

SWEDEN

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Written statement by Ms. Line Rosvall, Temporary Alternate Governor of the EBRD for Sweden

Sweden thanks the authorities of Bosnia and Herzegovina for hosting the twenty-eighth Annual Meeting of the European Bank for Reconstruction and Development (EBRD).

We would like to commend the Bank and its staff for its good 2018 performance. This was yet another year of investments of almost EUR 10 billion in almost 400 projects with a high transition impact. We appreciate the Bank's work on combining policy dialogue, capacity-building and investments in order to contribute to reforms and achieving the Sustainable Development Goals and the implementation of the Paris Agreement in the Bank's countries of operations. We also welcome that the Bank mobilised around EUR 1 billion in private direct financing. EBRD is well positioned to catalyse private sector financing through its private sector oriented business model. An increased ambition and new ways to mobilise further private financing should therefore be actively explored and utilised.

We support the broad analysis and the five workstreams asked for in the proposed Governors' resolution which outlines the preparations for the Strategic and Capital Framework (SCF) for 2021-2025. It is important that coming discussions and decisions on the SCF is based on an ambitious and extensive analysis. Sweden wants to stress that these discussions should be inclusive and in close cooperation between the Board of Directors, as the Governors' representatives in the Bank, and Management. We appreciate that Governors will be informed about the roadmap for each workstream in July, prior to the launching of any analyses by Management.

We acknowledge that there are still significant transition gaps in the existing countries of operation and therefore ample opportunities for investments, not the least in the areas of climate and environment. Sweden's first priority is therefore for the Bank to focus on tackling the challenges in its current regions of operation. We are unconvinced about the long-term outlook presented for the remainder of the SCF period for 2021-2025. It is our firm conviction that more could be done to identify, in close cooperation with authorities and stakeholders in each country of operation, additional business and engagement opportunities for the period 2021-2025. This work-stream will have to be given the highest priority in the upcoming SCF preparations.

Sweden does not see the merit in expanding the Bank's geographical region of operation. We see risks of overlaps with other International Financial Institutions already active in other regions. We do, however, support strong cooperation with other IFIs in regions where their geographical mandates already coincide with EBRD's current region, in order to ensure efficiency, complementarity and a well-functioning IFI-system to foster private-sector development.

Fighting climate change and improving and protecting the environment is a priority for Sweden. We welcome the commitment by EBRD and other MDBs to operationalise the Paris Agreement's Article 2.1.(c) to make financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. We look forward to concrete policy changes and an even higher level of ambition by EBRD in this regard in the upcoming SCF.

We recognise that EBRD is the largest provider of private climate finance among regional development banks. Even so, we think that investments in energy efficiency and renewables should play an even more important role in the next SCF. We welcome the Bank's aim of accelerating Low Carbon Transition and the decision to stop financing coal and upstream oil exploration and development. However, just as important as financing more green projects is to stop investing in

“brown” projects, and we believe that it is time to start phasing out funding of fossil fuel investments completely. We question the view that natural gas is the best way to transition from more carbon intensive fuels such as coal. While this may be true in some cases, renewable energy sources should always be prioritised and gas investments should only be undertaken if they pose the most environmentally friendly alternative available at a reasonable cost, or if such investments can be converted for future renewable energy use.

Achieving the highest possible transition impact requires high quality investments and an organisation where long-term transition results are clearly incentivised by a strong results framework. We find it useful that the Bank is contemplating where it can scale up its current activities with focus on fostering skills and applying and deploying new technologies. At the same time the EBRD need to remain focused on operating where commercial financing is not available. If markets have enough liquidity EBRD should move to other less advanced areas.

The EBRD should continue to lead the way in continuing to show its countries of operations and clients that investing in equal opportunities for women and men means investing in productivity, growth and sustainable development. Going forward, we want the Bank to ensure that gender equality is mainstreamed throughout the Bank’s operations as well as in its own organisation.

To conclude, we believe that it is vital for the credibility of the Bank that its internal governance and the ethical conduct of all Bank Personnel at all times are of the highest standards. Sweden therefore calls for a revision of relevant parts of EBRD’s Code of Conduct and associated procedures, and for measures to be taken to strengthen whistle-blower protection in EBRD.