

# **BOSNIA AND HERZEGOVINA**

**25<sup>th</sup> ANNUAL MEETING OF THE EBRD BOARD OF GOVERNORS  
LONDON – MAY 2016**

**Statement by Mr Mirko Šarović,  
Minister of Foreign Trade and Economic Relations  
Governor for Bosnia and Herzegovina**

I am very pleased to have the opportunity of attending EBRD's milestone 25<sup>th</sup> Annual Meeting. This year marks a quarter century of the Bank's strong engagement in its operational region. In the 25 years since its inauguration, the EBRD has provided continued and outstanding support to its countries of operations with their transition to open market-based economies. EBRD's region has faced many changes and challenges in the past 25 years and in response to these the Bank has evolved both geographically and operationally.

At my first EBRD Annual Meeting in Tbilisi, Governors approved the Strategic and Capital Framework (SCF), which received strong endorsement and provides a five-year roadmap for the Bank's activities from 2016-2020. Within the context of the SCF, the Board of Directors has approved the Strategy Implementation Plan (SIP) 2016-2018. It is good to note that the SIP aims at enhancing EBRD's support to its countries of operation by re-energising the process of transition to well-functioning and sustainable market economies. It is clearly a plan for growth in the Bank's activity and also meets the challenge to use the Bank's capital efficiently in responding more fully to the needs of its region. We acknowledge that this approach helps to better place the objectives within the medium term direction, while preserving flexibility to respond to events as they develop. It will also help EBRD to react to global agenda issues such as the Sustainable Development Goals and to combat climate change.

We welcome the objective to increase EBRD's impact, both on the investment side and policy delivery. The Bank's increased efforts to promote environmental sustainability and transition to Green Economy will enable it to address global and regional concerns, underpinned by its strength in mobilising private finance. It is also important for the EBRD to strengthen its policy capability, which will reinforce its project work and create lasting systemic impact in the countries of operation.

2015 was a year of record results for EBRD, despite ongoing political and economic challenges in its region. We would like to congratulate the President, Management and Staff for this achievement.

We believe that the Bank's strong operational performance confirms EBRD's ongoing commitment to its countries of operation as they build and strengthen open market economies. However, we should not forget that the geopolitical situation in the Bank's region will most likely contribute to volatility in the Bank's operations and earnings.

In Bosnia and Herzegovina, the economy has continued to show considerable resilience in 2015, with the strongest level of growth since 2008 (estimated at 3.2 percent). This was helped by a strong performance of manufacturing and recovery of agriculture after the 2014 flood damage.

The authorities of Bosnia and Herzegovina are currently negotiating a new agreement with the IMF which would be supportive of macroeconomic stability. Politically, 2015 was dominated by the adoption of the Reform Agenda. It was the direct result of a new EU initiative, designed to re-engage in the country, and represents a formal commitment by all levels of government and main political forces in Bosnia and Herzegovina. Together with the accompanying Action Plan it should lead to important and long delayed structural reforms. The six priority areas of the Reform Agenda are public finance, business climate, labour market, pension reform, rule of law and public administration.

We believe EBRD is well equipped to assist Bosnia and Herzegovina in implementing the Reform Agenda. The Bank is a very important partner for the country and has contributed to many positive changes through its 130 projects with a cumulative EBRD investment of €1,823 million. The Bank's support is vital for large infrastructure projects, such as the current Corridor 5c, and we hope it can also play a continued role in tapping into the country's potential in the energy sector. There is also considerable need for EBRD's expertise and support with privatisations. Furthermore, we look to the Bank to carry on its valuable activities with municipalities in Bosnia and Herzegovina, which have resulted in many environmental and municipal infrastructure improvements.

We also highlight the importance of regional integration and cross-border investments which remain essential for many EBRD countries of operations, including Bosnia and Herzegovina.

I would like to take this opportunity of thanking the Board of Governors for its endorsement of Bosnia and Herzegovina hosting the EBRD Annual Meeting in 2019. We look forward to organising the event with the support of EBRD's highly professional Annual Meeting team.

Last, but not least, my thanks go to the UK authorities and the City of London for hosting the 25<sup>th</sup> Annual Meeting and for the kind hospitality and attention.