

MOLDOVA

STATEMENT BY MR OCTAVIAN ARMAȘU, ALTERNATE GOVERNOR FOR MOLDOVA

On behalf of the Republic of Moldova, I would like to avail myself of this opportunity to greet all the participants at the EBRD 2020 Annual Meeting, and to address special thanks to the EBRD for succeeding to join all its members and stakeholders in a new, but at the same time, very common, lately, format for majority of us.

Nowadays, when the entire world is withstanding the current Covid-19 pandemic challenge and its negative economic consequences, the role of multilateral development partners, and namely of the EBRD is emphasized more than ever. In this respect, we strongly believe that the EBRD 2020 Annual Meeting is going to bring in front of us a good example of how merged efforts and timely provided reliable support could create the prerequisites for recovery from outlined crisis.

The EBRD remains one of the most important development partners for the Republic of Moldova, which contributes to the development of both the private sector through financing and consulting projects, and the policy dialogue aimed at increasing the transparency of the banking sector. Since the start of its operations in our country, the Bank has invested over €1.3 billion in 134 projects in Moldova's financial, agribusiness, energy, infrastructure and manufacturing sectors.

An illustration of effective collaboration with the EBRD are the major infrastructure projects aiming at ensuring the natural gas and electricity interconnections between Moldova and the EU. Thus, by acquiring a stake in local gas transmission company the EBRD is contributing to strengthening Moldova's energy security and is supporting our country to diversify its energy sources. We are confident that the implementation of these type of projects are prompting the integration of Moldova into the regional competitive energy markets, to the benefit of the final consumers.

In the context of implementing the EBRD Country Strategy for 2017-2022, the Republic of Moldova is working with the EBRD to restructure and increase the resilience of the domestic banking sector. The presence of the EBRD as a shareholder in the banking sector contributes to improving corporate governance, which complements the Moldovan authorities' efforts to admit only quality shareholders to the sector, which fully meet the criteria of good repute and professionalism.

The aforementioned projects do not represent the whole activity of the EBRD in our country, these are just the most prominent ones which perfectly reflect the level of the EBRD engagement to advance transition of our country to a sustainable market economy.

On this background, we highly appreciate the extensive work performed by the EBRD Management and Staff in designing and developing the new Strategic and Capital Framework (SCF) for 2021-2025, which outline the way of achieving the future mid-term strategic aspirations of the Bank.

In this context, we would like to express consent to the newly developed SCF. On a special note, we welcome the Bank's strong commitment, endorsed in this document, to enhance further its efforts through combining policy engagement and increased investment activity with an aim to support the Early Transition Countries, i.e. the countries, which are less advanced in complying with transition qualities.

Moreover, we agree with the flexible and adaptive approach undertaken by the Bank when developing its new strategic document in the current complex and uncertain environment caused by Covid-19. Thus, we welcome the EBRD's focus to respond to the Covid-19 crisis by approving two Solidarity Packages that set out the exceptional and innovative measures to address short-term needs in partner banks, small and medium-sized enterprises and infrastructure providers for clients and countries of operations that will be supported in the early part of the SCF period.

As regards, the possibility of expanding of the EBRD mandate beyond its current geographical scope, we believe that any future option addressing this issue shall initially take into account the impact on the current countries of operations. We strongly support that the Bank should maintain its business model and the principles of additionality and sound banking should remain intact, thus, while considering potential engagement with new countries of operations, level of security must be considered.

We believe that existing countries of operation present further opportunities and enough potential to increase and strengthen the Bank's capabilities and we support enhancing both the quantitative and qualitative dimensions of Bank's work, and consequently transition impact in countries of operations.

We appreciate themes of transition to a green, low carbon economy, technology focus and promoting equal opportunities, and expect EBRD to continue to adapt to the changing circumstances in the countries of operation, to stay relevant and flexible enough to respond to country's' specific needs.

We acknowledge that the increase of capacity and resilience of the EBRD can be achieved only through the modernisation of the Bank and replenishment of additional financial and human resources.

Additionally, we consider important that any return of capital, if the case, should not lead to perception of reduced shareholder support for Bank and countries of operation. To avoid negative perception, instead of distributing dividends to members, we believe that the Bank should further explore other options, such as increasing technical assistance activities as a complementary resource for Bank's financed projects via capital accumulation.

To conclude, I want to reassure the EBRD and our partners about the strong commitment of Republic of Moldova to continue the process of sustainable development towards a fully functioning market economy.