

MALTA

2020 Annual Meeting of the European Bank for Reconstruction and Development

Statement by Prof Edward Scicluna, Governor for Malta

7- 8 October 2020

It is always an honour for me to participate in the Annual Meeting of the European Bank of Reconstruction and Development (EBRD). I take this opportunity to thank the organisers for their consummate efforts and ability in arranging a meeting in virtual format despite the considerable logistical difficulties.

Malta acknowledges that the 2020 Annual Meeting is especially important for the future course of the EBRD in providing an opportunity to mark a new stage in leadership through the election of the next President and also to determine the next Strategic and Capital Framework (SCF) for the next five years.

I take this opportunity to express my gratitude to Sir Suma Chakrabarti for his sterling leadership of the Bank since assuming the presidency. Over the past eight years, the EBRD has moved forcefully to meet several on-going challenges, among which, are the Bank's commitment towards combatting climate change and its strong support for green investments. The EBRD's work at eradicating barriers to equal opportunities for women and other minorities, and its determination at enhancing democratic institutions have been also at the forefront of EBRD's efforts. Indeed, Sir Suma has been an instrumental figure throughout this period, and I wish him every success in all his future endeavours.

This year's EBRD Annual meeting is taking place against the backdrop of the ongoing COVID-19 pandemic and its fallout, which is expected to be of unprecedented proportions within the last century. I would like to express my sympathy and solidarity on behalf of the Government of Malta for the loss of human life and the immense suffering caused by the virus.

Certainly, the incoming EBRD President will face a distinct challenge. Although the effects of the COVID-19 pandemic have been diverse across countries, both among developing countries and the world's advanced economies, its blight over the world's global economy and correspondingly international trade, and particularly travel and tourism, has been such as to leave no country unscathed.

The EBRD's rapid response to the outbreak of COVID-19 is commendable – in particular the unveiling of its Solidarity Package earlier this year which promises to provide emergency financial support and policy advice to existing clients that have been experiencing temporary liquidity and working capital needs due to the pandemic. Since this initial response, the EBRD has further strengthened its pledge to provide aid to its regions via the provision of support, totaling up to €21 billion by end-2021.

I also applaud the Bank's actions in beginning to prepare countries for a resilient and sustainable economic recovery in the aftermath of the pandemic, one which respects the Bank's commitment to a low carbon economy. However, this may represent a slow and arduous process especially given the exceptional downside risks which continue to prevail.

Turning back towards the more regular business of the Bank, we welcome San Marino and Algeria as new official members of the EBRD. We are pleased to note that Libya, another country from the Southern and Eastern Mediterranean (SEMED) region, has joined the Bank as its 71st shareholder. We are also confident that the cooperation between new partners and the EBRD will be beneficial for all parties. To this end, Malta supports the Bank's ambition to engage in new countries in the region while ensuring that current Bank engagements and commitments are not endangered.

Guided by its transition qualities and the commitments made in the Strategic Implementation Plan in 2019, the EBRD recorded a year of impressive financial and operational performance despite a difficult operating period. Particularly remarkable features include a total annual investment in excess of €10 billion and a rise in EBRD net profit by over €1 billion to €1.4 billion compared to 2018.

Likewise, I would like to congratulate the EBRD for remaining at the forefront of climate and environmental action, not only surpassing its ambitious target of a 40% share of total investments directed towards green initiatives, but also for successfully launching the world's first dedicated climate resilience bond. Building on the Bank's successful investment performance since the launch of the Bank's Green Economy Transition approach five years ago, Malta looks forward to seeing the EBRD's ambition to become a majority green bank by 2025 come to fruition. We cannot overlook the crucial importance of joint action by Multilateral Development Banks (MDBs) and other institutions in tackling the challenges of climate change. In this regard, we commend the EBRD and other MDBs, for enhancing their cooperation at COP25 in areas including climate finance, just transition, and carbon pricing.

We look forward to the final stage of the global cycle of climate planning at COP26 in Glasgow in 2021 when the agenda for the next five years, targeting even more ambitious goals, will be set. Despite these praiseworthy achievements, however, the international community should demonstrate stronger determination when addressing the ever-increasing impact of climate change and to achieve the Sustainable Development Goals (SDGs). Regrettably, the setbacks caused by the fallout from the virus will place an enormous burden on countries, particularly low-income countries, which were already struggling to meet their SDGs even before the pandemic.

Doing more will be a key theme as the EBRD moves towards the SCF 2021-2025 which lays out the Bank's strategic aspirations going forward. We note with satisfaction that the SCF confirms that for the next five years, the EBRD has sufficient capital to support its ambitions to enhance both the quantity and the quality of its work in its countries of operation, without jeopardising the Bank's AAA status. It is encouraging to note that the Bank will implement the next SCF within a control framework of parameters for transition, capital and resource efficiency.

On behalf of the Government of Malta, I wish to thank Sir Suma, as well as EBRD staff, management and Directors for their hard work. The last year has included many achievements for the Bank and for that, we are grateful. The Government of Malta reaffirms its strong support for EBRD's policy initiatives and strategies in order to mitigate the impact of COVID-19 and promote recovery in addition to its continued pursuit of its pre-pandemic objectives.