

EBRD Annual Meeting Kiev, 18-19 May 2008

Statement by Mr Pekka Huhtaniemi Alternate Governor for Finland

Mr Chairman, Excellencies, Ladies and Gentlemen

Ukraine, our hospitable host, has made considerable progress since our last meeting here ten years ago. The recent accession to the WTO and intensified relations with the EU, including the launch of negotiations on an FTA, will reinforce the country's economic development and bring its markets closer to international standards. The EBRD, being the largest financial investor in Ukraine, will play an important role in this process also in the future.

The recently approved Strategic Operations Framework provides a solid basis for the Bank to respond to the transition challenges during the remaining period of CRR3. We believe that it is too early now to draw any far-reaching conclusions about the Bank's operations and mandate beyond 2010. These issues can be examined in more detail in connection with the preparation of the next five-year strategy.

It might, however, be beneficial to bring the CRR4 process forward so that it would coincide with the mid-term review of the EIB's external mandate. This would enable us to study the matter from a more comprehensive perspective, taking into account the interaction, cooperation and synergies between the two institutions.

For the moment, significant transition challenges remain in the Bank's countries of operation. Thus, the EBRD will be needed also in the future. The turbulence in the global financial markets and its impact on the Bank's operations and portfolio must also be taken into consideration when the Bank's mission is discussed.

We welcome the proposal regarding the 2007 net income allocation. In line with the strategic guidelines, it appears well-founded and balanced. The funds reserved for "other purposes" will be channelled particularly to the Early Transition Countries, Western Balkans and other ODA-eligible countries, where the EBRD can make a difference.

Infrastructure and sustainable energy projects account for 75% of the funds directed for operational purposes, which highlights the importance of these sectors in the transition process.

We are pleased with the proposed € 10 million support for Northern Dimension Environmental Partnership projects and hope that this allocation will, for its part, expedite the finalisation of the third replenishment of funds from Russia. The Baltic Sea Action Plan, adopted by the Governments of the region last November, calls for the stakeholders' firm commitment and combining of financing from various sources. This opens up an opportunity for the NDEP to continue to facilitate efficient actions towards a cleaner Baltic Sea.

We also fully support the proposed contribution from the Bank's net income for Chernobyl-related activities.

Yet, despite these steps, donor funding is still needed in the countries of operation. To complement our participation in the multi-donor ETC Fund, Finland has recently established a bilateral TC fund, which will focus on the main sectors of our development policy, such as environment, energy, trade and economic development.

The Bank's revised Environmental Policy, which now also comprises a social dimension, specifies the EBRD's commitments for the promotion of environmentally sound and sustainable development. Particular attention should be given to activities that respond to the challenges of climate change, and we need to consider innovative financing measures to promote climate change mitigation on a long-term basis. Thanks to its wide experience of energy sector restructuring, the Bank has excellent credentials in this field.

We congratulate the Czech Republic for being the first country of operations to graduate within the EBRD.

Regarding Turkey's request to become an EBRD country of operations, we believe that a recipient status would help Turkey's integration into Europe and be beneficial for the Turkish economy. From the Bank's point of view, it would support the diversification of the portfolio and balance the operational capacity across regions. We are confident that the final decision in October will be positive, and we warmly welcome Turkey as an EBRD country of operations.

Finland has always emphasised the importance of cooperation between IFIs to maximise their impact. We especially encourage the EBRD and EIB to further strengthen their collaboration.

Finally, we wish to extend our warmest thanks to President Lemierre for his outstanding leadership of the Bank in the past eight years. We wish you, Mr President, all the best in your future activities.

At the same time, we welcome the new President of the Bank. We have interesting challenges ahead of us, and we look forward to addressing them together with him and with you all.

Thank you.