

GEORGIA

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Dimitry Kumsishvili, Governor

First Vice Prime Minister, Minister of Finance

Let me express my pleasure to participate in the Annual Meeting of the European Bank for Reconstruction and Development (EBRD) in Cyprus. Holding Annual Meeting here in Cyprus shows how EBRD supports its recipient countries and how important it is to share the bank's experience to these countries for getting closer to the global economy.

After 26 years of its creation EBRD once more confirmed that it is reliable organization for all its allies. It remains a valuable partner for the countries of operation. Conditions are changing, but EBRD adjusts and finds its important role in the new world. We believe that, as it is a case today, the voice of the countries of operations will always be heard and the Bank adjusts its strategy accordingly.

In 2016 the bank managed to maintain the previous years' record set of investment despite the global slowdown of economic growth and political volatility. Since its creation the bank invested 110 billion euros in 4,500 projects. The bank's successful operation is affirmed by its net profit which in 2016 was approximately 25% higher than in 2015. In 2016 bank invested 1.2 billion euros in small and medium-sized enterprises development throughout the world. This shows the Bank's intensive efforts for enhancing small and medium-sized businesses capacity, which is vital, especially for emerging markets, for strengthening economic growth and achieving sustainable development.

Turning to Georgia, we highly appreciate EBRD's role in improving business competitiveness and investment environment. The Bank elaborated the new Strategy for Georgia, which is consistent with government's 4 points reform plan aiming strengthening of democratic institutions and economic stability in the country. We are working hard toward our aim. The index of economic freedom published by the Heritage Foundation ranked Georgia on 13th place in 2017. The Rule of Law Index published under the World Justice Project in 2016 ranks Georgia as the leader country in the Eastern Europe and Central Asia region. The index shows countries performance in the following direction: Constraints on Government Powers, Absence of Corruption, Open Government, Fundamental Rights, Order and Security, Regulatory

Enforcement, Civil Justice, Criminal Justice. The index proves our aspiration to become the part of democratic and sustainable world.

We believe that EBRD's resources directed to Georgia will play significant role in improving current economic stance and provide prudent example to other IFI's. The Bank's funds will leverage, bringing additional resources and increasing attractiveness of the country. EBRD's presence and active cooperation with the state is instrumental for the creation of jobs, coping with overcoming poverty and expansion of the Georgian economy in general.

At the same time, we welcome the Bank's increasing effort toward enhancing green economy support to member countries.

It is important to highlight that the number of projects are being and will be implemented with EBRD support in this direction.

In 2016 the first wind power plant in Caucasus Region that was built in Georgia using the Bank's funds.

In 2016-17 years by the EBRD/E5P support 143 low-floor compressed natural gas (CNG) buses were purchased and delivered to Tbilisi to improve and modernize bus operations in the city. This project is the first sub-project under the EBRD's Green Cities Framework for Georgia which is in line with the Bank's approved GET approach championing investments made with a specific concern to minimize the impact of economic activity on the environment and will improve environmental and safety standards in Tbilisi boost demand for public transport and facilitate its expansion.

Also, one of the emerging priorities of the Georgian Government as for other member countries is the effective management of solid waste throughout the country including hazardous waste management.

We believe that the partnership and inclusion of EBRD's investment for enhancing green economy in countries will continue. We hope that more resources will be available on the way forward and we are sure that many interesting projects will be implemented in the future with EBRD support.

Further to expand this topic, it is important to mention that recently EBRD has marked a historic milestone by issuing its first-ever Eurobond both denominated and settled in Georgian Lari (GEL). EBRD was the first IFI to issue GEL-denominated bonds in the local market in 2014, and

now the Bank is again the pioneer in issuing Eurobonds in GEL. We believe this increase the attractiveness of the Georgian capital markets for local and foreign investors alike and encourage more international investment in the domestic market.

We are very proud and happy that we got new possibility for our country's future economic and democratic development by getting visa liberalization. This is an important step for our country and encourages us toward strengthening our reforming process to become a real member of European Union. We are working intensively to use every opportunity given to Georgia from our partners and trying to contradict Thomas Edison's words: "Opportunity is missed by most people because it is dressed in overalls and looks like work".

Here, I want to use the opportunity to thank our European partners for their immeasurable support to our country at all levels and express the desire to further development of the closer ties that will be beneficial for all, since Georgia being a stable and democratic country has much to offer to the European companies, including a stable space for conducting the business inside the country as well as opportunities to liaise with the markets of other countries.

I believe that EBRD support for decreasing inequality of opportunity and enhancing countries economic development will continue in the future. I think it is important for the Bank to assess its impact, how investment enhances productivity and, ultimately, growth in the longer-term. For example, if the Bank finances a bridge, there is increased economic activity as the bridge is built. Once the bridge is made, the Bank financing keeps on working, because the bridge reduces travel times and transport costs, thus increasing productivity, growth and job creation. Finally, I want to once more express our desire for expansion cooperation in all sectors of the economy in each country of the EBRD region.

Thank you!