

# UNITED STATES

**Statement for the United States by Geoffrey Okamoto  
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We want to thank the people and government of the Hashemite Kingdom of Jordan, including His Majesty King Abdullah II bin Al Hussein and Her Majesty Queen Rania Al-Abdullah, for their warm hospitality in hosting these meetings. The broad-based strengthening of the global economy over the past year is a welcome – and long overdue – development. Heightened growth is helping to spur increased business investment, create much-needed private sector jobs, and expand opportunities for many around the world. We believe the European Bank for Reconstruction and Development (EBRD) is well-positioned to help build on this momentum in its region through its unique model that reinforces the private sector at the heart of economic growth by combining investment, policy dialogue, and capacity building to support countries of operations (COOs).

The EBRD has delivered strong operational and financial results over the course of 2017 and early 2018. The EBRD should continue to build on these results by seeking opportunities to increase investments and promote reforms in areas where the transition gaps are the greatest and where the Bank can be most impactful in furthering – not crowding out – private sector investment.

**Maximizing Impact While Ensuring Additionality**

The mission of the EBRD should remain focused on operating where commercial financing is less or not available, attracting rather than supplanting private investment. Increasingly, in some COOs, the EBRD is facing environments where it is less impactful due to ample liquidity. In such cases, the EBRD should be ready to aggressively shift its resources toward countries less advanced in transition where multilateral development finance is still needed.

At the same time, Management and shareholders should work together to chart a path to graduation for advanced transition countries. In this regard, we welcome the new approach to country strategies that rightly focuses on the overlap between what needs to be done in a country and whether the EBRD is best placed to do it. In advanced transition countries, this should translate into a focus on only one or two remaining transition gaps in which the Bank still has additionality. In those countries where the gaps have been substantially narrowed, the EBRD and the country should celebrate successful graduation. Pursuing country strategies of increasingly limited scope and value not only hurts sustainable development in the long term, but also diminishes the credibility of the EBRD in pursuing its critical mission of private sector growth.

**Being Responsive to Needs of the COOs**

One of the strengths of the EBRD is its robust contextual, local knowledge that allows the EBRD to tailor its policy engagements and investments to the needs of the different COOs. We hope that the EBRD will maintain this flexible approach as it drafts its upcoming

strategies and policy documents, including the new energy sector strategy. We support the EBRD's engagement in a broad range of power projects, and, therefore, we believe that Management's proposal to completely curtail support for coal power generation would limit the Bank's ability to respond to the energy security and affordability needs of COOs.

### **Promoting Broad-Based Inclusive Growth**

The United States has been an advocate for the EBRD's efforts to open up economic opportunities to underserved social groups and women. We are glad to see that the EBRD, including through its Women in Business programs and the Small Business Impact Fund, is financing and advising women entrepreneurs to help them reach their full potential. We see this clearly in Jordan, where the Bank is supporting employment opportunities for women through training workshops and private sector investments, including the Abdali Mall Recruitment and Training Centre. The EBRD should continue to leverage its strong private sector expertise and investments to demonstrate to its clients that positive inclusion practices make business sense: they can help companies overcome operational constraints and accelerate growth.

### **Maintaining Financial Discipline**

For the EBRD to be able to continue its good work, it must preserve its current strong position through continued financial discipline. We welcome the EBRD's continued ability to sustain its operations on organic capital growth alone. We appreciate Management's commitment to increase income generation capacity and strengthen the Bank's performance in equity investment. We support the Bank's Enhanced Equity Approach and look forward to seeing the results of the reforms made to sharpen incentives for the EBRD banking team and appropriately target quality equity investments.

Cost control is also important. We urge the EBRD to ensure the staff compensation review it undertakes this year includes a comprehensive examination of total compensation (salary, bonus awards, and benefits), and consideration of whether the EBRD is using the correct market comparators. As the Bank considers new activities, this will also require ramping down activities in areas where the benefits of continued EBRD engagement are substantially limited, which may have implications for headcount and office footprints.

### **Looking ahead**

We are nearing the mid-term point in this Strategic Capital Framework period.

Looking ahead, the EBRD should focus on enhancing the quality of its activities to further the transition process in its existing countries of operations. Doing so should enable the EBRD to graduate advanced transition countries that are able to rely more on private than multilateral development finance.

While the growth outlook in some countries of operations is improving, many in the EBRD region still face low investment, insufficient private sector-led growth, and significant transition gaps. In this context, the EBRD's continued commitment to market economies and democratic norms in the EBRD's COOs is important and needed.

The EBRD's distinctive private sector-focused mandate is an important contribution to the broader community of International Financial Institutions (IFIs). The EBRD should continue to closely cooperate and coordinate with other IFIs to exchange expertise, capitalize on its comparative advantages, and collectively promote reforms and economic growth. In this spirit, we are open to exploring ways to share expertise, knowledge, and staff capacity with other IFIs while remaining focused on narrowing transition gaps in the EBRD's current emerging transition countries and completing the graduation process for advanced transition countries.

The United States reaffirms our support for the EBRD. Together with our new U.S. Executive Director, Judy Shelton, the United States looks forward to working with Management and other shareholders to continue to deliver the EBRD's transition mandate to support sustainable market economies in its current regions.