EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT

PROCEEDINGS OF THE TWENTY-NINTH ANNUAL MEETING OF THE BOARD OF GOVERNORS

LONDON
IN VIRTUAL FORMAT
7-8 OCTOBER 2020

CONTENTS

[1] Document available separately online (not included in the Proceedings)

RECORD OF THE PROCEEDINGS

The Twenty-ninth Annual Meeting of the Board of Governors was held in London, United Kingdom on 7 and 8 October 2020. Participants took part in virtual format from a variety of locations via video link.

The Governor for Spain, Ms Nadia Calviño, served as Chair. The Governor for Lithuania, Mr Vilius Šapoka, and the Governor for Romania, Mr Vasile-Florin Cîţu, served as Vice Chairs.

1. Procedures Committee

The Procedures Committee for 2019-2020 submitted to the Board of Governors a report concerning the draft Agenda of the Annual Meeting and other matters in its terms of reference, including recommendations on the Chair and Vice Chairs of the Board for 2020-2021, who would also serve as the Procedures Committee for that period.

2. Opening session

On 7 October, the Chair of the Board of Governors called the Meeting to order.

The Board was then addressed by: Mr Rishi Sunak, Chancellor of the Exchequer, representing the Government of the United Kingdom; Ms Nadia Calviño, Chair of the Board of Governors; Mr Jürgen Rigterink, Acting President of the Bank; and HRH The Prince of Wales.

Governors provided guidance to the Bank in the form of written statements, which were distributed during the Meeting and are incorporated in the Proceedings.

3. Plenary session

At a plenary session of the Board of Governors on 7 October, the Board adopted the Agenda and approved the Report of the Procedures Committee.

a. Governors' Roundtable

Governors considered a report of the Board of Directors and draft Resolution on the Strategic and Capital Framework 2021-2025. Governors then adopted Resolution 233 on the Strategic and Capital Framework 2021-2025.

b. Institutional and financial matters

i. Net Income Allocation

The Board of Governors adopted Resolution 234 on the 2019 Net Income Allocation.

ii. Membership of Iraq

The Board of Governors adopted Resolution 235 on the Membership of Iraq.

c. Resolutions adopted beforethe Annual Meeting

i. Financial Statements and Independent Auditors' Report for 2019

The Board of Governors had adopted Resolution 228 on the Financial Statements and Independent Auditors' Report for 2019.

ii. Annual Meeting Cycle 2021-2023

The Board of Governors had adopted Resolution 229 on the Annual Meeting Cycle 2021-2023.

d. Documents noted before the Annual Meeting

i. Annual Financial Report 2019

The Board of Governors had taken note of the Annual Financial Report 2019.

ii. Strategy Implementation Plan 2020-2022

The Board of Governors had taken note of the Report of the Board of Directors on the Strategy Implementation Plan 2020-2022.

iii. Annual Review 2019

The Board of Governors had taken note of the Annual Review 2019.

iv. Special Funds' Financial Statements 2019

The Board of Governors had taken note of the Special Funds' Financial Statements 2019.

e. Election of Chair and Vice Chairs for 2020-2021

At the end of the plenary session, the Board elected the Governor for Ireland as Chair of the Board of Governors and the Governor for Armenia and the Governor for Uzbekistan as Vice Chairs, to hold office until the close of the 2021 Annual Meeting.

The Board appointed a Procedures Committee for 2020-2021 composed of the Chair and the two Vice Chairs, to be available until the end of the 2021 Annual Meeting for consultation at the discretion of the Chair, and also to meet immediately before the 2021 Annual Meeting if required.

4. Election of the President

On 8 October, an election was held in virtual format during a closed session of the Board of Governors in accordance with Resolution 232 (Amendments to the Rules for the Election of the President and Term of the New President). Following a secret ballot, Ms Odile Renaud-Basso was elected President.

5. Appreciation

Governors expressed appreciation for the way in which the Bank's first virtual Annual Meeting had been organised.

STATEMENT BY MR RISHI SUNAK, CHANCELLOR OF THE EXCHEQUER, ON BEHALF OF THE UNITED KINGDOM GOVERNMENT

Thank you, Nadia, for your introduction.

Your Royal Highness, Madam Chair, Your Excellencies, Fellow Governors, Acting President, Ladies and Gentlemen,

It is my pleasure to welcome you on behalf of Her Majesty's Government to the European Bank for Reconstruction and Development's 2020 Annual Meeting.

The first ever virtual meeting in the Bank's history, coming from its London Headquarters.

Thirty years ago, as the Berlin Wall fell and the shadow of the Cold War lifted, the UK came together with our friends and partners in Europe and around the world to found a new institution dedicated to economic and political freedom.

The Bank's founding principles have guided it through thirty years of crisis and change, and must continue to guide us now:

- belief in democracy, pluralism and openness as the foundation of prosperity;
- trust in the power of free markets, private capital and entrepreneurship to drive economic growth, and a commitment to a greener, more inclusive and more resilient future that meets the needs of all our citizens.

Never have those values – and the work of the EBRD – been more critical than they are now.

As the Bank develops its new, five-year strategy, we face two urgent issues.

The first, of course, is our collective response to coronavirus.

The EBRD has risen to meet this challenge, working from kitchen tables across the UK and around the world to deliver over €7 billion of investment to support the crisis response.

The Bank is on track to lend more this year than ever before.

On behalf of the Annual Meeting, let me record our heartfelt thanks to the EBRD's devoted, hardworking team.

Our second great challenge is the climate emergency.

This is an important moment.

Five years on from the Paris Agreement, the UK holds next year's G7 Presidency.

And we'll be hosting COP26 next year, alongside Italy.

We want to use this opportunity to raise our collective ambition on climate change.

And I'm counting on the EBRD to play its part.

It's great news the Bank will direct 50 per cent of its lending over the next five years to a greener economy.

But it needs to do more:

- to deliver its existing targets;
- align with the Paris commitments;
- and strengthen the transition to clean energy.

We will hear more from His Royal Highness the Prince of Wales on how we can do that, shortly.

Of course, this year's Annual Meeting will also elect the Bank's next President.

I wish all three candidates the very best.

