

MOLDOVA

STATEMENT BY MR OCTAVIAN ARMAȘU, ALTERNATE GOVERNOR FOR MOLDOVA

I shall start by expressing gratitude to the authorities of Bosnia and Herzegovina for hosting the 2019 Annual Meeting of the EBRD. The organization of this event in the South Eastern part of Europe, a region that had to face complex transition challenges, but which succeeded to achieve more stability and progress, provides all of us an inspiring opportunity to take stock of the EBRD accomplishments and to reflect on its perspectives.

The valuable contribution of the EBRD in building a sustainable and fully functional market economy in Moldova is widely recognized both by the Moldovan officials and citizens who witness the tangible outcomes. Thanks to this fruitful and long-standing cooperation, the EBRD remains among the top development partners of Moldova.

Some of the latest EBRD projects in Moldova are very representative on how joining the efforts of the local stakeholders with the EBRD co-funding can deliver significant impact on accelerating the transition.

For example, the radical transformations in the Moldovan banking sector were possible as a result of a broad reform undertaken by the national authorities, which created the favorable environment for the EBRD to invest and to attract other reputable investors in our banking sector. This engagement of the EBRD acted as a catalyzer for strengthening our banking system. Now, Moldova has much safer, more transparent and better governed banks, with an improved capacity to finance business activities.

Another illustration of effective collaboration with the EBRD are the major infrastructure projects aiming at ensuring the natural gas and electricity interconnections between Moldova and the EU. The implementation of these projects will strengthen the energy security of Moldova and will facilitate the integration into the regional competitive energy markets, to the benefit of the final consumers.

I would like to acknowledge also the precious contribution of the EBRD in launching the Moldova's eProcurement system. This new instrument provides full transparency, openness and accountability in the way public funds are spent, improves market access and fair competition, and thus, helps us to deliver on the transition qualities pursued by the EBRD mandate.

There are many other successful projects realized in Moldova with the support of the EBRD, but I selected just few of them to highlight our recent experience, which is relevant considering the strategic issues from the agenda of today's Annual Meeting.

We appreciate the extensive consultations and analysis conducted by Management in the context of the Strategic Review of the EBRD's activities. The information provided in this respect allows us to better understand the current situation and to consider the further options.

Referring to the proposed Resolution on the Preparatory Work for the Strategic and Capital Framework (SCF) 2021-2025, we express our support for the requests addressed to the Board of Directors. We consider that the setting of the five workstreams related to the development of the new SCF represents a constructive approach and we agree that none of these workstreams shall lead to requiring additional capital contributions.

Particularly, we express our full support for the first workstream, which is reaffirming the EBRD's strong commitment to current countries of operations with the objective to enhance activity in order to maximize transition towards open market-oriented economies in these countries.

We consider also that the capacity of the EBRD to fulfil its functions shall not be hampered by unanticipated financial events. Therefore, we are in favour of an evaluation to be concluded that will help determine whether the Bank should hold an additional crisis buffer.

Regarding the potential expansion of the EBRD mandate beyond its current geographical area of operations, we believe that any future option addressing this issue shall initially take into account the impact on the current countries of operations. The analysis of such options shall include a thorough assessment of the short, medium and long-term financial capacity of the EBRD to continue delivering in these countries. Bearing in mind this important aspect, we agree that any expansion must not be at the expense of the EBRD's work in these countries. But more than this, we expect the EBRD to increase its activities in the current countries of operations.

Assuming that the financial resilience of the EBRD will allow channeling part of its resources to new countries of operations, we believe that any potential expansion shall be limited, incremental and could be considered only based on a sufficiently broad consensus, after extensive consultations with all relevant stakeholders.

In conclusion, I want to reassure the EBRD, the donor countries and all our partners that the Republic of Moldova is strongly committed to continue the process of sustainable development towards a fully functioning market economy. To achieve this, we express our full openness to expand the successful cooperation with the EBRD.