of the EBRD is its region of operations. It is crucial that a thorough examination on ways to step up investments within the current EBRD region is conducted and presented to the Board of Governors, before a discussion is started on how the EBRD region could potentially be expanded.