Let me pay tribute to my compatriot, Sir Suma Chakrabarti, for his extraordinary leadership over the past eight years.

And thanks also to Jürgen Rigterink, our Acting President, for leading the Bank ahead of these meetings.

The UK's commitment to the Bank remains as strong as ever as it pursues its mission to secure economic and political freedoms around the world.

So I wish you all the very best with this year's Annual Meeting and look forward to discussing with you soon.

Thank you.

OPENING STATEMENT BY MS NADIA CALVIÑO, CHAIR OF THE BOARD OF GOVERNORS

Your Royal Highness, Chancellor, Your Excellencies, Governors, Acting President, Ladies and Gentlemen,

I am delighted to welcome you all – virtually – to the Twenty-ninth Annual Meeting of the European Bank for Reconstruction and Development in London.

It is a great pleasure for me to chair this Meeting of the EBRD during this critical and challenging time.

I am confident that, even though this is a most unconventional format, our Annual Meeting will be just another hurdle that this resilient institution will have overcome in this extraordinary year.

I am particularly pleased that we can continue with our important work and approve the Bank's five-year Strategic and Capital Framework later today, with its strong focus on accelerating transition.

The current crisis has been energy consuming, but the events of 2020 should not overshadow the outstanding results achieved by the EBRD in 2019. It was a specialyear, with record levels of investment, projects and green economy transition financing – a successful legacy for our last President, Suma Chakrabarti.

The Covid pandemic has hit all our countries of operations hard. Our priority now is on crisis response, on recovery, and on building back better to accelerate transition.

This challenge can only be tackled successfully through a collective and coordinated effort. The EBRD and the other international financial institutions must play a meaningful role in getting our countries, our world, back on track. It is therefore more important now than it ever has been that we, as shareholders across these institutions, work together with the aim of promoting economic development, and encourage them to be more efficient and avoid overlaps.

I would like to call your attention to the EBRD's prompt response in the last few months with two relevant crisis packages, targeted at addressing the most urgent needs: providing liquidity and working capital for the private sector and for vital infrastructure in our countries of operations. In these difficult times, the EBRD is delivering real benefits that we can all be proud of.

It is important that in all its work, the Bank continues to keep the bar high, ensure quality, and be guided by its mandate and the principles of transition impact, additionality and sound banking. I am glad to say that these principles remain at the heart of the Bank's Strategic and Capital Framework that we will be discussing later today, and I would like to take this opportunity to highlight some of the key features of the Bank's future strategy.

We, the shareholders, set the tone for the Bank's investment and policy strategic directions when we agree the Strategic and Capital Framework. It is indeed timely that under the current circumstances, we have the opportunity today to send a strong signal about the EBRD's planned impact, and our aspirations for the Bank over the next five years.

The building block of this strategy is the Bank's financial strength. There is sufficient capital for the Bank to be ambitious in developing its business model across our countries of operations, and also to eventually expand its regional footprint.

The EBRD purpose remains the fostering of transition towards open market economies, and the promotion of private initiative in recipient countries that are committed to and applying the principles of multiparty democracy, pluralism and market economy. This political mandate is a strength amongst multilateral development banks, and remains a crucial anchor for this institution.

The ability to combine private-sector finance, policy engagement and donor support in a wise and practical manner is an invaluable asset of the EBRD. This is a strength that the Bank should continue to deploy in all its countries of operations.

The Strategic and Capital Framework advocates a thoughtful distribution of the Bank's toolkit. Our decisions should allow the Bank to set the path to increasing the proportion of its investment and policy activities in countries less advanced in transition.

Also, and as has always been the case in the EBRD, success in the transition journey is still marked when a country itself decides to graduate from the use of Bank resources.

Looking forward, the Bank's successful experience in previous expansions has shown that its business model is complementary to other development finance actors. This gives us, as Governors, a starting point to decide on the possibility to expand the Bank's transition mandate to sub-Saharan Africa and to Iraq during the Strategic and Capital Framework period, at the point when it makes sense and creates value.

This Strategy sets out the many ways in which the Bank will go from strength to strength. The Bank's key focus of preserving and accelerating transition in its countries of operations will be underpinned by three strategic themes:

- fostering the transition to a green, low-carbon economy;
- promoting equal opportunities; and
- accelerating the digital transition.

I look forward to the new innovative approaches and strategies that will be crafted along these themes. I call on shareholders to support the Bank in these endeavours; and the generosity of donor countries will be needed more in the coming years than ever before. I am confident that in this context, the European Union will play as significant a role as it has done in the past.

Our approval of the Strategic and Capital Framework also aligns with the implementation of the Bank's new *Green Economy Transition* approach for the next five years. Part of *building back better* from the effects of the crisis will be a focus on green recovery. The Bank is ready to seize this opportunity and will no doubt do so in a determined and effective way. Reflecting its strong commitment to support the transition to a green, low -carbon economy in its countries of operations, the Bank has set an ambitious target green finance ratio of more than 50 per cent by 2025. This is very much welcomed.

These are but a few of the many highlights, and I am very much looking forward to chairing the plenary session and hearing Governors' views on areas important to them in the Strategic and Capital Framework, as we take this very important decision.

In my capacity as Chair of the Board of Governors, I would like to take this opportunity to convey Governors' heartfelt thanks to all staff for the outstanding results in 2019 and their readiness to keep the Bank going, especially during these difficult months.

I would like to extend sincere thanks to former President Chakrabarti for his exceptional efforts, achievements and dedication to the institution and its mandate during his eight years at the helm.

And on behalf of us all, I would also like to thank Acting President Jürgen Rigterink for stepping into the breach during the interim leadership period, and for his calm approach to navigating the Bank safely through the choppy waters of this most challenging of years.

This is already a momentous meeting in the Bank's history. And there is more. At this Annual Meeting, we will be electing the Bank's new President for the next four years. I am confident that with the candidates' strong experience and leadership skills, the Bank will be in safe hands as we move into the future with confidence and ambition.

Moving to the institutional matters before us at this Annual Meeting, I look forward to Governors deciding on the application from Iraq. We have already approved Algeria's membership application earlier this year, and I look forward to being able to welcome both of them as the 72nd and 73rd Members of the EBRD. Since our last Annual Meeting in Sarajevo, the Bank has expanded its shareholder base, and so I would like to extend a warm welcome to San Marino as the newest Member of the EBRD. Welcome!

