

TRANSCRIPT OF DEVELOPMENT DRUMS [EPISODE 30 – INTERVIEWS WITH EBRD CANDIDATES]

Host: Owen Barder. Guests: Thomas Mirow, Jan Krzysztof Bielecki, Suma Chakrabarti and Bozidar Djelic.

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Owen Barder

Thanks for downloading Development Drums. My name is Owen Barder the Director of the Center for Global Development in Europe. In this edition I am going to interview candidates to be the next president of the European Bank for Reconstruction and Development, the EBRD, to find out what they would do if they get the job.

The EBRD was established in 1991 to support the countries of Central and Eastern Europe in their transition towards democratic market economies. It now works in 29 countries across Central and Eastern Europe, the Caucuses, Central Asia, Turkey and Mongolia. Following the Arab Spring the bank has been asked by shareholders to extend its work to North Africa and the Eastern Mediterranean. The 65 governors of the EBRD will meet in London for their annual meeting later this week. On Thursday the 17th of May they will be interviewing the five candidates who have been nominated to serve the next four years as President of the EBRD. A decision is expected on Friday, the 18th of May. In this podcast you will get a preview of what the governors will be hearing on Thursday. Because we've invited all the candidates to come on to Development Drums and tell us what they stand for. Four of the five candidates accepted our invitation.

In the past appointments like this had been made as part of an intergovernmental stitch up. Traditionally France and Germany would decide who'd get this job and everyone else would acquiesce. For the last few months European Ministers have been horse-trading behind closed doors to try to get one of their nationals into a number of key jobs which need filling. As well as the Presidency of the EBRD, ministers have to find a new Chair for the Eurogroup, someone to head the Eurozone's permanent bail-out fund, and a new member of the board of the European Central Bank.

But this is not how it's supposed to be anymore. In September 2009 in Pittsburgh, the leaders of the G-20 called for the heads and senior leadership of all international institutions to be appointed through an open, transparent and merit based process. At the Center for Global Development we believe that these international institutions play an important role which affect not only what happens in industrialized countries but across the world. And that it's important that they have leadership which is effective, legitimate and accountable. With the rise of new countries in transition in North Africa and the Eurozone faltering, the EBRD can play an important role in helping to promote growth and stability in open economies. This is the first time that the governors of EBRD have been offered a choice of candidates. This is a big step forward which we welcome. Having opened the door, it's now important to push for the decision to be taken not on the basis of nationality and some gigantic trade-off between unrelated institutions, but on the basis of merit and substance.

We hope to contribute to that in the best way we can by offering this opportunity for the candidates to discuss their visions for the future of the EBRD. You're about to hear from four of the candidates.

First up is Thomas Mirow the incumbent president of the EBRD who's completed one four-year term and is seeking re-election for a second. After that we have Jan Krzysztof Bielecki, former Prime Minister of Poland on the telephone from Warsaw. Then we have Suma Chakrabarti, a senior British Civil servant and Bozidar Djelic, the former Deputy Prime Minister of Serbia. There is a fifth candidate Philippe de Fontaine



Vive Curtaz who is currently Vice President of the European Investment Bank. Mr. de Fontaine Vive Curtaz didn't reply to several invitations to participate in this process. So without further ado, let's hear what the candidates have to say.

Thomas Mirow

I'm Thomas Mirow, and I'm heading the European Bank for Reconstruction and Development since July 2008.

Owen Barder

Can you tell us what you think the strengths and weaknesses are of the EBRD as we stand today in 2012?

Thomas Mirow

Well I think it's easier for me to speak about the strength. I think we have been quick and comprehensive in reacting to the impact of the financial crisis to Central and Eastern Europe by sharply increasing our lending and our investments also by being key in setting up new patterns of policy dialogue like the BMI initiative. We are stronger than we have ever been in terms of our capital resources because we manage to get a unanimous support of our shareholders for a capital increase. We have a very unanimous support on the mid-term strategy up to the year 2016. We have started to engage in Turkey and as I think quite successfully so, reaching 1 billion in business volume within three years. We have been asked by the international community to start engaging in North Africa and the Middle East, which is anything but self-understood if one remembers debates we have had before I joined the EBRD on maybe the EBRD having done its job. And all what I've described has happened in a very difficult financial environment, however, we have managed to preserve the AAA rating for the EBRD with a stable outlook and with a very low ratio of non-performing loans.

