

# DENMARK

**European Bank for Reconstruction and Development  
Annual Meeting 7-8 October 2020**

**Written Statement by  
Minister for Industry, Business and Financial Affairs  
Simon Kollerup  
Governor of the EBRD for Denmark**

Chair and Vice-Chairs, Governors, Acting President, Ladies and Gentlemen,

On behalf of Denmark, I have the honor of presenting my first written Governor's statement ahead of the 2020 Annual Meeting.

It is a great pleasure to see the agility with which the EBRD has supported its countries of operation through the devastating economic consequences of COVID-19. Identifying and delivering the right support while shifting to working remotely must have required an exceptional effort from the Bank's staff and everyone involved. Many thanks for that – and for keeping up the effort in coming months.

I welcome the recent progress, which have set the stage for the EBRD to make an even larger contribution to helping economies making a green transition. The world can only fend off climate disaster if all countries collaborate and contribute to the reduction in greenhouse gas emissions by aligning our national actions with the Paris Agreement. Denmark has set an ambitious target for a 70 % reduction of greenhouse gas emissions by 2030, relative to 1990-levels. It will be highly demanding for businesses, the government and all parts of Danish society to achieve this target, but it is necessary to secure the transition to a future-proof green economy.

I am very pleased to see the comprehensive approach taken with EBRD's Green Economy Transition 2.1, which is part of the Strategic and Capital Framework for 2021-25 prepared for this Annual Meeting. My hope is that the EBRD will be a force of change and help all its countries of operation in their green transition efforts. Some EBRD countries are relatively poor and need to find a path to higher incomes without the levels of pollution traditionally seen in rich countries. Other EBRD countries have grown rich based on fossil fuels and urgently need a green transition and a shift to more durable sources of growth for the future.

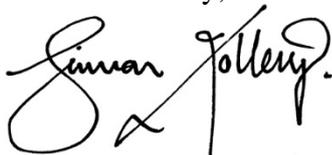
It is right for the Bank to support countries with policy dialogue to speed up reforms and to lead the way with concrete investments in green solutions ranging from renewable energy to food systems and circular economy. No country can save the Earth's climate alone, but by aligning ourselves with the Paris Agreement, we can – together – make a real difference.

The EBRD has shown a remarkable capacity to develop the private sector through innovative instruments such as lending in local currencies, thereby reducing the risk for companies that expand and create jobs. Through this and other measures, the Bank can make an important contribution to develop the kind of private sector that answers to the needs of people everywhere: a private sector that treats workers well, is inclusive, etc.

In many ways, history since the EBRD's establishment in the early 1990s shows that big transitions can be achieved. Some countries of operation have seen income per capita more than double – nearly triple over the past 30 years. Yet we owe it to the less advanced transition countries to keep up our efforts for them to succeed as well. A modern private sector providing good jobs and opportunities for workers can only develop if sound institutions and good governance are in place. This insight was explicitly build into the Bank's purpose when formulated 30 years ago, saying it should operate in "countries committed to and applying the principles of multiparty democracy, pluralism and market economics." Recent developments in Belarus is a timely reminder that these principles are still highly relevant. In the strategy period 2021-25, the EBRD should renew its efforts to promote strong institutions and good governance. Corruption, tax avoidance or oppression of a political opposition is neither good for growth, nor should it be permissible if a country wants economic support from the EBRD.

Looking ahead, the Strategic and Capital Framework 2021-25, which the Bank is set to adopt at this Annual Meeting, does not imply any decision on further geographical expansion. As we return to this issue at future Annual Meetings, it is essential to focus on where and how the EBRD would have a comparative advantage relative to other institutions. The first priority for deploying spare capital should be in the existing countries of operation and countries within the Bank's current mandate in the SEMED-region. Spreading the Bank's limited resources over a much wider geographical area in Sub-Saharan Africa could endanger an efficient business model with a healthy cost-to-income ratio. As such, I see it as paramount that we ensure that the EBRD's business model remains sustainable, so the EBRD can continue to be a positive force of change.

Yours sincerely,



Simon Kollerup

Minister for Industry, Business and Financial Affairs  
Governor of the EBRD for Denmark