2020 has been a difficult year globally and the challenges ahead are unprecedented. For many of the EBRD's countries of operations, the road to recovery will be steep and rocky. But with the ambitious Strategic and Capital Framework and the Bank's strong capital base, ambitions on the green agenda, and commitment and active engagement in its regions of operations – and not forgetting its crisis response activities – the Bank is well equipped with the tools needed to help smooth and level that road towards recovery.

Thank you.

OPENING STATEMENT BY MR JÜRGEN RIGTERINK, ACTING PRESIDENT OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Your Royal Highness, Your Excellencies, Governors, Ladies and Gentlemen,

Good morning, good afternoon, good evening from an empty boardroom in the EBRD's London headquarters.

Yes indeed, this is an EBRD Annual Meeting like no other.

Just as none of us will ever forget these last six months, all of us have discovered new sides to ourselves, new talents and unexpected strengths. And we can say the same about the Bank itself, and its impact across the three continents where we invest.

Like many of you, one skill I have had to learn is the art of talking to – and communicating through – cameras or screens. As we all know by now, it is a kind of a performance. I am indeed the Acting President. A warm welcome to all of you, to this, the Bank's 29th Annual Meeting.

My message to you today is straightforward: that the events of recent months demonstrate once again how the EBRD is the Bank that always rises to and meets the challenges of the hour.

We had a taste of this in 2019. It seems like ancient history now; but as the Chair of our Governors has already mentioned, last year was a record one in so many ways:

- Record financing: breaking the €10 billion barrier for the first time in our history;
- A record number of projects: 452 compared to 395 the previous year;
- Record levels of green financing: 46 per cent of our total business volume.

And all this with a very strong financial performance, earning a net profit exceeding €1.4 billion; our best in over a decade!

We started 2020 with a clear plan to do even more to build sustainable, open markets in the almost 40 economies where we invest.

None of us could have guessed what would be required – at work, at home, in our different countries – in the months ahead.

And I won't hide the fact that those first few weeks of lockdown were the most challenging of my working life.

Back in March, when we said goodbye to our offices, we weren't sure how best to stay in touch with each other, let alone our clients.

But EBRD staff – and our partners – put in heroic efforts to improvise and pull through the worst crisis most of us have ever experienced.

Here again we have shown that, even in the most dire circumstances, when economies are contracting and companies risk going under, we are a Bank that gets the job done. Even, as in my case, from a kitchen table in south-west London.

I need to say a huge thank you to all our staff for the way they have performed above and beyond the call of duty, including those involved in planning this Annual Meeting in such difficult conditions.

But I also want to thank our shareholders, our donors, and our many partners from civil society and across the development finance world for their support.

Only by working together could we have delivered so much, so fast, to so many, with so few:

- On Friday 13 March, we were the first multilateral development bank to launch an emergency crisis response – our Solidarity Package!
- And committing almost all our activity – this year and next – to countering the impact of the pandemic and supporting the economic recovery. This is expected to exceed well over €20 billion.

The needs are unprecedented and so is our response: record investment by the end of August this year of more than €7 billion, compared to €4.9 billion for the same period last year. Yes indeed: an increase of over 40 per cent compared to last year's record-breaking year.

And with the pandemic seriously disrupting trade flows, our Trade Facilitation Programme has come into its own.

For example, in the first six months of this year, we financed more than 1,000 trade deals amounting to almost €2 billion, the highest turnover in our history.

I certainly did not expect to be asked, in the midst of such a crisis, to take over as Acting President. But it has been a great honour to lead this institution, if only for a short time. I will return to my role as First Vice President as soon as my successor arrives. And I will do so full of gratitude for the support I have had from staff and from colleagues on the Board of Directors.

For now, our world is dominated by the coronavirus pandemic, and by our efforts to help recover from its economic impact. This has to be our priority. And it is.

However, there are many more challenges that the Bank must meet and overcome.

Yes, we need to preserve the progress made so far in our countries' transitions.

But we also have to move even faster towards a more resilient and more sustainable future.

The proposal for our next Strategic and Capital Framework plans to do just that:

- by accelerating the transition to a low-carbon economy: green finance will be the majority of our business by 2025;
- by promoting equality of opportunity through access to skills and employment, finance and entrepreneurship, and support for women, young people and under-served communities;
- and by accelerating digital transition, unleashing the power of technology to bring about change for the better.

Working with you, our shareholders, our Board and colleagues from across the Bank, has enabled us to prepare a very strong Strategic and Capital Framework, and I am looking forward to hearing your views on it later today.

Before I go, there is one person who deserves a special mention.

That is our President for the last eight years, Suma Chakrabarti.

He was certainly the smartest, hardest-working boss I have ever worked with; someone with a profound knowledge of – and passion for – development.

Suma, your legacy, especially putting policy reform and inclusion at the heart of what we do, will live on for many years yet.

Under your leadership, the EBRD really did become, as you put it, the *indispensable Bank*. Thank you!

Ladies and gentlemen, back in the dark days of March at the beginning of lockdown, in an EBRD video I told the world: *we are with you*.

You will have heard that same message again in the dramatic and inspiring short film we have just premiered.

Yes, we are with you: you, our shareholders, our clients, our partners, our donors, and the countries where we work.

We are with you to meet the challenges of the past, of the present, and – with your approval as we start work on delivering our ambitious new strategy – the challenges of tomorrow as well.

Thank you!

ADDRESS BY HRH THE PRINCE OF WALES

Ladies and gentlemen, it is most kind of you to have invited me to deliver this Special Address to the European Bank for Reconstruction and Development's 29th Annual Meeting, particularly as the EBRD is an institution which has been dedicated to the transition to sustainable markets ever since its founding nearly thirty years ago. Some of you may recall that when I opened your current headquarters in Exchange Square at the heart of the City of London all those years ago in 1993, I highlighted then the important role the EBRD had to play in *generating and sustaining the right momentum*. Now, I need hardly say how encouraging it is to learn that, in your vital work on the green economy, it seems you may possibly have taken my words to heart!

