



**OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS**

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October 2021

**BUSINESS APPOINTMENT APPLICATION: Mark Bowman, former Director General International Finance at HM Treasury, European Bank for Reconstruction and Development.**

1. Mark Bowman, the Director General International Finance at HM Treasury (HMT) has sought advice from the Advisory Committee on Business Appointments (the Committee) under the government's Business Appointments Rules for former Civil Servants (the Rules) on an appointment he wishes to take up with European Bank for Reconstruction and Development (EBRD), as Vice President Policy and Partnerships. The material information taken into consideration by the Committee is set out in the annex.

2. The purpose of the Rules is to protect the integrity of the government. Under the Rules, the Committee's remit is to consider the risks associated with the actions and decisions made during his time in office, alongside the information and influence he may offer EBRD. The Committee noted the circumstances of this appointment are exceptional -given the EBRD does not operate wholly separately and outside of the UK government. The UK government has a significant interest, including shareholdings and membership of the Board of Governors and Directors. However, the Cabinet Office, owner of the government's Rules, and HM Treasury, requested this go through the business appointment process and therefore that the Committee consider the application and provide advice.

3. The Rules set out that Crown servants must abide by the Committee's advice<sup>1</sup>. It is an applicant's personal responsibility to manage the propriety of any appointment. Former Crown servants are expected to uphold the highest standards of propriety and act in accordance with the 7 Principles of Public Life.

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<sup>1</sup> Which apply by virtue of the Civil Service Management Code, The Code of Conduct for Special Advisers, The Queen's Regulations and the Diplomatic Service Code

## **The Committee's consideration of the risks presented**

4. When considering this application the Committee<sup>2</sup> took into account that Mr Bowman had official dealings with EBRD given his role in HMT. Therefore he was responsible for decisions and actions taken that may affect the EBRD. However, this is an unusual case given EBRD is not a commercial bank, but a multilateral development bank with no direct competitors and the UK government has part ownership as a shareholder. Therefore, the Committee considered the risk he could be seen to have been offered this role as a reward for decisions made or actions taken in office was low.

5. Given Mr Bowman's role as Director General International Finance at HMT, there is a significant overlap between his former role and the role he proposes to take up with EBRD. Such cases normally present significant risk under the government's Rules. However, the risk Mr Bowman has been offered this role as a result of his influence within government or as a result of his access to information is considered low. The EBRD already has access to the UK government via its roles on the Board of Governors (the Chancellor and Foreign Secretary as an alternate) and the UK Director on the Board responsible for day-to-day decision making and the UK government's part ownership of the organisation. Given the nature of the organisation and that the UK government is part of the decision making process with voting responsibilities, the Committee did not consider the same risks that would normally arise in any 'outside' appointment apply here.

## **The Committee's advice**

6. The government has significant interest in this appointment; it has part ownership of EBRD and its work aligns with government policy. HMT actively supports this role and Mr Bowman's application for this role was sponsored by the Chancellor. These are exceptional circumstances and it could be argued that this appointment is not strictly an 'outside' appointment for the purpose of the Rules.

7. It is important to recognise, and to advise Mr Bowman, that he is subject to ongoing duties of confidentiality - that he must protect privileged information he has had access to as a result of his time in government service. Exceptionally, the Committee's advice is that outside of his ongoing duty of confidentiality, there are no further restrictions that are necessary in this case.

8. The Committee would remind Mr Bowman that he is subject to the Rules for two years after his last day in Crown service. This means Mr Bowman will need to come back to the Committee for advice for any other appointments within two years.

9. I should be grateful if you would inform us as soon as Mr Bowman takes up this appointment, or if it is announced that he will do so. We shall otherwise not be able to deal with any enquiries, since we do not release information about appointments that have not been taken up or announced. This could lead to a false assumption being

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<sup>2</sup> This application for advice was considered by Jonathan Baume; Andrew Cumpsty; Sarah de Gay; Isabel Doverty; Dr Susan Liautaud; The Rt Hon Lord Pickles; Richard Thomas and Mike Weir. Lord Larry Whitty was unavailable.

made about whether he has complied with the Rules. Once the appointment has been publicly announced or taken up, we will publish this letter on the Committee's website

Yours sincerely,

Isabella Wynn  
**Committee Secretariat**

## **Annex - Material information**

### The role

1. Mr Bowman sought advice on taking up a full time paid role as Vice President Policy and Partnerships at the European Bank for Reconstruction and Development (the EBRD). This was an advertised role, as such he was chosen from a field of candidates.
2. Mr Bowman said the EBRD is a multilateral development bank that aims to foster the transition towards open market orientated economies in its countries of operation. It does this through a combination of investments, policy engagement and technical assistance. It is entirely owned by its shareholder countries and two institutions (the UK has an 8.5% share) and it invests mainly in private sector projects. The website states EBRD is headquartered in London, the EBRD is owned by 69 countries and two EU institutions - the European Union and the European Investment Bank. The EBRD was founded to support countries of the former Eastern Bloc in the process of establishing their private sectors. To that end, it offers "*project financing*" for banks, industries and businesses, for new ventures or existing companies. The EBRD works only in countries that are "*committed to democratic principles*". It promotes "*environmentally sound and sustainable development*", and does not finance "*defence-related activities, the tobacco industry, selected alcoholic products, substances banned by international law and stand-alone gambling facilities*."
3. The UK government is a shareholder in the EBRD, having made a capital contribution. That shareholding is held and managed by HMT. The Board of Governors of the EBRD which has overall authority over the Bank and sets its overall strategic direction. The UK is represented on the Board by a senior treasury official - (the Chancellor and the Foreign Secretary as an alternate). While retaining overall authority over the Bank, the Board of Governors has delegated the exercise of most of its day to day powers to the Board of Directors. However, the Board of Governors remains solely responsible for determining membership to the Bank, changes in capital stock, appointment of Directors and the President of the Bank and decisions around financial statements and determining reserves and allocation of profits.

