

IRELAND

**Statement on behalf of the Governor for Ireland, the Minister for Finance and
Public Expenditure and Reform,
Mr Paschal Donohoe T.D.**

European Bank for Reconstruction and Development (EBRD) Annual Meeting

Jordan, 08-10 May 2018

Introduction

This statement is submitted on behalf of the Irish Governor, the Minister for Finance and Public Expenditure and Reform, Mr Paschal Donohoe T.D.

The Minister would like to thank the Jordanian Governor and Minister of Planning and International Cooperation Mr. Imad Najib Fakhoury for hosting this meeting. The Minister would also like to convey his thanks to the organisers of the Annual Meeting and to the dedicated staff of the EBRD secretariat in London for their ongoing work for the Bank's shareholders and clients.

This twenty-seventh Annual Meeting of the Board of Governors comes at a time of reflection on the role and future direction of the Bank. As we consider the monumental effort that will be required to achieve the SDGs and the COP21 commitments, together with the ongoing work of G20 Eminent Persons Group on Global Financial Governance, it is clear that the global and European financial architecture is in a state of flux. Looking to the future, there are undoubtedly challenges in sight. However, the Bank has repeatedly shown itself to be adept in responding to new challenges and we are confident it can continue to do this in the future.

The Bank can certainly be proud of what it has achieved in relation to its original mandate of promoting the economic and systemic transformation of Central and Eastern Europe. In fact, 2017 was an impressive year for the EBRD, given that it exceeded the record for annual lending volumes and also reached the milestone of 5000 projects implemented since the Bank was established in 1991. However, we would emphasise that the ultimate success or failure of the EBRD will not be

determined by lending volumes or the number of projects, but by the quality of the Bank's lending in terms of maximising transition impact.

Ireland and the EBRD

Ireland continues to be an important source of foreign direct investment in the EBRD's countries of operations. The value of joint Ireland-EBRD investment stood at €3.1 billion as of September 2017. Ireland-EBRD investment has been strong in Poland with 63 per cent of joint investments; followed by Hungary at 19 per cent and regional joint investments at 18 per cent. Broken down by industry, joint Ireland-EBRD investment has been 53 per cent in industry, commerce and agribusiness; 19 per cent in energy; 15 per cent in infrastructure; and 13 per cent in financial institutions.

Irish banks are also involved in the Trade Facilitation Programme (TFP), through which the EBRD guarantees the payment of trade finance instruments (such as letters of credit or payment guarantees) issued by banks in EBRD countries of operation to foreign confirming banks. Through the Programme, the EBRD has supported 42 export and import transactions of Irish companies totalling €15.3 billion. Of the over 800 foreign confirming banks and bank branches that participate in the Programme, five are either Irish or branches of major international banks based in Ireland.

EBRD Membership and Operations

Ireland is pleased that the Board of Governors recently approved the membership of India, making it the sixty-ninth member of the EBRD. We also welcome the launch of engagement in Lebanon, the West Bank and Gaza. The Bank's recent investment in several projects in Lebanon, the West Bank and Gaza is an important signal of the EBRD's ongoing commitment to promote and support the development of the private sector in this region.

While we welcome the Bank's achievements in this regard, Ireland believes that the EBRD should take a cautious approach to further geographic expansion. Over the past twelve years the EBRD has expanded its original region of operations on four separate occasions. The Bank has done much good work to help secure development in new countries of operations such as Kosovo, Jordan and Greece. We believe that

the EBRD should focus on both intensifying its work in these countries and deepening its engagement in the EU neighbourhood before considering further geographic expansion. In particular, it is important to look at how the Bank can continue to improve delivery in terms of transition, SDGs and the urgent climate challenges in these existing regions.

Greece

Ireland recognises the success of the EBRD's operations in Greece. We congratulate management on achieving €614m of investment in Greece in 2017. This is a valuable example of where the EBRD has proven particularly adept at strengthening the role of the private sector, having invested over €1.5bn in Greek private companies since beginning operations there in 2015. We welcome the request of the Greek government to extend its temporary recipient country status to 2025 and look forward to discussing the proposal later in the year.

Climate Change

Ireland supports the Bank's efforts to promote environmental sustainability and combat climate change through the implementation of the Green Economy Transition approach. We particularly welcome the fact that the EBRD achieved 43 per cent of investment in the Green Economy Transition in 2017. The fact that the Bank has already exceeded its goal of investing at least 40 per cent of the Annual Bank Investment in Green Economy investments by 2020 is a welcome indication of the EBRD's ambition and demonstrates that the Bank views this target as the minimum acceptable rather than a ceiling. We strongly encourage the EBRD to sustain this momentum and continue to support green financing with increasing vigour.

Bank Results

Ireland took note of the financial results of the EBRD in 2017 and congratulates the Bank on its continued profitability. The mixed economic context of the Banks region should continue to inform a cautious approach by the Bank to its planning in the coming year. The Bank should maintain a healthy level of investment in EU countries

of operation to ensure a balanced risk profile given the high level of risk in some regions.

Ireland also supports the continued drive for efficiency within the EBRD. We welcome the fact that the Bank's Operational Effectiveness and Efficiency programme has realised £10 million in savings to date and encourage the Bank to maintain this internal efficiency.

Conclusion

The Annual Meeting of the EBRD is a reminder of what can be achieved when countries work together. With an Irish representative now in the role of Director to the EBRD, Ireland looks forward to continuing to support and contribute to the work of the Bank in the coming year.