

# **BULGARIA**

## **Statement of Mr. Vladislav Goranov**

### **Minister of Finance of the Republic of Bulgaria and Governor for Bulgaria of the European Bank for Reconstruction and Development**

**On the Occasion of the 25<sup>th</sup> EBRD Annual Meeting, London, 11-12 May, 2016**

This year's Meeting marks the twenty-fifth anniversary from that distant day, when the European Bank was established as one of the first manifestations of the common resolve to bring lasting prosperity and unity to Europe and beyond through democracy and market-based economy. A quarter century later we must recognize and take pride in its remarkable achievements. At the same time, the anniversary provides an opportunity to review the new challenges and devise new ways to make transition irreversible and self-sustainable.

In 2015 EBRD maintained strong operational and financial results, as reflected in its Annual reports, with record investment levels, healthy profitability and strong transition impact in the countries of operations. Against the background of many economic and political dislocations and risks, these results attest to the high professional standards of the management and staff.

Based on the five-year Strategic and Capital Framework, the 2015 results have proven that the Bank's activities should indeed be focused on helping build highly competitive, resilient and stable economies; promoting regional integration and cooperation; encouraging sustainable, environment-friendly and socially inclusive development.

In this context, we welcome the initiative of the Bank to adopt the concept and practice of Green Economy Transition as well as its new Strategy for the Promotion of Gender Equality. Together with the Early Transition Country, the Local Currency and Capital Markets, and the Small Business initiatives, adopted previously, the two new initiatives will serve as a solid basis for the work of the Bank.

We follow with interest the ongoing in-depth review in the Bank of the notion of transition within the modern socio-economic context and hope to see results that contribute further to the promotion of stable democracies and fair, sustainable and inclusive market economies as the ultimate goal of transition in our countries of operation.

We also look forward to our forthcoming round-table discussion on the ways and means to revitalise long-term growth and make it more equitable and sustainable. Guided by these same considerations, Bulgaria has been successful in maintaining fiscal stability over the years. In 2015 the real GDP increased by 3%, the highest number since 2008. As a result of better macroeconomic development and systemic improvement in tax collection, the year 2015 saw a nominal increase in the revenues under the Consolidated Fiscal Program by BGN 2.8 billion, compared to the previous year. Favourable development of employment and the increase in the real disposable income of households are expected to support the growth of consumer expenditure. Along with the positive employment trends, Bulgaria's real labour productivity accelerated to 2.6%, up from 1.2% in 2014.

The banking system could be characterized with increasing liquidity, stable capital buffers and improved financial results and profitability ratios. The effective policy in the banking sector was focused on the implementation of the EU legislation regarding the recovery and resolution of banks and improving the quality of operation of banking supervision.

FDI flows in Bulgaria equalled 3.6% of GDP, increasing by 2.9% y-o-y. Bulgaria is among the first EU member states that have undertaken individual actions at national level to remove regulatory barriers to investments. An entirely new Law on Public Procurement has been adopted in the beginning of 2016. The work on the introduction of a national centralized single platform model for e-procurement is ongoing.

Our Government continues the implementation of its plans for increasing the investment activity and improving business environment. In this area the contribution of the Bank will be highly appreciated. The priorities of the Government are oriented towards enhancing the implementation of structural reforms, increasing the effectiveness and efficiency of the institutions, further developing e-governance, improving the business climate, fostering the development of small and medium-sized enterprises through effective absorption of EU funds as well as more effective and competitive allocation of public resources with the aim to encourage investment and employment and thus accelerating the economic growth.

Alongside the positive trends, Bulgaria will also rely on the continued commitment of the EBRD to the region and the ability of the EBRD to propose projects addressing the needs of the Bulgarian economy. We welcome the support of the Bank provided earlier this year to the Bulgarian Deposit Insurance Fund, which contributes to the greater financial independence and long-term sustainability of the Fund and to the stability and the confidence in the financial system.

We would encourage the Bank's efforts to reinvigorate its work in Bulgaria, in particular to help the development of the private sector within the country and its expansion across the region of operation. In this respect EBRD can count fully on my Government's support.

In conclusion, I would like to thank the Board of Directors, the Management, and the staff of the EBRD for their efficient and dedicated work.