

GREECE

EBRD ANNUAL MEETING - Dead Sea, Jordan, 8-10 May 2018

Statement by Mr Yannis Dragasakis

Deputy Prime Minister and Minister of Economy and Development of the Hellenic Republic

Governor

Mr Chair, Mr President, Ladies and Gentlemen,

Allow me to start by thanking the Government of Jordan for hosting the Bank's twenty-seventh Annual Meeting of the Board of Governors. I am very pleased that our Meeting takes place for the first time in a Southern and Eastern Mediterranean (SEMED) country, the new destination of EBRD operations. Greece has strong economic and cultural links with this region with deep historical roots and the expansion of EBRD's activities in SEMED countries is a welcomed development. Let me take this opportunity to congratulate my colleague the Governor of Jordan for the fruitful cooperation with the EBRD in a broad range of initiatives.

First of all, I would like to express our appreciation to EBRD's Management and staff for a year of solid financial performance in a challenging environment with increasing geopolitical risks and subdued investment appetite. EBRD managed to overcome these challenges and delivered record number of projects and robust performance in terms of volume and wide-ranging coverage of Countries of Operation. Countries with significant transition gaps received priority in line with the mandate of the Bank. Also, EBRD responded promptly to financial additionality challenges and mobilized private sector capital in Countries undergoing substantial economic restructuring and macroeconomic rebalancing. The emphasis of sustainable growth and green economy projects delivered impressive results and EBRD is by now well established as one of the leading institutional investors in green economy projects. Looking forward, it is important to underscore that EBRD is currently operating with a strong pipeline of projects under consideration and that gives us confidence that the implementation of the on-going Strategy Implementation Plan is going to be a success.

The strong fundamentals of operational performance and continuous endogenous capital growth have secured a triple-A rating with positive outlook for the EBRD. The Bank is well positioned to address challenges ahead related to its performance and to the enhancement of its transition impact in Countries of Operation. Areas of concern, from a shareholders point of view are the level of operating assets, the underutilization of capital, the decline of risk capital transactions and the increasing operating expenses in recent years. These developments point to supply constraints in the delivery of products and services in Countries of Operation. Our expectation is that the EBRD Management will reflect on resources mobilisation, market conditions and risk appetite aiming at more ambitious results in terms of impactful investments.

In our view, the timing for an in-depth consideration of supply side conditions for future operations is the right one. Demand conditions for financial services in EBRD Countries of

operations are expected to change on the medium term with increasing interest rates and declining trade flows. The importance of long term institutional investors is going to become more prominent and EBRD needs to be well prepared for these medium term developments towards the completion of the current Strategy Implementation Plan. As part of this strategic repositioning of the Bank, we would urge the Management to revisit long standing operational assumptions and guidelines that might prove to be outdated after 25 years. The EBRD region is confronted with several challenges, from declining productivity and sluggish growth to migration flows and limited number of bankable projects for international investors. Perhaps this is the right time for the EBRD management to revisit imposed restrictions on the use of proceeds, the narrow definition of collateral and the characteristics of cross border investment. An updated interpretation of these operational issues will increase the perimeter of potential investment and will provide additional opportunities for impactful investments in areas of high demand with sound market potential.

Allow me to turn to EBRD's activities in Greece. Since March 2015, the Governors approved a time limited mandate for EBRD operations in Greece and we are very grateful for that. The experience so far confirms that the business model, the skills and the products and services of the EBRD have been very relevant to the challenges of economic adjustment facing the Greek economy. Access to long term finance, availability of risk capital and the local presence of long term institutional investors are important components for a successful structural reform agenda. Indeed, they are pre-conditions for the successful implementation of a sequence of reforms and investment recovery. In such stressed market conditions, IFI's focusing on the private sector offer the ideal array of tools to enhance investment capacity and the infusion of credit into the economy. EBRD has been catalytic with impactful investments in the banking sector, the introduction of capital markets solutions for Greek corporates, the implementation of privatizations and an extensive programme of trade facilitation. The profile of investments so far is consistent with a well-focused country strategy aiming at private sector access to capital markets and economic restructuring.

The Greek Government considers EBRD as a strategic partner in our efforts to facilitate investment recovery in Greece. EBRD is providing to the Greek economy crucial and much needed support to our efforts to promote deep reforms, fair and inclusive growth, resilience and economic restructuring. In our view, there is still much more that the EBRD could do to support Greece's transition to a new growth path, with its proven expertise in catalysing private sector investment. There is also scope for working with us, alongside other key partners, on economic integration initiatives in South Eastern Europe and in SEMED. Considering the medium term funding needs of the Greek economy, we submitted a request for the extension of EBRD's operations in Greece until December 2025, and we would very much appreciate a positive response and guidance of the Shareholders later in 2018.

Thank you for your attention.