

LITHUANIA

**Statement by Mr. Rimantas Šadžius,
Governor of the EBRD for Lithuania,
London, 10-12 May 2016**

This year the Annual Meeting of the Board of Governors of the EBRD is taking place at a very important marking point - the 25th Anniversary since the Bank's establishment. Beyond a doubt, over 25 years the Bank's activities made a significant impact on the development of the countries of operation. It is worth noting that at this juncture the EBRD's unique mandate to support the transition to open and sustainable market economies by focusing on private sector is still valid and relevant despite changed geopolitical and economic environment. We encourage the Bank to further continue its mission and contribute to fostering the transition process while adjusting its activities as new challenges arise.

I would like to congratulate Mr. President Suma Chakrabarti with the management team and the staff at the EBRD for a year of good performance in terms of transition impact, business volume and profitability.

In our view, the EBRD should maximise its activities in areas where there are transition gaps across all countries of operation, but not to seek to become a global provider of financing in the areas outside its geographic mandate. We believe that the Bank should stay as the bank for Europe and its neighbourhood. The EBRD's ability to adjust its support to the transition process in Central Asia, Turkey, the Southern and Eastern Mediterranean (SEMED) region and most recently, on a temporary basis, Greece and Cyprus is welcomed. However, we would encourage to find a balance regarding regional distribution of the EBRD investments. We would like to see that the EBRD's involvement is assessed by taking into account the EBRD's comparative advantage which is mainly focused on private sector.

Turning to Lithuania, I would like to express our appreciation for the EBRD's continued engagement in our country, especially in strengthening the local banking sector and providing debt and equity financing to entities, in supporting energy efficiency investments, as well as for the cooperation on the implementation of the risk capital instruments and on the development of a legal and regulatory framework for securitization. Lithuania's GDP is growing and is forecast to accelerate to around 3 percent in 2016 and 2017 driven by solid private consumption and recovering exports. Accession to the euro area confirms Lithuania's commitment to sound and sustainable economic and fiscal policies. In the light of this, we believe that the new EBRD Strategy for Lithuania is well focused on two strategic orientations: 1) bolstering energy security and increasing energy efficiency; and 2) enhancing private sector competitiveness through innovation.

In terms of the EBRD operations in advanced transition countries, the Bank should work actively on supporting cross-border investments by Central European and Baltic companies into other countries of operations. The experiences and know-how of the

advanced transition countries could be highly beneficial to the Bank's operations in other countries.

Regarding the Bank's operations in Belarus, we do not object the expansion of the EBRD activities in Belarus to allow greater engagement with the public sector and state owned enterprises. We see that along with the private sector activities the EBRD's involvement would help to improve infrastructure and foster productivity growth, thus contributing to the development of the economy of Belarus. However, we would urge the EBRD to focus on the safeguards and conditionalities, in particular, we would like to emphasise the adherence to the international standards of nuclear safety and environmental protection.

I would like to conclude that we are looking forward to further fruitful co-operation with the Bank in fulfilling ambitious agenda and responding to the challenges in the forthcoming years. As this year the shareholders are to decide on the President for the next term, I do believe that the candidate who is elected will lead the Bank by maintaining the dedication to the EBRD's core values and principles.