I know that there are many examples of the EBRD, in collaboration with its partners, investing in resilient, low-carbon economies through the private sector. One such example is the financing of the Benban solar plant, the largest in Africa, providing six million panels in the Egyptian desert to power one million homes. Another example is the EBRD's Green City programme, to which more than forty cities have signed up, and which encourages private and public investment in water and wastewater, transport, energy efficiency in buildings and waste management. I hear that this programme is helping Tirana, the capital of Albania, to create a ring of urban forest around the city, in order to use the power of Nature to manage water and flooding through green, rather than grey, infrastructure.

There are, of course, many more such examples; and I did just want to applaud, if I may, the EBRD's intention to invest even more of its total business volume in the green economy. If I may, however, I really do want to encourage the Bank – and other business leaders and the EBRD's shareholders – to be even more ambitious, and even more radical. This may not be the message you want to hear, but time is rapidly running out, believe you me, in which to make the long overdue changes that are so vital for our future.

The current pandemic exemplifies the devastating impact global threats can pose to human and economic well-being. As recent reports reaffirm, human-induced climate change and industrial activities are destroying, degrading and fragmenting Nature at an unprecedented rate – affecting the life-sustaining systems on which we all depend.

As some of you may know by now, I have been trying to say for over 40 years that we are testing our world to destruction and that this crisis has, for far too long, been decried, denigrated and denied. If we have the resolve to shift our trajectory, we must start now by bringing forward our net-zero target – I am afraid 2050 simply suggests we have room to delay. We do not. For my part, through my Sustainable Markets Initiative and The Great Reset, I am working with *coalitions of the willing* to identify and scale up solutions that aim to put Nature, people and planet at the heart of our economy. To accelerate these efforts, at the opening of Climate Week last month I called for a form of *Marshall Plan for Nature, people and planet* to advance a *blue-green* recovery and set the course for a sustainable future rooted in a new economic model – in other words, a circular bioeconomy that puts Nature and the restoration of natural capital back at the centre of the entire process. Ladies and Gentlemen, international financial institutions and development banks such as the EBRD have an absolutely crucial role to play in this. After all, we know that it is not a lack of capital that is impeding our progress, but how we deployit.

At a global systems level, as we consider the framework for a Marshall-like plan, I believe there are six core levers that could accelerate our progress. These include:

Firstly – implementing effective and equitable carbon pricing (or the *polluter pays* principle) to accelerate decarbonisation by changing the behaviour of consumers, businesses and investors, while unleashing innovation and generating revenues that can drive the green recovery.

Secondly – accelerating the development, implementation and scaling-up of carbon capture, use and storage, both Nature-based and engineered, to help to buy us time, allowing us to rapidly draw down carbon emissions as we transition towards a net-zero global economy. I fear, Ladies and Gentlemen, there will simply never be an adequate reduction in carbon emissions without carbon pricing and carbon capture.

Thirdly – establishing a credible and trusted global carbon offset market to connect well meaning net-zero offset efforts with credible and effective Nature-based and engineered solutions to reduce carbon emissions and restore biodiversity.

Fourthly – tackling perverse subsidies (such as those for fossil fuel, forestry, fisheries and agriculture) to transform the lives and livelihoods of millions of small farmers, landowners and fishermen, along with rural and coastal communities all around the world. This would further help to maintain food security and employment.

Fifthly – creating a recognised global ecosystem-services market to incentivise farmers and landowners to increase and measure soil organic carbon, reduce greenhouse gas emissions, and improve water quality and water-use efficiency.

Sixthly – advancing sustainable urbanism to tackle rapid urbanisation, while improving the urban–rural balance, and protecting ecosystems, natural capital and food production.

All these measures would make a real difference in rapidly shifting our economy onto a more sustainable trajectory. Without them, we will fail in our overriding responsibility to future generations. Surely we cannot just sit here and let this happen, when we know what needs to be done – now? By working with governments, industries, businesses and investors on their net-zero roadmaps and economic transition priorities, we can align our efforts and our investments to achieve acceleration and scale. We have an incredible opportunity to create entirely new sustainable industries, products, services and supply chains. Moving together, with clear roadmaps, we can create efficiencies and economies of scale that will allow us to leapfrog our collective progress and accelerate our transition.

In order to accelerate the restoration of biodiversity and Nature's ecosystems in the short time left to us, it will be essential to target coordinated and globally trusted carbon-offsetting funds from the entire private sector for the recovery of natural capital and the reduction of carbon emissions. Similarly, to buy us crucial time as we transition, carbon capture, use and storage will be utterly vital if we are to draw down on the excess of carbon that needs to be, and must be, removed from the atmosphere. We will not win the battle otherwise.

To have the impact required, we must also think at scale. Global megaprojects, such as *30% by 2030*, the Great Green Wall, Africa 100, the 20x20 Initiative in South America and many others, have the potential not only to improve natural capital, but also to increase opportunities in the green economy, while improving sustainable jobs, livelihoods and local economic growth.

We must also take rapid and robust action to reverse perverse subsidies and improve incentives for sustainable alternatives. Reorientating economic subsidies, financial incentives and regulations can have a dramatic and transformative effect on our market systems. Public policy, therefore, has a critical role to play – particularly, if I may say so, in the development of an effective, equitable form of carbon pricing; perhaps one based on a *Citizen Dividend* model, which could unlock a huge flow of investment into zero-carbon technologies currently seen as uneconomic, and also provide the wherewithal for a green recovery and enhanced employment opportunities on a global scale.

Ladies and Gentlemen, achieving a sustainable future is the growth story of our time and can, in fact, fuel our post-pandemic recovery in a way that pays dividends for decades to come. The exponential win-win benefit only comes when we find points of common interest, and start to use targeted investment in order to scale up existing examples of best practice around the world. For instance, as the World Resources Institute (of which I am Patron) has indicated, for every dollar invested in the restoration of coastal mangrove forests, there is a return of $5. Knowing the direction of travel is half the battle, which is why these roadmaps are so critical. The more we know about our shared ambitions for the future, the more we can help each other to get to the destination.

