

EUROPEAN UNION

WRITTEN STATEMENT

EBRD ANNUAL MEETING

Nicosia 10 MAY 2017

STATEMENT BY MS KERSTIN JORNA

Temporary Alternate Governor for the European Union

The European Bank for Reconstruction and Development's role - in fostering transition towards open market-oriented economies and promoting private and entrepreneurial initiative in countries committed to and applying the principles of multiparty democracy, pluralism and market economics - is as important today as ever.

In delivering its mandate the EBRD should adopt a more-for-more approach by supporting most of those countries that are committed to and applying these principles.

The new transition concept adopted by the EBRD in 2016 defines a well-functioning market economy as being competitive, inclusive, well-governed, green, resilient, and integrated. It is important that clear targets are set as the Bank seeks to support its countries of operation meet these six characteristics of transition. To this end, the target of increasing the volume of the green financing to 40 percent of EBRD annual business investment by 2020 is a positive step, as too is the adoption of a new Economic Inclusion Strategy by the Bank. A strategic approach to the other transition components would be a positive next step.

The European Union and EBRD are important Partners both in EU Member States and the Neighbourhood. It is important that this co-operation is strengthened, alongside the EIB, throughout the Bank's countries of operations.

Inside the EU, the EBRD has an important role to play in mobilising private sector financing, supporting project promoters and SMEs through advisory services and assisting in the creation of an investment friendly environment through policy and structural reforms. These are core elements of our Investment Plan for Europe. In this context, we welcome the conclusion of the agreement between the EBRD, the EIB and the Commission on the provision of Small Business Support Advisory Services in Bulgaria, Romania and Greece under the umbrella of the European Investment Advisory Hub. It is clear that a number of challenges and opportunities exist in EU countries that will need to be assessed in the light of EBRD's new transition concept. To address these challenges in an effective way, the Commission intends to work actively with the EBRD and EIB, in order to strengthen further cooperation.

In the Neighbourhood countries, the EBRD's extensive experience in crowding in private sector investments in difficult environments make it an invaluable partner in the design and delivery of the External Investment Plan and will be an important area of enhanced cooperation over the coming year. Priorities for the EU are to continue strong engagement and co-operation in Ukraine, and to make a positive contribution through its refugee response package in Jordan and Turkey.

Many of the impressive achievements by the Bank have been supported and made possible not only by Shareholders but also through cooperation with Donors. The EU has been working together with the EBRD as a donor from the very beginning and contributed 289 million euros to Bank activities in 2016, up 61% on the year before, and accounting for 65% of the Bank's total donor funds. Blending Instruments, Policy Dialogue, and co-operation between the Bank and EU on economic and reform diagnostics in countries of operation will be key areas for engagement going forward.

It is important that the Bank takes full account of EU and international policy developments and related requirements in the area of transparent and fair taxation. This is a key EU priority, and we urge the EBRD to review its domiciliation Policy early in 2018.

Overall, the Bank has performed strongly in fulfilling its transition mandate through the delivery of sound investments and enhanced policy dialogue across its region of operations, in line with the priorities of the 2016-2020 Strategic and Capital Framework. It is well placed to continue to be successful in the years ahead.