

IRELAND

**Statement on behalf of the Governor for Ireland, the Minister for Finance,
Mr Michael Noonan T.D.**

European Bank for Reconstruction and Development (EBRD) Annual Meeting

Cyprus, 9-11 May 2017

Introduction

This statement is submitted on behalf of the Irish Governor, the Minister for Finance, Mr Michael Noonan T.D.

The Minister would like to thank the Cypriot Governor and Minister for Finance Mr. Harris Georgiades for hosting the event and to the city of Nicosia for hosting this meeting. The Minister would also like to pay tribute and to convey thanks to the organisers of the Annual Meeting and the dedicated staff of the EBRD secretariat in London for the very well organised meeting on their ongoing work for the Bank's shareholders and clients.

This twenty-sixth Annual Meeting of the Board of Governors comes after a challenging year in many countries of operation both politically and economically. The Bank has worked diligently on its mission of transition to open markets and promoting entrepreneurship. This mission remains crucial if the aspirations of millions of people across this region are to be met.

The past year has seen some worrying developments for freedom and democracy in some countries in the Bank's region. At the heart of the Bank's purpose, set out in Article 1 of the Bank's basic document, is a commitment to work with those countries committed to and applying the principles of multiparty democracy and pluralism. Ireland believes that the Bank should keep this principle at the centre of all decisions, and ensure that where countries open up and reform, that they see greater engagement. However, where the opposite is true, the Bank should not hesitate to re-evaluate the level of its engagement, even where this may result in commercial loss.

New Transition concept

Ireland welcomes the EBRD's fresh approach to transition which broadens the concept, and makes it more fit for the purpose in addressing the range of challenges across the EBRD's countries of operations. In particular we welcome that this new approach recognises that a well-functioning market economy should be inclusive and environmentally friendly. Economic growth is the key to giving people across the Bank's regions opportunity, and the EBRD's knowhow is crucial in helping countries achieve this growth in a way that is environmentally sustainable and ensures that all citizens can participate equally.

The EBRD's new Economic Inclusion Strategy is an important step towards gearing the EBRD appropriately for the challenge of championing inclusion across its regions. Market economies that allow full access to economic opportunity, regardless of gender, race, religion, or sexual orientation are not only fairer, but enable faster and broader economic growth. It is important, however, to recognise that while all projects should aspire to increase inclusion, this may not be realistic in all cases, and the Bank should not hesitate to invest in projects that otherwise fulfil the Bank's transition mandate.

EBRD and Operations

Ireland welcomes the Bank's efforts to begin work in the West Bank and Gaza. In particular we welcome the constructive dialogue that the Bank has engaged in with all parties in this area. The economic and developmental needs of the West Bank & Gaza are clear, and Ireland both bilaterally and within the EU has been a long term supporter of efforts to assist Palestinian development and economic growth. Engagement in Lebanon and the West Bank and Gaza would be an important signal of the Bank's ongoing commitment to this region and, in the context of ongoing tensions, reflects the need for a strong European-wide response to address the multiple challenges which this region faces.

Ireland commends the important milestone reached last November at Chernobyl where the New Safe Confinement structure was slid into place. We appreciate the important role the EBRD has played in this project, which is so crucial in ensuring the safety of those communities that live in the region for the next century. Ireland also supports the Bank's continued strong activity in Ukraine with disbursements in 2016 of €580 million and in its policy engagement to support reform.

Ireland and the EBRD

Ireland continues to be an important source of foreign direct investment in the EBRD's countries of operations. The value of joint Ireland-EBRD investment stood at €2.99 billion as of January 2017.

Ireland-EBRD investment has been strong in Poland with 50% of joint investments; followed by Hungary at 22% and regional joint investments at 18 per cent. Broken down by industry, joint Ireland-EBRD investment has been 49% in industry, commerce and agribusiness; 20% in energy; 16% in infrastructure; and 15% in financial institutions.

Irish banks are also involved in the Trade Facilitation Programme (TFP), through which the EBRD guarantees the payment of trade finance instruments (such as letters of credit or payment guarantees) issued by banks in EBRD countries of operation to foreign confirming banks. Through the Programme, the EBRD has supported 38 export and

import transactions of Irish companies totaling €77.1 million. Of the over 800 foreign confirming banks and bank branches that participate in the Programme, five are Irish.

In 2016, Irish consultants won 41 consultancy contracts totaling over €739,000. Areas of expertise included the information and communication technologies and financial institutions sectors.

Refugees

Ireland supports the EBRD's important role in supporting projects that help alleviate the refugee crisis. Continued focus on this is vital to help alleviate the pressure on the countries most affected by the crisis. Investing to provide opportunities and services for these displaced populations is vital to prevent generations being caught in a vicious cycle of poverty and despair. No less vital is the need to invest in the longer term development of areas from where the displaced people have come.

Bank Results

Ireland took note of the financial results of the Bank in 2016 and congratulates the Bank on its continued profitability. While this is indeed progress, it should be noted that the annual growth rate in the EBRD's region of operations remains weak. This economic context should continue to inform a cautious approach by the Bank to its planning in the coming year. The Bank should maintain a healthy level of investment in EU countries of operation to ensure a balanced risk profile given the high level of risk in some regions.