Negative Brief: EBRD - good

By “Coach Vance” Trefethen

***Resolved: The United States federal government should substantially reform its foreign aid.***

AFF plan stops US contributions to the European Bank for Reconstruction & Development (EBRD). EBRD is one of many international lending institutions that manage loans from rich country governments to poor countries for various projects that otherwise probably would not be financed.

EBRD was originally established in the early 1990s to loan money to countries coming out of communism, to smooth their transition to free markets and democracy. But it continues to play an important role in helping privatize government entities to make them more efficient and boost economic and employment growth in Europe.

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EBRD is providing employment opportunities for hundreds of thousands of mid-East refugees. Without it, they’re stuck in a permanent emergency situation 10

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Negative: EBRD - good

TOPICALITY

1. Not aid

Link: EBRD doesn’t give “concessional” loans

Rebecca M. Nelson 2018. (Specialist in International Trade and Finance with Congressional Research Service) Multilateral Development Banks: Overview and Issues for Congress July 6, 2018 <https://fas.org/sgp/crs/row/R41170.pdf>

The EBRD differs from the other regional banks in two fundamental ways. First, the EBRD has an explicitly political mandate: to support democracy-building activities. Second, the EBRD does not have a concessional loan window.

Link: Concessional loans are discounted – so something would be given for free [But EBRD isn’t doing concessional]

Australian Government Dept. of Finance 2016. Accounting for concessional loans Resource Management Guide No. 115 NOVEMBER 2016 <https://www.finance.gov.au/sites/default/files/rmg-115-accounting-for-concessional-loans.pdf>

A ‘concessional loan’ refers to a loan made by the government at a discount to the prevailing market rate to the borrower. It consists of a ‘market based loan’ and a ‘loan discount’ component.

Backup: Non-concessional loans actually make a profit for the lender

Rebecca M. Nelson 2018. (Specialist in International Trade and Finance with Congressional Research Service) Multilateral Development Banks: Overview and Issues for Congress July 6, 2018 <https://fas.org/sgp/crs/row/R41170.pdf> (brackets added)

Due to the financial backing of their member country governments, the MDBs [Multilateral Development Banks] are able to borrow money in world capital markets at the lowest available market rates, generally the same rates at which developed country governments borrow funds inside their own borders. The banks are able to relend this money to their borrowers at much lower interest rates than the borrowers would generally have to pay for commercial loans, if, indeed, such loans were available to them. As such, the MDBs’ non-concessional lending windows are self-financing and even generate net income.

Link: Loans and aid can be confused, sometimes intentionally. But development loans are not aid.

Yun Sun 2014 (Brookings Institution, Nonresident Fellow - [Global Economy and Development](https://www.brookings.edu/program/global-economy-and-development/), [Africa Growth Initiative](https://www.brookings.edu/project/africa-growth-initiative/) ) 7 Feb 2014 « China’s Aid to Africa: Monster or Messiah?” <https://www.brookings.edu/opinions/chinas-aid-to-africa-monster-or-messiah/>

China is not a member of OECD and does not follow its definition or practice on development aid. The bulk of Chinese financing in Africa falls under the category of development finance, but not aid. This fact is privately acknowledged by Chinese government analysts, although Chinese literature constantly blurs the distinction between the two categories. The billions of dollars that China commits to Africa are repayable, long-term loans

Backup: Government-directed investment is not aid

*Deborah Bräutigam 2015 (director of the*[International Development Program](http://www.sais-jhu.edu/programs/IDEV/overview)*and the SAIS*[China Africa Research Initiative](http://sais-cari.org/)*at Johns Hopkins School of Advanced International Studies)* 3 Nov 2015 “Don’t get excited, China is not the new aid superpower“ <https://www.theguardian.com/global-development-professionals-network/2015/nov/03/dont-get-excited-china-is-not-the-new-aid-superpower>

Grants and official development aid make up a small portion of China’s toolkit for cooperation with other developing countries. After all, for 2013 alone, the US budgeted $30.9bn for official development assistance (according to the OECD), while China budgeted just $3.2bn. The fact that the largest target was about investment (not aid) illustrates Beijing’s view that investment is a positive force for development.

Violation: Market rate loans are not aid

Nothing’s being given away, everything has to be repaid, since there’s no “concessional” lending. Lending at market rates means you expect to get it all back with interest.

Impact: No affirmative team

No one showed up in the room today to affirm the resolution, so no matter who wins, you should vote Negative.