Owen Barder

That's a very impressive set of strengths and a very impressive set of achievements. You said at the outset that you would prefer to concentrate on the strengths rather than the weaknesses. Is that – are there any weaknesses or areas that challenges for improvement that you would particularly like to identify?

Thomas Mirow

Well, there are certainly challenges because obviously the transition in Central and Eastern Europe has proven to be not as robust and as solid as we probably also had thought before the financial crisis, weaknesses have been unveiled which need to be addressed be it in terms of a very high dependence on foreign investment and the lending activities of Western banks be it in terms of a too heavy dependence still on either commodities and natural resources or some assembly line kind of manufacturing which, all in all, have produced a vulnerability to the crisis which clearly needs to be addressed.

Owen Barder

So if you do – if you are chosen to serve again as President of EBRD, what would be the, for example, the top three things against which you would like your second term to be judged?

Thomas Mirow

Well, I think the first challenge is to establish a new balance in newly engaging into North Africa and the Middle East and at the same time, still continue to be supportive of Central and Eastern Europe and this is a matter of capital resources, it's obviously also a matter of human resources and skills. The second thing I would speak about is indeed about what can we do more in order to foster modernization and diversification of the Central and Eastern European economies. So to make them less dependent on their income of natural resources and commodities and to help them climb up the value ladder which I do think is absolutely key if these countries want to be competitive not only with Western Europe but also with other emerging markets. And the third challenge I would certainly name is to steer this financial institution through what seems to be a very difficult and challenging time in terms of financial stability of a changing world of banks and actors in the financial sector, so to preserve our strength and not to put at risk the very, very high investment grade this institution has.

Owen Barder

The first of those points was about the expansion into Southern and Eastern Mediterranean countries, which you said at the outset, I think you said it's not entirely self-understood, as you say, will require some changes to the organization I guess to the skills and the culture, what – now what do you think is needed to enable the EBRD to be really effective in that region?

Thomas Mirow

Well, first of all, we take a lot of trust from that fact that we have been very successful in building up our business in Turkey and in this respect I don't speak about Istanbul or Ankara or other shining big cities but I speak about EBRD's engagement in very remote and often quite poor regions of Turkey. So that probably proves that indeed we are able and have the capacity to adapt. What we see now in the Southern Mediterranean is probably in technical terms, in many respects quite similar to what we know from Central and Eastern Europe, be it weak, small and medium-sized companies, be it poor, private banks, be it a huge waste of energy resources, be it very deficient infrastructure and utilities in the towns and cities, but of course the cultural background is very different, the geo-strategic background of that region is very different, the demographics are very different. So what we will have to do is to stick to our strength which have built up the specific identity of EBRD and at the same time adapt to a new environment, an environment of the 21st century, and at the same time an environment which is so much characterized by the ongoing turmoil in the world financial sector and in the world economy.

Owen Barder

Do you think that all the stakeholders of the EBRD have faced up to the implications for the bank's traditional borrowers and traditional partners? I mean, for example, won't – if we're serious about expanding in the Southern and Eastern Mediterranean, won't there have to be reduction in lending to countries like Russia. I mean is there a case now for accelerating their graduation and phasing out from the EBRD's traditional partners?

Thomas Mirow

Shareholders have jointly expressed their expectation that countries would graduate by the end of the current mid-term perspective, i.e. by 2015, but they certainly in this context have rather thought of Central European countries of very advanced countries that partly are also members of the Eurozone and not so much of Russia. Don't forget Russia is much more than Moscow and St. Petersburg. Russia is a huge country with very remote regions in which there is still a lot to do and the kind of €2.5 billion we invest annually, is not that much in terms of the size of the economy and the size of the country.

Owen Barder

The EBRD has been criticized in the past for not having a sufficiently clear gender action plan. Now that's been remedied, a new action plan was agreed in 2010. Do you think that's being implemented well enough or do you think that the EBRD should be doing more to pay attention to gender in its operations?

Thomas Mirow

Have agreed on a plan in 2010 as we have done, it's probably premature in early 2012 to already get to a full assessment of results. I think we have done good progress and we are regularly reporting about progress but things can be and should be further improved. And by the way, out of the four managing directors which have been appointed recently in banking, so those who really are at the front of operations and at the high level – highest level, three of them are female bankers.

Owen Barder

And finally, would you like to tell us something about your own career and background and how that's shaped you to be an effective President of the EBRD?

Thomas Mirow

Well, I don't think that I am in a situation to kind of praise myself.

