

# TURKEY

**STATEMENT BY MR. BÜLENT AKSU**  
**DEPUTY MINISTER OF TREASURY AND FINANCE**  
**GOVERNOR FOR TURKEY AT EBRD**

Mr. President, Esteemed Governors,

It is a true privilege to join you for the first time at this Annual Meeting in the beautiful city of Sarajevo. I would like to extend my sincere appreciation to the Government of Bosnia and Herzegovina and the EBRD Management for this excellent organization and warm hospitality.

Today's world is facing a more challenging context. Rapid shifts in climate, technology and the geopolitical landscape are disrupting economic activities and financial systems to deliver on the goals of sustainable development. Indeed, risks to the global economy have begun to materialize, leading to downgrades in growth projections. Compared to pre-crisis conditions, countries now have less policy space to reinforce growth. While public revenue play an important role in the developing countries for investment finance, a huge untapped potential lies with the private sector.

EBRD is well positioned in the MDB system to unlock this huge potential of the private sector. We are glad that during 2018, EBRD has been able to increase its investment by catalyzing private sector towards stronger and sustainable supply chain, increased productivity and innovation. We appreciate for the strengthening of the quality indicators in the corporate scorecard.

We are of the view that the Bank is well-equipped to adapt itself to take up to the challenges going forward. The rich documentation, including Management Background Papers, submitted to the Annual Meeting clearly displays the resilience of the Bank and how strongly prepared the Bank will be in future towards this end. Let me point out our stance in three folds.

First of all, I believe that with its strong capital base, EBRD has the capacity to do more in its existing countries of operation. We commend the efforts that the Bank has carried out so far. Bank's business model that combines investments, policy engagement and technical assistance proved to be effective in building up sustainable markets in its region.

We appreciate that the Bank is well aware of the huge long-term potential in its existing region. Specifically, we support the Bank's plan, namely the first workstream in the draft Resolution, in enhancing its approach to "create demand" in its region.

As such, we would like to see the Management to be more ambitious in achieving this objective, definitely without undermining the vitality of the sound banking principles. We welcome all thematic determinants as set out in the Strategic Review document, and thus believe in their instrumental role in capturing the full potential of the existing region. The engagement of EBRD in its existing region should remain strong, supported by well-targeted, innovative products and human resources.

Complementary to these thematic determinants, I would like to stress the importance of Bank's contribution in the local currency and capital market development. We would like this to continue for the sake of developing resilient, competitive and integrated capital markets in the countries of operation.

Yet, I would like to encourage the Management, to seek ways to invest more than the foreseen amounts and seize every suitable investment opportunity in its existing countries of operations. We are confident that the Bank will be dedicated to going beyond the upper scenario, while increasing the impact of its operations in line with the country by country strategic reviews.

My second comment is with regards to the progress as per the mandate given by the Governors last year. Overall, we are glad with the direction the Bank is going to take in its expansion process. We welcome the "limited and incremental expansion into new regions", not only to Sub-Saharan Africa but also to other countries integrated with the existing countries of operation.

Nevertheless, I would like to emphasize the importance of the regional integration, as well as the cooperation of the MDBs as a whole. With this cooperation spirit, firms located in the countries of operations would have plenty of FDI opportunities, which would in return help EBRD deliver on its mandate in new regions.

Lastly, complementary to the strategic matters I would like to refer to the prominence of good governance. Reaching the targets, even going beyond the scenarios could not be achieved without an up-to-date and effective governance structure.

In this context, we welcome the Bank President's review initiative, to better align with the shareholders' guidance. We believe in the strong impact of constructive and good relations between the Bank Management and Board Directors on the performance of the Bank. We expect this initiative to cover a wide range of governance issues and a comprehensive review. This review should also look into the governance structure of the Board in order to provide a fairer and more adequate representation for the countries of operations.

Dear Colleagues,

EBRD has been a dedicated development partner for Turkey since 2014. We will be proud to celebrate EBRD's tenth year of operations in Turkey.

During the last decade, Turkey's portfolio has always displayed higher qualitative results than Bank's average, together with a private sector share of 96%. This reflects a strategic importance of Turkey in delivering the EBRD's mandate with its very strong performance in transition impact and financial return indicators. Compared to last five years' average of EBRD's annual investment in Turkey at around €1.5 billion, EBRD projects to invest €1 billion in 2019. Though there are cyclical movements affecting the Bank's operations, we believe that the real potential of Turkish private sector is well above the actual projection.

As a manifestation of our strong commitment, we have engaged with the Bank as a donor as well. We set up a donor fund of €25 million in 2018. At the first year of the fund, we have provided financial support to technical parts of two projects in Turkey, amounting to €2 million, and leveraging finance of more than half a billion euros.

Looking ahead, as a sound base of EBRD and Turkey's partnership, we are pleased that the new country strategy for Turkey articulates a well-crafted road map for the next five years. We strongly believe that the new objectives would be instrumental in generating mutual benefits.

We place utmost importance to the local companies of countries of operation to gain experience at international arena. Without a doubt, Turkish companies have strong adaptive skills to the fast changing nature of regional and global dynamics. We believe that this is a unique business opportunity for the EBRD in cooperating with Turkish companies during its expansion process.

To conclude, I would like to express my appreciation to President Sir Suma and the entire staff of the Bank for their outstanding work and wish the best for the Bank going forward.

Thank you.