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# LATVIA

**Statement by Ms Dana Reizniece-Ozola**

**Governor for the Republic of Latvia**

**General remarks**

First of all, let me thank the Jordanian authorities for hosting this Annual Meeting.

For twenty seven years since its creation, the EBRD has been successful in supporting the political and economic transformation in its countries of operation, delivering commendable results despite turbulent times, changing circumstances and geopolitical tensions. We believe that the Bank is still very relevant and, building upon accumulated experience, country knowledge and local presence, is best placed to further deliver on its mandate by fostering transition to well-functioning market economies in its current region.

**2017 results**

To be able to operate efficiently the Bank's financial sustainability is of paramount importance. Despite a politically and economically difficult global environment, the Bank yet again was able to demonstrate commendable results with EUR 9.7 billion of investments and 412 projects signed in 2017. We welcome the solid financial performance with net profit close to EUR 800 million, reaffirmed AAA rating as well as strong transition results and progress made in the implementation of the Green Economy Transition.

2017 was the year when yet again the Bank embraced new economies - we commend Lebanon becoming a shareholder and a country of operations and welcome the Bank's engagement in the West Bank and Gaza. We are also very pleased with the resumption of the Bank's activities in Uzbekistan.

**Outlook for the future**

We welcome the fact that Bank has been able to adjust to the changing environment, not least by revising its transition concept in 2016 to better conceptualize successful transition to market economy against a well-defined set of qualities. The delivery of the results though has been uneven within the region. The potential for the EBRD's involvement is far from being exhausted in its current region and even in Advanced Transition Countries, where transition gaps still remain and redefined transition concept enables the Bank to address them in a more effective and efficient way. Capital capacity is there and human resources together with the policy dialogue activities and right set of innovative tools should match it to reinforce delivery capability in these countries. We urge, therefore, the Bank to conduct a comprehensive **strategic review** country by country, aiming at identifying market potential to maximize transition impact delivery and capital utilization in its current

region, defining constraints and advising on overcoming those, as well as ensuring the implementation of country strategies to their full potential in line with the undertaken commitments and shareholders' expectations. The results of this review have to be embedded in operational activity of the Bank both short and medium term.

Having said that, any discussions on **possible geographical expansion** of the Bank beyond approved region of operations are premature and we cannot support exploring any feasibility of such expansion. Being a regional development Bank, the EBRD has to focus on its comparative advantages and maximise to the extent possible its delivery in the said region. This cannot and should not happen in parallel with exploring other options.

In the context of ongoing broader discussions on **global and European financial architecture**, we are convinced that greater complementarity and coherence among the international financial institutions is needed, avoiding unhealthy competition, while taking full advantages of each institution's expertise and strengths in achieving common goals and maximizing the joint impact within their respective mandates.

Transition is at the core of our Bank's mandate – it is a lengthy and complex process itself; ensuring transition resilience and sustainability of the reforms is an even more challenging task. Setbacks and political reversals are happening, proving that transition is not yet complete and secure. More than ever the Bank should stand by its unique **political mandate**, strengthening commitments and progress towards multiparty democracy, pluralism and rule of law. These principles should not be watered down and going forward we should be able to talk openly about the deviations from the transition course and fulfilment of the political criteria.

## **Latvia and the Bank**

The Bank has been and remains a reliable partner for Latvia since restoration of its independence in 1991 – it was there in times of economic growth but, most importantly, in times of detours. EBRD is still additional when it comes to areas such as energy efficiency and energy security, competitiveness and innovation. The recent successfully launched EBRD-driven initiative to enable the creation of pan-Baltic capital markets demonstrates untapped potential for further engagement and policy dialogue activities in our region.

Due attention has to be given to the internationalization of the local companies, cross-border investments, especially between advanced and less advanced transition countries. We look forward to robust implementation of our country strategy in coming years.