

POLAND

EBRD Annual Meeting
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Statement by Mr Marek Belka
Governor for Poland of the European Bank for Reconstruction and Development

Mr President,
Fellow Governors,
Ladies and Gentlemen,

Meeting on the 25th anniversary of the establishment of the European Bank for Reconstruction and Development gives us an excellent occasion to look back at the Bank's achievements as well as discuss the challenges ahead.

The Bank was founded as the unique institution with the primary goal "to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative". We can all agree that the EBRD has delivered through contributing to an unprecedented progress towards this objective. It came up with systemic and targeted solutions for each of its country of operation and backed it up with sufficient capital and knowledge. The 4 500 projects and over 107 billion EUR invested so far translate into real and tangible changes for more than thirty EBRD's countries of operation. The Bank helped boost economic growth, develop market-supporting institutions and policies, create jobs, foster innovation, develop infrastructure and introduce solutions for a cleaner environment.

We are proud that Poland is among the biggest beneficiaries of EBRD assistance and a poster child for its transition agenda. Since May 1991, when it was the Polish entity that signed the first ever project in the Bank's history, we have been making the best use out of the opportunities the EBRD brought along. The Bank's focus on developing the private sector helped to lay the foundation for our economic growth and successful transformation. And it has yielded substantial results both in Poland and the countries of the region - at present, the private sector in Central Europe employs about 2/3 of the total workforce and accounts for about 60 percent of value added.

At the same time the Bank itself has changed a lot over the last quarter of the century: the number of shareholders has significantly grown; the capital stock has tripled; the Bank's area of operation has extended both in geographical terms and the volume of its projects. Last but not least, the EBRD has broadened its cooperation with other IFIs and MDBs. As regards the latter, we see a much welcome continuation of this trend as the EBRD has been developing its cooperation with the Asian Infrastructure Investment Bank. Its aim is to exchange know how and experience, as well as to make the best use of their comparative strengths, in particular in Central Asia where the mandates of the two banks naturally intersect.

Taking pride in the Bank's achievements we must remember that the times were not always easy. Yet, the EBRD has lived up to being the proverbial friend in need. When the global financial crisis struck, the Bank delivered. Probably for the EBRD it has been the hardest test to date, as it had to manage the turmoil caused by the crisis and play its part in the collective global efforts. While keeping a flexible approach, the EBRD increased its lending thereby reaffirming its unique brand as the main supporter of the private sector in its region of operation. The Bank also pro-actively engaged in key areas for the stability of the region – one of the most vivid examples is its active role in establishing and developing the Vienna Initiative in 2008 and its re-launching in 2012 as the Vienna Initiative 2.0, with an aim to further strengthen the banking systems and reduce regulatory volatility and risks.

As we are opening the next chapter in the EBRD's history, there is still ample room for implementing the Bank's unique mandate. Transition gaps do persist while new challenges arise – geopolitical tensions, “stuck in transition” phenomenon, refugee crisis, climate change, energy security are just some of the most complex ones. To address them efficiently, the EBRD needs to adjust its strategy and then transform it into specific actions to remain relevant in delivering solutions. These efforts need to be firmly rooted in the Bank's unique mandate of fostering transition. At the same time it calls for reviewing the concept of transition to match it as best possible to the changes to the EBRD's operating environment and the regional and global context. We welcome the analytical work on rethinking the transition concept that is already underway. We agree that the EBRD should support transition towards a competitive, well-governed and inclusive market economy in a sustainable way. The Bank should assist in preventing transition reversals, which we have seen in many recipient countries over recent years, in particular during the ongoing crisis.

To achieve this ambitious agenda, the EBRD needs to focus on its core area of operation (Europe and its Neighbourhood) and utilize its specialized experience and knowledge of the private sector to make the best use of its resources. A stable, competitive, sustainably growing Europe along with its Neighbourhood will be the best answer to the challenges stemming from the current weakening global economic activity. At the same time the EBRD also needs to effectively use complementarities with other IFIs and private sector partners to leverage its volume of investment and fill the gaps with its unique expertise and comparative strengths. This includes in particular the desired EBRD and EIB cooperation, which should be enhanced in the context of promoting investment in Europe and its Neighbourhood, as reflected in the recent report and recommendations by the European Commission of 4 February 2016.

Finally, to reaffirm the EBRD's success and make it sustainable, it needs to enhance the role of advanced transition countries, the original beneficiaries of its assistance. The first-hand comprehensive knowledge of transition processes acquired by experts from advanced transition countries is the unique resource. A broader use of this asset by the EBRD would

not only be a symbol of an unprecedented success in advancing transition but a tangible benefit to all involved. One way to do that would be to reflect an increasing role of those countries for the Bank in staffing at all management levels.

To conclude, let me assure you that, as we are celebrating 25 years of our joint success at the Bank, Poland is ready to continue to play a constructive role within the EBRD and will actively contribute to its success in the years to come.