

NETHERLANDS

EBRD Governor's Statement
Minister of Finance of the Netherlands
Jeroen Dijsselbloem

Selectivity and core strengths. As a result of the rising number of global and cross-border challenges, the possible scope for an MDB is endless. At the same time, the strength of an institution lies in its selectivity. As a whole, the IFI system stands to gain from coordination, cooperation and division of labour. The EBRD's core strengths lie in fostering transition impact and an operational focus on the private sector, sound banking and catalytic impact. The EBRD should continue to operate within its core strengths to add the most value to the wider IFI architecture.

Systemic transition impact. The Transition Concept Review showed that there is consensus to maintain the current mandate and purpose of the Bank, yet that it should be translated into a modernized operational strategy. As concluded by the Board of Directors: "*[t]he Bank's mandate is to foster sustainable market economies. A sustainable market economy is competitive, well-governed, green, inclusive, resilient and integrated.*" We fully agree that the Bank has an important role to play in the pursuit of these qualities of a sustainable market economy and we call on the EBRD to fully integrate this renewed concept into its operations, in consultation with the Board.

The conclusion that the basic purpose of the EBRD remains unchanged and that pursuing a wide range of qualities contribute to fostering sustainable market economies, carries an important implication: to stay true to its purpose, the EBRD must continue to make investments with a systemic transition impact. The explicit incorporation of a large amount of goals into the Bank's mandate must not result in investments which have a positive effect related to these qualities at the project level, but do not contribute to fostering a sustainable market economy as a whole.

Consolidate and innovate. Given the various qualities of a sustainable market economy on which the EBRD is asked to focus, the EBRD has its work cut out for itself and should not spread itself too thin, both in sectoral and geographical terms. Shareholders should therefore avoid placing too large a burden on the EBRD with many more assignments and/or exploring other types of activities. The Bank should consolidate within its current mandated region and further build upon its core strengths.

One of the core strengths of the EBRD, as a result of its private sector focus and banking modus operandi, is its ability to provide innovative finance in its operations. The EBRD is one of the few MDBs that has the expertise to successfully provide direct equity investments as well as extensive local currency loans, and should remain on the cutting edge of providing innovative finance to the private sector and as such fostering transition. With a relatively large amount of new goals and activities, there is much learning to be done and opportunity for out of the box thinking. Additionally, the more traditional activities of the Bank leave room for innovation as well: in the way the EBRD finances projects, mobilizes funds from the private sector, mitigates risks and delivers effective transition impact. We call on management to create an enabling environment for innovation, in close consultation with the Board.

The EBRD = its people. We appreciate the EBRD for its unique mandate, its unique place in the MDB architecture, but most of all for its unique people. The staff and management of the EBRD are the ones that ensure that the work of the private sector is effectively supported and lives are positively impacted. We would like to express our sincere gratitude for your hard work, dedication and commitment to the EBRD's purpose.