Owen Barder

Is there a specific experience or something that you think has...

Thomas Mirow

There's probably one remark I would make and that is that during a very long professional career, I have seen both I have worked for the public sector and I have worked in the private sector and with regard to the public sector, coming from Germany, I have worked at municipal and state level and then later at federal level engaging in European politics and international politics. But I would rather argue that my experience in the private sector has been very helpful for me to calibrate the path of this institution which, to some degree, is special among eyes in being very much private sector oriented client-focused with a hands-on business model.

Owen Barder

Dr. Mirow, thanks very much for agreeing to set out your vision for the EBRD if you become the president again after the selection of the new president in the coming weeks.

Thomas Mirow

Thank you very much.

Owen Barder

Thank you.

Jan Krzysztof Bielecki

I am Jan Krzysztof Bielecki, the Chairman of Economic Council to the Polish prime minister.

Owen Barder

Thank you very much for coming on Development Drums and talking about your candidacy to be President of the EBRD. Could we begin by asking you what you think the strengths and weaknesses are of the EBRD now in 2012?

Jan Krzysztof Bielecki

The strength is that they have some long-lasting discussion. Some years ago EBRD made a strategic decision to extend its operations towards the countries where there is a hope for transition towards democratic and market-oriented societies. By that decision of pivotal nature, I mean the decision to go to Mongolia. If you remember EBRD originally was actually designed for seven countries only of Central and Eastern Europe. So the decision to go far beyond that was of a strategic nature. So following that decision to go to Turkey and today to the Mediterranean and North African countries is simply a consequence of that strategic choice and I'm convinced that this is the right decision because EBRD for me is much less now the European Bank but much more the transition bank, transition with a unique mandate under Article 1 because you are obliged to foster transition not only towards market – functioning to market economies but also toward the democratic countries.

Owen Barder

Can you say a bit more about how the bank currently stands? What do you think its strengths are in that – with that mandate? What do you think its – and what do you think its main weaknesses are.

Jan Krzysztof Bielecki

So the main strength is the unique knowledge of transition process in different countries at different levels of transition and this is very important because you need different attitudes towards early transition countries, to intermediate countries and to advanced countries. And the know-how, I think is quite unique. The know-how based on the private sector operations which are dominating the most important in the portfolio of the bank but also in the public sector and the municipal sector. So that's – what I am saying simply is that the unique mandate of the bank which by the founding fathers was established as a bank providing the assistance towards transition, allowed the bank to generate significant knowledge and know-

how on the process and now the issue is to provide assistance wherever there is a call from a democratic society.

And the weakness is always the same. At the end, successful transition is about timing. And timing means that you have to be active quickly and if you look at the pages of the EBRD website, still in the mission statement the new destination is not amended, so the mission statement is still based on a statement of 2010, and we – the people from the transition countries, we know that the timing matters a lot. It's not in the – particularly in the early days, in the early stage, it's not that much about huge amounts of money but of timing of the quick assistance and opening of the public dialogue.

Owen Barder

So if the governors made you the next President of the EBRD, what would be the indicators that you would like to be judged on? I am guessing that making the bank more responsive, timing is going to be one of them, but what would be the key things that you would like to be judged on?

Jan Krzysztof Bielecki

Yeah. That's actually right and also what matters for people like myself is that the bank is really supporting the countries where democratic and economic change goes hand in hand. And if you look at the history of the EBRD relations with for example Belarus, you will find a lot of zigzags and sometimes the bank was going forward, sometimes it was imposing sanctions and again so I think the clear indication that it could be much more supportive for the countries with a strong belief in democratic change is very important. So I would like to be seen as that one who simply sticks to those fundamental values. And also in more technical terms if I can say that, as a banker I am very committed to development of the local capital markets. One of the reason of the problems of today in Central and Eastern Europe – the reason of problems of some banks is the too big exposure to external borrowings and also lending in the foreign currency to the customers. So to get much more focus on the development of the local capital markets lending in the local currency on the local issuing by the EBRD is very important factor which I would like to be remember that – and also I think in terms of countries driven by the Arab Spring I would like to be remember that one who quickly help them to develop the foundations of successful transitions which is microfinancing and the development of local financial infrastructure because that's absolutely pivotal to robust finance sector and also development of a middle class. And without middle class, there is no successful transition.

