

DENMARK



**MINISTRY OF INDUSTRY, BUSINESS
AND FINANCIAL AFFAIRS**

**European Bank for Reconstruction and Development
Annual Meeting in Cyprus, 10 May 2017
Written Statement by Minister for Business, Industries and Financial
Affairs Brian Mikkelsen,
Governor of the EBRD for Denmark**

**MINISTER FOR INDUSTRY,
BUSINESS AND FINANCIAL
AFFAIRS**

Mr Chairman, Governors, Mr President, Ladies and Gentlemen,

On behalf of Denmark, I have the honour and great pleasure to present our written statement on the eve of the 2017 Annual Meeting in Cyprus.

Last year, the EBRD celebrated its 25th Anniversary at the Annual Meeting. On this occasion, the EBRD's important achievements in supporting the transition from Communism towards multiparty democracy and market economy were marked.

In the statement this year I will focus on the main lessons learned and discuss the new challenges which will be important for the EBRD to address in the coming years.

Over the years, the EBRD region of operation has grown and the countries of operations (COO) now include Turkey, the Southern and Eastern Mediterranean (SEMED) countries, Mongolia and, on a temporary basis, Greece and Cyprus. We are pleased with EBRD's efforts to help secure development in the new COOs and we believe that focus should be on further developing and intensifying projects in these countries. We find that the focus on developing the private sector in the COOs is essential, and this is where the Bank has its special competence compared to other Multilateral Development Banks (MDB).

Furthermore, there is still important work to do for the EBRD in the EU countries of operation. In the Advanced Transition Countries (ATC) in Central Europe and the Baltics, there are transition gaps as pointed out in the different country strategies. In particular, there will be a need for new projects to develop capital markets in the field of energy efficiency and energy security to support the green economy and the fight against climate change. At the same time, these projects will help to diversify the Bank's strategic portfolio management.

A further lesson for the future development is the need to build on Article 1 of the AEB. To secure transition, the commitment to multiparty democracy and market economy is an important element. At the same time, the policy dialogue carried out by the EBRD has demonstrated its importance for setting the reform agendas in the COOs and developing the rule of law

**MINISTRY OF INDUSTRY,
BUSINESS AND FINANCIAL
AFFAIRS**

Slotsholmsgade 10-12
1015 Copenhagen K
Denmark

Tlf. +45 33 92 33 50
Fax. +45 33 12 37 78
CVR-nr. 10092485
EAN nr. 5798000026001
em@em.dk
www.em.dk

and support the fight against corruption. In many countries, this is a key issue in developing the market economy and private sector.

We are very supportive of the new transition concept to foster sustainable market economies with the six qualities: competitive, well-governed, green, inclusive, resilient and integrated. We think that the new transition concept will help to define more clearly what transition is, and we look forward to the implementation of the new transition concept. This will secure more transparency in the transition process.

Looking forward to the coming years, it must be a priority that the EBRD's operations focus on the areas where the Bank has its special competences, especially in the development of the private sector, energy sector and green economy and the work on local currencies, capital markets and the financial sector. We consider it important that the different MDBs work together in a coordinated manner to avoid duplication of work. We note with satisfaction that the EBRD shares this viewpoint.

There are, though, major challenges ahead for the EBRD's work. The geopolitical situation is one risk factor, which can influence future operations. It is important that the EBRD's strategy diversifies its portfolio and continues to develop its work on risk management and stress tests.

Another challenge is the pressure on income generation for the EBRD, which is key to having sufficient capital for future activities. We support the ongoing work on, and analysis of, income generation and look forward to discussing further the conclusions to be drawn.

We support the work being done on cost savings in the EBRD in order to reinforce the promise of a flat budget for 2017/18. The implementation of the Operational Effectiveness and Efficiency (OE&E) programme plays a key role in this work and we look forward to learning more about the results of this effort.

Finally, let me thank the President, management and all the staff for their excellent work in a challenging business environment.

I would like to finish by expressing my special thanks to Cyprus for arranging the Annual Meeting this year.

Yours sincerely,

Brian Mikkelsen