

CHINA

Written Statement of China by

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At the Virtual Annual Meeting of the EBRD

It's been a great pleasure, for me, to join the 2020 Annual Meeting of the EBRD, to better shape our joint response to COVID-19, with the purpose to underpinning the international confidence and defending the lifeline of most vulnerable countries. I would like to extend my sincere thanks to the meeting host, for its hard work and considerate arrangement.

Since the beginning of the year, the sudden shock of COVID-19 has taken a heavy toll on all countries around the globe. The global economy, particularly emerging and developing economies, is exposed to a series of challenges, including sharp decline in economic growth, volatile financial markets and sluggish trade investment. Against these unfavorable conditions, the EBRD has rightly stepped in, and made swift and continuous efforts to address the internal and external difficulties faced by its member countries. The EBRD doubled its efforts in its total investment portfolio including more projects in private sector and for small economies, a

big financing support not only to the economic and social development, but also to the industrial upgrading for those countries of operations. With the increasing number of member countries and geographic expansion, the EBRD has made its way to maximize the development impact.

China supports the EBRD in playing a bigger role in helping countries of operations to weather various risks and challenges. We encourage more resources to be channeled to the anti-pandemic efforts and most-needed livelihood projects, with further engagement of the Equity Participation Fund (EPF). Chinese financial institutions co-funded more projects and enhanced the third-party market cooperation with the EBRD. Last April, China-IMF Institute for Capacity Building (CICDC) and EBRD also organized the first joint workshop entitled “Holistic Sustainability in Infrastructure”, aimed at promoting connectivity cooperation in roads, power and communications, etc..

We concur with the thrust of the Strategic and Capital Framework 2021-2025 (SCF). Sufficient and sustainable development financing is key for EBRD to achieve its mission to help countries of operations carry out structural reforms, address infrastructure

weaknesses, and strike balance between environmental protection and economic development. We support the Bank's strategies of transition to a green, low carbon economy, promoting equality of opportunity, and accelerating the digital transition. Developing innovative financing instruments to drive climate investment, mobilizing private sector investment in low carbon economy, and supporting member countries' own efforts of NDCs implementation are priorities of EBRD's green agenda. We also encourage EBRD to further strengthen policy dialogues with clients, on securing effective project implementation, enhancing transformation influence and enterprise competitiveness, to achieve a shared regional prosperity.

To this end, we would like to make the following suggestions on the EBRD's future development:

First, strengthen international cooperation in the face of COVID-19, jointly fending off external shocks. No country is immune to the impact of the pandemic. We commend the EBRD for its investment in crisis relief, debt restructuring and technical assistance in combating the outbreak, which have contributed significantly to mitigating the impact of the pandemic, sustaining

economic development and restoring infrastructure in client countries. In the meanwhile, we support the Bank's continuous efforts to strengthen investment scale and channel the resources to the most vulnerable countries, through diversified co-financing, policy coordination with other MDBs, and pooling resources effectively, to improve the efficiency of development finance system and achieve economic recovery at an earlier date.

Second, promote Fintech innovation and accelerate digital transition. The EBRD is committed to developing innovative ways to foster transition and promote private and entrepreneurial initiative in its countries of operations. With rapid development of Fintech, financial services could be provided at lower costs and expanded access for more companies and larger population, and the coronavirus is also a catalyst for countries to transform to digital market and digital finance. The EBRD could make better use of the comparative advantages of Fintech to help enterprises enhance productivity, promote industrial structure upgrading, and thus enhance national economic vitality and realize economic recovery. China has accumulated experiences in using Fintech to reduce financial service costs and promote financial inclusion, and we are willing to share such experience with other EBRD member

countries.

Third, accelerate transition to a green, low-carbon economy , further conduct cooperation in green finance. We support the EBRD in prioritizing the green economy transition in the SCF. This approach builds on the EBRD's existing strong green finance activities and intends to increase impact through implementing an operational framework to align with the principles of international climate agreements, enhanced country and policy work and targeted thematic interventions. China has been advocating and promoting green finance for years. The "Belt and Road" Green Investment Principles (GIP), jointly launched by China and U.K., has received a positive echo from the EBRD. Last October, China also joined the European Union's Joint Statement on the International Platform for Sustainable Finance (ISPF), committed to the UN's 2030 Agenda for Sustainable Development Goals (SDGs). Looking forward, China will continue to implement the commitment to green and sustainable development, strengthen cooperation with other parties, and gradually promote the coordinated development of the EBRD strategy and the Paris Agreement.

Fourth, innovate investment channels to support SMEs.

Currently, about eighty-four percent of EBRD projects went to the SMEs of countries of operations, facilitating economic transition in Central Asia, Eastern Europe, the Caucasus, and the Balkans regions. The impact of the pandemic on SMEs is particularly hard, and we support the EBRD's adhering to the principle of investment, reinforcing its private sector focus by ensuring more than three-quarters of the total investment in the SCF period falling into the private sector. We expect EBRD to explore open financing channels on the supply side, innovate financial products, provide policy and short-term liquidity support, and introduce new driving forces for the long-term economic growth of countries of transitions.