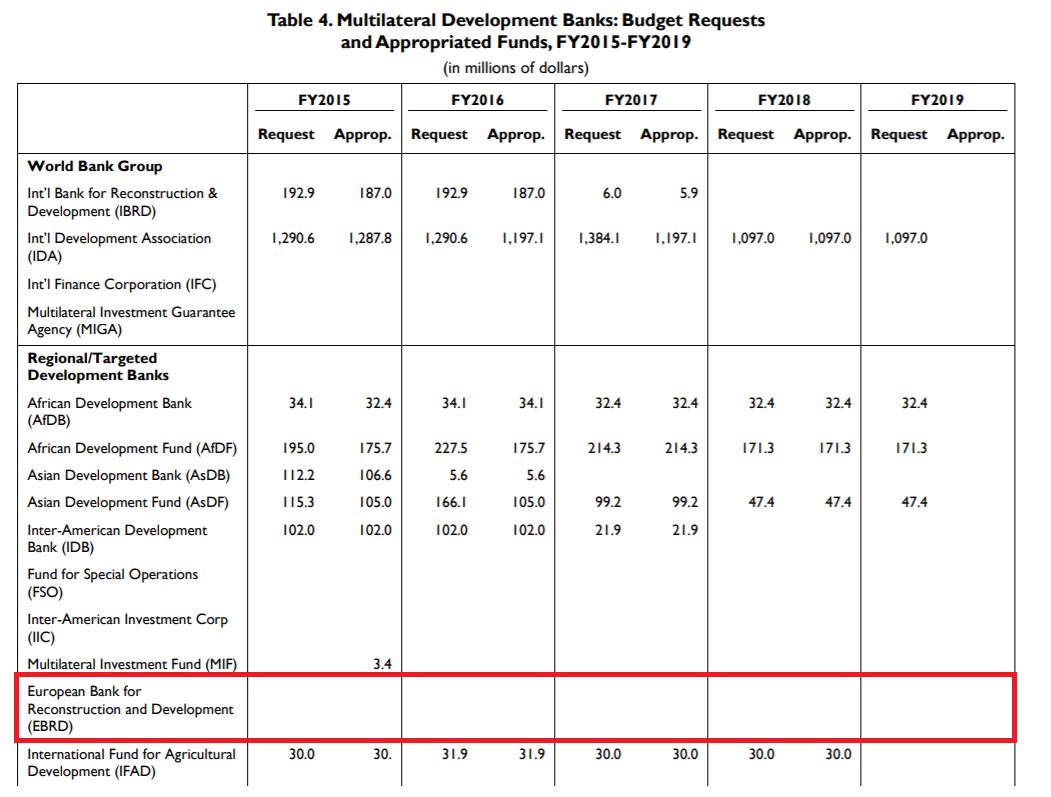
INHERENCY

1. Zero budget

Federal budget allocates zero dollars to EBRD. So there’s nothing for the AFF plan to cut

In a chart published by Rebecca Nelson with Congressional Research Service in 2018, it lists QUOTE “Multilateral Development Banks: Budget Requests and Appropriated Funds, FY2015-FY2019” END QUOTE. It lists amounts in the US federal budget for each of the fiscal years 2015 to 2019. It shows amounts in millions of dollars in the federal budget for other groups like the World Bank and the African Development Bank. But the lines are all blank for EBRD, because we haven’t donated anything to EBRD in years.

Rebecca M. Nelson 2018 (Specialist in International Trade and Finance, Congressional Research Service) Multilateral Development Banks: U.S. Contributions FY2000-FY2019 April 13, 2018 <https://fas.org/sgp/crs/misc/RS20792.pdf>



Remember, it’s a bank, not an aid program. We paid in 10% of the capital. It loans out and gets paid back. We very rarely put any new money in

Rebecca M. Nelson 2018. (Specialist in International Trade and Finance with Congressional Research Service) Multilateral Development Banks: Overview and Issues for Congress July 6, 2018 <https://fas.org/sgp/crs/row/R41170.pdf>

Replenishments of the MDB concessional windows happen regularly, while capital increases for the MDB non-concessional windows occur much more infrequently. Quite unusually, all the MDBs increased their non-concessional windows in response to the global financial crisis of 2008-2009 and the resulting increased demand for financing.

