

POLAND

EBRD Annual Meeting
Sarajevo, 8-9 May 2019
Statement by Mr Adam Glapiński, Governor for Poland
of the European Bank for Reconstruction and Development

Mr President,
Fellow Governors,
Ladies and Gentlemen,

Allow me to start by thanking the authorities of Bosnia and Herzegovina for hosting this year's Annual Meeting as well as the organising team from the EBRD for making this great event possible. Your admirable efforts and effective cooperation have paved the way for the success of our Meeting.

Cooperation and effort, knowledge and experience notwithstanding, have also been at the heart of the EBRD's success for almost 30 years now. 2018 was another year of good results, with almost 400 projects and EUR 9.5 billion invested in countries of operation, consistently delivering transition impact with well-tailored support. At the same time our membership has been growing as we welcomed India – the newest EBRD member – with some more countries to follow as well. The Bank has established and developed a number of noteworthy initiatives and managed to mobilise unprecedented resources from private donors to assist its operations.

The Bank's overall performance deserves high praise. There are some issues, however, that may cast a slight shadow over this otherwise excellent performance and would need to be further monitored. They include a drop in the equity financial performance which significantly impacted overall 2018 financial results, a slight decline in portfolio quality connected with an increased volume of transactions in the somewhat more volatile regions, as well as the Cost-to-Income Ratio exceeding the 40% threshold that was previously adjusted in 2017. Moreover, it is of utmost importance that the EBRD at all times observe the highest standards of governance. Nevertheless, I am positive that the Bank is in a fairly comfortable position to actively continue its work and face the challenges ahead.

The topic that has shaped the strategic agenda for the EBRD in the last months has emerged from discussions held at last year's Annual Meeting in Jordan – namely, the strategic review. I wish to thank the Management and staff for undertaking an assessment of the Bank's operations within its current mandate with the aim of ascertaining how Bank can enhance its engagement in current countries of operation. This exercise has branched out into formulating a draft resolution for the preparation of the Strategic and Capital Framework for 2021-2025, outlining the five workstreams to be analysed, which will be adopted at next year's Annual Meeting. I would like to praise all Board representatives for their efforts towards a common position, which regrettably was not fully taken on board. I would like to

invite the Bank to cooperate more closely with the Board of Directors to initiate working on the roadmap for each workstream, giving the highest priority to workstream number 1, to reaffirm the EBRD's commitment to its current countries of operation.

I do not fully agree with the conclusions of the Strategic Review and I believe that further reflection on this exercise is needed. It should be continued with stronger emphasis on close cooperation with the authorities from the countries of operation in order to properly assess and address remaining transition needs and business opportunities. I note with satisfaction that the EBRD is in line to reach its objectives set forth in the SCF 2016-2020 and that capital utilization projections hint at headroom that may be used to further increase the volume of operations. While welcoming this opportunity, I remain convinced that this increase should primarily be considered with respect to the current countries of operation. Demand for the Bank's financing in these countries remains very strong and the potential to implement operations that on the one hand, address persisting transition gaps while on the other, reinforce the Bank's portfolio is undeniable.

In this context, I believe that the rate of growth of operations in Central and Eastern Europe – the original primary focus of the Bank – envisaged in the forecasts for the next years is not overly ambitious and therefore I urge the Bank not to perceive it as a cap limiting its activity. Rather it would be advisable for the EBRD to enhance cooperation with the countries of this region in order to develop business opportunities into bankable and mutually beneficial projects. In terms of a destination for any additional funds the EBRD might generate, I am positive that the current Early Transition Countries should be considered primarily.

Taking the above into account, I remain sceptical about any geographic expansion of the Bank's activity beyond its current mandate. In my view this would not constitute the best use of its resources and risks diminishing its impact. Furthermore, such actions should be considered in connection with efforts towards improving the coordination of the MDBs. It is not conclusive whether such a course of action would best exploit the synergies and comparative advantages of individual institutions from the EBRD's standpoint. In this context, the Bank may be better suited for sharing its knowledge and expertise on, for example, green investment, capital market development or policy dialogue directly with other MDBs.

Shifting to a more local perspective, I highly value the EBRD activity in Poland in 2018 and 2019. The Bank delivered strong performance on a level similar to previous years, providing considerable support to such key areas as the development of private sector and financial institutions. I am particularly happy with the ongoing work on developing local financial markets and look forward to its continuation.

Another highlight of our cooperation with the EBRD in early 2019 was the conclusion of the agreement on the Polish contribution to the EBRD-EU Special Fund which will support technical assistance and advisory services on projects carried out in Poland. While we already support the Bank's activities indirectly through the European Union's budget, we are

proud to join the group of countries that directly contribute the financial resources to further enrich and improve the added value of the Bank's presence in its countries of operation.

To conclude, let me express my sincere hope that the EBRD will remain a key player in its countries of operation, delivering strong transition impact and reaping the benefits of this cooperation with its partners. Poland stands ready to constructively and actively engage in the challenging work ahead on the next Strategic and Capital Framework for 2021-2025 to be concluded next year.