

**OPENING STATEMENT BY
THE CHAIR OF
THE BOARD OF GOVERNORS**

**2013 ANNUAL MEETING
OF THE BOARD OF GOVERNORS**

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Your Excellencies,
Distinguished Governors,
President,
Ladies and Gentlemen,

It is with great pleasure that I welcome you to the 22nd EBRD Annual Meeting in Istanbul.

I feel very privileged to chair this Meeting of the EBRD in the great city of Istanbul, which is very close geographically, and in many other ways, to my country, Bulgaria. For millennia the city has been a meeting place of civilisations, a bridge between continents and cultures. It is therefore very fitting that we meet here as the EBRD embarks on its geographic expansion towards the Southern and Eastern Mediterranean region. I am sure we will build many bridges in the days of the Annual Meeting for the benefit of our historic and new region. I would like to extend my gratitude to the Turkish authorities and to the City of Istanbul for their cooperation and hospitality in accommodating our Annual Meeting here.

This Meeting marks a historic year for the EBRD. At a time of continued global economic and financial vulnerability, the EBRD has yet again proven its leadership in and commitment to the progress of its countries of operations:

- it has continued to support the diversified financing needs across countries and across sectors, helping to lead in the stabilisation of its regions;
- it has continued to bolster investor confidence, attracting new investments into areas characterised by high risk;
- it has continued to intensify its technical assistance and policy dialogue with recipient governments and relevant stakeholders.

Taken together, all these achievements embody the EBRD's fundamental objective: achieving economic and political transition. In this connection, I would like to welcome Kosovo as a new member of the Bank and a new country of operations. This important step approved by the Board of Governors at the end of 2012 will allow the Bank to provide a very valuable transition support, for the benefit of the people of Kosovo.

This Annual Meeting is an important forum through which we, the Governors, and the Bank's Management and staff, as well as other distinguished stakeholders can exchange ideas and experiences on what has made us successful in the past and on how to further achieve progress in our regions in the future. From the Business Forum to the Civil Society Organisations Programme, there are multiple opportunities to approach transition from all relevant angles, attesting to the Bank's comprehensive, inclusive and diversified approach to its activities.

Today, I would like to open this session by firstly, reflecting on the Bank's performance in 2012 in its region and on the remarkable progress that the Bank has made towards its SEMED expansion. At a time where many of our countries grapple with economic, political and social challenges, the EBRD can be an important source of inspiration for us all.

2012 was a testament to the Bank's dedicated and unwavering engagement across its regions of operations. In a climate marked by uncertainty, the EBRD maintained an annual business volume of around €9bn **for the third year in a row**, amounting to nearly 400 projects. Moreover, private sector projects accounted for 80% of this investment, an increase in the EBRD's private sector engagement. But more fundamentally, projects continued to deliver on the Bank's mission: 92% of projects signed in 2012 had a transition impact potential rating of "good" or "excellent", demonstrating the high quality portfolio the EBRD is known for.

The Bank has supplemented its own financial and technical support with cross-institutional cooperation and coordination. The Bank remains a crucial partner in the Vienna II Initiative, which works towards avoiding disorderly and damaging deleveraging.

The Bank also continues with its strategic initiatives and priorities that we have discussed and endorsed over the years, including at Annual Meetings such as this. The EBRD's focus on the developmental needs of the Early Transition Countries is stronger than ever, with the number of projects and investment volumes at record levels for **the fifth consecutive year in a row**. Notably, in this regard, the Bank recently approved a €1.037bn total loan in Mongolia, its largest transaction to date. Likewise, the EBRD's Sustainable Energy Initiative has continued to deliver robust results, accounting for €2.3bn of the annual business volume. 2012 was an important year for the SEI through the launching of Phase 3, helping the EBRD further its commitment towards sustainable and low-carbon economic growth.

Alongside these positive operational results, the Bank remained financially sound and profitable despite the dampened global financial environment. The EBRD recorded a realised profit for 2012 of €1bn. It comes as no surprise therefore that all major rating agencies reaffirmed the EBRD's triple-A credit rating with a stable outlook, further underlining these successes. Given the high-risk environments the EBRD operates in, I think we can all be proud of these achievements and, particularly, the careful financial planning and management that underpin them.

In that vein and on behalf of the Board of Governors, I would like to congratulate and thank you, President Chakrabarti, the Board of Directors and all EBRD management and staff for achieving such outstanding accomplishments over the course of the year. Ultimately, the EBRD is defined as much by its mission as it is by the passion and dedication of those in its ranks.

2012 also witnessed the EBRD further crystallise its commitment to the democratic and economic transition in the SEMED region with some landmark achievements. Most notably, we, the Board of Governors unanimously granted potential recipient country status to Egypt, Morocco, Tunisia and Jordan last autumn.

With this historic step, the EBRD was able to launch its first projects in the region through the creation of the €1bn SEMED multi-donor account. In Jordan, a €30m trade finance facility was signed, the first SEMED project approved by the Board of Directors; in Morocco, a €20m MSME loan facility was approved, the EBRD's first project in the country. The EBRD is also pursuing technical cooperation projects in the region as well as consultations with various partners, including women's business associations, CSOs, donors and international financial institutions and other bodies, underpinning its comprehensive business development approach. These are just some of the concrete and swift actions we have undertaken in line with our response to the historic changes in the region.

We do, nonetheless, eagerly await deeper engagement in the southern and eastern Mediterranean once Egypt, Morocco, Tunisia and Jordan each become full countries of operations. It is with this in mind, that I invite the rapid conclusion of the outstanding ratifications of the changes to the Agreement Establishing the Bank from all remaining EBRD shareholders.

The EBRD is making great strides in its SEMED expansion, marking an exciting new phase of the Bank's life. It has also participated extensively in the Deauville Partnership to further international coordination efforts in the area.

I welcome these developments both for the SEMED region but also for all countries of operations in general. Indeed with the EBRD's 22 years of operational experience, we together are learning from each other, helping to enact meaningful economic and political change, and in the process further shaping our institutional identity.

Throughout this speech, I have touched upon the importance of institutional improvement and learning, and I think, before concluding, it is worth also noting the internal changes of 2012 that are part and parcel of this process. The past year ushered in new leadership for our institution and also marked some difficult goodbyes. Concerning the latter, we saw the departure of former President Mirow and former First Vice President Varel Freeman, whom we thank for their years of dedication to our institution and to whom we wish all the best for their futures. We also warmly welcomed our new President, Sir Suma Chakrabarti and our new First Vice President, Phil Bennett, both of whom have started making truly valuable contributions to the Bank. Under our new President's direction, the Bank is undergoing a timely modernisation aimed at ensuring the Bank's internal workings remain in step with some of the major external challenges I have highlighted today. On behalf of the Board of Governors, we welcome this new direction and look forward to the no doubt fruitful and effective outcomes of this process.

Conclusion

This Annual Meeting is both a time for reflection and for innovation: reflection on the Bank's past, innovation for the Bank's future. It is therefore rather fitting that this year's theme is "Innovating for Growth."

The discussions, synergies and decisions we will have during this Annual Meeting will help guide the EBRD's strategic direction, building on its longstanding success. They will also help ensure that the Bank remains an integral part of the international response to the turbulence and change in its regions of operations. Much work awaits to further transition in both the historic region and in the SEMED, particularly in this challenging economic climate. I am sure we will seize this opportunity, here at the Annual Meeting, to take our future to heart and form lasting partnerships and friendships with each other to underpin the strength of our institution.