

AUSTRIA

Written Statement

EBRD Annual Meeting 2019
Hartwig Löger
Head of the Austrian Delegation

Mr President,

Ladies and gentlemen,

First of all, I would like to congratulate and thank Bosnia & Herzegovina for hosting this twenty-eighth Annual Meeting of the European Bank for Reconstruction and Development – we are delighted that this year's Meeting is being held in Sarajevo. The choice of location clearly underscores the **Bank's long-standing commitment to the Western Balkans as one of its geographical and operational priority regions** and reflects the importance of the region as vital part of the EBRD's success story since the beginning of the 1990s.

In 2018, the EBRD further extended its broad international shareholder base that currently stretches across five continents, with India becoming the Bank's 69th member in July 2018 and San Marino set to join as next member of the Bank. I would hereby like to extend a warm welcome to the **new members** and look forward to a fruitful collaboration with them in the future.

Looking back at the past year, we are very happy to note that the Bank has had **another successful year**. Particularly against the background of economic, political and geopolitical uncertainties in the EBRD's region of operations and an overall difficult global environment, we commend

the Bank's achievements in 2018, which include overcoming significant economic challenges in a number of countries, while at the same time maintaining an excellent level of investment and backing for reforms across all of the Bank's regions. This is a testament to the special quality of the Bank, its Management and staff.

Altogether the Bank continued to have a **strong transition impact** and financed 395 projects worth a total of €9.5 billion, which is very close to last year's record annual investment volume of €9.7 billion spread across 412 projects. Just like in previous years, all rating agencies awarded the EBRD a triple-A rating with a stable outlook, once more confirming its excellent financial position and attesting the Bank's capability to deliver in accordance with the guidance from Governors set out in the Bank's Strategic and Capital Framework for 2016-2020. The only thing casting a shadow over the EBRD's otherwise impeccable balance sheet is its **cost to income ratio**, which reached 44.1 percent in 2018 and therefore **exceeded the maximum operating level of 40 percent** (compared to a 35.3 percent ratio in 2017). In this perspective, we fully support the Bank in taking the necessary remedial measures to return the cost to income ratio to below the maximum operational level next year.

With regard to important initiatives taken by the EBRD over the last year, Austria strongly welcomes that the Bank has continued to steadily work towards its climate finance goals and further fostered the transition to a Green Economy, **reaching a 36 percent share of green investments within its total investments**. While this performance was lower than last year's (2017: 40 percent), I am firmly convinced that the Bank is well on track to meet its established goal of dedicating a 40

percent share of annual business investments to the green economy by 2020.

We are pleased that to this end the EBRD has also emphasised its commitment to the Green Economy Transition (GET) by **launching a new municipal and environmental infrastructure strategy** and quadrupling the size of its Green Cities framework in support of environmentally friendly municipal investments to almost €1 billion. In a similar context, we also acknowledge the Bank's **new energy sector strategy**, which was approved by the Board in December 2018 and targets the creation of an energy sector which delivers clean, secure and affordable energy for all. **Austria welcomes and supports the pledges brought forward in the new strategy to scale up investment in renewables and completely rule out financing for coal.** We also appreciate the decision to restrict financing in upstream oil to very rare and exceptional circumstances where the projects reduce greenhouse gas emissions or flaring. However, we are not entirely convinced that natural gas is offering the best way to transition from more carbon intensive fuels and believe that, where possible, renewable and more environmentally friendly energy sources should always be prioritised by the Bank.

With respect to the **proposed Medium Term Directions**, we are encouraged that they respond to Austrian priorities, and consider them an important starting point for future reflections. We particularly appreciate the **four suggested strategic thrusts** – Accelerating Low Carbon Transition including Sustainable Infrastructure, Promoting Sustainable and Smart Cities, Fostering Skills, and Applying and

Deploying New Technologies – and look forward to them informing the Strategic and Capital Framework 2021-2025.

Another important initiative I would like to specifically point out concerns the unanimously approved Local Currency and Capital Markets (LC2) Strategy, which aims to achieve more efficient and self-sustaining financial intermediation and **promote local currency financing** in the Bank's countries of operation. As the very successful first five years of the programme's predecessor have shown, the mobilisation of local currency financing and local investments is crucial for the sustainable development of the financial and banking sectors in transition countries. Therefore this initiative, which focuses on reducing vulnerabilities in the region's banking and financial sector, is more important and timely than ever.

I would also like to acknowledge the Bank's **Trade Facilitation Programme** (TFP), which I consider one of its most outstanding business development tools. Austria has been a proud and long-standing supporter of the programme designed to promote and facilitate international trade to, from and amongst the EBRD countries of operations and I encourage the Bank to keep strengthening the economies where it invests and promoting integration through the programme in the future.

Looking ahead, I would like to invite the Bank to continue to strive for the **highest available standards for its operations**, and to maintain a **good cooperation with other International Financial Institutions** in order to be best placed to meet new realities and future

challenges both within the evolving European development architecture, as well as the global financial architecture.

Finally, I would like to thank the management, the Bank and its entire staff for another year of excellent work and the consistently high quality of its operations, once more confirming EBRD's reputation as a reliable and strong partner. I also wish to reiterate our confidence in the Bank, which is well placed to continue to be successful in the years ahead. We look forward to close collaboration in years to come.

Let me close by once again expressing our gratitude to the Bosnian Authorities and the EBRD for having arranged the 2019 Annual Meeting in Sarajevo.