

# EUROPEAN UNION

## WRITTEN STATEMENT - EBRD ANNUAL MEETING - Bosnia and Herzegovina 8 MAY 2019

### STATEMENT BY MS KERSTIN JORNA

#### Temporary Alternate Governor for the European Union

1. The European Union (EU) is grateful to Bosnia and Herzegovina for hosting the 2019 Annual Meeting of the European Bank for Reconstruction and Development (EBRD).
2. The EBRD engagement in Bosnia and Herzegovina and in the region is bringing tangible results and the EU is proud to be part of this work both through financial contributions and broader reform efforts.
3. The EBRD delivered another strong year of performance in 2018, meeting its transition objectives, while remaining profitable, and producing its second highest year of investment, albeit with a cost-to-income ratio that exceeded the operational limit set by the Board of Directors which we expect to be brought back into an acceptable range in 2019.
4. Throughout 2018 the EU-EBRD engagement has both broadened and deepened.
5. In 2018 the EU provided over EUR 280 million in support of EBRD activities and accounted for 68% of grant resources mobilised by the Bank. This support helped deliver transition priorities throughout the Bank's countries of operation, including in the West Balkans and Bosnia and Herzegovina.
6. The EU is working closely with the EBRD to support the mobilisation of private sector financing both within and outside the EU and this cooperation is expected to develop further under the EU's next Multiannual Financial Framework for the period 2021-2027. During that period the EBRD, alongside other EU partners, will be able to access EU guarantees in order to mobilise private financing in riskier projects both in the EU and its Neighbourhood, building on the successful experience of the current External Investment Plan. EBRD's values based approach, local presence, private sector focus and experience in policy dialogue are some of the characteristics that enable it to increase the impact of its financing in the countries in which it operates. The EU believes that this impact can be further enhanced by actions to increase synergies and efficiencies within the existing structures. EBRD should seek to deepen its partnerships with the other IFIs, including the EIB, through joint initiatives focusing on each institution's comparative advantages.
7. The EU supports the Draft Resolution on the Preparatory Work for the Strategic and Capital Framework 2021-2025 and the five workstreams it sets out.
8. In taking forward this work, it is important that existing countries of operations remain the primary focus of the Bank. Last year the EU and other shareholders called for the EBRD to undertake a strategic review country-by-country of what more the Bank can do to support its existing countries of operation. The EU welcomes the integration of the initial findings of this review into its Strategic Implementation Plan for 2019-21, calls on more to be done in the year ahead to maximise transition in existing countries of operation consistent with their evolving transition needs, and will put particular attention on such work in the EU Member State countries of operations, from the Baltics to the Mediterranean Sea.

9. The EU continues to support the EBRD's potential expansion into new countries in its Southern and Eastern Mediterranean region which are already within the geographic scope of the Bank's mandate and hopes to see new members and countries of operation from this region as soon as possible.
10. Analysis of the potential future options for limited and incremental expansion into a select number of African and other countries that are closely integrated with the Bank's present geographical scope should take into account specific EBRD considerations on the remaining challenges in the existing region and on the best use of EBRD's potential excess available capital, as well as the parallel reflections that will shape the future of the European Financial Architecture, including the negotiations on the EU's next Multiannual Financial Framework. Any decisions pursuant to this analysis should only be considered by Governors in 2020.
11. As a prerequisite for these strategic considerations, the EU affirms the importance it attaches to the EBRD's AAA rating, which is underpinned by shareholders' strong support.
12. The EU looks forward to receiving in July the Roadmap for enabling the 5 workstreams to be carried out on a solid mutually-agreed basis between the EBRD Board and management, and in taking forward this work the EU calls on the Board of Directors to provide a strong oversight in accordance with the Board of Directors' responsibility for the direction of the general operations of the Bank.
13. As EBRD continues to deliver its transition mandate, the highest operational standards should be upheld. We therefore welcome the adoption in the last year of the Bank's new Domiciliation Policy, Energy Policy and Environmental and Social Policy, along with others that enhance the standards applied to the Bank's projects and operations, consistent with the highest EU and international standards.
14. The EU is confident that EBRD can take advantage of the opportunities for joint cooperation that will become available in the years ahead and welcome EBRD's pro-active engagement on the vision and design of a strengthened global and European financial architecture.