

ITALY

Statement by Ms Gelsomina Vigliotti – Alternate Governor for Italy

On behalf of Italy, we would like to thank the Authorities and the people of Bosnia and Herzegovina, and the beautiful City of Sarajevo, for their warm hospitality in hosting the 2019 Annual Meeting, and the EBRD management for the excellent job done in this respect.

Bosnia and Herzegovina is a very important country of operation for the Bank in South-East Europe and a key partner for Italy bilaterally in the Region. We fully support the Bank's work in Bosnia and Herzegovina, and particularly the effort to promote its inclusive growth within a continued engagement with the Authorities and the private sector. This is essential to support the collective endeavour for the stability and unity of the Country and for its progress on the path to European integration.

Italy believes that this Annual Meeting is of central importance in the process of shaping the long-term future of the Bank. It is a precious opportunity for shareholders to reflect, in a strategic and holistic manner, on the Bank's future priorities, so as to give sensible guidance to prepare the Strategic and Capital Framework for 2021-2025.

We are pleased that, to this end, the membership can rely on a very robust foundation, composed of the Bank's continued strong performance, the excellent preparatory work done by Directors and Management and the professionalism, dedication, expertise and skills of the Bank's staff.

As the environment surrounding the Bank continues to be challenging, we need to build on such strong basis to put the Bank on a development path that is sustainable and consistent with its *modus operandi*.

Italy, therefore, firstly believes that the Bank's mandate to foster transition must remain the rationale of both strategic and operational decisions. The Bank can

only aim at delivering transition impact in countries of operation on the basis of their assessed transition needs.

We also consider that the Bank's business model, which is more than ever relevant in light of decisions taken recently by the international development community, must be preserved. The EBRD needs to remain a bank that delivers transition impact through bankable investments originated in the field.

There is significant room to strengthen the Bank's transition impact delivery in our current countries of operation under the Bank's business model, so as to help them become inclusive, green, well-governed, integrated, resilient and competitive economies, without resorting to top-down allocations and earmarkings that are inherently inconsistent with the nature of the Bank.

Secondly, Italy is of the opinion that the EBRD's skills and expertise can be usefully deployed to the benefit of other countries, both in the current Regions of operation and beyond. We agree that we need to make sure that the Bank is prepared to help new countries in the SEMED Region and we support the expansion to African and other countries that are closely integrated with the current geographical scope.

The Bank's business model, and particularly its ability to work with the private sector to implement productive and job-creating investments, would be extremely helpful to achieve new beneficiary countries' own transition objectives, while being in addition a precious tool to pursue the international community's and the European Union's policy goals.

Thirdly, Italy believes that working cooperatively, in a complementary manner, with the other development banks, and more broadly with other relevant international and bilateral players, is necessary for the expansion to new countries to be feasible and successful. This would allow to exploit all possible synergies, both operationally and from a risk management perspective, thus maximising policy and transition returns and optimising risk-return profiles.

Finally, Italy considers that the Bank's strong capital base makes it possible to work on an ambitious Strategic and Capital Framework for 2021-2025 that aims at achieving the said objectives, while remaining wisely prudent financially, so as to maintain the triple A rating. We can make sure that the capital adequacy of the Bank is fully preserved while avoiding the political and financial opportunity costs stemming from excessive capitalization.

The EBRD can have a major impact in its current countries of operations and be transformative in other countries beyond its current geography as well. By adhering to its mandate and relying on its effective business model, the Bank can meet the transition needs of its beneficiaries while continuing to be additional, soundly based on best banking practices and financially sustainable. Italy guarantees its constructive engagement and support to this end.