TURKEY
Statement of the Governor for the Republic of Turkey
Mr. İbrahim H. Çanakcı
Board of Governors Third Session

MR. CHAIRMAN, MR. PRESIDENT, DISTINGUISHED GOVERNORS, LADIES AND GENTLEMEN

I would like to start by thanking the Polish authorities for the successful arrangements.

We also would like to congratulate the Bank Management for its sound financial results in 2013. The Bank has displayed strong resilience to the global financial volatility as reflected by its annual bank investment of 8.5 billion Euros, low level of non-performing loans and remarkable profit level.

We are also satisfied with the high transition impact of EBRD operations in 2013. Transition impact is at the core of EBRD’s mandate and it will be important to preserve this high performance in the coming years. In this context, efforts to further refine our transition impact measurement system and results framework should continue.

We believe the room provided by the good financial performance of the Bank can be used by prudently increasing our investments in areas with a high transition impact such as equity investments in a wide range of countries.

Distinguished Governors,
This year’s Annual Meeting is marking the 25th anniversary of the fall of the Berlin Wall. Impressive progress has been achieved in political and economic transition in many countries since 1989. EBRD played an important role in this process.

However, the pace of progress seems to be losing steam in recent years. Given the important structural and geo-political challenges in EBRD’s region, there is growing aspiration for a
new and refined approach to re-energize transition. The well identified priorities described in the Medium-Term Directions demonstrate that EBRD is well prepared to support its members in this regard.

To help re-energize transition, we believe that it is imperative for the Bank to complement its financing operations effectively with technical cooperation and capacity building. In this regard, we commend the Management for launching new policy initiatives, such as Knowledge Economy Initiative and Small Business Initiative.

To make transition resilient, it is critically important for countries to increase their level of competitiveness and provide a strong support to small innovative firms to help them move up in the value chain. We hope that new EBRD initiatives will make important contributions to the efforts of the countries in this regard.

Supporting countries to deepen their capital markets and strengthen their financial systems is also crucial in increasing the resilience of transition in the medium term. We believe Local Currency and Capital Development Initiative can play an instrumental role in strengthening the dialogue between EBRD and its countries of operations in this field. EBRD should at the same time focus on helping countries increase their domestic savings, which is a critical element for deepening the local capital markets.

The infrastructure gap is another factor that is holding back transition in many countries. EBRD can play a more prominent role in supporting private sector investments in areas such as transportation and healthcare to help close this gap.

We also welcome the role Bank is playing in addressing the common challenges such as climate change mainly through energy efficiency. The recent events have also demonstrated the relevance of energy security in our region. We believe EBRD can play a more effective role in this area in the coming period.

The country experiences and recent economic literature demonstrate the importance of inclusive institutions and policies. Turkey over the last decade has taken very important steps to support the labor participation of young and women and to reduce regional disparities. We
hope, the opening of the Gaziantep Office in few months’ time will be a good symbol of EBRD’s increased focus on inclusiveness and will make important contributions.

Distinguished Governors,
Over the recent years, it became clear that transition is a concept relevant also for regions other than the former Eastern Bloc. The same challenge comes in different forms in different geographic regions. For instance, there is a strong expectation from the people in SEMED countries to modernize their economies and political systems.

Bank investment of nearly half a billion Euros in SEMED is an encouraging sign of EBRD’s commitment to the region. We expect that the recent decision to grant country of operation status to Tunisia, Jordan and Morocco would provide an additional momentum for EBRD’s engagement in these countries. We particularly believe that the policy dialogue between the region countries and the Bank should deepen further in the coming years.

We are glad that the Bank is also extending its membership to Libya. We would like to see the Bank as an efficient driving force and an important development partner in support of the transition efforts of Libyan authorities.

Among the EBRD regions, Western Balkans and Central Asia deserve special attention. Many countries in these regions are facing negative spillovers from the economic slowdown in large countries neighboring them. In this difficult environment they are putting in place important structural reforms. These efforts need to be encouraged and actively supported. In this respect we would like to see EBRD growing its engagement in these regions.

Distinguished Governors,
As you know, there is a draft decision in today’s agenda to extend the EBRD operations to the whole territory of the island of Cyprus. I have full trust that the Bank will ensure that the northern part benefit in a fair way from the Bank’s valuable financing and experience.

I finally request that it is recorded in the minutes that today’s decision is without any prejudice to Turkey’s official position concerning the Island as described in the minutes of Board of Directors’ meeting.
Distinguished Governors,

Success of any institution depends on an effective governance structure. EBRD is not an exception. In this regard, the review of the composition of Board of Directors is an essential exercise.

Compared to its early days, today the EBRD has more than four times as many countries of operations. In recent years the Bank has opened up to new countries that are rather different than countries in its traditional region. This process needs to be complemented by a new Board Composition that would reflect these changes. Allowing adequate voice for the whole range of countries of operations is a prerequisite for maintaining EBRD’s effectiveness and inclusiveness. The existing Electoral College for countries of operations was established to serve this purpose and needs to be preserved.

We have a full year ahead to complete the review of Board Composition. We welcome various issues identified by the Board of Directors so far. This exercise has produced new ideas such as Bank’s funding for one or more advisors at Constituency Offices. Such proposals are useful but need to be complementary, not a substitute to increasing the number of seats for countries of operations.

Distinguished Governors,

2014 marks the 600th anniversary of the establishment of diplomatic relations between Turkey and Poland.

I would like finish by thanking the Polish authorities once again for their warm hospitality and wish that the strong and positive relations between our countries will continue in the years to come.

Thank you.