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TRANSCRIPT

Event

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Cooperation
Modernizing Models of Assistance

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FEATURING

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Enoh T. Ebong: Hello, everyone. Welcome. Thank you for joining us here today. My name is Enoch Ebong, president of the Global Development Department here at CSIS.

Our 2026 Futures Summit is coming to an end and we're coming to you live today on the last day. We've been exploring a new era for development cooperation, and in particular one in which the ability of multilateral systems to adapt is really being examined in real time. Today I'm really fortunate to be joined by Odile Renaud-Basso, president of the European Bank for Reconstruction and Development, to discuss precisely these issues and more.

President Renaud-Basso, thank you so much for joining us today and welcome.

Odile Renaud-Basso: Thank you for having me. It's a pleasure.

Ms. Ebong: I'd like to start – really, we are in a time of great turmoil/upheaval – you know, geopolitical shocks, conflict, wars. I think particularly of course of the war in Iran, but also the war in Ukraine that is ongoing. I know that EBRD has really consistently and over a long time, since 2022, been engaged in Ukraine, providing I think close to 9 billion euros of support, and you yourself have visited the country. And then we compound that; there's, obviously, a conflict and war in Iran. My question is, really, how does the Bank pivot its operations to really address such shocks and in a way that doesn't compromise the long-term plans for either regions or other countries? Could you speak a little bit to that tension and how the EBRD approaches it?

Ms. Renaud-Basso: So, indeed, we've been very active in Ukraine since the beginning of the war. We were active in Ukraine before. I mean, Ukraine has always been a country of operation for the Bank, but we stepped up our investment in the context of the war. And I think our – so our capacity to do that was very much related to the support of the shareholders; so saying this is a priority for us, this is something you need to – we back you to do that.

We started also in terms of financial approach to get some guarantees, so to help us to take some risk because as a bank you know, when you have a war you say, OK, I'm going to invest but then I'm going to lose some money, maybe that will never be paid back and so forth. So the approach was to get some guarantee to risk – to share the risk with us, to cover part of the risk, and then we got some financial support in the form of a capital increase to give us a buffer to – and the capacity to leverage our capital in order to be able to take more risk in Ukraine and invest in the country.

And the approach of investment has been to focus on what is needed for the economy to keep going. So we are not investing at all in military equipment or in budget support for the government, but really in what is – what is needed to keep the economy going, because for a country to be able to stand in a war you need to have, you know, people being able to work, revenue generated. This is important to finance the budget, military – and then the military, and so forth.

So we've been investing in infrastructure. So what are the key infrastructure that are needed for people to continue to be able to live in the country? So, electricity, heating, transportation, roads, and the municipal infrastructure. And that has been a big chunk of what we've been doing, working with state-owned enterprise to invest and repair when infrastructure have been destroyed, damaged, and so forth. So that's – and we've invested, for example, more than 3.4 billion in the energy infrastructure, helping them to repair and also to develop a more decentralized system, less vulnerable.

But we've also invested a lot in the private sector. And what is amazing in Ukraine is that you have this resilience on the military, but also on the economic. So companies, businesses, continue to develop. You know, if they have been hit by or damaged, they've restored, they rebuild, they relocate, and so forth. And we've been – more of – half of our investment have been in the private sector to support corporates, SMEs, a bit of new investment, some foreign investment coming in – big telecom company, in the energy sector, so some – renewable infrastructure and so forth.

And that, I think, is – you know, it's been very important to keep the economy afloat. And you know, Ukraine has been hit very strongly. I mean, at the beginning – the first year of the war, drop of GDP of more than 20 percent. But then – since then it's been growing 2.2 percent, 3 percent, and so forth. So this is – I think we contributed to this situation.

Ms. Ebong:

It's really interesting because you've answered, as well, one of the questions I've had, which is when you are in a situation of an ongoing war sort of at what point do you sort of begin to think about reconstruction. But the fact of the matter is you're having to do repairs and address infrastructure all along the way.

Ms. Renaud-Basso:

Absolutely, because you cannot let – I mean, the country would collapse if you had not some repair and so forth. And we also – what was also quite striking in Ukraine – and I – at the beginning I was very – I did not expect that – is also the capacity of the country to think about the long term and continue to do reform, to build a foundation of reconstruction; for example rule of law, fight against corruption, but also, for example,

capital market development. We are working on capital market infrastructure in Ukraine to get the capital markets up and – I mean, ready when companies/businesses will need to get access to funding at a larger scale.

Ms. Ebong: And for other countries that might be neighboring and impacted – say, for example, in the Middle East where they might have tourism or they're trying to deal with climate change – are there ways even while a conflict is ongoing that the Bank is thinking about how to address some of these longer-term issues?