Owen Barder

Could we focus quickly on that last point about the extension of the EBRD's mandate and operation into the Southern and Eastern Mediterranean? You've given some examples of what you would like to see the bank doing and doing more quickly, what changes do you think will be needed to the skills and the culture of the EBRD if it is to carry out this mandate successfully?

Jan Krzysztof Bielecki

Not that many, I think the staffing is ready, maybe the employment and staffing structure should be a little bit adjusted to the changing situation as it goes. The EBRD is always I think need to improve recruitment from the countries of operations. If you look at the number of the managers originated from the countries of operation is not satisfactory. So you have to recruit some people and then simply you have the products, you experienced in 20 – some little bit more than 20 years ago in Central Europe and to go there because at the end the market economy is more or less the same everywhere.

Owen Barder

The EBRD has been criticized in the past for not paying special attention to women to gender issues and it now has a gender action plan, do you think that gender action plan is sufficient, is it merely a question of implementation or do you have other views on how the EBRD can do a better job in this respect?

Jan Krzysztof Bielecki

The gender program is now a critical input for the World Bank and maybe this is the right IFI to get focused on the gender policy in terms of operations policies in the countries of operations.

Owen Barder

So you're saying that as a matter of division of labor you think the World Bank rather than the EBRD would be better placed to handle that issue?

Jan Krzysztof Bielecki

Yeah I would say so. And the division of labor amongst the IFIs is another issue because sometimes they – and I know in some Eastern Europe they – the IFIs try to follow each other and they do the same projects like for example to stick to the latest is the windfarms promoted by all the IFIs. Maybe more policy dialogue and co-ordination and even task forces would be really important to get this enhanced cooperation amongst the IFIs.

Owen Barder

So if you imagine a world in which there is enhanced cooperation and better coordination among the IFIs but also more generally what's your vision for the future of the EBRD say in five or ten years' time? Where do you see it going?

Jan Krzysztof Bielecki

Well it simply is going towards a more and more transition bank with a specialized focus on the challenges of transition at different stages. So European by historical name but transition by the future operation. And responding to the calls from the public in many different areas and always with the knowledge to provide financial assistance to the countries which want to change the system. This is what I strongly believe is the – also the unique mandate of the bank.

Owen Barder

And finally can you tell us something about your own career, your own history and how those experiences have shaped you and what that would mean for your leadership of the EBRD if you were selected?

Jan Krzysztof Bielecki

Thank you. This is a very complex question. I don't know if you look into my CV if you did have enough time but I'm a product of transition in Poland. So in the early days, I was – when I graduated I was an academic hopefully dreaming about the academic career but then it was broken down by martial law in Poland and my activity in the solidarity movement. So I became unemployed without any benefits. I spent some time in detention and then I was truck driver for four years and then became the – in the late 1980s became the financial consultant, educated and trained by the ISC in the late 1980s and then when the change happened, we went to the parliament and surprisingly we got the chance to form the government. So I spent in the government four years. Then in '90 – at the end of 1993, I went to London, I arrived in London at the end of 1993, I stayed at the EBRD nearly 10 years. Then I was recruited by the UniCredit Group and I became the CEO of the best commercial bank in Poland and one of the best in the region maybe even in the Europe. Definitely now it's amongst the top 50 banks in Europe. Then under the restructuring of the UniCredit Group which I could not approve and then I became as a volunteer, the Chairman of the Economic Council. So this is more or less my travel over the last 30 years of public and private life.

Owen Barder

And is there something in particular from that very rich narrative that you think you would bring with you into the presidency of the EBRD. Does that in some way shape...

Jan Krzysztof Bielecki

As you know I'm not a civil servant. I'm not even a career politician I'm rather a doer who happened to become also a professional banker. But on top of it when and that helps me sometimes when I travel to Egypt to discuss with the opposition leaders the transition of Egyptian economy, last November, I spoke with them like a truck driver with truck drivers, you know – which surprised them because they thought that I'm a big political fat cat without any knowledge what he's how to work a bank. That sometimes helps.

Owen Barder

There have been some suggestions in some quarters that there is in some sense a conflict of interest for the President of the EBRD to come from one of the borrower countries and two of the candidates for the post come from the borrower country. Do you think that constitute a conflict of interest?