But after so much delay, procrastination and ceaseless talking, the window for action is rapidly closing. A new *Marshall-like plan for Nature, people and planet* is urgently needed if we are to align our collective efforts for the highest possible impact and to save our planet from continued destruction. I trust, Ladies and Gentlemen, you will all agree that our children and grandchildren deserve nothing less. It is, I am afraid, up to all of you, Ladies and Gentlemen, to lead the way out of the mess we have created – now!

STATEMENTS BY GOVERNORS

STATEMENT BY MR AVAG AVANESYAN, ALTERNATE GOVERNOR FOR ARMENIA

It is my honour to represent Armenia in the 2020 Annual Meeting of the European Bank for Reconstruction and Development and deliver the statement on behalf of the Republic of Armenia. First of all allow me to express our great, great appreciation of the excellent effort by EBRD management to make the annual meeting happen (despite the seemingly insurmountable challenges), and hence, creating an opportunity for dialogue.

This year has been challenging for the region, and the world in general, due to the Covid-19 crisis, with its plethora of humanitarian and economic implications and consequences. The world will need a coordinated effort by development institutions and sovereign nations to make sure that the recovery, when it arrives, is quick and inclusive.

To this extent, we greatly value the excellent job of the EBRD in mobilising a rapid Covid-19 response package. Despite the economic and financial volatility, and structural challenges, the Bank has managed to successfully implement its core mandate of ensuring transition impact, and has continuously contributed to the development of the region.

Beyond the rapid response agenda, we utterly believe that long-term recovery and growth will be achieved through structural reforms targeting deep economic transformation. This would imply speeding up the development and absorption of green technologies, ensuring better and equal access to knowledge and information, and encouraging the further development and spread of international value chains. To tackle newly arising vulnerabilities and support the recovery, we may need to evaluate the need to allocate more concessional resources, especially in the regions affected the most.

We appreciate efforts to build the Strategic and Capital Framework 2021-2025, the priorities of which are aligned with the national development priorities of Armenia. We express support for the Framework, and hope that the proven efficiency of the Bank's business model and its unique mandate will be effectively utilised to reach the goals that have been set. We also welcome the approach of the Framework's review and monitoring mechanism, which will inform the Bank and the Board about implementation and further priorities.

Regarding geographical expansion and the operational envelope, we believe that, for the initial period of recovery, and while the consequences of the crisis have mostly not yet been addressed, engagement by the Bank in the current countries of operations is a more preferable strategy. Considerations about operational expansion should be made when the planning horizon clears up and a thorough analysis of possible risks, opportunities and challenges can be performed.

We also appreciate the effective and longstanding partnership with the EBRD. Twenty-nineteen was a very successful year: 15 projects were launched by the Bank, capping €118 million of investments. The current portfolio of about €380 million is predominantly in energy, infrastructure, financial institutions, industry, commerce and agribusiness. About 85 per cent of the EBRD's operations in Armenia are in the private sector. Armenia is interested in continuing to work with the EBRD around sustainable recovery and building more effective policy dialogue for a better future.

Unfortunately, the efforts we all pooled together for decades to open, for the region and countries of operations, prospects for sustainable development, ensure effective transition, and build strong democracies with effective institutions and a market economy are threatened.

While we speak of shared prosperity and growth, of a sustainable future and an effective transition that awaits us after the pandemic is overcome, while we speak of cooperation and inclusion, for already ten days, the people of Artsakh (Nagorno-Karabakh) have been fighting for their existential right to life.

The military aggression against Artsakh by Azerbaijan, which is fuelled by the full and direct support of Turkey, and is accompanied by gross violations of international humanitarian law, has endangered the security of the entire region. Foreign terrorist fighters from Syria and Libya are deployed in military operations by Turkey and Azerbaijan. The civilian population and infrastructure are being deliberately targeted with cluster munitions and other weapons of varying calibre. The people of Artsakh are not only defending their own security, but they also stand for universal values, for democracy and human rights. They stand against terrorism, violence and oppression.

Despite calls by the OSCE Minsk Group Co-Chair countries and the international community to immediately cease military action, Azerbaijan and Turkey continue the large-scale aggression.

This intentional destruction of peaceful settlements and the loss of human life are taking an extreme toll on peace and stability in the region. The negative effects will unfortunately be deep and long-lasting, requiring extensive political and economic mobilisation to mitigate and overcome. An instant understanding that the conflict has only a peaceful solution is vital; otherwise the region is on the brink of a humanitarian crisis.

The Republic of Armenia remains committed to the founding principles of this institution. We should ensure that the current challenges will not take us off the predetermined course of democracy and shared prosperity, and we look forward to more fruitful cooperation and positive achievements.

To conclude, once again I would like to say a word of thanks to the EBRD Acting President, Mr Jürgen Rigterink, as well as the management team for their efforts in arranging the Annual Meeting during such volatile times. I would like to express sincere gratitude to our Constituency for the accomplished year.

The EBRD is and will remain an important partner for Armenia.

STATEMENT BY MR PHILIP LINDSAY, TEMPORARY ALTERNATE GOVERNOR FOR AUSTRALIA

May I start by commending the staff and management of the Bank for their excellent work navigating the unique logistical challenges presented by Covid-19 to hold this Annual Meeting of all shareholder countries in five continents spread across 14 local time zones. I also thank the members of our constituency – the Republic of Korea, Egypt and New Zealand – for their cooperation and support over the past year.

Australia thanks Sir Suma Chakrabarti, the President, for his leadership of the EBRD over the past eight years, and interim President, Jürgen Rigterink, for his stewardship during the transition between Presidents.

The EBRD's core mandate is to transition our countries of operations towards open market-orientated economies, and promote private and entrepreneurial initiatives in those countries. The importance of this mandate has been highlighted by the economic impacts of Covid-19. Coupled with its significant capital stock, the Bank is well positioned at this time of uncertainty and broad economic challenge to support its countries of operations, and in particular the countries less advanced in transition, whether in the southern and eastern Mediterranean, Central and Eastern Europe, or Central Asia.

Australia commends the EBRD's €21 billion assistance package over 2020 and 2021, which is delivering significant and timely support to counter the impacts of Covid-19. While many of the EBRD's countries of operations have had success in stabilising the health impacts of Covid-19, the economic, social and development consequences will be large and long lasting. Australia encourages the Bank to stand ready to provide further support if recovery stalls or in the event of continued or further waves of Covid-19.

