

IRELAND

**Statement on behalf of the Governor for Ireland, the Minister for Finance and
Public Expenditure and Reform,
Mr Paschal Donohoe T.D.**

European Bank for Reconstruction and Development (EBRD) Annual Meeting

Sarajevo, 07-09 May 2019

Introduction

This statement is submitted on behalf of the Irish Governor, the Minister for Finance and Public Expenditure and Reform, Mr Paschal Donohoe T.D.

The Minister would like to thank the Chairman of the Council of Ministers of Bosnia and Herzegovina for hosting this meeting. The Minister would also like to convey his thanks to the organisers of the Annual Meeting and to the President, the Executive Committee and the staff of the EBRD for their continued hard work on behalf of the Bank's shareholders and clients.

This twenty-eighth Annual Meeting of the Board of Governors takes place on the cusp of an important juncture for the Bank. The preparatory work for the next Strategic and Capital Framework offers us, as shareholders, a valuable opportunity to consider not just how best to utilise the Bank's current capital capacity but to reflect on more fundamental issues including the optimal role and level of ambition for the EBRD going forward in a changing world.

There is much to be proud of in terms of what the EBRD has achieved under its original transition mandate. We congratulate the Bank on the work done and the progress made to promote the economic and systemic transformation of Central and Eastern Europe. To date, Ireland has supported the Bank's geographic expansion as each successive enlargement was justified by a well-reasoned and compelling business case. We have welcomed the important work done by the EBRD in these new regions, particularly the Southern and Eastern Mediterranean.

We firmly believe that the EBRD continues to have an important contribution to make in its current regions of operations. We reiterate our view that the ultimate success or failure of the Bank will not be determined by lending volumes, the number of projects financed or geographic reach. Instead, the EBRD must focus on the quality of the Bank's lending. Every effort must be made to maximise impact and accelerate the transition of existing countries of operations to well-functioning market economies with democratic institutions. We believe that the EBRD must continue to focus on deepening and broadening its engagement activities in its current regions of operations, likewise in Advanced Transition Countries as in Early Transition Countries.

We also welcome the EBRD's contribution in terms of the collective global effort to achieve the SDGs and the COP21 commitments. While it is unfortunate that the Bank was unable to sustain the 2017 level of Green investment, we commend the Bank's continued endeavours to assist its countries of operations in their transition to a green economy. In particular, we welcome the approval of €700 million for a second Green Cities Framework in 2018. However, we believe that there is much more that can be done in terms of increasing climate and green financing. We would urge the Bank to regain momentum in this area and to continue to pursue the ambitious implementation of the Green Economy Transition approach.

This is something of a tumultuous time for the EBRD. The challenges in the wider external environment arising from global economic and geopolitical tensions are no doubt exacerbated by the uncertainties generated by the EU MFF negotiations; the forthcoming European Parliament elections; and the work of the High-Level Group of Wisepersons on the European financial architecture for development. This challenging operating environment has been compounded by significant internal changes within the Bank. Following the implementation of the Operational Effectiveness and Efficiency programme, the Bank's evolution will continue to be shaped by the preparations for the next Strategic and Capital Framework.

In such challenging times, it is essential that the relationship between the Bank and its shareholders remains constructive, cooperative and collegiate. It is incumbent on the Bank to work urgently and sincerely to rehabilitate any fractured relationships; rebuild the lines of communication; and re-establish the trust between all parties. This must be a priority.

Looking to the future, Ireland can endorse the ‘five work streams’ approach proposed in the draft Resolution. We welcome the fact that the decision to be taken on the next Strategic and Capital Framework this time next year will be done so on the basis of a well-grounded and thorough analysis of a range of options. However, we believe that it will be essential to consult closely with shareholders in this task. We would therefore encourage the Bank to work inclusively and collaboratively with the Board of Directors in determining how best to further these work streams.

In closing, we would like to reaffirm Ireland’s enduring support for the Bank, its staff and, perhaps most importantly, the values that it represents.