Jan Krzysztof Bielecki

First of all, a conflict of interest has a very clear meaning and sometimes it's a criminal offence so, to allege that my interest could be contrary to the public interest of the institution is in my opinion a serious abuse and is a way to eliminate maybe a candidate. This is an issue which was never raised during the campaign for the President of the World Bank when the Nigerian minister Mrs. Okonjo or the Colombian Minister Miss Ocampo also throw their hats into the ring and nobody raised this issue in public but also on a merit, Poland is a graduated already country which could live without the EBRD loans in the future. And also the graduation is already under this capital resource review papers, so I'm really surprised that instead of discussing on the merit, that that issue has been raised.

Owen Barder

Thank you very much for agreeing to be interviewed and for putting your views of the substance across and thank you very much for coming on Development Drums.

Jan Krzysztof Bielecki

Okay. Thank you.

Suma Chakrabarti

I'm Suma Chakrabarti, I'm currently Permanent Secretary which is the Civil Service Head of the Ministry of Justice in the United Kingdom government. Before that I was the Permanent Secretary Head of the Department of International Development.

Owen Barder

Thanks very much for coming on Development Drums and for being willing to set out your position for why you would make a good President of the EBRD. Can we start off by asking you what you think the strengths and weaknesses are of the EBRD today?

Suma Chakrabarti

Well I think the strengths emanate from the mission of the EBRD, it's the only one with the mission which I would call open societies and open economies, so it's got a particular set of skills which you don't see in other multilateral institutions. And I think it's been the strongest of those institutions in terms of trying to marry political development with economic development with a particular focus obviously on the private sector. And I think it's a major, major strength in what it does. I think there are some difficulties in taking that forward and these are the challenges if you like, some of them. One would be the consistency of approach. How do you take a consistent approach to some of the political developments in say Uzbekistan versus Belarus, would be one example of that. How do you take forward a new agenda in the south, Southern Mediterranean and Eastern Mediterranean, area where the EBRD has not worked which is different in some respect obviously from its traditional areas of operation in terms of religion, gender, the civil-military relationship and so on, more classical development challenges in some ways. So those are things that clearly it's going to have focus in on.

Owen Barder

If you are chosen to be President of EBRD what would be the things you would want to be judged by? You know two or three things that you think would mark your Presidency?

Suma Chakrabarti

First of all that – in let's say in a few years' time, after say one term of the presidency, we would be able to show the institution had actually managed to stay and be successful with its current remit private sector development and pushing pluralism and so on. That it hadn't strayed from mission that often happens of course with institutions that become more mature because that's what it's good at. So core strengths, it's

really developed them and keeps with them. But secondly, that it's also made a success of two or three other things. One would be, in the Southern Mediterranean, it has made a greater success of that region without disunity in the bank, because it's a different region, it's a new region, the bank now has a remit from Morocco to Mongolia and how do you build common purpose. So within five years we've got to build a common purpose it seems to me around that. An integration challenge.

And the other part of it I think is how do you continue doing successful private sector development in Central and Eastern Europe, Russia, Turkey, the Central Asian republics, these are current borrowers, where some countries will graduate, some countries are feeling the shock of the financial crisis, and some are not because they're commodity rich and they are doing well out of commodity prices, and where there are some governance – some bigger governance issues as well and the consistency issues. So graduation, cross-border investments, being the financial sector, all those challenges are there too and I think within next five years the next president and his team, it's a team effort, will really have to tackle those challenges to make EBRD as successful as it is now.

Owen Barder

Can we explore one of the things you mentioned as one of the challenges going forward which is the expansion of the EBRD's mandate and operations in Southern and Eastern Mediterranean, what kind of changes do you think that will need in the culture and the skill set of the bank?

Suma Chakrabarti

I think there'll be a much higher premium on political economy knowledge: knowledge of the region and how the societies and the politics function. This isn't to say that I want the bank suddenly to get into the governance issues in a big way that the World Bank or a bilateral organization like my old one DFID, a traditional strength of that organization. No, but you cannot do private sector development successfully, the bank's mission, without being aware of the context of those other issues and at the moment I think the bank probably doesn't have enough skills and knowledge of that region, and of those societies. And there are some complexities there, which are different from Eastern Europe. I mentioned religion is one issue. It's clearly a big fundamental issue and it plays out different in different societies there. Gender is an issue and the bank has a very good track record on climate change actually, and energy efficiency, but a much less good track record on gender and integrating gender, and that's going to be an issue, clearly, that's very full frontal in Southern Med.

