

# MALTA



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**2017 Annual Meeting of the European Bank for Reconstruction and Development**

**Statement by Prof Edward Scicluna, Governor of the EBRD for Malta**

**9-11 May 2017**

It is a privilege and honour for me to address the 2017 Annual Meetings of the European Bank for Reconstruction and Development. I take this opportunity on behalf of the Maltese delegation to thank the Government of Cyprus and authorities for hosting this meeting with excellent organisation and gracious hospitality.

I would also like to thank the President of the EBRD, Sir Suma Chakrabarti, as well as all the officials and staff members of the Bank for their determination and efforts during 2016 in the face of numerous challenges. The results which have been registered are a testimony to their professionalism, skill and dedication.

The past year has been characterised by overall sluggish economic growth and geopolitical tensions across countries where the EBRD operates. Yet despite this the Bank continued to provide a strong programme of investments for the region helping modernise economies and boosting their resilience.

Indeed, the EBRD managed to record positive operational results in 2016 with annual Bank investment reaching €9.4 billion across 35 countries, matching the record level of financing achieved a year earlier. We note with satisfaction that the Bank stepped up its investment in economically vulnerable and fragile transition countries thereby putting them in a better position to meet future challenges. The EBRD also continued with its strategy of supporting the most important sectors, with small and medium sized enterprises remaining a priority.

Notwithstanding the difficult operating environment, the EBRD's financial performance remained robust in 2016. The Bank recorded a net realised profit before impairment of

€642 million and continued to be characterised by a strong capital position and a high level of liquidity.

Such impressive results underpin the EBRD's "triple-A" rating with stable outlook, as reaffirmed by all three major rating agencies in 2016. Undeniably, this places the Bank in a stronger position to continue expanding its geographical sphere and be better geared to meet future challenges.

It is encouraging to note that during the past year, the EBRD continued with its momentum in the SEMED region, with new investments totalling more than €1.3 billion in 41 projects. Malta reaffirms its strong support for EBRD's operations in this new region and is confident that this investment will be translated into more positive results in the future.

This region is very important for Malta's strategic location. In fact during our current Presidency of the EU Council we have included links with Africa in general and South Mediterranean in particular as a priority. During the informal ECOFIN meeting held in Valletta last month, one of the four main items on the agenda, was about Investment in North Africa. The session was based on a paper prepared by Bruegel, and included the participation of the three development banks, EIB, EBRD and the World Bank.

During the same week, the Minister for Finance also hosted a 5+5 meeting where Ministers of Finance from key North African states dialogued with their European counterparts from Mediterranean EU States. This meeting included also the participation of the three development banks, and the discussion was based on a presentation prepared and delivered by Mr. Uri Dadoush.

A similar dialogue was also held for Central Bank Governors alongside the informal ECOFIN on the initiative of the European Central Bank and the Central Bank of Malta. In our role in the G20 fora as representatives of the EU Presidency, we have fully supported the German G20 Presidency initiative for Compact with Africa. These initiatives are intended to stimulate private and public investment in Africa to address migration problem at its source.

Yet, despite this substantial investment, various challenges still persist. In particular, the refugee crisis caused by the civil war in Syria is causing a massive strain on Jordan's resources. In this regard I take this opportunity to commend the EBRD on its refugee crisis response, notably, in addressing infrastructure challenges, and supporting small business initiatives and employment opportunities. Such support is proving instrumental for effected countries in the region enabling them to cope with the economic burden of large-scale migration. In particular, the loan provided by the EBRD to the Greater Amman

Municipality will strengthen long-term resilience by financing solid waste infrastructure that is urgently needed.

Environmental strategies adopted by the EBRD are an important way to tackle energy efficiency, climate change and energy security. In this regard I am pleased to note the EBRD's role in developing the renewable energy programme in Jordan and the implementation of the energy efficiency framework across the SEMED region. We also concur with the commitment taken by the EBRD to address global challenges by providing €10 million in debt financing for the construction, development and operation of five solar photovoltaic parks in Cyprus. This investment is essential as it will strengthen efforts in Cyprus to reduce climate change emissions and dependency on import fuels.

Malta strongly supports the revision in the EBRD's concept of transition that now makes greater emphasis on equipping economies to be more competitive, green, inclusive, integrated, resilient and well governed. This is a welcome move towards preparing the Bank for the new transition challenges that economies are facing today, a quarter of a century after the EBRD was established. I take this opportunity to commend the Bank for its efforts to align country strategy processes with these qualities.

In line with the updated transition concept, the EBRD is well placed to scale up its transition impact and environmental financing activity through the Green Economy Transition (GET) approach. In this context, we commend Bank donors for providing in 2016 more than €250 million in grants for green investments.

I strongly believe in an inclusive market economy which ensures that any person irrespective of gender, race, age, and socio-economic status can access labour markets, financing and more generally, economic opportunity. One core component of EBRD's response to this transition quality is the Strategy for the Promotion of Gender Equality that aims at mainstreaming gender equality in all EBRD operations by 2020. Yet another is the broader Economic Inclusion Strategy (EIS) which we are pleased to note will be launched, for the first time, during this year's Annual Meeting. Indeed this is a significant step forward toward making operational the updated concept on inclusion transition. We strongly support its guiding vision of accelerating the transition process across the EBRD region towards inclusive market economies through private sector engagement.

The Maltese authorities note with satisfaction that the EBRD has extended the number of regional offices with the opening of those in Sfax in South-Eastern Tunisia, Kharkiv in Eastern Ukraine and Shymkent in South Kazakhstan. These will boost the Bank's wider outreach across its region of operations ensuring that these countries reap the full benefits of EBRD investments in pursuit of transition.

I would like to conclude by reaffirming Malta's strong support for the EBRD's various policies, initiatives and strategies taken on board during the past months as it strives to accelerate the transition process by improving the economic conditions of countries of operations. Despite an economically challenging year the EBRD managed to step up its investments in key strategic areas. This augurs well and I am confident that further work and initiatives will help in reaching the objectives during the current year.

Finally I wish to thank the EBRD Director of our Constituency together with the authorities of Austria for hosting the recent constituency meeting. We found this meeting to be very informative and useful giving us a deeper insight into the activities of the EBRD and the current economic developments in our constituency while providing an opportunity for exchanging views on various issues relating to our own country.