

# ESTONIA

**EBRD Annual Meeting – London 10-12 May, 2016**  
**Written statement by Mr Sven Sester, Minister of Finance,**  
**Governor of the EBRD**

We would like to thank the President, Sir Suma Chakrabarti, and the staff of EBRD for the outstanding work done. The Bank has been excellently led and has achieved solid financial results despite international financial instability, slow economic growth and continued geopolitical challenges. In particular, we would like to congratulate the Bank on its response to the migration crisis and hope that the EBRD will continue to help where possible while continuously working to implement its mandate.

The 25<sup>th</sup> anniversary of the Bank provides a good opportunity to examine what has been achieved so far, analyse the past accomplishments and draw conclusions that may prove useful in the next 25 years to come. Estonia and other Central and Eastern European countries of operation are excellent examples of EBRD's work and success. The Bank has been instrumental in supporting democratic change, and has helped build up market economies in the region. As the EBRD's region of operations continues to expand, we believe the Bank as well as transition countries themselves have accumulated a wealth of knowhow, which can be used to achieve similar results in new countries of operations.

More recently, the Bank's focus has shifted to the Southern and Eastern Mediterranean region with the aim of providing its assistance and positively influencing the new sub-region of operations. Although we welcome these new developments, we hope that the Bank will keep in mind that it is important to balance risks by investing not only in early transition countries, where investment is clearly needed, but also in more advanced countries of operations, where the Bank can still have a continued positive impact.

While we agree that Article 1 should remain the cornerstone of EBRD's political mandate, Estonia supports the initiative to exchange ideas on redefining the Bank's transition mandate. In particular we welcome the proposal to guide the Bank's focus more to the qualities of market economies. Well-governed and inclusive market economies foster stronger and more sustainable democracies, thereby creating a virtuous circle.

As in previous years, we maintain that the overall goal should be the quality of the Bank's lending in terms of maximising transition impact, while overall volume of lending should be secondary. We believe that in order to achieve maximum impact, the Bank could also consider catering more to SMEs, by increasing its lending to SMEs and making project approval processes faster for smaller loans. This would also allow the Bank to address the needs of smaller countries of operations, where SMEs represent the bulk of market players that create jobs and drive innovation.

EBRD recently approved a new country strategy for Estonia, setting out priorities of the Bank and outlining areas where more progress needs to be achieved before Estonia graduates. We recognise that both the Bank as well as Estonia will need to be diligent in following up on the goals set in the country strategy. Complacency on either side may hinder the progress made so far. We also hope that the Bank will continue to work on the post-graduation strategy, analyse the possible options to reform the process with the aim of encouraging more countries to graduate.

Again, we would like to thank EBRD for work done in 2015 and we look forward to another successful year of cooperation.