And then the relationship between civil and military, I think is a big issue and I think there actually some of the bank's borrowers can help. I mean, Turkey is a good example of the country which has to deal with that issue over the last, well some would say, eighty years, but certainly particularly in the last 5, 6 years has really had to deal with that head on and has done it well, and there is some lessons that Turkey can apply. So those are some of the lessons which are quite different I think from Eastern Europe, which the bank would have to tackle and be aware of and work well with other organizations in dealing with.

Owen Barder

Can we zoom in on one of the issues you mentioned there which is gender, it's an issue that the EBRD has been criticized for in the past and as you know there is a new Gender Action Plan agreed in 2010, do you think that's sufficient to make the changes that are necessary, what would your approach be to tackling this problem?

Suma Chakrabarti

My own experience of action plans whether it's gender or any other subject, is you can write as many action plans as you like, but there is a lot of actually to do with cultures of organizations as to whether they take certain aspects more seriously than others. So, the first question I'd ask and I'm not there, but any president would need to ask, is what made for success in the climate change area? What was it that we did, was it in staff incentives, was it because we bought in staff with a knowledge of that area, but EBRD has a good track record in that. So, what is it that we need to do to replicate that success in terms of staffing perhaps, perhaps incentives and so on. That's one set of issues.

Secondly, I think a lot get done in an institution if a leadership wants it to be done, frankly. I know that from the sorts of things that I've tried to do in the two organizations I've led. So, I think the leadership has to give a very strong lead on this issue, gender, and there are some issues it seems to me about the – if you like, the look of the organization. I think it's perhaps not as diverse in terms of gender itself at the top of the organization, at the top ranks, top three or four tiers as it is more lower down. And I have a track record in the two organizations I've led of changing that sort of thing. And I'd be looking at that sort of issue.

So incentives, culture, leadership, diverse management team, those are all fundamental to it. But at the end of the day, this is also country focused because the bank, one of the great good things about it, is its client focus, that's one of the things I really like about it. It isn't as top down as some other multilateral institutions. So, the question is hard work on the ground, in the country teams. How do you make gender a feature of your country strategies is where you need to start. And I think you need to pick two or three good examples and then try and say well if they can do it in country X, it could be done in country Y, slight differently, but here is how we'll do it.

Owen Barder

Can you say something about how you see the bank in 5 or 10 years' time? What's your vision for the future of the EBRD?

Suma Chakrabarti

Well, one of the things again hanging on to what we're good at, so the private sector development theme has to keep – it has to be center stage and we have to stay very, very good at it. Efficiency, the bank is just about the most efficient of the multilateral institutions, I want it to stay that way. Despite all the new challenges that are being – that are heading its way. I think in five years' time it has got to make a major success of the Southern Med in terms of getting lending going, in terms of having a portfolio programs that are beginning to show success. In terms of being able to show and this is something I think the bank – it has very good transition indicators and so on, but I think it can do a better job on, is showing how the work it does, does transform societies. I think it's pretty good at showing how the projects transform maybe a sector. I think it's found it more difficult to find that narrative of how it's transformed a society and I think that's something we need to work on more generally.

So those are some of the issues. I think in – also it's got to show that it can graduate and graduate well. In five years' time I would expect certain other of the current borrowing countries to graduate, they want to some of them. But the only graduation that the bank has had, the Czech Republic, didn't go very well. It was a cliff-edge graduation rather than a slope. So the use of technical assistance and another ways of actually finding a way out of this and having a happy graduation is very, very important. And I think that's something I would want to work on quite quickly actually, the post-graduation policy.

And I think I'd like the bank to be known in five years' time for having a consistent approach to some of the political issues that it challenges. The bank shouldn't be a knee-jerk bank in responding to every single political development with a bit of megaphone diplomacy. That is the worst thing it can do, but it does need to have a consistency that it can show through three to five year horizons, a five year horizon is a good one to judge it on. Did it make the right calls, given the political developments over the five years? Did it take the long-term view in doing so, but did it made the right calls?

Owen Barder

And finally, can you say something about your own career and what kinds of – the way in which that shaped you as a leader and what – that would mean you would bring as President of the EBRD? What would be the experiences and skills that you would bring?

Suma Chakrabarti

I mean essentially, I'm – I mean, I think it's a good question because it goes to the personal, and I think it's quite important to be very honest about what makes you tick as a leader, and I am someone who only frankly goes for jobs that I can be passionate about. So like everyone else no doubt in the field I have been offered other jobs, but I am only interested in those jobs which I really care about, so passion is the number

one thing. I was passionate about DFID, I was passionate about MOJ and I am passionate about EBRD, I mean the actual mission is first of all very, very important.