1. New anti-corruption steps

A/T “EBRD allows corruption in lending projects” – EBRD established new anti-corruption policies that are working

EBRD 2018. INTEGRITY AND ANTI-CORRUPTION REPORT 2017, published April 2018 <https://www.ebrd.com/cs/Satellite?c=Content&cid=1395273785959&pagename=EBRD%2FContent%2FDownloadDocument> (brackets added)

In 2017, the department’s remedial role also saw a deeper focus on anti-corruption capacity-building, in the context of investigations. When a client has engaged in alleged wrongdoing but has demonstrated a genuine commitment to improving, OCCO promotes remediation and reform as alternatives to traditional sanctions. Several such improvement programmes were implemented in 2017, with ongoing monitoring and support from external experts, helping to transform formerly corrupt companies into champions of business integrity. OCCO’s [Office of the Chief Compliance Officer] increased focus on capacity-building has made greater use of the department’s expertise in anti-corruption and compliance, and the results are already evident. There are tangible examples of the introduction of effective compliance programmes by private and state-owned companies in the southern and eastern Mediterranean (SEMED) region, the Baltic states, Eastern Europe, Turkey and the Western Balkans, all of these achieved through a combined effort by EBRD departments, including a significant commitment by OCCO staff.

A/T “EBRD corruption” – New policies are making improvements. Projects are better monitored now

EBRD 2018. INTEGRITY AND ANTI-CORRUPTION REPORT 2017, published April 2018 <https://www.ebrd.com/cs/Satellite?c=Content&cid=1395273785959&pagename=EBRD%2FContent%2FDownloadDocument>

Importantly, in 2017, OCCO worked with the EBRD’s Economics, Policy and Governance Department to ensure that the improvements brought about by these action plans are captured in the “transition impact” ratings that the Bank applies to every project. The inclusion of anticorruption or compliance action plans in transition ratings is a means of explicitly quantifying their contribution to making economies “well-governed”, one of the EBRD’s six “transition qualities”. This further incentivises Banking staff to make anti-corruption improvements part of their projects.

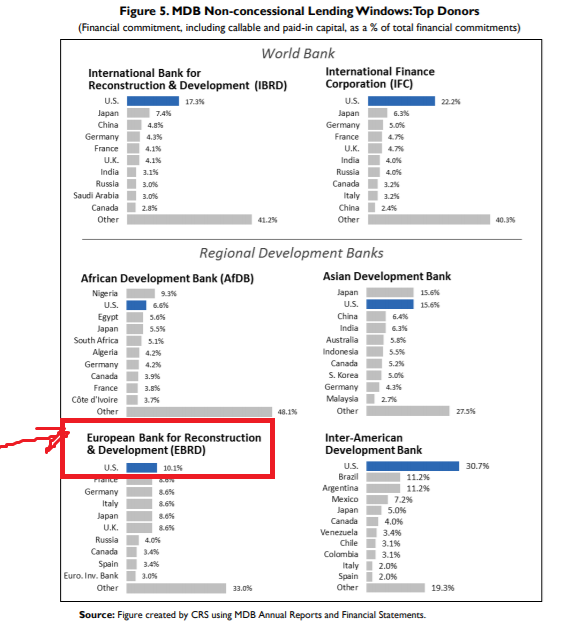
SIGNIFICANCE / HARMS

1. Insignificant to EBRD: Only 10% of their budget

US contribution to EBRD was only 10% of their capital

In a chart published by Rebecca Nelson with Congressional Research Service in 2018 showing QUOTE “Financial Commitment, including callable and paid-in capital, as a % of total financial commitments” END QUOTE, on the line for the US funding of EBRD it says we give 10.1% of their budget.

Rebecca M. Nelson 2018. (Specialist in International Trade and Finance with Congressional Research Service) Multilateral Development Banks: Overview and Issues for Congress July 6, 2018 <https://fas.org/sgp/crs/row/R41170.pdf>



1. Not obsolete – EBRD is working great

It’s not just a relic of the post-Cold War exit from Communism. EBRD is working great on today’s problems and we need it

Justine Greening 2016 (member of British Parliament; former Secretary of State for Education and Minister for Women and Equalities in Britain) 11 May 2016 Speech by Justine Greening at the European Bank for Reconstruction and Development Annual Meeting 2016 <https://www.gov.uk/government/speeches/speech-by-justine-greening-at-the-european-bank-for-reconstruction-and-development-annual-meeting-2016>

The EBRD, by committing to its private sector mission, by continuing to concentrate more of its efforts and resources in the poorest and most fragile areas it works in, and by focusing on inclusion, gender equality and results, can and must play a fundamental role in delivering sustainable, inclusive development over the next 25 years, working alongside other multilateral organisations. A quarter of a century ago investing in former soviet bloc countries was morally the right thing to do – but it was right for our national interests too. Today we have a fresh set of complex global challenges but we need to show the same determination, innovation and ambition. Then, as now, our best chance of rising to the challenges we face is by working in partnership - working together to build the more stable, peaceful and prosperous world we all want. With the EBRD continuing to play a central, unique role on behalf of our continent.

