

# UNITED KINGDOM

## UK Statement

### **EBRD Annual Meeting, Sarajevo 2019**

1. The UK thanks the Government of Bosnia and Herzegovina and Management for hosting the 2019 EBRD Annual Meeting.
2. The EBRD is a strong global institution with a crucial role within the international financial architecture, and continues to demonstrate the significant benefits of multilateral action and cooperation. This has been repeatedly proven by its ability to respond rapidly and effectively to recent regional crises, and by its continued leadership on fundamental issues such as climate change and the resilience of financial markets.
3. We welcome the sound performance of the Bank this year, with agreement on close to 400 new projects worth €9.5bn, operating assets growing to more than €30bn, and particular emphases on green investments and mobilised private investment. We also welcome the commitment to a flat real terms administrative budget, and reaffirm the importance of robust financial management, including the need to maintain the Cost-to-Income ratio within the parameters agreed by Governors in 2017.
4. The EBRD has been fundamental in supporting its countries of operations' efforts in working towards meeting the Sustainable Development Goals and COP21 commitments, driven by its strong private-sector focus and ability to mobilise significant private sector capital. We welcome the EBRD's continued activity within UK priority areas, including promoting economic prosperity through private capital mobilisation, job creation and inclusive growth, as well as developing financial sector resilience and supporting the growth of regional financial centres.
5. The UK is keen to foster strong partnerships with the EBRD in its countries of operation and to contribute its expertise in areas where the EBRD is scaling up its work, including the development of fintech regulation, the advancement of digital skills, support for developing sustainable cities and tackling flows of illicit finance. We support EBRD's continued leadership on climate issues and welcome the Bank's decision to stop financing coal projects. We continue to encourage the EBRD to align its operations with the COP21 Paris Agreement.
6. We appreciate the significant work undertaken since the meeting of Governors in Jordan last year, and support the Bank's ambition to scale up its investments over the medium-term, provided this is done by identifying new high-quality investments, and unlocking opportunities through policy dialogue to improve the business environment in countries of operation. The Bank should not compromise on additionality, the quality of projects, or its focus on the private sector in pursuit of investment targets. In this context, we welcome the Bank's commitment to more ambitious development targets and expect these to be raised further in the future.
7. The UK looks forward to the launch of the work to develop the next Strategic Capital Framework, to be considered for approval at the London 2020 Annual Meeting. Specifically, we support consideration of the potential strategic directions included within the five workstreams of the Resolution.

8. We support the EBRD's commitment to enhance its impact within the current region, while ensuring a strong focus on the highest quality investment and addressing the widest transition gaps in early transition countries. Over time, we expect this to result in a gradual decline of investment within advanced transition countries as transition gaps narrow. We continue to strongly encourage the Bank to ensure all its investments are judged to be taken on a sound commercial basis, providing maximum additionality in relation to other market players and we look forward to engaging in a constructive discussion of the EBRD's approach to graduation over the next Strategic Capital Framework period.
9. The UK believes there are substantial opportunities available for successful engagement within the Middle East and North Africa, and fully supports the Bank's preparations to extend its operations to remaining countries in the MENA region, including the prospect, in time, of operating in Iraq. The EBRD has already shown its ability to have a positive impact within the region, however should remain aware of the significant challenges that will be faced within potential new countries of operation, including the ability to find suitable investments. We hope the EBRD can bring its expertise to the entire region and work alongside the UK in areas of joint priority, to build on the work we are already doing for example in Jordan, Lebanon and the West Bank and Gaza.
10. We also support the careful consideration of limited and incremental expansion by the EBRD into new countries of operation, including the possibility of selected African countries. Any expansion should leverage the EBRD's comparative advantage within development financing work, specifically its private sector focus and public sector advisory abilities. Given this, we believe the EBRD's study should focus first on countries and sectors with the strongest links to the EBRD's current region of operation, and which are politically more stable with an established and functioning private sector.
11. In examining the potential case for geographical expansion, it will be important for the EBRD to demonstrate how it can genuinely add value and avoid unnecessary duplication in an increasingly complex system of multilateral development actors. Specifically, the EBRD should fully consider its offer in relation to and alongside the roles of existing actors including the African Development Bank (AfDB) and the World Bank Group (WBG). The EBRD's study will need to take account of the outcome of AfDB replenishment discussions, as well as consideration of related workstreams such as follow-up to the conclusions from the Eminent Persons Group and the ongoing work of the EU Wise Persons Group.
12. Finally, regarding the alternative options for utilising capital under consideration, our first priority should be robust financial management and maintaining the EBRD's long-standing AAA rating. While it is always prudent to consider the opportunity cost of any investment undertaken, our view is that as a well-performing non-concessional multilateral development bank that does not require regular replenishments, the EBRD continues to represent excellent value-for-money for the UK's shareholding.
13. We look forward to working collaboratively with our fellow shareholders and Management on this strategic work. Finally, we warmly welcome all Governors and Delegations to London for the 2020 Annual Meeting, where we will consider approval of the next Strategic Capital Framework.