

GERMANY

Statement from the German delegation at the 2017 EBRD Annual Meeting
in Nicosia, Cyprus

Our host, Cyprus, is using the limited period of time it has as a country of operations to invite the European Bank for Reconstruction and Development (EBRD) to hold its Annual Meeting here. I join others in thanking Cyprus sincerely for its hospitality. Since the financial sector crisis in 2013, Cyprus has, as of last year, been able to successfully complete its adjustment programme. Today, the Cypriot economy is characterised by robust economic growth, an improved budgetary position and a decline in the unemployment rate. From the German perspective, we are, of course, extremely sympathetic towards the continued striving of both parts of Cyprus to reunite as a single state, and I hope that this process can soon be brought to a successful conclusion.

In spite of the persistently difficult economic – and increasingly politically volatile – global environment, the EBRD can again look back on a successful closing of the year gone by. With an Annual Bank Investment of €9.4 billion and 378 projects in 2016, the Bank made a considerable contribution to the transition process in its countries of operations, achieving a net profit of close to €1 billion. I would like to congratulate the Bank's entire management and staff on this good result.

Before I turn to what is referred to as the Bank's core business, I would also like to thank all of those who were involved in the completion of the New Safe Confinement (NSC) project in Chernobyl. The safe confinement of the damaged reactor is a vital contribution to the safety of Europe. As the biggest individual donor, providing a total of €1.5 billion, and as a manager of the funds, the Bank made a huge contribution to the major success achieved last year, 30 years after the nuclear accident.

The Bank can rightly be proud of its revised and updated transition concept, which reflects six qualities. This concept is in keeping with the mandate set out in Article 1 of the Agreement Establishing the Bank, while also providing the guidelines to help the Bank fulfil this mandate. It is only logical, therefore, that the new transition concept has been made the overall theme of the Business Forum at this year's Annual Meeting. The discussions that will take place there and the application of the new transition concept over time will show whether the new concept will also result in a reassessment of the transition impact of the Bank's projects and policy dialogue. Overall, we welcome the revised concept and are pleased to note that it reflects the suggestions we made last year concerning good governance. The increasingly

cross-border focus of projects, which we support strongly, also ties in with the new transition concept.

This new concept will now gradually be incorporated into the new country strategies, which are being significantly streamlined in terms of both content and procedures. With this revamping of country strategies, we welcome in particular the increased attention that will be focused on the political and economic country assessment.

Likewise, it makes sense for the Bank to incorporate into the country strategies the Green Economy Transition approach and the Strategy for the Promotion of Gender Equality, which were adopted in 2015. This also applies to the Economic Inclusion Strategy, the subject of this year's Roundtable Discussion.

When it comes to protecting the climate and the environment, the EBRD has already taken a leading role compared to the other IFIs/MDBs. With 33 per cent of its Annual Bank Investment committed to this area in 2016, the Bank is well on its way to achieving its stated objective of 40 per cent by 2020. This enables the Bank to provide substantial support to its countries of operations and to be an important partner for us on the path to achieving the internationally agreed COP 21 climate protection targets. I would like to see the EBRD step up its efforts even more to improve the absorption capacity for climate financing in its countries of operations.

The Strategy Implementation Plan 2017-2019 (SIP) adopted at the end of last year and the agreed savings through the Operational Effectiveness and Efficiency (OE&E) programme will result in a basically stable budget in the medium term, as planned with the previous SIP. The SIP 2017-2019 even allows for additional initial investments for implementing the OE&E measures, but the reduction in expenditure by 2020 expected from this should recoup this amount. I welcome and endorse this restrained expenditure planning, especially in view of the increasing volatility of the Bank's income. Another intended development, which I also support in principle, is the careful expansion of the Bank's equity operations and the improvement in the Bank's expected income situation, in full awareness of the increased risks associated with that. This makes it even more important to implement the restrained cost planning set out in the SIP 2017-2019. Moreover, I expect that Management and the Board of Directors will, in connection with the report on the decision still to be made on the cost-income ratio control parameter, also provide an up-to-date and detailed outlook regarding income trends.

The expansion of equity operations that I mentioned should also result in the Bank's further increasing its activities in Central Europe and the Baltic states.

Precisely because the Bank needs to be ready to take on higher risks in some target countries, we also need investments in this region of operations to offset these risks.

I also very much welcome the growing realisation shown by the new Uzbek government that a country's economic success and social progress depend crucially on functioning institutions that stand for a predictable legal environment. I therefore support Management in its efforts towards a rapprochement and deepening of relations with Uzbekistan, and believe that the Bank can be proud of the fact that the Uzbek government is specifically seeking the advice and experience of the EBRD in embarking on its path of reform.

Furthermore, I welcome the fact that the EBRD has found a way to become actively involved in the West Bank as well, and that both the Palestinian and Israeli authorities have explicitly agreed to this. The West Bank is certainly an area where the private sector requires help to develop. The active involvement of the EBRD also offers the opportunity to integrate the West Bank economically into the region, thereby boosting its potential. This is why I support the envisaged allocation to the Fund from net income 2016.

Finally, I expressly applaud the contribution of a further €50 million from the Bank's Shareholder Special Fund to support projects in the two refugee-hosting countries. I would also like to thank the Bank once more for the way it responded quickly last year to the plight of the refugees and, within the scope of its mandate and its resources, implemented projects in the regions that have offered the refugees shelter.