

TURKEY

WRITTEN STATEMENT BY TURKEY

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TREASURY AND FINANCE MINISTER AND GOVERNOR FOR TURKEY AT EBRD

Mrs. Chair, Mr. President, Esteemed Governors,

It is my pleasure to address the Annual Meeting of the EBRD. I would like to extend my sincere appreciation to Bank Management for facilitating this year's Annual Meeting virtually under the extraordinary circumstances we are living through.

[EBRD's OPERATIONAL RESULTS IN 2019]

2019 was a challenging year with the sluggish global economic activity mainly attributed to trade tensions and weakening domestic investment. We are glad that despite this challenging environment, EBRD was able to increase its investment to a record level of 10 billion euros by catalyzing private sector towards stronger and sustainable supply chain, increased productivity and innovation. We also appreciate for the strengthening of the quality indicators in the corporate scorecard.

[COVID 19 AND 2020 DEVELOPMENTS]

Due to the pandemic crisis, 2020 is a more stressful year than ever. EBRD region is expected to contract 3.5% in 2020. Today, despite the signs of partial recovery in the global economy, uncertainties are still high. Compared to pre-crisis conditions, countries now have less policy space to reinforce growth. While public revenue plays an important role in the developing countries for investment finance, a huge untapped potential lies with the private sector and EBRD is well positioned in the MDB system to unlock this huge potential.

Bank's ability and speed to adapt to the changing conditions deserve appreciation. Solidarity Package of 4 billion euros will definitely help endure the tough times for the countries of operation.

[STRATEGIC AND CAPITAL FRAMEWORK 2021-2025]

We thank Management for its consultative approach in the finalization of the Strategic and Capital Framework for 2021-2025. We welcome the overall Framework. We are of the view that the Bank is well-equipped to adapt itself to take up to the challenges going forward. Let me point out our stance in three folds.

First of all, we are glad that the Bank is committed to make the most transition impact in its current region where transition gaps are huge and potentials are abundant. We also appreciate that the Bank's current operations along with continued policy engagement will remain important across the new strategy period. With its strong capital base, we see that EBRD has the capacity to do more in its existing countries of operation, adhering to the operational principles of additionality and sound banking.

Second, we welcome the crosscutting themes of low carbon economy, digital transformation and promoting equal opportunity. In particular, digital infrastructure has gained importance more than ever at these pandemic times when most business is conducted virtually. In this regard, we find this new direction of digital transformation very timely. Finally, EBRD has already been supportive of promoting equal opportunity with its flagship programs such as Women in Business in Turkey. We are glad to see that promoting equal opportunity is now one of the three themes going ahead.

Complementary to these thematic determinants, I would like to stress the importance of Bank's contribution in the local currency and capital market development as also mentioned in the Framework. We are glad that this will continue for the sake of developing resilient, competitive and integrated capital markets in the countries of operation.

Lastly, we support the Bank's geographic expansion to Sub-Saharan Africa, and Iraq. We expect Bank Management to execute new operations in a way to maximize the business opportunities towards existing countries of operation, offering cross-benefit to potential members and the existing region. We share the view that EBRD can make a huge contribution in these countries without crowding out existing actors. Specifically, regional integration, mobilization of foreign investment and donor funds as well as the cooperation with other Multilateral Development Banks active in the region are required for the success.

Now, we are looking forward to the effective implementation of the strategy. Over the new period, we are of the view that the Bank should explore ways in which it could leverage its capital even more efficiently to further increase its available headroom to support the countries of operations' post-pandemic recovery quest. Throughout this era, what we expect from the Management is a swift, efficient, and adaptive manner for the execution of the strategy.

[NEW PRESIDENT]

Good governance principles are critical for an institution's success. We are particularly glad that the presidential election process is being carried out in a merit-based, open and transparent way. We expect that under the new President's tenure, EBRD will continue to make governance reforms, including increased participation of more countries of operation at the Management level.

[EBRD – TURKEY OPERATIONS]

EBRD has been a dedicated development partner for Turkey. We proudly celebrated EBRD's tenth year of operations in Turkey last year.

During the last decade, Turkey's portfolio has always displayed higher qualitative results than Bank's average, together with a private sector share of 96%. This reflects a strategic importance of Turkey in delivering EBRD's mandate with its very strong performance in transition impact and financial return indicators.

Certainly, Turkey's very strong health infrastructure has been helping Turkey weather this pandemic era much better. We appreciate EBRD's engagement in our health sector. Bank has clearly played a huge role for achieving this level of quality in our public private partnership hospitals.

Looking ahead, this pandemic may present new opportunities for both EBRD and Turkey in generating mutual benefits as we can see from the latest business volume figures.

[CONCLUSION]

We have confidence in the Bank as a relevant and efficient development partner and we believe that Management and staff are relentlessly working to support the countries of operation. The Bank is in good financial health amid this unprecedented crisis and I strongly believe that it has the capacity to retain its vital role as a leading development partner in the region. As always, Turkey is committed to retaining its strong cooperation with the Bank.

To conclude, I would like to express my appreciation to the Acting President Mr. Jürgen Rigterink and the entire staff of the Bank for their outstanding work and wish the best for the Bank in implementing its new strategy.

Thank you.