

FRANCE / GERMANY

**Joint statement of the German and French Governors
at the Annual Meeting of the EBRD 2018 in Jordan**

1. We would first like to congratulate and thank the Kingdom of Jordan for hosting this twenty-seventh Annual Meeting of the European Bank for Reconstruction and Development (EBRD).
2. The overall region has been facing a difficult geopolitical situation for years, resulting inter alia in a continuous stream of refugees, in particular to Jordan. We appreciate the country's willingness and engagement to cope with that situation; it is an admirable contribution to alleviate a major humanitarian crisis, and we are glad that EBRD has been supporting Jordan, a member since 2011, in this endeavour.
3. More generally speaking, given the persistent politically and economically difficult global environment, we commend the 2017 achievements of the Bank. By the end of last year the 5000th project of the EBRD was signed. The Bank is financially profitable, and has delivered in 2017 a record annual investment volume of almost 10 billion euros, 43% thereof realised in green-related projects, with a strong transition impact, while generating a solid net income. In 2017, EBRD also enhanced its engagement in its regions of operations with the launch of new activity in Lebanon as well as West Bank and Gaza. We support the extension of Recipient Country status in Greece to 2025, in the same terms and modalities as agreed in 2015. We are looking forward to the management's report on this issue and are prepared to decide as soon as possible afterwards. We wish to congratulate management and staff both in London and the regional offices for the good results achieved.
4. Notwithstanding these results, we also note some room for improvement. Despite positive steps towards transition in many countries of operations, others still struggle with weak economic recovery, slow reform progress and political reversals. More than ever, the Bank should uphold the uniqueness of its mandate, reflected in the Article 1 of the Agreement establishing it. On the financial side, portfolio volume and operating assets are stagnating, the share of investment in the private sector is declining and we are at a record low level of investment in equity. Meanwhile, costs have continuously increased over the past years and expected savings are failing to materialise, leading to further pressure on declining revenue.
5. As capital utilisation dropped to 70% in 2017, it would imply, if projections were to confirm this level for the near future, that there is headroom for further growth. In this context and with a view to maximising its transition impact, we urge the Bank to continue its successful strive to tackle the huge remaining and possibly upcoming challenges in its current regions of operation – and, as stated before, within its political mandate. All possible levers, including equity, product innovation, policy engagement, green transition, mobilisation of private financing, local currency and capital market, should be mobilised in an appropriate way to reignite growth potential and transition impact in our current regions of operation, while ensuring the additionality and value-added of the Bank.
6. In this perspective, we recommend that a strategic review be conducted in the current regions of operation in the coming months, before launching any analysis on possible expansion, in order to capture countries' needs, remaining business opportunities, shareholders' priorities and required adjustments to reinforce EBRD business expertise and delivery capabilities. This study, to be conducted according to Terms of Reference agreed by the Board of Directors, should primarily rely on knowledge and expertise gathered in the EBRD resident offices, with external support if needed. The outcome of this strategic review could be presented and discussed at the 2019 EBRD Annual Meeting in Sarajevo. Against this background, shareholders could then take further consideration for EBRD strategic future within the broader context of European and global IFI architecture.
7. Considering the above, we are convinced that EBRD will be faced by major challenges in the near future, just as it has been faced by challenges during its past. France and Germany wish to reiterate their confidence in EBRD's management and staff to continue to live up to these challenges.