

FRANCE / GERMANY

**Joint statement of the German and French Governors
at the Annual Meeting of the EBRD 2019 in Sarajevo**

1. We would first like to congratulate and thank the Bosnian and Herzegovinian authorities for hosting this twenty-eighth Annual Meeting of the European Bank for Reconstruction and Development (EBRD).
2. Bosnia and Herzegovina, and the overall Balkans region, have been facing many major political and economic challenges over the last decades. We highly value the significant progresses achieved over the last years, also thanks to the persistent engagement of EBRD with EU support, to address the transition gaps, to foster further regional integration and to support the convergence of Balkans countries towards the European standards.
3. **We commend the 2018 overall performance of the Bank.** The annual bank investment reached €9.5 billion for 395 projects, the second highest in the Bank's history. The high transition impact reflects the continuously strong engagement of management and staff to deliver on Bank's mandate. We also value the Bank's commitment in building low-carbon and climate-resilient economies, as reflected in the high green economy transition ratio. However, the breach of the cost-to-income ratio operational threshold calls for a close monitoring and the implementation of required measures.
4. **Looking ahead,** we support the draft resolution for the preparation of the Strategic and Capital Framework (SCF) 2021-25, which has been built on a broad consensus, outlining the five workstreams to be investigated. We invite the Bank, through a close cooperation between Board of Directors and Management, to start working as early as possible on the definition of the roadmap for each workstream, and to inform the Governors before the end of July 2019 prior to launching any analyses.
5. **The existing countries of operations should remain the primary focus of the Bank and should therefore constitute the starting point.** Our high expectations on the Strategic Review agreed last year have been partially fulfilled: the Strategy Implementation Plan 2019-21 is a good first step to quantitatively and qualitatively enhance Bank's activities in these countries. We therefore strongly encourage EBRD to pursue this effort for the SCF 2021-25, in close concertation with authorities and stakeholders in countries of operation. Differentiation, adaption and innovation – while ensuring additionality, value-added and preserving AAA status – remain keys factors to maximise the Bank's transition impact.
6. **Within our SEMED region, we encourage EBRD to further achieve its transition mandate and may consider potential engagement in additional countries of the region,** and therefore follow up closely the recent developments in these countries. The Bank should reinforce its interaction with local authorities to better identify the transition needs and business opportunities.
7. **Beyond current EBRD geographical mandate,** we agree to launch an assessment of a limited number of African countries closely integrated with Bank's current geographical scope. The analyses should explore different countries, with various transition needs and fitting into the Bank's business model and mandate, to be selected under the guidance of the Board of Directors.
8. **At the end of 2019, we expect the Progress Report** on which we will provide feedback on possible preferred strategic orientations, in view of the final preparation of the SCF 2021-25. We strongly believe that shareholders should have a leadership for such strategic matters, strive for a broad consensus among them, and work in close collaboration with management, in order to achieve an agreement on the next SCF to be approved in 2020.
9. **Decisions on EBRD future orientations should, in full compliance with EBRD governance principles, also take into account discussions led in other international and European fora,** such as the G20 Eminent Persons Group on Global Financial Governance, completed and ongoing capital replenishment negotiations in other multilateral development institutions, and the Wise Persons Group on European financial architecture. We have high expectations on the latter, which was officially adopted by the Council of the European Union and already started its work. This would contribute to achieving even greater cooperation and coherence among International Financial Institutions.
10. Besides the strategic orientations, **we believe that the EBRD should strive for the highest available standards for its operations,** should they be international or European, for instance on integrity, environmental, social or tax evasion matters. We have the same high expectations in terms of **internal governance,** as promoted in countries of operation, for EBRD.