Ms. Renaud-Basso: Yes. For example, in the – in the Middle East region and – the demand for investment in new energy infrastructure, renewable energy generation capacity, is huge. It's not new; it's been there. Because for these countries – for example, a country like Egypt, a country like Morocco, Jordan – it's also an opportunity. These are countries which are dependent on import of fossil fuel, but they have a very significant potential in terms of solar, wind. And with the drop of prices, I mean, they see that as big opportunity also to become exporter towards Europe of energy. And you know, Tunisia, for example, they have developed a cable to export to Italy and so forth So this was already there. This plan was already there, but now with the current energy situation and the vulnerability related to dependency on fossil fuel, we see an increased appetite and willingness to accelerate in order to be able to, I mean, in the medium term be more – I mean, have stronger energy security, less dependent.

Ms. Ebong: Yeah.

So I'd like to move just a little bit – it's still related – but to the plan, the Strategic and Capital Framework of EBRD for '26 to 2030, where you've really focused on systemic transition impact, and so the notion of thinking systemically about markets as opposed to just focusing on project – by projects. I wanted to talk a little bit about this and to get your view on how you, from the EBRD perspective, sort of think about cooperation with other MDBs on this, other people in the or other entities in the markets that you're operating, because I think that it's a – it's a very long-term, sustainable approach but I know that often in these markets there are other approaches as well. So how does it come together? How do you coordinate/cooperate and really ensure that there is a catalytic but sustainable approach through these mechanisms?

Ms. Renaud-Basso: So, first of all, this systemic impact is very much at the core of the mandate of the Bank because of our history. We were created in the context of the collapse of the Soviet Union. We needed to transform

communist economies, state-driven economies, to market economies. So the logic was really you finance, you are going to support privatization, but you really need to transform the way the economy works, and this has remained with us. And the question – so very often for us what we do is bring some investment in the private sector, but together with some strategic policy work that will facilitate this investment.

And one example, for example, in the area of capital market development I mentioned, I mean, the fact that very often we are going to help bond issuance or, you know, companies, corporates to go and finance themselves in the market, so investing ourself in the bond, but also work on the legislation, the, I mean, regulatory framework that will facilitate that. And this is a coordinated approach so to have a systemic impact.

The coordination point is very important because you don't want – you know, if you come and say I'm going to do that, but – to invest in your companies or to invest in these privatization, but we need to have a reform of the global market of the energy sector, for example, or I'm going to develop this project in energy but I would like you to improve the governance of the state-owned company, you need to have the – you know, to have the capacity to have this discussion. You need to avoid having somebody else coming and saying, well, I'm going to finance you without all these complex reform agenda and so forth. So that's why working together is very important.

Very often we work hand in hand also with the IMF, because when a country has an IMF program they have this approach to look at the reforms to the macro situation but also the reforms that are needed in order to ensure macro financial stability and so forth. So that's a key component for us but also with the World Bank or others.

One important approach we are trying to develop with others and which has been working very well in some countries is to develop country platform, which is – it maybe can take different forms and different subject. But for example, in Egypt we've been working on the country platform on water, energy, and food. And it's driven by the country, which says this is a key priority for me; I'm going to define a medium-term strategy and what – how I want to move to transform my energy system or my food system or water management. And it comes with the different institutions commit some financing. It's a good way to attract concessional funding, because for donors you have a clear strategy, everybody's onboard. You have KPI, in a way, which are – and then you have the combination of investment and this policy work/transition work.

Ms. Ebong: No, that sounds really interesting. It sounds like a very holistic approach and, of course, a lot of country buy-in if the plan is coming from their perspective as well.

I imagine that much of this kind of coordination was involved as you were looking to expand into sub-Saharan Africa. Could you tell us a little bit – because I know that in 2025 there was a milestone for EBRD as you expanded into I think six countries in sub-Saharan Africa. So, from your perspective, what made it optimal in time? And I know there was a bit of a process to get there, but what made it optimal in this moment? And what do you see as the unique – and I think we've touched on some of it – the unique value add that EBRD can bring to these market economies?

Ms. Renaud-Basso: I think in a way the timing was not decided; it was, you know, to discuss, and when you have multilateral institution it take – sometimes this may take time. So this one was very – it's already discussed. And I think it was a good timing because it come at a moment – and we see that now – where ODA flows are not increasing so much or are decreasing very significantly in a number of countries, and the understanding that bringing in the private sector is absolutely fundamental in order for this country to grow and to address the poverty challenge, to address the infrastructure gap, and so forth.

And I think that our key feature, I think, as EBRD is really this focus on the private sector. Why? Because 75 percent of our projects are in the private sector. But in a way, we are – we have quite a unique combination of big focus on the private sector with the bulk of what we do but still the capacity to work with state-owned enterprise, municipalities, and so forth, so to have a dialogue with the public sector, the government, and in order to push or to promote or to discuss a reform agenda which is needed for the private sector to thrive. And I think that's what makes our model quite, quite unique, and that's where our added value lies.

