

EUROPEAN UNION

WRITTEN STATEMENT - EBRD ANNUAL MEETING - 7 OCTOBER 2020

STATEMENT BY EXECUTIVE VICE-PRESIDENT VALDIS DOMBROVSKIS

Governor for the European Union

1. The European Union (EU) is grateful to the European Bank for Reconstruction and Development (EBRD) and for the hard work of the EBRD staff, Board and Management that has allowed the 2020 Annual Meeting to be held in a virtual format in the midst of the COVID-19 pandemic.
2. The COVID-19 pandemic presents an unprecedented challenge to the people and economies of Europe, its Neighbourhood and the wider world. The pandemic is far from over, and it is critical that the EBRD focusses its efforts on supporting all of its countries of operation that are committed to and applying the principles of multiparty democracy, pluralism and market economics, as they deal with the economic and social impacts of COVID-19.
3. The EBRD delivered another strong year of performance in 2019, meeting its transition objectives, while remaining profitable, and producing a record year of investment.
4. Throughout 2019 the EU-EBRD engagement has both broadened and deepened. In 2019 the EU provided over EUR 378 million in support of EBRD activities and accounted for 50% of the EBRD's donor funding. This support helped deliver transition priorities throughout the Bank's countries of operation. The EBRD's local outreach and business model combined with the support of the EU budget have also supported the mobilisation of private sector financing both within and outside the EU. The EU counts on the EBRD complementing EU actions in EBRD countries of operation through its values-based approach, financial strength, private sector focus and experience in policy dialogue, including in support of the Team Europe response to COVID-19.
5. The EU supports the EBRD's Strategic and Capital Framework (SCF) 2021-2025 and welcomes the three cross cutting themes of (i) green transition, (ii) equality of opportunity, and (iii) digital transition, which fit well with the EU's own policy objectives and recovery strategy.
6. In implementing the SCF the EU considers it important for the EBRD to capitalise on its comparative advantages relative to other international financial institutions by working in close partnership with them, and in particular with the European Investment Bank.
7. The EU welcomes that the SCF will take effect alongside the EBRD's Green Economy Transition (GET) Approach 2021-2025, approved by the Bank's Board of Directors earlier this year. In particular, the EU welcomes the goal for over 50% of EBRD financing to be in the form of green economy financing by 2025 and the path that has been set towards enabling EBRD operations to become fully aligned with the Paris Agreement. The EU encourages the EBRD to remain ambitious in both of these areas, and to reflect the EU taxonomy for sustainable finance in the assessment of its activities. The EU also looks forward to an increased cooperation with the EBRD under the European Green Deal, the EU's plan to reach climate neutrality by 2050 by turning climate and environmental challenges into opportunities, and making the transition just and inclusive for all.
8. The EU welcomes the SCF's reaffirmation that the decision on when to graduate from EBRD resources is for each country of operation to make. In this context, the EU supports the EBRD's plans to develop an enhanced Post-Graduation Operational Approach to allow for strengthened

support to any country that may decide to graduate while reinforcing the ability of a graduating country to return to receiving EBRD resources in times of crisis.

9. The EU continues to support the EBRD's potential expansion into new countries in its Southern and Eastern Mediterranean region that are already within the geographic scope of the Bank's mandate and hopes to see new members and countries of operation from this region as soon as possible. In this context, the EU welcomes the decision of the Board of Governors in July 2020 to admit Algeria as a member of the EBRD.
10. The EU welcomes the EBRD's affirmation of its continuing strategic interest in exploring potential future options for limited and incremental expansion into a select number of African and other countries that are closely integrated with the Bank's present geographical scope. Governors are expected to return to this question in the review of the SCF due to take place at the EBRD's 2022 Annual Meeting, once the full impact of the COVID-19 pandemic and the outcome of discussions on the European Financial Architecture for Development, are clearer. In the meantime, the EU supports the request for membership from Iraq.
11. Looking forward, 2020 and 2021 will remain challenging years for the EBRD and its countries of operation. The response of the Bank to the COVID-19 pandemic through its COVID-19 Solidarity Packages and Resilience Framework has been both fast and effective in supporting existing clients. In the initial years of the SCF, it is key that the EBRD continues to focus on supporting its clients to deal with the impact of the crisis while helping them to continue lending, investing and adjusting in order to emerge faster and stronger from this shock. Support via equity investments and trade financing for small and medium enterprises are examples of EBRD's expertise that are particularly relevant for the response to the economic impact of COVID-19. The pandemic has also shown the need to invest in the Bank's staff and IT infrastructure. Adequate resourcing to deliver the SCF, accompanied by prioritisation and efficiency, will hence be crucial aspects of the EBRD's Strategy Implementation Plans (SIPs) that will be decided upon annually by the EBRD Board of Directors.
12. The EU welcomes that the Bank has the capital needed to deliver its mandate and support transition in its countries of operation throughout the five-year period of the SCF, and affirms the importance it attaches to the EBRD's AAA rating, which is underpinned by shareholders' strong support.
13. As EBRD continues to deliver its transition mandate, the highest operational standards should be upheld, including ensuring that EBRD projects are consistent with the highest EU and international standards including in areas such as tax good governance, anti-money laundering, procurement and international trade.
14. The EU is confident that the EBRD can take advantage of the opportunities for joint cooperation in the years ahead as the Bank implements its SCF and further EU support becomes available through the EU's Multiannual Financial Framework (MFF).