DISADVANTAGES

1. Lost US influence

Link: Participation is critical to US global foreign policy influence.

**In an article about Multilateral Development Banks, MDB’s, including specifically the EBRD among others, Rebecca Nelson with Congressional Research Service in 2018 said:**

Rebecca M. Nelson 2018. (Specialist in International Trade and Finance with Congressional Research Service) Multilateral Development Banks: Overview and Issues for Congress July 6, 2018 <https://fas.org/sgp/crs/row/R41170.pdf>

The United States has historically played a strong leadership role at the MDBs, including key roles in creating the institutions and shaping their policies and lending to developing countries. Under a number of Administrations, the MDBs have been viewed as critical to promoting U.S. foreign policy, economic interests, and national security interests abroad, although various Administrations have had different views on the appropriate level of U.S. funding for the MDBs and policy reforms to improve the effectiveness of the MDBs.

Examples: Fighting terrorism and upholding human rights through US participation in Multilateral Development Banks (MDB’s)

Rebecca M. Nelson 2018. (Specialist in International Trade and Finance with Congressional Research Service) Multilateral Development Banks: Overview and Issues for Congress July 6, 2018 <https://fas.org/sgp/crs/row/R41170.pdf>

First, some legislative mandates direct how the U.S. representatives at the MDBs can vote on various policies. Examples include mandates that require the U.S. Executive Directors to oppose (a) financial assistance to specific countries, such as Burma, until sufficient progress is made on human rights and implementing a democratic government; 12 (b) financial assistance to broad categories of countries, such as major producers of illicit drugs; and (c) financial assistance for specific projects, such as the production of palm oil, sugar, or citrus crops for export if the financial assistance would cause injury to United States producers. Some legislative mandates require the U.S. Executive Directors to support, rather than oppose, financial assistance. For example, a current mandate allows the Treasury Secretary to instruct the U.S. Executive Directors to vote in favor of financial assistance to countries that have contributed to U.S. efforts to deter and prevent international terrorism.

Impact: World peace & prosperity at risk without US influence. US hegemony is key to global peace & prosperity

Capt. M. V. Prato 2009 (United States Marine Corps, Command and Staff College, Marine Corps Combat Development Command, Marine Corps University) “The Need for American Hegemony” <http://www.dtic.mil/dtic/tr/fulltext/u2/a508040.pdf>

The world witnessed a vast shift in the polarity of geopolitics after the Cold War. The United States became the world’s greatest hegemon with an unequalled ability to globally project cultural, political, economic, and military power in a manner not seen since the days of the Roman Empire. Coined the “unipolar moment” by syndicated columnist Charles Krauthammer, the disparity of power between the U.S. and all other nations allows the U.S. to influence the world for the mutual benefit of all responsible states. Unfortunately, the United States is increasingly forced to act unilaterally as a result of both foreign and domestic resentment to U.S. dominance and the rise of liberal internationalism. The United States must exercise benevolent global hegemony, unilaterally if necessary, to ensure its security and maintain global peace and prosperity.

1. Lost economic reform & privatization

Link: EBRD is a positive and successful agent for economic reform & privatization. Example: Belarus

Francis Delaey 2016 (manages the operations of the European Bank for Reconstruction and Development (EBRD) in Belarus; previously served in a similar capacity in Azerbaijan and Moldova and has worked in Central and Eastern Europe and CIS for the past 17 years; graduated from the Ecole Nationale d’Administration,France) 7 Oct 2016 « Belarus and the EBRD:  
Working to Expand the Country’s Strengths and Success” <https://emerging-europe.com/voices/belarus-and-the-ebrd-working-to-expand-the-countrys-strengths-and-success/>

Belarus may be widely portrayed as “the last dictatorship in Europe”, but its government officials are technically competent and surprisingly open. Over the past year we have been working closely with the government to modernise waste-water utilities in secondary cities, to support the privatisation of Belinvestbank and to prepare a pilot public-private partnership (PPP) project for the rehabilitation of the M10 motorway. Based on this successful track-record, the EBRD adopted a new country strategy in September 2016, which significantly expands the scope of our operations in Belarus. While we will continue to focus primarily on private sector development (which is at the heart of our mandate), the new country strategy also enables us to provide pre-privatisation assistance to state-owned entities and to support reform initiatives in the municipal, transport, power and energy sectors. Together with the international community, the EBRD stands ready to help Belarus navigate a difficult transition to a more stable economic model and to unleash its true potential.