Secondly my style is heavy to engage with staff in a quite a big way as well as shareholders and stakeholders. I do get – I have a very open door policy, I do like to actually engage very directly with staff, talk to staff directly about what makes things tick. I delegate, once I am clear about the strategic framework I give people room, that's very much my style, but I hold people to account as well and I am pretty tough on performance. In the public sector it's always much harder than perhaps in the private sector to make those things happen.

In the British public sector we've done more of it, probably than most others actually in terms of performance management and I am pretty tough on performance management. So I want to see the caliber of the bank, the average caliber rise further. We're even tougher on performance. We actually celebrate those successes but we also weed out things that go wrong as well as quickly as possible. That's I think what a modern leader should be about and I'd like a more diverse workforce. So I'd like it all.

Owen Barder

Suma Chakrabarti, thank you very much for coming on Development Drums and setting out your vision for what you would do if you were president of the EBRD.

Suma Chakrabarti

Thank you very much.

Bozidar Djelic

I am Bozidar Djelic, former Deputy Prime Minister of Serbia. Coming from that country, having worked in many transition countries advising Poland, Russia, Romania working as a banker in France covering the region and before that studying and working in France and United States.

Owen Barder

Thanks very much for joining us and for agreeing to set out your position on why you want to be president of the EBRD. Could we begin by asking you, if you could set out your view of the strength and the weaknesses of EBRD as it stands today.

Bozidar Djelic

I think EBRD has both, this is why my proposal to the shareholders and other stakeholders of the EBRD is a vision, transition 2.0. There are things to keep; things to upgrade. Things to keep certainly is the focus on the private sector. The fact that it has political mandate that must be upheld in order to foster democracy, human rights and the market economy and also the fact that the EBRD was able to sustain operations through difficult economic cycles as we've seen over the last few years.

Now as far as the upgrade is concerned I think that more can be done in terms of diversity of the staff maybe also on the quality of the staff, one can always be better by being in this great pool of talent called the city and having the access of talent from all the shareholders. We also I think we need to make sure that implications of the Basel III regulatory reform are very well taken on board because they will lead most probably to the exit of several Western banks and the EBRD has to play a role in order not to stop the financing of the economy in those countries.

I think more can be done on promising first steps in the area of energy efficiency in order for the EBRD to be a big player in carbon neutrality and then I guess in a time when capital, particularly AAA multilateral capital, is scarce and prices of oil, gas and metals are high, there should be more co-financing in the countries that have the chance of being endowed with those natural resources.

At the end I think to do more the EBRD now has to help countries to keep their best talent. That means investing more in the knowledge economy, much more maybe than investing in the bread and butter large

scale national infrastructure. There are other institutions, both public and private that can do it. And at the end I think in the times when all multilateral institutions are hard pressed for cash, there will be an increasing need for cooperation, specialization and coordination.

Owen Barder

That's an impressive list of challenges that you would like to see the EBRD rise to in the coming years. Is there something particular or a couple things in particular that you would like to be judged against if you become President of the EBRD?

Bozidar Djelic

Well definitely I think it is about the fact that we can also say that in some countries transition is over, because a transition has to have a beginning, we know when it was, it was the fall of the Berlin Wall and now with the extension of the mandates this was the Arab Spring but there should be also an end.

And I guess having some countries not feeling punished by the fact that they have graduated but actually recognized of having the benefits from it would be one large stick. Another one of course would be the fact that demands for democracy being even more expressed in corners of countries of cooperation that the EBRD can indeed mix in an appropriate way the economy and the politics because the EBRD was formed not only to finance but also to transform.

Owen Barder

You mentioned there the extension of the mandate into Southern and Eastern Mediterranean. Do you want to say something more about what you think the implications are for the organization? You had upgrading the staff as one of the challenges ahead, is that the main issue that now faces the EBRD as it expands its mandate?

Bozidar Djelic

Well, it's one but not the only one. I had the pleasure of both working in Morocco as a graduate in France but also and part of the transition-to-transition task force of the EBRD counseling the institution on the extension of its mandates so I was able to visit that region. So definitely a big challenge will be the fact that there are commonalities but there are very many differences between Eastern Europe and this world. And so there is a need within the bank to have the people who have the specific skills, and at the same time not to split the bank in two, there should be a unity and communality in purpose because otherwise there will be operational and also I think strategic problems.

