AUSTRIA

EBRD Annual Meeting 2021

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Head of the Austrian Delegation

President Renaud-Basso,
Ladies and Gentlemen,

Let me start by thanking our new President Odile Renaud-Basso for the invitation to EBRD's Annual Meeting. Austria is convinced that under your leadership the Bank is in the best hands and we look forward to continue working with you. While we regret not being able to meet in person this year for the second time, we commend EBRD for the organisation of its second virtual Annual Meeting. We would like to express our gratitude and compliments to all involved in making this happen. Hopefully, progress in vaccinations across all EBRD member states will make a physical meeting in Morocco in 2022 possible, as I very much look forward to seeing you all in person again.

I would also like to take the opportunity to thank President Renaud-Basso for having navigated the EBRD through the past eight months, having taken over the Presidency in the midst of the second wave of the COVID-19 pandemic. From the Bank's continued and effective response to the pandemic it is already evident that you have shown sensible judgment concerning EBRD's operations and finances, and its staff and their wellbeing. We would also like to extend our warm welcome to Ms Véronique Salze-Lozac'h, who joined the Bank as the new Chief Evaluator and whose expertise will certainly serve the Bank during the current period of uncertainty and crisis.

Austria commends the EBRD in particular for being the first MDB to approve a COVID-19 crisis response package, providing early and well-targeted emergency liquidity and finance to mitigate the crisis through multiple channels. Similarly, the fact that the Bank was able to retain a net profit of EUR 0.3 billion in 2020 while keeping its triple-A Rating under such extremely challenging economic and financial circumstances is a major achievement. Following the successful implementation of its Solidarity Package in 2020, the Bank has provided much needed support for clients under distress, thereby cushioning the manifold negative consequences COVID-19 had on the Bank's countries of operation. Austria welcomes EBRD's role as such a counter-cyclical force for stability. Moreover, we appreciate that in 2020 EBRD approved its highest ever level of investment – EUR 11 billion – and that it concluded 411 projects with a private sector share of 72%. Austria especially applauds the particular attention paid to SMEs and Women, groups that were disproportionately affected by the crisis. Austria stands by EBRD in promoting equality of opportunity, especially in recognition of the social and economic consequences of COVID-19 affecting women unevenly and threatening to set back progress towards greater equality.

While we appreciate the otherwise highly vigorous response to the economic and health crisis, Austria notes that the share of activities contributing to a Green Economy Transition (GET) fell to a mere 29% in 2020. The fact that the economies in which the EBRD operates remain among the most energy and carbon intensive in the world continues to be a challenge, and Austria recognises the difficulty in identifying green finance projects during a period of economic hardship. However, we strongly encourage the Bank to undertake all efforts to not only increase the share of GET projects but also to decrease finance for the expansion of volume or extension of lifetime of carbon-intensive fossil-fuel projects in order to become the truly green transition bank it aims for.

Consequently, Austria supports the Resolution on Climate Ambition and the Bank's commitment to full alignment with the goals of the Paris Climate Agreement by 31 December 2022 through the introduction of a credible and science-based climate methodology, especially with regard to fossil fuels. Austria also encourages further climate action to ensure timely and effective operationalisation of EBRD's climate objectives as defined in the Strategic and Capital Framework (SCF) 2021-25. In this context, it will be especially vital for the Bank to step up policy dialogue and support for Nationally Determined Contributions (NDCs), Long-term Strategies (LTS) and sector-specific low carbon pathways in its countries of operations. We also encourage the Bank to align its methodology to relevant EU standards where reasonable and to deepen the dialogue with other MDBs in order to harmonize the methodology at MDB level.

Our common aim to achieve both the Sustainable Development Goals (SDG) and goals of the Paris Agreement will require bringing large volumes of private sector finance to the fore, and among the multilateral development banks, Austria regards EBRD, as one of the private sector-focused banks, instrumental for this important objective. A highlight in EBRD’s work hereto regarding is the Green Cities Program. We are proudly supporting EBRD as a donor in this program, which allows the Bank to leverage its considerable strength in municipal finance to help create the cities of the future.

This crisis can and should also be an opportunity: an opportunity for high-quality recovery that puts strong emphasis on the low-carbon transition, the digital transition and addressing inequality of opportunity, keeping in mind country-specific situations. Therefore, Austria welcomes the opportunity to discuss ways to foster a strong recovery and resilience towards future crises in the Bank’s countries of operation during this year’s plenary and beyond.

When it comes to the Bank’s future operations, I would also like to stress that Austria supports the Resolution on granting the EBRD the mandate to assess a limited and incremental expansion of EBRD operations into Sub-Saharan Africa and Iraq. This assessment should take place through a sequenced approach via the preparation of a status report to be discussed at the 2022 Annual Meeting. In principle, Austria supports the notion that in the right circumstances, the EBRD’s private sector focus, locally based business model and policy and investment offering might add value to countries in sub-Saharan Africa and Iraq and complement the work of other development actors. However, we would like to underline that any expansion should not impair EBRD support to existing countries, compromise the Bank’s triple-A rating, or lead to a capital increase. For example, we have seen that the current crisis has prompted the Czech Republic, a country that had already graduated from being an EBRD recipient country, to ask for re-engagement and reactivation of activities. This shows how severe crises can change the capital needs among the current membership and needs to be taken under consideration when assessing any form of expansion. Further, an expansion can only be successful if closely coordinated with and complementary to other MDBs, DFIs and the European Union in order to avoid overlapping. In that sense, future Governors' decisions should not be pre-empted by the preparatory work undertaken.

When it comes to the European Financial Architecture for Development (EFAD), Austria welcomes the decision to maintain the Status Quo while at the same time reinforcing complementarities and additionality, and fostering cooperation and coordination among European development finance actors. Austria invites the Bank to continue to play to its strengths, such as its private sector focus, its strong presence on the ground and its international shareholder base, thereby occupying a unique position within the European and global financial architecture.

Speaking of international membership, we would also like to mention that we welcome the fact that Iraq and the United Arab Emirates (UAE) have taken the first steps to become a member of the EBRD and we are looking forward to a fruitful collaboration in the future.

I would like to close by thanking the management, the Bank and its entire staff for their dedication and excellent work this past year under such challenging circumstances. The strong performance validates our confidence in the Bank, which is well placed to strive in the years ahead and be a main driver for a green, digital and inclusive recovery in its member countries. We look forward to close collaboration in years to come.