

AUSTRIA

Written Statement

EBRD Annual Meeting 2020
Harald Waiglein
Head of the Austrian Delegation

Acting President Rigterink,
Ladies and gentlemen,

Let me start by thanking Acting President Jürgen Rigterink for the invitation to EBRD's Annual Meeting. While we regret not being able to meet in person this year due to the unfortunate circumstances, we commend EBRD for the execution of its first virtual Annual Meeting and the preparations for the first virtual election of an EBRD President. We would like to express our gratitude and compliments to all involved in making this happen. The electronic vote will allow a fair process and us to decide between several exceptional candidates. Austria looks forward to working with the new President.

I would also like to thank the Acting President for having led EBRD and its staff through a demanding 6-month period. In responding to the pandemic, you have shown good judgment concerning EBRD's operations and finances, and its staff and their wellbeing. Supporting you in this endeavour were two new Vice Presidents, whom I would like to welcome warmly on this occasion. As Chief Financial Officer and as Chief Risk Officer, Soha El-Turky and Annemarie Straathof joined the management team just in time to support it in a critical period.

Austria applauds EBRD's swift and forceful COVID-19 action. The timely approval and successful execution of two Solidarity Packages supported the Bank's countries of operations in their economic crisis response and demonstrated EBRD's effective counter-cyclical role. It is encouraging that an over-proportional share of investments will help maintain and accelerate transition progress in Early Transition Countries. Moreover, we appreciate the rapid scale-up of trade finance promotion (TFP). In response to urgent demand, trade finance has grown to account for 20 percent of the Bank's overall investment volume. Austria is pleased to support this programme financially to further alleviate the economic impact in countries of operations.

What casts a shadow on the otherwise strong response is the currently low share of finance aligned with a Green Economy Transition (GET). While we recognize the difficulty in identifying green finance projects during an economic rescue period, we encourage EBRD to undertake all efforts during the economic recovery phase to increase the share of GET projects. More importantly, we discourage financing expanding the volume or extending the lifetime of carbon-intensive fossil fuel projects. It is critical for EBRD, as a green transition bank, to meet the aspiration it set for itself in the approval of the second solidarity package – to catalyse and mobilize finance for a "tilt to green".

EBRD's sizeable response to the economic aftermath of the pandemic was enabled by its strong capital position and its strong financial and operational performance in 2019. We commend EBRD for significantly

growing its business whilst preserving its financial sustainability. The Bank invested €10.1 billion through 452 projects. We are pleased that an unprecedented 46 percent was invested in projects that support a green economy transition and we would like the Bank to pursue this path. The development of the Bank's portfolio in the Western Balkans has always been of particular interest to Austria. We appreciate that, with an annual bank investment of €1.3 billion in 2019, a new record was set for EBRD investment in the Western Balkans. Another highlight of 2019 was the work to strengthen local capital markets and to encourage the use of local currencies in countries of operation. Last year, the Bank signed the equivalent of almost €2 billion in 137 local currency loan and bond transactions. During the same year, the Bank issued local currency bonds denominated or linked to 9 currencies of countries in which it invests for funding purposes. These excellent results are a testament to the special quality of the Bank, its Management and staff.

We also thank former EBRD President Sir Suma Chakrabarti, who partakes in credit for last year's results as well as for the Bank's accomplishments during his tenure between 2012 and 2020.

On the heels of the outstanding 2019 achievements, EBRD will be able to lend up to €13 billion annually under its Strategic and Capital Framework (SCF) 2021-2025. We are confident that this volume, which constitutes a considerable increase from the past, will assist in preserving and accelerating transition during the economic fallout of COVID-19. We trust in the Bank's assurance that even a combination of strong business growth in 2020 and a severe COVID-19 scenario will not cause excessive

pressure on the Bank's capital or liquidity.

Austria fully supports the SCF and its strategic priorities for the years 2021-2025. Among these priorities, we especially welcome a more systematic approach to the Green Economy Transition. Setting a target of 50 percent for projects supporting this transition reinforces EBRD's ambition to foster a low-carbon and climate-resilient economic transition and builds on green finance achievements in previous years.

Along with an overwhelming number of EBRD shareholders, we support the Bank's plan to have future projects fully aligned with the goals of the Paris Agreement as early as possible. In this regard, we encourage EBRD to aim for a policy that is aligned with global efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels. The 1.5 degrees Celsius limit is a significantly safer defence line against the worst impacts of a changing climate. As a signatory to the Paris Agreement, Austria signed on to this ambition and we would like to see it supported through the Bank's work.

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.

By the same token, Austria stands by EBRD in promoting equality of opportunity, especially in recognition of the social and economic consequences of COVID-19 affecting women disproportionately and threatening to set back progress towards greater equality. We consider

EBRD well positioned to support women in its countries of operation with access to finance, skills and services.

We commend EBRD on outlining an approach to enhanced mobilization of private sector finance in its SCF. It is widely acknowledged that the achievement of both the Sustainable Development Goals (SDG) and goals of the Paris Agreement will require bringing large volumes of private sector finance to the fore. Among the multilateral development banks, Austria regards EBRD, as one of the private sector-focused banks, instrumental for this important objective.

In all these endeavours, Austria invites the Bank to continue to play to its strengths and unique position within the European and global financial architecture.

One strength is its wide international shareholder base, which grew by one last year. On this occasion, we extend a warm welcome to its newest member, Algeria. We look 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 challenging circumstances. The strong performance validates our confidence in the Bank, which is well placed to strive in the years ahead. We look forward to close collaboration in years to come.