

EMBARGOED FOR DELIVERY:

**Statement by Scott Ames Allen
Nominee for U.S. Executive Director, European Bank for Reconstruction and Development
U.S. Senate Committee on Foreign Relations
August 4, 2015**

(As prepared for delivery)

Chairman Perdue, Ranking Member Kaine, and distinguished Members of the Committee, I am grateful for the opportunity to appear before you today. I am honored that President Obama has nominated me to serve as the U.S. Executive Director for the European Bank for Reconstruction and Development.

I would like to take this opportunity to introduce my family members that are here today. Bette Allen, my mother, who is 91 years old. She is becoming a regular at confirmation hearings, as she attended the hearing for my brother, Craig Allen, who was confirmed by this Committee to serve as Ambassador to Brunei in July 2014. My wife, Kanako, who has devoted her career to working on economic development issues, first at the United Nations and currently at the World Bank. She is my rock. Finally, our two daughters: Lisa, who has just returned from a couple of years in Kyoto, Japan; and Sara, who works in finance in New York.

I come from a very close family with a history of government service. My sister, Sara Bowden, and her husband, Dennis Bowden, are also here today. During the Reagan Administration, Sara worked at the White House Office of Science and Technology Policy. Dennis spent nearly 30 years at the CIA. And, prior to his confirmation to serve as the Ambassador to Brunei, my brother, Craig Allen, spent a long career working at the Department of Commerce.

Over the course of a 22 year career in investment banking, I became a specialist in emerging markets and credit. In the early 1980's, I was part of a small team of bankers focused on the sovereign rescheduling of commercial bank debt. My primary country of focus was the Philippines, but I also worked on distressed sovereigns in Latin America as well as Eastern Europe, specifically Yugoslavia. Through this work, I came to appreciate the tradeoffs between balancing lenders' need to protect loan assets with the sovereign nations' desires to reduce pressure from debt service payments so that economic growth could improve their citizens' livelihoods and increase repayment probabilities. Thirty years later, the players have changed, but many of the same dynamics continue to play out in Europe.

I arrived in London in 1992 to lead Chemical Bank's emerging markets business. Just a couple of years earlier, during President George H.W. Bush's administration, the EBRD had been established, with the United States contributing 10 percent of the capital, the largest single country stake. The founding vision of the EBRD remains sound: fostering the economic vitality of the private sector through debt and equity capital to help countries effectively transition to market-oriented, pluralistic, and democratic societies. At the time, the context was a post-Soviet era and EBRD's client countries were Eastern European countries that had just thrown off the yoke of communism.

The EBRD today has new challenges. The EBRD has taken its founding vision into select countries in Northern Africa, Turkey, and Jordan with the same conviction that the development of an economically vibrant private sector will foster a political transition to democracy in these new client countries. At the same time, it is working to complete the transition of several more advanced Eastern European countries by aiming to reduce investments in these countries while recognizing that there is still a role for the EBRD, given the effects of European economic turmoil and Russian aggression in Ukraine. Over the medium-term, however, these countries will need to follow the path of the Czech Republic, which has graduated from EBRD investments.

EBRD's role in Ukraine deserves special mention. At the time of the unlawful annexation of Crimea, Ukraine was the second largest recipient of outstanding loans among EBRD countries of operation. Today, virtually all commercial and private sources of fresh capital are reluctant to invest in Ukraine, as lenders and investors judge the risk as too extreme, absent broader signals of support for Ukraine. The EBRD, true to its mission, continues to provide that signal and to make new lending available to private sector entities and the government. For calendar year 2015, the EBRD expects to make an additional \$1.25 billion in new cash disbursements. If confirmed, I will seek to encourage the EBRD to continue to provide new financing to Ukraine entities on a prudent basis.

My long involvement in emerging markets and portfolio management provides me with a deep understanding of credit and event risk. I also ran sales teams from London that covered institutional investors in Eastern Europe, Russia, Turkey and the Middle East, many of the same countries where the EBRD is most active. If confirmed, I would like to focus on how the EBRD can most effectively support our allies in the region while balancing the financial risks that entails. My background and experience provides me with the skill set to ask the right questions and to understand the answers.

Thank you again for considering my nomination, and I look forward to answering any questions you may have.