So I think it is about getting more people, the ones that are old hands in transition in the East, many of them I'm sure will be splendid bankers in Arab countries. And also, I would say there is a need to further align the shareholders because at this point of time there are quite diverging views amongst the shareholder base of how much should be done in those Arab countries, and what.

Owen Barder

One issue that the EBRD has been criticized for over recent years has been for paying insufficient attention to gender issues and to woman. And of course there's now a Gender Action Plan, do you think that's being well implemented, and is there anything that you would do in particular to improve its implementation?

Bozidar Djelic

Well, there has been some movement, that's good, but frankly I think that more can be done. Definitely, I think that the value proposition of the EBRD should be appealing to more women. And I guess the EBRD is both a multilateral institution, but it is also the place where all kinds of talent has to flourish, so I guess by fostering even more meritocracy I would say we'll see more women in leadership roles.

Owen Barder

So, you see this primarily in terms of EBRD's staffing rather than the programming of its resources. You wouldn't want to see, for example, more use of money to support women-led businesses?

Bozidar Djelic

Oh, no, no. What I mean when I talk about gender, I was referring here to the mix of the human resources at the bank, but EBRD in fact has had some of its biggest successes by fostering woman entrepreneurship in countries of cooperations. That's an important line of business. And it's a very, I'd say, stable and profitable one. The experience has been very good and, for sure, a pocket of not sufficiently leveraged human resource in many of the countries of operations is indeed the female workforce in particular the entrepreneurial capacity that they still hold.

Owen Barder

One, another issue that is striking about the EBRD looking across the multilaterals is the recipient countries have a relatively low voting share. Is that something that you regard as an issue, and is that something that you'd want to see tackled?

Bozidar Djelic

Well, I think that at this point of time, the demand is above all to make sure that there is sufficient voice given to all. There are of course voices within this very diverse, I'd say, shareholder base in order to make sure that this happens. But I don't see the tension that we have seen for instance at the World Bank or the IMF being present at the same level.

Owen Barder

And you talked about your idea for transition 2.0. Does that give you a sense of a vision for the institution in, say, five years' time? What would the EBRD that has embraced transition 2.0 look like?

Bozidar Djelic

Well, it's a bank increasingly relevant; increasing a catalyst, doing more through other institutions rather than doing directly. Having been successful in graduating some of its members and having leveraged its knowledge in quite a different world of the Arab world. A very satisfied, well balanced workforce that is second to none amongst the multilateral financial institutions. A model in a way. And I think that I've been, I'd say, presenting myself as indeed the transition citizen. I've been born in Serbia, but I lived in France and United States. I worked actually as much in those countries than in the other transition countries, but have, I would say a pretty unique experience of advising the Yugoslav, Polish, Russian, Romanian governments and then working in the private sector and then having been elected MP in parts of four governments in Serbia both as Economy and Finance Minister, Science Minister, Deputy Prime Minister in charge of the EU so that I know a little bit about the intricacies of Brussels.

So I guess that's kind of the skill mix that I can bring to the table of a transition citizen that I would hope the shareholders will recognize will be best placed to do the transition 2.0 change of the bank. Much good things have to be kept, but there is a need to upgrade as well.

Owen Barder

Mr. Djelic, thank you very much for agreeing to be interviewed and for setting out your vision so clearly of what you would do if you became President of the EBRD.

Bozidar Djelic

Thank you so much for the opportunity.

Owen Barder

You've been listening to Development Drums from the Center for Global Development in Europe. On Thursday, the 17th of May, the governors of the EBRD will be interviewing the five candidates to be President of the EBRD. In this podcast, you've heard from four of them, Thomas Mirow, the incumbent from Germany, Jan Krzysztof Bielecki, the former Prime Minister of Poland, Suma Chakrabarti, the senior British Civil Servant; and Bozidar Djelic, the former Deputy Prime Minister of Serbia. The fifth candidate, Mr. De Fontaine Vive Curtaz from the ERB did not take up the opportunity to participate.

The Development Drums podcast takes an in-depth look at development issues. Our next episode, we'll look at the latest evidence about the impact of microfinance. You can subscribe to Development Drums free of charge in iTunes where you'll also find all the past episodes. You can also listen to it on the website.

Development Drums is hosted by me, Owen Barder, and it's produced by Anna Scott from the Center for Global Development in Europe. Thank you for listening.