4. The Board of Directors has a UK Executive Director representing the UK shareholder interest and approving day-to-day decisions of the Bank (e.g. individual projects and investments).
5. The Foreign Commonwealth and Development Office provides some donor funds to the EBRD from the Official Development Assistance (ODA) budget to help support EBRD projects.
6. Mr Bowman said his role as the Vice President Policy and Partnership his areas of accountability would include: Country Strategies, Result Management and EU Affairs; Capital Markets Developments; External Relations and Partnerships; Economics, Policy and Governance. He said the role would involve:
  - being a member of the Executive Committee of the EBRD and responsibility for the integration of banking and policy objectives so that EBRD's policy engagements, advisory services and investments deliver maximum transition impact in the EBRD's countries of operation.
  - overall responsibility for the formulation, communication, coordination and implementation of EBRD's country and sector strategies, its policy engagements and related initiatives upholding and supporting its transition mandate.
  - overseeing the assessment of the transition impact of the EBRD's investments and engagement with external stakeholders, international financial institutions and organisations.
  - leading EBRD's relationships with European shareholders and stakeholders.
  - oversees mobilisation and management of donor funds for Bank projects and nuclear safety funds.
7. Mr Bowman said as a Vice President at the EBRD, he would expect to have regular contact with:
  - the Board of Directors within the EBRD;
  - HMT as the institution responsible for the UK's shareholding; and
  - the FCDO given the donor funds it provide.
8. Mr Bowman said the purpose of this engagement would be to understand UK positions on individual projects and to understand UK strategic priorities for the EBRD. He said he would also expect to have similar engagement with other shareholders (ie foreign governments). A specific responsibility of the role will be to lead on engagement with European shareholders and on the mobilisation of donor funding. As a Vice President at the EBRD he said his responsibility would not be to represent UK interests but rather those of the EBRD with accountability to all shareholders. However, decisions on the appointment of VPs are made bearing in mind the need to ensure a geographical balance of the top team so that the views of all shareholders are well understood.

Dealings in office

9. Mr Bowman said given HMT holds the UK shareholding in the EBRD, he has had active involvement and policy responsibility within this area. He said as Director General, the International Finance teams report to him, providing advice to Treasury Ministers. This includes positions the UK should take in Board discussions and on the UK's strategic priorities for the EBRD.
10. Mr Bowman said he has represented the UK at annual meetings of the EBRD as temporary Alternate Director, deputising for the Chancellor, and has had various ad hoc meetings with the President of the EBRD and senior EBRD staff to discuss UK priorities (approximately twice a year).
11. Mr Bowman noted that while HMT is responsible for the UK shareholding and capital subscription to the EBRD, no capital contributions have been made to the EBRD since the 1990s. The UK does contribute donor funds to the EBRD from the Official Development Assistance (ODA) budget (150m euros since the EBRD was established in 1991), but he said these decisions come from the FCDO budget - which his teams in the Treasury have oversight of.

#### Department Assessment

12. HMT confirmed the details given by Mr Bowman. It said as Director General International Finance, Mr Bowman currently plays a large role in influencing the Chancellor on strategic decisions affecting international monetary organisations, which includes the EBRD. It confirmed the UK government is a major shareholder in the bank, which is managed by HMT and as a result, Mr Bowman will have had contact with the EBRD in his current role.
13. In respect of the risks under the government's Rules, HMT's Permanent Secretary said: *'...Unlike another member of staff leaving to join the private sector or an organisation where we would need to consider management of knowledge, it is to our mutual advantage for Mark to join EBRD as evidenced by the Chancellor sponsoring his application. Any mitigating steps like a lobbying ban would be detrimental to the UK's own interests.'*
14. However, it said *'...it would be inaccurate to see Mr Bowman's appointment in any way as a personal reward'* but noted EBRD will have likely *'...looked favourably on applications from jurisdictions with which they are closely tied and with which they have experience'*. HMT said it is strategically advantageous for HMG to have a British national in a senior position at the bank, which is why the Chancellor has personally sponsored Mr Bowman's appointment.
15. It said the nature of Mr Bowman's work means he is very familiar with international policy and the EBRD. However, it said unlike another member of staff leaving to join the private sector or an organisation where HMT would need to consider management of knowledge, it is to HMT/HMG's mutual advantage for Mr Bowman to join EBRD as evidenced by the Chancellor sponsoring his application.

16. HMT strongly supports this appointment and '*...the Chancellor personally sponsored*' [Mr Bowman's] *appointment*'. HMT said it is strategically advantageous for Mr Bowman to take up this senior position at the bank.