

ITALY

Statement by Ms Gelsomina Vigliotti

Alternate Governor for Italy

EBRD Annual Meeting

7-8 October 2020

On behalf of Italy, I would like to thank the Management and the whole staff of the Bank for their professionalism and unceasing efforts to organise the Annual Meeting under current circumstances.

This is the worst period for the world economy; the COVID-19 pandemic caught us all off guard, hitting hard our citizens, our families and putting at risk the prosperity of our economies, while also deeply changing our way of living.

All our countries of operation are suffering from the health crisis as well as its economic and social consequences, following the decrease in global demand, the disruption of global supply chains, and the unavoidable breakdown of global travel.

Thanks to its business model and the network of regional offices, and first of all to the extraordinary dedication of its people, the Bank has been able to overcome the hurdles posed by the pandemic and provide a swift and flexible response, with the two-phased Solidarity Package.

This exceptional situation requires actions to be taken at all levels: national, regional and global. As the crisis has proved to be global, so must be the answer. Increased coordination is needed between governments as well as between international financial institutions, so as to provide a joint, bold response and resume from the crisis together towards a pattern of growth more inclusive, green and digital

Under current circumstances, the EBRD needs to enhance cooperation both with the other MDBs and with the EU and EIB. In fighting against the global pandemic and its economic consequences, the role of the MDBs – working as a system and according to their respective comparative advantages – is key to address global challenges and achieve transformative impact encompassing health, economic, social and environmental objectives.

Last year, when we launched an in-depth discussion on the longer-term future of the Bank, we could not have anticipated the dramatic turn of events.

Nevertheless, thanks to the proactive and flexible approach adopted during the preparatory work for the Strategic and Capital Framework 2021-2025, we have been able to react promptly and recalibrate the SCF in the light of current uncertainties.

I commend the efforts made by all shareholders to build consensus on a document that fairly balances key strategic aspirations of the Bank with the needs imposed by the crisis affecting our Region.

I particularly appreciate the emphasis on tackling inequalities, promoting good governance, and enhancing mobilisation. I also concur with the strong push to the green agenda reflected in the ambitious GET 2.1 Approach.

The Bank has gained an impressive expertise and built a solid network of partners for the financing of green projects. We welcome the new strategy commitments as a key driver to avoid potential reversals in the green agenda and help build better post-crisis.

As an Institution created and shaped to help the development of the private sector, the EBRD is best positioned to attract private capital into its countries of operation; while current market conditions may represent a hurdle here, too, we

encourage the Bank to keep mobilisation of private finance at the core of the activity looking forward.

Good governance is a prerequisite for a vibrant private sector: now more than ever policy dialogue is essential, to make sure our countries of operation continue to be attractive to domestic and foreign investors. The Bank's growing expertise in investment climate, and the setting up of investment councils with government and private sector representatives, can help our clients to achieve fundamental progress on this aspect.

In order for the Bank to remain strong and effective, we have to preserve its unique transition mandate.

The Bank's activity is based on transition needs; efforts should now concentrate on current countries of operation, starting with the less advanced ones, because of the risks of transition reversal stemming from to the current crisis.

In the longer term, closing transition gaps and helping countries graduate is a core objective of the Institution. Graduation is a successful achievement, as long as it is based on a shared and participatory process, while also taking into account the continuous shifts in additionality and transition impact.

Countries that are more advanced on the path to graduation need to be accompanied through the journey, so as to maintain a sense of belonging to the Institution. This is why it is important to design pre- and post-graduation tools, providing for assistance with a gradual and diversified approach, while ensuring the focus on areas of additionality. This time of crisis has also taught us that we have to keep the option open for re-engagement after graduation, when unexpected events risk jeopardizing achievements. I look forward to contributing to the debate on the Post-Graduation Operational Approach at the SCF mid-term review in 2022 (or 2023 at the latest).

Over the SCF horizon, we could also resume our discussion on a possible geographic expansion of the Bank's activity, notably in a number of selected Sub-Saharan countries. I see this as a strategic long-term objective for the Bank, with the potential of widening business opportunities and knowledge sharing, while also accounting for the increasing economic linkages of the region with our countries of operation. The EBRD could also efficiently complement with its expertise the activities of other institutions present there.

Let me conclude by stating that Italy is a proud shareholder of the EBRD. We strongly value the multilateral character of an Institution created as a political joint venture between Europeans and non-Europeans on the future of the European continent and of its neighbourhood. We are more than ever committed to building on this strategic partnership to deliver on the Bank's mandate and principles.

I reiterate our continuous support and wish every success to the incoming President for the challenges ahead.

I look forward to meeting you in person at the Annual Meeting in 2021.