

BULGARIA

**Statement of Mrs. Marinela Petrova,
Temporary Alternate Governor for Bulgaria of
the European Bank for Reconstruction and Development**

Board of Governors, 2017 Annual Meeting, Nicosia, 9-11 May 2017

First of all, let me express my sincere thanks to the Cypriot authorities for hosting of the 2017 annual Meeting of the EBRD on this beautiful island. Bulgaria and Cyprus have a long history of cooperation and friendly relations. The meeting of the EBRD, and the business opportunities it provides, should help develop these traditional contacts even further.

It has always been our firm conviction that a web of bilateral and regional cooperation among members of the EBRD, and among countries of operation in particular, provides significant resilience to transition and enhances the stability of our economies. In this respect the EBRD can play an active role, a view that is also shared, we know, by the management of the Bank.

Despite the headwinds – financial, economic and political – in 2016 the Bank performed impressively in all the priority areas of its Strategic Implementation Plan. I would like to congratulate president Suma and the staff for these results.

The EBRD has succeeded to maintain its high standards both in terms of volume and quality of the projects, and to reaffirm its AAA rating, that it had to face. More importantly, the Bank has consistently delivered projects with significant transition impact. At the same time, we take note of the prudent, more moderate growth targets in the SIP 2017-2019, and welcome the recognized need to avoid excessive concentration of the Bank's portfolio in a small number of large economies.

We note with satisfaction the continuing initiatives of the Bank that have significant impact on the breadth and quality of the economic transformation, such as Green Economy Transition, Promotion of Gender Equality. We are also very supportive of the work of the Bank to review and strengthen its approach to domiciliation that could, if consistently implemented, greatly benefit the countries of operation and the overall health of the world financial system.

We welcome the in-depth review of the concept of transition, carried out by the Bank that provides broader and better definition of a well functioning market economy. It will permit the EBRD to better align its work with the Sustainable Development Goals and to contribute further to the promotion of stable democracies and of fair, sustainable and inclusive market economies as the ultimate goal of transition in our countries of operation.

Speaking of the work of the Bank, I need to point out that for Bulgaria 2016 was especially remarkable for the record volume of EBRD investments - 621 million Euros. On behalf of the Bulgarian government I thank the Bank in particular for its support to the Bulgarian Deposit Insurance Fund, which came at an important moment for the financial system and the banking sector of the country. This one-off deal was complemented with a number of other large investments, mainly in the private sector, that helped reconfirm EBRD as a trusted partner and a leading investor in the country.

We encourage the Bank to convert the momentum of 2016 into a steady and predictable flow of new investments in conformity with the current EBRD Strategy for Bulgaria and the priorities of the government. The Bank can do much more in particular for the development of the private sector within the country and its expansion across the region of operation, including through innovative ways to finance such sectors as ICT, energy efficiency, modern agriculture and other less well represented in the Bank's traditional portfolio. In this respect I would like to reiterate my Government's full support.

We expect the year 2017 to be particularly favourable to such endeavours.

Despite the uncertain and rapidly changing external environment, Bulgaria has managed to avoid the political cycle and to preserve and strengthened the macroeconomic stability. The new Bulgarian Government, which took office just few days ago, is determined to pursue its ambitious plans for further implementation of structural reforms, reinvigorating economic growth, reducing unemployment and promoting investments. In 2016 Bulgarian economy increased by 3.4%. The growth was balanced with contribution from both domestic demand and net export. In 2016 private investments increased for the first time since 2012. The recovery of the private investment activity was accompanied by improvement of the business climate in the country. Reducing administrative and regulatory burden and creating better investment conditions for domestic and foreign companies continues to be an important policy priority.

In conclusion, I would like to thank the Board of Directors, the Management, and the staff of the EBRD for their efficient and dedicated work.