

# **RUSSIAN FEDERATION**

**Statement by M.G. Reshetnikov**  
**EBRD Governor for the Russian Federation**

*Board of Governors Annual Meeting*

*1–2 June 2021*

Dear Mr Donohoe, Chair of the Board of Governors  
Governors and Alternate Governors  
Members of the Board of Directors, colleagues

It is a real honour for me to greet you all on behalf of the Russian Federation.

As all countries bar none are currently faced with the impact of the Covid-19 pandemic on their economies and communities, the role of the EBRD is acquiring greater significance. The Bank's management and shareholders will need to ensure support is equally distributed, consolidate the Bank's position as green and sustainable, and avoid losing its operational capacities.

1. The EBRD has taken prompt crisis-response measures that have generally had a positive effect. However, I should mention that the distribution of the Solidarity Package financing has been selective. The largest recipients of resources have often not been the countries and companies hit hardest by the pandemic.

I believe it is essential that the Bank continues to fulfil its mission, particularly given the depth of the crisis and its aftermath.

Over the past year, the position of the Bank's management and shareholders in denying Russian clients access to the Solidarity Package has not altered. On that note, I would like to add that the Russian economy has weathered the crisis better than expected. At the end of last year, Russia's GDP was declining by 3 per cent, which was less than in a number of leading countries. This was mainly due to fiscal and monetary policy support measures.

The Russian economy is continuing to recover, and the trajectory of its recovery is slightly outpacing our expectations. A number of industries – manufacturing, retail, freight transport and construction – have already clearly outstripped their pre-crisis level. The capital investment situation is positive. In the fourth quarter of last year, the annual figure had already ended up in the black (+1.2 per cent

year-on-year), with a continuation of this growth into the first quarter of 2021 (+2.0 per cent year-on-year).

2. Russia welcomes the EBRD's commitment to global climate goals. As a major player in global trade and key international climate agreements, we are interested in launching substantive expert dialogue with the EBRD.

In 2019, we adopted a national adaptation plan for climate change. As part of the Paris Agreement, Russia submitted its first nationally determined contribution in 2020 to the Secretariat of the UN Framework Convention on Climate Change. We are devising a draft strategy for low-carbon development to 2050. The State Duma of the Russian Federation Federal Assembly has approved the Greenhouse Gas Emissions Limitation Bill. This will introduce compulsory carbon reporting for major emitters and create a system for voluntary climate projects and carbon exchange. A pilot is being launched to create a greenhouse gas emissions trading scheme on Sakhalin, which will help the region achieve carbon neutrality by 2025.

Given the significant differences in countries' approaches to climate-policy implementation, we would stress the importance of strictly complying with the principles set out in the UN Framework Convention on Climate Change and the Paris Agreement. The goal here is to rule out the use of unilateral climate measures as a tool for unfair competition, not to mention issues around carbon pricing, whose impact on the economy should be carefully examined.

The development of green financing should supplement existing instruments. It should be achieved through incentives and careful assessment of the real contribution to reducing greenhouse gas emissions made by the full range of low-carbon technologies.

When planning the timeframes and tools to be used for the transition to a greener economy, consideration must be given to the potential costs to growth, employment and investment in the medium and long term. The impact of climate change and global trends in decarbonising the economy should be taken into account.

We believe that, to reduce greenhouse gas emissions, the full range of technologies should be deployed to cut emissions as part of a joint approach, with those involved allowed to choose the optimal technological solutions to suit their national circumstances.

3. On expanding the scope of activities to sub-Saharan Africa, we believe that the possible volume of EBRD activity and the systemic impact of the Bank's engagement in the region would be negligible.

A departure from the Bank's mandate and its accumulated expertise may lead to a fall in investment volumes and lower quality projects in traditional countries of operations. The specific risk profile of countries in the region will inevitably lead to a deterioration in the financial performance of the Bank's project portfolio and its capital position.

Turning to the EBRD's proposed preparatory analytical work on expanding into sub-Saharan Africa, we fail to see the premise for diverting relatively substantial Bank resources for a whole year to such large-scale research, whose aims and objectives are, in our view, highly questionable.

We are opposed to the Bank making premature contacts with counterparties in sub-Saharan Africa, including as part of any analytical engagement, or selecting on formalistic criteria a sample-group of countries to develop engagement further. It is our view that, even as an analytical exercise, this could predetermine the Governors' decision in 2022. As a result, we prefer to abstain from the resolution to be voted on today.

4. We recall that, by joining in with the anti-Russian nationally-led sanctions in July 2014, the EBRD cast doubt on its status as an international financial institution that "should not be covered by any sanction regimes." The so-called "political guidance" on the suspension of new operations in Russia directly contradicts a number of articles in the EBRD's main statutory document, the Agreement Establishing the Bank.

In 2020, Russian clients were excluded from the EBRD's crisis-response package.

Nevertheless, Russia remains a responsible EBRD shareholder and is ready for an open dialogue with the Bank. We continue to support the presence and operation of a fully fledged EBRD Resident Office in Moscow, whose work is nowadays mainly focused on Central Asia and a number of the EBRD's other countries of operations. We realise that, for convenience, security and efficiency, Moscow is an important operational hub for the Bank; we are ready to continue ensuring the current special arrangements for the EBRD Resident Office and to discuss prospects for its expansion.

As already mentioned, Russia is a reliable participant in the global climate agenda and is engaged in systemic national-level work to build a sustainable economy. We are interested in intensifying bilateral

expert cooperation, and sharing knowledge and technologies on climate investment with the EBRD, given its particular expertise in this field.

Recently, there has been growing interest from both Russian experts and multilateral financial institutions in expanding professional dialogue into other areas of economic development, such as global procurement, legal and contractual issues and public-private partnerships. We believe that establishing a professional dialogue with the Bank is very promising; and so for our part, we are always open to working together.