

# CYPRUS

**26<sup>th</sup> ANNUAL MEETING OF THE EUROPEAN BANK  
FOR RECONSTRUCTION AND DEVELOPMENT IN NICOSIA**

**9-12 May, 2017**

**Statement by Mr. Harris Georgiades  
Minister of Finance and Governor for Cyprus**

We are very pleased to welcome you in Nicosia. It is a great honour for us to host the 26<sup>th</sup> Annual Meeting of the EBRD Board of Governors.

At the Annual Meeting in 2014, the EBRD Board of Governors granted Cyprus temporary recipient country status.

The timing of EBRD starting its engagement in Cyprus could not have been more appropriate. It gave a very positive signal of confidence and trust to the banking system at a time when the restoration of financial stability was a top priority. Cyprus went through a very severe financial crisis but since then it has achieved a remarkable recovery. The banking sector has stabilised and healed to a significant extent. Sustainable access to the international capital markets has been re-established. The budget deficit has been eliminated and since 2014 we are operating with a balanced budget. But more than anything, we did not remain trapped in a vicious

cycle of austerity and recession, as the doomsayers were predicting. In fact, our economy edged out of the recession in 2015 and is currently registering a growth rate of 3% of the GDP, almost twice the Eurozone average. As a result, unemployment is steadily, declining, even though we still have way to go.

In this effort, the role of the EBRD has been significant and for this I would like to express my sincere thanks and appreciation to the President and the Staff of the EBRD.

On a broader perspective, we must also congratulate the Management and Staff of the Bank for the strong operational results in 2016 despite the ongoing economic and geopolitical uncertainty.

We are pleased to note that, taking into account the net income allocation to be approved by the Board of Governors in Nicosia, the net profit for 2016 was €0.8 billion, resulting in an increase of the Bank's reserves to €9.2 billion at the end of 2016.

The Bank invested €2.9 billion in 151 projects under the Green Economy Transition (GET) approach during last year. We acknowledge and appreciate that this is helping EBRD countries of operations to deliver the emissions reductions pledged at the UN climate conference in Paris in 2015.

We welcome the Bank's strategic initiatives to deepen the impact of its activities which will *inter alia* promote the sustainable use of resources, support early transition countries, create conditions in which small and medium-sized enterprises (SMEs) can flourish and stimulate the development of local capital markets.

In the challenging financial environment, it is certainly a positive sign that the Bank's triple-A rating was reaffirmed by all three major rating agencies, together with a stable outlook.

We fully support and welcome the Bank's second Strategy Implementation Plan (SIP) 2017-2019 which aims at supporting the Bank's key themes in a continued difficult environment. In particular, it is good to note that the SIP 2017-2019 builds on the foundations of the first SIP 2016-2018 and reflects the flexibility embedded in the reformed planning process at EBRD.

It is commendable that twenty-five years after it was established, the EBRD revised the concept of transition to reflect the changes in the understanding of what constitutes a sustainable, well-functioning market economy.

We welcome the launch of the Economic Inclusion Strategy 2017 – 2021 at the Annual Meeting in Nicosia. The Strategy reflects the experience and specific lessons learned from the Bank's distinctive private sector focused inclusion approach since 2013. It will strengthen EBRD's strong commitment to enhancing economic inclusion through its distinct private sector led approach in partnership with its clients and policy stakeholders.

We fully support the proposal to allocate net income generated by the Bank in 2016 to the EBRD Shareholder Special Fund and the EBRD Trust Fund for West Bank and Gaza. We believe that these contributions will provide the necessary funding capacity for operational requirements.

I would like to welcome Pierre Heilbronn as new Vice President, Policy and Partnerships and to Alexia Latortue, who very recently joined EBRD as Managing Director for Corporate Strategy. I congratulate both on their appointment to the Bank's Management and Executive Committee.

I would also like to extend best wishes to Janet Heckman in her new role as Managing Director for the SEMED Region. We valued her connection to our Constituency through her previous post as Director for Kazakhstan.

Our thanks must go to Johannes Seiringer for representing Cyprus in the Board of Directors and Maria Kohlweg for keeping us continually informed of all developments concerning the policies and business of the Bank.

I shall take this opportunity to again thank EBRD for the valuable contribution to our efforts to reform and restore the soundness of our economy. I wish Sir Suma Chakrabarti and everyone at the Bank continued success in fulfilling the EBRD's mandate throughout the next planning period. With the strong cooperation and support of its shareholders, the Bank will no doubt see further achievements in the coming years.

Last, but not least, I would like to wish all participants in this Annual Meeting every success and fruitful discussions.