In the absence of a safe, effective and affordable vaccine, many countries will face challenges in opening up their economies and progressing their development goals. We encourage the EBRD to consider what role it can best play in supporting the wide and equitable distribution of a proven Covid-19 vaccine.

Australia welcomes the EBRD setting its direction for the next five years through the Strategic and Capital Framework 2021-2025. In implementing the Framework, Australia encourages the Bank to concentrate its capital and activities where they are most needed, and carefully balance the needs of existing countries of operations with the possibility of expansion into other countries and regions, especially in light of the challenges presented by Covid-19. Finding the right balance will help countries to: maintain a sustainable economic, social and development recovery; protect the balance sheet of the Bank; and reduce the need for more capital.

If shareholders decide to expand the Bank's geographic focus during the Framework period, Australia encourages the Bank's work to be complementary to, and coordinated with, that of other institutions active in these regions, as this approach will maximise the benefit of new development assistance.

Australia supports the reaffirmation of the principle of graduation within the Strategic and Capital Framework as defined in *A Policy on Graduation of EBRD Operations*. While we recognise that the impacts of Covid-19 will delay the potential graduation of some countries of operations, it is important for the Bank to continue to help Advanced Transition Countries become self-sustaining market economies as measured by graduation, which will allow resources to flow to operations that will likely deliver a greater transition impact.

Australia also encourages the Bank to incorporate the principle of mutual obligation into considerations about the establishment of any new countries of operations. Our support to new countries should flow readily, on the proviso that they commit, and remain committed, to the EBRD's mandate of fostering principles of multiparty democracy, market economics and gender equality. Steadfastness on these values is mutually beneficial: countries that uphold these principles are more likely to efficiently allocate resources that contribute to economic growth.

As part of our global economic recovery from the pandemic, Australia sees a key role for all multilateral development banks to mobilise private-sector and institutional finance to support development and address infrastructure gaps. The EBRD is already a leader amongst multilateral development banks in this area, and we encourage it to continue to be innovative in co-financing with the private sector. This co-financing will be particularly important in helping countries of operations recover from the impacts of Covid-19 and meet the Sustainable Development Goals.

To close, we thank the EBRD for providing significant and ongoing support to countries of operations during Covid-19. Australia is confident that the EBRD will continue to rise to the challenges and demands of Covid-19, and chart a prosperous future in its regions of operations over the course of the Strategic and Capital Framework 2021-2025.

STATEMENT BY MR HARALD WAIGLEIN, TEMPORARY ALTERNATE GOVERNOR FOR AUSTRIA

Let me start by thanking Acting President Jürgen Rigterink for the invitation to the EBRD's Annual Meeting. While we regret not being able to meet in person this year due to the unfortunate circumstances, we commend the EBRD for the execution of its first virtual Annual Meeting, and the preparations for the first virtual election of an EBRD President. We would like to express our gratitude and compliments to all involved in making this happen. The electronic vote will allow a fair process, and allow us to decide between several exceptional candidates. Austria looks forward to working with the new President.

I would also like to thank the Acting President for having led the EBRD and its staff through a demanding six-month period. In responding to the pandemic, you have shown good judgement concerning the EBRD's operations and finances, and its staff and their wellbeing. Supporting you in this endeavour were two new Vice Presidents, whom I would like to welcome warmly on this occasion. As Chief Financial Officer and as Chief Risk Officer, Soha El-Turky and Annemarie Straathof joined the management team just in time to support it in a critical period.

Austria applauds the EBRD's swift and forceful Covid-19 action. The timely approval and successful execution of two Solidarity Packages supported the Bank's countries of operations in their economic crisis response, and demonstrated the EBRD's effective counter-cyclical role. It is encouraging that an over-proportional share of investments will help maintain and accelerate transition progress in Early Transition Countries. Moreover, we appreciate the rapid scale-up of trade finance promotion. In response to urgent demand, trade finance has grown to account for 20 per cent of the Bank's overall investment volume. Austria is pleased to support this programme financially to further alleviate the economic impact in countries of operations.

What casts a shadow on the otherwise strong response is the currently low share of finance aligned with the Green Economy Transition. While we recognise the difficulty in identifying green finance projects during an economic rescue period, we encourage the EBRD to undertake all efforts during the economic recovery phase to increase the share of Green Economy Transition projects. More importantly, we discourage financing that expands the volume or extends the lifetime of carbon-intensive fossil fuel projects. It is critical for the EBRD, as a green transition bank, to meet the aspiration it set for itself in the approval of the second Solidarity Package – to catalyse and mobilise finance for a *tilt to green*.

The EBRD's sizeable response to the economic aftermath of the pandemic was enabled by its strong capital position and its strong financial and operational performance in 2019. We commend the EBRD for significantly growing its business whilst preserving its financial sustainability. The Bank invested €10.1 billion through 452 projects. We are pleased that an unprecedented 46 per cent was invested in projects that support a green economy transition, and we would like the Bank to pursue this path. The development of the Bank's portfolio in the Western Balkans has always been of particular interest to Austria. We appreciate that, with an annual bank investment of €1.3 billion in 2019, a new record was set for EBRD investment in the Western Balkans. Another highlight of 2019 was the work to strengthen local capital markets and to encourage the use of local currencies in countries of operations. Last year, the Bank signed the equivalent of almost €2 billion in 137 local currency loan and bond transactions. During the same year, the Bank issued local currency bonds denominated or linked to nine currencies of countries in which it invests for funding purposes. These excellent results are a testament to the special quality of the Bank, its management and staff.

We also thank former EBRD President Sir Suma Chakrabarti, who shares the credit for last year's results, as well as for the Bank's accomplishments during his tenure between 2012 and 2020.

On the heels of the outstanding 2019 achievements, the EBRD will be able to lend up to €13 billion annually under its Strategic and Capital Framework 2021-2025. We are confident that this volume, which constitutes a considerable increase from the past, will assist in preserving and accelerating transition during the economic fallout of Covid-19. We trust in the Bank's assurance that even a combination of strong business growth in 2020 and a severe Covid-19 scenario will not cause excessive pressure on the Bank's capital or liquidity.

