

# LATVIA

**Statement by Ms. Dana Reizniece-Ozola**  
**Head of Delegation, Governor for the Republic of Latvia**

## **Introduction**

This year we celebrate the Bank's 25<sup>th</sup> anniversary. It is a significant number. These have not been just 25 years of transition from planned to market economy. For some of us these were the years of regained independence with complete transformation of our political and social system and governance. These were 25 years of challenges, mistakes, detours and achievements on our own and together with the Bank.

I am honored that the EBRD played an active and very significant role in our country during these two and a half decades.

## **2015 performance**

In 2015, amid still existing geopolitical and economic challenges, the EBRD demonstrated commendable performance with record annual investment of €4 billion in over 380 projects and recording a net profit of €0,8 billion in 2015 contrary to €0,6 billion loss in 2014.

We are pleased that Bank showed an ability to adapt to the changing environment and was able to reorient its activities in view of this, accelerating its investment in the southern and eastern Mediterranean, continuing strong business activity in Turkey, retaining significant support in Ukraine with new investment of almost €1 billion. We also welcome Greece as Bank's new recipient country and membership of China which was approved in 2015.

Despite satisfactory performance in 2015, we have to be mindful of the risks that the Bank's activities can be exposed to - albeit improving but still fragile economic situation and geopolitical vulnerabilities in the region. While being able to shift the focus and geographical concentration of its activities, the Bank should not lose sight of original region of operations and tasks still to be completed. For this reason greater business volume in the Advanced Transition Countries is still justified by the remaining transition gaps, but also in terms of balancing riskier operations of the Bank.

## **Transition concept review**

We do believe that the current mandate of the Bank regarding transition to the market economy is still valid and very much relevant. Especially if we speak about the quality of governance and sustainability of the transition process and not about merely putting in place the structures of the market economy. The latter being only the first and, one could say, the easiest step.

The transition is not something to be taken for granted, nor would it happen on its own. It requires firm commitment for continuous reforms at all levels nationally, as well as sometimes a gentle push from the outside. This is where we see the Bank's involvement is imperative.

Sustainability of the reforms is a challenge and, therefore, reversals cannot be excluded even in the Advanced Transition Countries - not only in their economies but also politically.

The Bank has enhanced its response in the countries of operation, by embracing social inclusion, strengthening the political dialogue, helping with the anticorruption measures and governance in general. These are very important steps and work should be continued in these areas. What is also important is to talk openly about the deviations from the transition course and fulfillment of the political criteria. We cannot water down these important principles as we proceed with our work on redefining the transition.

## **Involvement of the Bank**

Broad framework for the Bank's involvement should focus on challenges that our economies are facing for revitalizing investment that supports sustainable growth. Bank's investment is integral in catalyzing private sector involvement striving to ensure sustainability of the private sector also in the future.

The Bank's activities should provide channels for further investment flows in particular in supporting innovative SMEs and transition to green economy placing the efforts on self-sustainable basis.

These directions could provide the most added value and form the grounds for further investment incentives in the future.

## **Conclusions**

In conclusion I would like to express our appreciation of the Bank's performance in 2015. I believe the Bank is the best placed to support the region and I wish the management and the staff every success in this challenging task.