

# **SLOVENIA**

**EBRD 2019 Annual Meeting  
Board of Governors Meeting, Wednesday 8 May 2019**

**Statement by Mr. Metod Dragonja, Head of the Delegation  
of the Republic of Slovenia**

Dear President of the Board of Governors, dear colleagues Heads of Delegations, esteemed representatives of the EBRD Management, Board Officials, ladies and gentlemen,

It is my honour to address this respectful gathering in the heart of our Countries of Operations - in Bosnia and Herzegovina. On behalf of the Government of the Republic of Slovenia, let me first thank to our host Country and its people for their gracious hospitality offered to us in these days.

As I have just concluded the Slovene Investment Outlook Session with potential investors who see the EBRD as a partner, it's my privilege to make a few comments on how important the EBRD for Countries of Operation is. Not only for those like Bosnia and Herzegovina, but also for the most advanced transition countries like my own – the Republic of Slovenia. Our relations with the bank are of mutual benefit: we the COOs need the EBRD and the EBRD, which will soon turn thirty, needs us to continue flourishing as a financial institution that strives to implement its mandate of transition support and development of our economies.

The challenge of how and where the EBRD should work in the future is the essence of the strategic exercise which has been under way in the past 10 months. In this connection, we would like to present some of our views.

In general, Slovenia is of the opinion that the work undertaken so far, has offered us a deeper look into the operational and strategic challenges faced by the Bank in the current economic environment and across all its regions of operations. Following the call by Governors at the Dead Sea Annual meeting in 2018, to do more quantitatively and qualitatively, we welcome the approval of the Strategic Implementation Plan 2019-2021 of December 2018, which foresees an ambitious increase of the Bank's ABI in the next two years. It goes without saying that given recently approved CS for Slovenia the focus shall be foremost on the implementation of SIP 2019-21.

The three background documents have, in our view, largely responded to the core questions asked by Governors in 2018.

The STRATEGIC REVIEW provides good and in-depth analysis of the Bank's activities, the Bank-wide operational challenges and for countries of operation a very granular country-by-country assessment. For Slovenia this is even better done by recently approved CS for the period 2019-24.

The PRE-FEASIBILITY STUDY confirms that the Bank has sufficient capital headroom to support an ambitious ABI trajectory to 2025 and resists to potential stress events, on the basis of known unknowns, as presented by the Management.

And we consider the MEDIUM-TERM DIRECTION document as food for thought to decision makers in the preparation of the upcoming Strategic Capital Framework ("SCF") 2021-2025. We believe that still more work needs to be done in order to close transition gaps and meet the needs of our COOs and private sector partners.

The Report of the Board of Directors to the Board of Governors entitled “Preparatory Work for the Strategic and Capital Framework 2021-2025” is key for future work. As far as the RESOLUTION is concerned, we would certainly like to thank the Management and the Board of Directors for finding a high level of agreement. This is also the main reason that we can in principle support the Resolution.

However, as presented in the joint EU11 Conclusions meeting early in April 2019, specifically in regard of the five workstreams in the making, Slovenia’s view is as follows:

- We see the first workstream as an absolute priority and pre-condition for any further work. The Bank should identify all options and possibilities for capital usage to maximize transition in existing countries of operation, in close cooperation with Board representatives, and in consultation with the authorities and business communities of these countries.
- In regard of the second one, we confirm our support to the agreed extension of the Bank’s mandate to all eligible countries in the Bank’s Southern and Eastern Mediterranean region and the commitment that such extension would not compromise the Bank’s work in its existing countries of operations.
- As for the other three workstreams, Slovenia notes the proposed analysis on an additional capital crisis buffer to respond to unanticipated economic or financial events. We also understand the need to undertake analysis of potential future option or limited and incremental expansion into new countries of operation, as well as the analysis of possible redemption of capital.

We find it critically important that all the above mentioned actions be implemented without additional capital contributions, while maintaining the AAA status of the Bank. Likewise, no options at the expense of the Bank’s work in its current countries of operation should be pursued.

In the recent financial crisis the EBRD proved to be very helpful for Slovenia and other COOs. We believe that there is still much to do in these countries, where the bank should continue its operations following three key principles: (i) respect of sound banking practice; (ii) closing transition gaps of individual COOs, based on their level of development; and (iii) additionality.

In this context, we are looking forward to the forthcoming debate on the second Strategic and Capital Framework 2021-2025, which preparations are now starting.

Ljubljana-Sarajevo, May 8<sup>th</sup>, 2019