Austria fully supports the Strategic and Capital Framework and its strategic priorities for the years 2021-2025. Among these priorities, we especially welcome a more systematic approach to the Green Economy Transition. Setting a target of 50 per cent for projects supporting this transition reinforces the EBRD's ambition to foster a low-carbon and climate-resilient economic transition, and builds on green finance achievements in previous years.

Along with an overwhelming number of EBRD shareholders, we support the Bank's plan to have future projects fully aligned with the goals of the Paris Agreement as early as possible. In this regard, we encourage the EBRD to aim for a policy that is aligned with global efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels. The1.5-degree limit is a significantly safer defence line against the worst impacts of a changing climate. As a signatory to the Paris Agreement, Austria signed on to this ambition, and we would like to see it supported through the Bank's work.

A highlight in the EBRD's work in this regard is the Green Cities Programme. We proudly support the EBRD as a donor in this programme, which allows the Bank to leverage its considerable strength in municipal finance.

By the same token, Austria stands by the EBRD in promoting equality of opportunity, especially in recognition of the fact that the social and economic consequences of Covid-19 affect women disproportionately, and threaten to set back progress towards greater equality. We consider the EBRD well positioned to support women in its countries of operations with access to finance, skills and services.

We commend the EBRD for outlining an approach to enhanced mobilisation of private-sector finance in its Strategic and Capital Framework. It is widely acknowledged that the achievement of both the Sustainable Development Goals and the goals of the Paris Agreement will require bringing large volumes of private-sector finance to the fore. Among the multilateral development banks, Austria regards the EBRD as one of the private-sector-focused banks that is instrumental for this important objective.

In all these endeavours, Austria invites the Bank to continue to play to its strengths and unique position within the European and global financial architecture.

One strength is its wide international shareholder base, which grew by one last year. On this occasion, we extend a warm welcome to its newest member, Algeria. We look forward to fruitful collaboration in the future.

I would like to close by thanking the management, the Bank and its entire staff for their dedication and excellent work this past year under challenging circumstances. The strong performance validates our confidence in the Bank, which is well placed to strive in the years ahead. We look forward to close collaboration in the years to come.

STATEMENT BY MR MIKAYIL JABBAROV, GOVERNOR FOR AZERBAIJAN

First of all, we would like to thank the EBRD team for the organisation of the virtual Twenty-ninth Annual Meeting of the Board of Governors of the Bank amid the current uncertain environment.

The world has faced a global health crisis. From the economic point of view, Azerbaijan was well prepared for the current situation. We had enough fiscal margin for manoeuvre to reduce the negative impact of the crisis on the domestic economy. As of the end of 2019, the ratio of the State Oil Fund reserves to GDP was 90.2 per cent. These reserves exceeded the public foreign debt by 4.8 times and annual import value by 3.2 times. The budget deficit to GDP ratio was 0.25 per cent, and the debt to GDP ratio was 18.9 per cent.

Like most countries, Azerbaijan has fought and continues to fight against the pandemic, which has led to one of the worst economic crises of all time. On top of the immediate actions taken against the pandemic’s outcomes, we also developed sustainable long-term development plans.

With the intention of reducing the negative impact on the economy of the pandemic and the consequent sharp fluctuations in world energy prices and the stock markets, a short and medium-term Action Plan was approved by the relevant order of the President of the Republic of Azerbaijan. The digital economy, agriculture and processing industries, construction, mining, petrochemicals, transport, trade and logistics, domestic tourism, and telecommunications have been identified as the main priorities of the State's economic policy, and the main drivers of sustainable and dynamic growth in the medium term.

Within the framework of the approved respective Action Plans, the Government has adopted economic and social packages supporting hundreds of thousands businesses, and has supported the salaries of thousands employees. Large-scale social projects have been implemented in the country, and in 2020, the volume of these projects reached a record high. Neither the pandemic nor the low oil prices have led to the suspension or cancellation of any project in the social sphere. During the period of tackling the Covid-19 pandemic, 5 million people have been covered by an extensive social package.

Fortunately, we have observed positive dynamics in the fight against coronavirus since July 2020, which gives us reason to say that all the measures undertaken were timely. As a result of those measures, the situation remains under control. Excluding slight fluctuations, we can see that the number of people infected since 16 July 2020 is much lower than the number of people recovered, which is itself a positive trend that attests to the utmost importance of maintaining control over the pandemic. At the same time, given that the number of patients was increasing, and although existing hospitals have significantly expanded our capabilities, there was a need to build a series of new hospitals. So far, nine modular hospitals have been built and utilised.

Recently, on 9 September, an Economic Council was established in order to formulate a socioeconomic development strategy that reflects the country's national development priorities, to create a new strategic management framework for economic policy that can ensure its implementation, and to achieve effective regulation and law enforcement practices in the post-pandemic period. For the maintenance of macroeconomic stability and the acceleration of socioeconomic development in the country, the Economic Council will analyse the processes taking place in the global and national economies, including the fiscal and monetary sectors, as well as the financial and banking sector; the Council will prepare proposals pertaining to reforms and economic policy to be implemented in the short and medium term in order to take appropriate measures to prevent possible internal and external influences on the country's economy. According to our forecast plan, the target GDP growth rate was set at 3.8 per cent in the medium term and at 6-7 per cent in the long term.

For the purpose of combatting the Covid-19 pandemic and addressing its negative effects, we have also discussed opportunities for cooperation with a number of international financial institutions, including the EBRD. In this regard, it is worth mentioning the loans that were introduced at the right time and provided to Azerbaijani companies under the EBRD’s Solidarity Package.

The EBRD’s Strategic and Capital Framework 2021-2025, which outlines the Bank's strategic activities and financial planning processes for the upcoming five years, focuses on three strategic themes: (i) supporting the transition to a green, low-carbon economy, (ii) promoting equality of opportunity and (iii) accelerating digital transition. During the implementation of the Framework, the EBRD will aim to increase the quality, quantity and impact of its activities in each priority sector, such as financial institutions, industry, trade and agribusiness, and sustainable infrastructure. The Framework also includes a prompt and simplified credit mechanism that ensures the financial sustainability of countries of operations and local customers, including exceptional and innovative measures to meet the short-term needs of partner banks, SMEs and infrastructure. We are pleased to see that, according to the Framework, the EBRD will be able to lend a record $13 billion a year. As SMEs have faced constant impairment and loss during the crisis, capital investment measures in the early years of the Framework are a particularly important step in supporting companies. As such, we would like to invite the EBRD to consider the possibility of investing in the equity capital of Azerbaijani companies as well.