And in sub-Saharan Africa, we are really try starting to develop and building a pipeline and so forth. We work very much with others because we are in the learning curve. We are also complementing when – I mean, when they need partners in project and so forth, so working very much with others, but with the objective, I think, to develop the pipeline of project to create more demand, more room for the private sector to work, and also to work with local partners. Because I think one of the big challenge in Africa is also the mobilization of local financial institution, local savings, and so forth, and local market. And our

experience in Eastern European countries or elsewhere is very relevant, can be very useful in this approach.

Ms. Ebong: And I know in – and I think it’s not unique to Africa, but certainly the small – SMEs, the small and medium enterprises, are an active part of those countries and markets. How do you see the benefits of this work redounding to that level of engagement in the economic sector?

Ms. Renaud-Basso: Yeah. And that – I mean, that made me think about one feature of the EBRD, which is – or, two features which are quite relevant in this context. The first one is our capacity to do relatively small project. I mean, the average size of our projects is, like, 25 million, and so it means that we are doing project of 10 million, 5 million, and so forth. And that’s also very much because we have people on the ground, so people from the country working from – bankers from the country working in the countries with us.

And the SME dimension is very important, and we approach it in two ways. One is traditional banking activity and working very much with local banks and so forth to channel to SMEs because they have more much granularity than we have. But also, developing non-financial product for SMEs such as advisory – and that’s based on grant financing, so donor funding – but to help SMEs to grow, to formalize, to develop, to address to export capacities, send out from abroad, and so forth so as to be able to really take off, in a way. And we – I believe this is absolutely fundamental in – because knowing the economy in which we work, I mean, SMEs present the bulk of the economic activities, work, the jobs, and so forth. You have gig corporates – that’s important – but you also have all these – all these very, very numerous SMEs that needs to be – to grow in order to create jobs, to create economic activity, and so forth. And it’s one of our – and we really try to find appropriate ways and explore different innovate, explore different avenues in order to help them in this growth trajectory.

And this is very relevant, I think, from the donor country and from the neighboring countries, because it’s a way to create economic stability and to help bring development of these – of these countries.

Ms. Ebong: Yeah.

So, you know, in this moment where, you know, the development sector is undergoing tremendous transition – transformation, even, if you will – we hear a lot, as people are looking for solutions, mention of private sector. I think much of this conversation has actually focused on the specifics of how private sector can be engaged, but I think it would be really helpful to have from your perspective where, actually, the private

sector can be most effective, but perhaps even more importantly what the private sector needs to be able to function and to be able to get the returns that are required to bring the benefits to the communities in which they are. Could you share a little bit of your perspective on that?

Ms. Renaud-Basso:

So I think the private sector is, I mean, the – in the core of functioning of the economy because, I mean, you need companies/businesses to create job, to provide services, to create goods, and so forth. But it can also be very effective in developing infrastructure, managing infrastructure, and so forth. And that's something through public-private partnership you can, you know, move – I mean, embrace – I mean, include more private-sector suppliers in physical infrastructure like roads and water management, but also social infrastructure – hospital and so forth. And this needs a lot of – it's not easy. This needs a lot of, I mean, regulatory environment, preparation. Project preparation is absolutely key. But we can see more and more of these type of activity, which is very relevant for countries when they have a lot of – you know, limited fiscal margin of maneuver and budgetary constraints.

What I think is absolutely key for, I mean, private-sector development is, I mean, just all the macroeconomic stability, rule of law, trust in the legal system, transparency. This is absolutely fundamental. And that's true for the local business and it's even more true for foreign investors who want to be – I mean, invest in. The more the currency's stable, the more the business environment is reliable, I mean, these are key component for investment decision.

They need also some funding, and that's where the issue of cost of capital and the fund is – I mean is very important also. And on that, I think that that's why we focus also so much on mobilizing the local capital market, the local saving, because it's a way to facilitate the development and the funding of financial – of private sector.

There is another dimension in the private sector investment, is when – at more the macro level, when we discuss the investment gap in developing countries and what MDBs can provide and how MDBs can bring with them private investors like international banks, international asset managers that can invest in developing – in development finance. And there it's – I mean, there are a lot of discussion on how that can be done, how much risk sharing is needed, how much guarantees are needed. I think that – I mean, and are we exploring what is feasible and so forth. And depending on the type of investors, the type of return they – or, the type of horizon they are working with, you have different appetite and different structure that are possible.

We are trying to develop co-investment with pension funds or asset managers in order to complement or to create – to, you know, share with them some of the investment we have been developing, and in order to create new capacity for us. So there is a lot of discussion in the MDB – among MDBs about the originate-to-share model where we will – we can originate and then offload part of our risk and our portfolio to private-sector investment who are looking for emerging market opportunities. This is a lot of work, but a lot of evolution going on in this area.

Ms. Ebong: But that's wonderful and it's given us a real sense, as we come to a close here, but as to what can underpin the aspiration of looking to, you know, the private sector.

So thank you so much for being with us here today and for giving us a sense – a window into EBRD as it meets the moment. Thank you.

Ms. Renaud-Basso: Thank you very much.

Ms. Ebong: And thank you, all of you, for joining us today.

(END.)