# GERMANY

**Statement by the delegation of Germany at the 2016 EBRD Annual Meeting London, UK**

1. A quarter of a century ago, Europe underwent its greatest transformation since the Second World War. The centrally planned economic system used by the Warsaw Pact countries collapsed, with far-reaching geopolitical repercussions.

   In Germany, this development led to the fall of the Iron Curtain, followed soon after by the reunification of the country, split after the Second World War. The Soviet Union disintegrated: its republics in Eastern Europe and Central Asia declared their independence and became sovereign states, with some of them then joining the EU and NATO. The Republic of Yugoslavia also broke up, triggering a process which brought military conflicts and the creation of a number of sovereign states in the Balkans.

   It was against the background of this upheaval that the EBRD was founded. Its mandate called on it to support the former Warsaw Pact countries and also later the newly created states on their path to becoming free market economies and pluralistic multiparty democracies.

   The EBRD is celebrating its 25th anniversary this year. To mark the occasion, I would like as much to congratulate the Bank as to pay tribute to its achievements over these 25 years. Through investments exceeding €100 billion, technical assistance and policy dialogue, the Bank has helped many of these states to make significant progress along the path mapped out for them. The progress made has not been equally widespread, nor equally sustainable, everywhere. Looking to the future, the Bank therefore still has work to do to complete this process in its original region of operations.

2. Over 25 years the Bank has expanded its region of operations several times. Mongolia, Turkey and the countries of the SEMED region have become countries of operations where the Bank's activities are achieving great success. The challenges facing the EBRD in these countries vary somewhat: in the SEMED region in particular, cooperation is still to some extent in the development stage. In this area too the Bank will have a substantial and important task for the foreseeable future.

The Bank is also operating temporarily in Cyprus and Greece until 2020, where it is carrying out important work.

3. However, in view of the limited resources and capacity which the Bank has, it seems imperative that it focus its activities even more sharply than before. Thus the Bank should focus on its work in the current region of operations with a view to maintaining or even increasing its influence there. Expanding further the region of operations is not a development which should be considered at the present juncture.

4. During the last 25 years, key ideas about the essential elements of transition to a functioning market economy have become established. At the same time, the understanding of this transition process has continued to evolve and deepen. This knowledge must be reflected in the Bank's transition concept: I continue to feel that it is very important to recognise that democratic structures and functioning institutions in a state are an important prerequisite for sustainable growth. This governance element should play an even more prominent role than before in a revised transition concept. That also means the reform efforts being asked of countries of operations should include these aspects and that they should be openly and firmly entrenched in EBRD's policy dialogue with countries of operations. As complementary strands of the transition process in the broader sense, I welcome the two policy approaches adopted by the Bank last autumn: the Green Economy Transition (GET) Approach and the gender equality strategy. Both these policy areas are in part more recent for advanced market economies too. Climate protection and limiting greenhouse gas emissions became internationally recognised objectives as a result of COP21 held in Paris last autumn. These policy areas should be promoted through investment and a targeted policy dialogue with governments in the countries of operations.

5. We are grateful that the Bank is prepared to use its own resources under its mandate to help tackle the latest challenges arising from the refugee crisis in the Mediterranean region, and also for developing viable projects very quickly. Complementing the efforts of other MDBs, the Bank will use the planned projects and investments in Turkey and Jordan – and later in Lebanon too – to make an important contribution to

improving living conditions for refugees in the region so that staying in the region represents an acceptable alternative.

6. I welcome China as a member of the Bank. I expect from this that cooperation between the EBRD and the newly created AIIB will develop in a pragmatic way, resulting in synergies in the overlapping region of operations of the two organisations.

7. The Board of Governors adopted the first Strategic and Capital Framework 2016 – 2020 (SCF) a year ago at the Annual Meeting in Tbilisi. The aim of this is to give new impetus to the transition to a market economy and pluralistic multiparty democracies, which has stalled in some respects. Building on this, the Board approved at the end of last year the Strategy Implementation Plan (SIP), with its rolling three-year target and operations plan, its rolling three-year finance plan, and the budget for 2016. I firmly believe that these instruments have created a strong, flexible basis for deploying the limited resources of the EBRD efficiently and effectively to achieve its goals. I particularly welcome the principle underlying the SIP, aimed at achieving quantitatively and qualitatively better results using the same resources. I am therefore looking forward to the results of the comprehensive organisational review with great interest.

8. Germany will approve the resolution on the 2015 net income allocation, to be used inter alia for tackling the refugee crisis, and the resolution on the use of allocated net income to support Chernobyl projects together with the priorities it sets. In the current, rather volatile market environment, the cumulative total of 25% of net income allocated is in fact reaching a high order of magnitude. However, in conjunction with the guidelines approved by Directors for management's future proposals concerning net income allocations, I concur with the management's assessment that sufficient allocations from net income will be made to the Bank's reserves in the medium term. With an average of 75% of the net income allocated to the reserves (over a rolling three-year period), the Bank should have sufficient potential to grow and to carry out its mission in the years ahead.