Link & Brink: EBRD is key to privatizing state enterprises in Central and Eastern Europe

Centre for Public Impact 2017. (global non-profit foundation, launched by The Boston Consulting Group, that helps governments and their partners turn ideas into impact) European Bank for Reconstruction and Development, 29 Mar 2017 <https://www.centreforpublicimpact.org/case-study/european-bank-reconstruction-developnet/>

Over time, it has supported countries going through economic and political crises and helped countries transition to new technologies such as clean energy. From a financial and commercial perspective, there are still significant capital shortfalls that Central and Eastern European countries have experienced during their transition from totalitarianism to democracy. There is a critical need for capital to support the private sectors of these countries as they are still in a vulnerable stage in their growth. "The confidence of commercial banks in the creditworthiness of the Central and Eastern European governments and their privatising or newly-privatised enterprises is a prerequisite to purely commercial lending by purely commercial banks. Such confidence depends heavily on legal and economic reform in the countries in question. The EBRD was in part created to alleviate these problems."

Backup: EBRD is essential to European privatization efforts

Justine Greening 2016 (member of British Parliament; former Secretary of State for Education and Minister for Women and Equalities in Britain) 11 May 2016 Speech by Justine Greening at the European Bank for Reconstruction and Development Annual Meeting 2016 <https://www.gov.uk/government/speeches/speech-by-justine-greening-at-the-european-bank-for-reconstruction-and-development-annual-meeting-2016>

My key message today is that in our age of crisis, with all the challenges the world is facing, a strong and effective EBRD - an international institution with a European heart – has never been more important. More than ever we need the private sector to be centre stage in tackling the global challenges we face - and the EBRD’s leadership on this remains absolutely essential.

Impact: Lost jobs. Privatization in Europe is key to restoring economic growth and job creation

Dr. Wolfgang Schussel 2014. (doctorate in law, former Chancellor of Austria) Why Europe Needs to Put Privatization Back on the Agenda 21 Nov 2014 <https://www.theglobalist.com/why-europe-needs-to-put-privatization-back-on-the-agenda/>

For Europe, the most urgent task is to bring back economic growth. Only growth can deliver jobs to Southern Europe’s young people. Only growth can keep the demographic burden bearable. Only growth can safeguard the cohesion of our societies. And equally important, only growth can restore our belief in our common destiny as Europeans. Yet, our policy options are extremely limited. After the bailouts of the financial crisis, public debt is far too high to allow for major spending programs. With interest rates close to zero, monetary policy has also largely exhausted its possibilities to boost the economy.   
Privatization as an economic tool  
One of the most important tools that governments can use to improve the structure of their economies is privatization. Selling off stakes in publicly held companies actually delivers a [**double benefit**](http://goo.gl/K4sbQK). First, it makes those companies more productive. Second, it brings in additional revenues which can be used to pay back a part of the debt and boost investment in areas that are critical to future growth. In short, we need a second wave of privatization. In the 1990s, Europe went through a first big wave of privatization. The EU’s single market legislation put pressure on national governments to open up markets, cap subsidies, dissolve monopolies and privatize state-owned companies.

1. Suffering Refugees

EBRD is providing employment opportunities for hundreds of thousands of mid-East refugees. Without it, they’re stuck in a permanent emergency situation

Justine Greening 2016 (member of British Parliament; former Secretary of State for Education and Minister for Women and Equalities in Britain ) 11 May 2016 Speech by Justine Greening at the European Bank for Reconstruction and Development Annual Meeting 2016 <https://www.gov.uk/government/speeches/speech-by-justine-greening-at-the-european-bank-for-reconstruction-and-development-annual-meeting-2016>

And I’m pleased that the EBRD and the UK will be collaborating on our response to the refugee crisis in Jordan. At the London Syria Conference earlier this year, the international community took its first step in recognising the global public good that neighbouring countries like Lebanon, Jordan and Turkey are providing by hosting the vast majority of Syria’s 4.6 million refugees. Together the world pledged vital, record-breaking billions to meet the urgent humanitarian needs – and made historic commitments to provide education, jobs and, in doing so, hope for refugees stuck in a permanent emergency situation. Again, the EBRD will play its part and has already engaged with government agencies, donors and other stakeholders to identify where and what investment is needed. As a result the UK has agreed a £30 million grant to the EBRD to support a series of investments in Northern Jordan. This will focus, firstly, on improving overstretched infrastructure in refugee-hosting cities. And, following the crucial commitments at the London Syria Conference to open up work permits to up to 200,000 Syrian refugees in Jordan, the EBRD will help deliver some of these opportunities by identifying skills and engaging with the private sector to offer training and work based learning opportunities and routes into jobs.

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