It is pleasant to see that all the strategic directions and sectors of the EBRD Strategic and Capital Framework 2021-2025, which outlines the Bank’s priority activities and financial planning processes for upcoming years, are almost in line with the strategic development priorities of our Government. We will continue our efforts to explore and identify new opportunities for cooperation with the EBRD on the country's development priorities such as:

- development of the private sector and SMEs;
- increasing the effectiveness of State support to private entrepreneurship;
- privatisation;

- increasing the level of participation of the private sector in economic growth and employment;
- fundamental reforms of State-owned enterprises;
- efforts to increase efficiency and transparency;
- competitiveness;
- expansion of public-private partnerships;
- expansion and further development of the digital economy.

The EBRD has always been a reliable and important development partner for Azerbaijan. To date, the EBRD has implemented 174 projects in Azerbaijan totalling more than €3 billion, 13 of which are in the public sector (€1.6 billion), with 161 in the private sector (€1.6 billion). On 22 November 2019, for the first time, Azerbaijan joined the Bank's donor community, by signing agreements to make our Eastern Europe Energy Efficiency and Environmental Partnership Fund (E5P) contribution of $2 million dollars. We also joined the EBRD Technical Cooperation Account with the same amount.

The EBRD has launched the Green Cities programme in Azerbaijan. Ganja has been selected as a partner city for this initiative. The implementation of the first project will be launched in 2021.

The EBRD plays an important role in financing the private sector in Azerbaijan and contributes to the development of SMEs. In particular, earlier this year, the EBRD and the Central Bank of the Republic of Azerbaijan signed a swap agreement as a result of which Azerbaijani companies could benefit from loans denominated in local currency.

Recently (by a Presidential Decree of 7 August 2020), Azerbaijan Investment Holding was established with the aim of managing State-owned companies and enterprises on the basis of common principles in order to improve their activities, increase the transparency and economic efficiency of their investment programmes, and ensure their competitiveness. The holding company is engaged in defining long-term targets and development strategies for State-owned companies rather than managing their current operations.

The President of the Republic of Azerbaijan, Ilham Aliyev, and the President of the World Economic Forum, Borge Brende, signed a letter of intent on 21 January 2020 at the Forum's annualmeeting in Davos. The letter envisaged the establishment of an affiliate of the Forum's Centre for the Fourth Industrial Revolution in Baku. Currently, the process of becoming an affiliate is under way. We believe the digital transition theme of the Strategic and Capital Framework will be a key direction for this field in which the EBRD could explore cooperation with Azerbaijan.

Despite all our regional development efforts, unfortunately, the continued occupation policy of Armenia against Azerbaijan is creating serious obstacles to the expansion of economic cooperation in the region, and limits the full realisation of economic potential. As is known, 20 per cent of the internationally recognised territory of Azerbaijan has been under the occupation of Armenia for the last three decades, causing one million Azerbaijani refugees and enormous humanitarian, economic, environmental and cultural damage to the Republic of Azerbaijan. This summer, on 12 July, Armenian armed forces fired artillery at Azerbaijani positions across the border between the two States, also targeting civilians and civilian facilities in violation of international humanitarian law. Just recently, on 27 September 2020, Armenian armed forces for the umpteenth time fired from several directions on our settlements, as well as on our military positions, using various types of weapons, including heavy artillery, causing casualties among the civilian population and our servicemen. In order to prevent another military aggression by Armenia, and to provide security for densely populated civilian residential areas, the Armed Forces of the Republic of Azerbaijan undertook counteroffensive measures within the right of self-defence and in full compliance with international humanitarian law. I underline that no military action is taking place on the territory of Armenia despite numerous false allegations to the contrary. Twenty-nine civilians have been killed as a result of the deliberate shelling and targeting of our cities away from the front line.

Being well aware of the fact that the illegal presence of the armed forces of Armenia in occupied Nagorno-Karabakh and the surrounding regions of Azerbaijan is a serious threat to regional peace and security, and demonstrating a principled position (based on the norms and principles of international law) with regard to the aggression of Armenia against Azerbaijan and to Armenia's illegal activities, the international community should strongly condemn Armenia's policy of aggression and provocative activities against Azerbaijan, and force Armenia to comply with international law, including that country's commitments under international humanitarian law. Full responsibility for the present situation falls on the political and military leadership of Armenia.

In the meantime, we would like to congratulate the newly elected President of the Bank and wish the new President every success in further enhancing the development of and strengthening cooperation between the Bank and its members.

In conclusion, I would like to express our deep gratitude to the EBRD for its long-lasting and sustainable support to the development agenda of Azerbaijan.

STATEMENT BY MR DMITRY KRUTOY, GOVERNOR FOR BELARUS

For the citizens of all the world's countries, 2020 has been an incredibly testing time. The developing countries, which have limited resources and are struggling with external economic shocks, have been faced with unprecedented challenges. Despite substantial State support for people and businesses, the majority of developing countries are experiencing huge difficulties in building back their economies after the pandemic, against a background of weak economic activity and accumulated socioeconomic problems.

The Covid-19 pandemic can only be defeated by overcoming its effects everywhere.

The international financial institutions are playing a vital role in these circumstances to help developing countries build back their economies. We believe this is in the interests of the entire global community.

Belarus has been no exception, and has experienced all the negative consequences of the spread of Covid-19.

An absolute priority for Belarus has been the protection of its people's lives and health. We have therefore taken measures to provide social protection for the most vulnerable parts of society.

As part of minimising the pandemic's negative impact on the country's socioeconomic development, the Government of Belarus has directed resources towards enhancing the resilience of those in the economy who are most susceptible to the adverse effects of the epidemiological situation, as well as towards ensuring macroeconomic and financial stability, and creating the conditions for restoring economic growth.

The pandemic has not been the only factor to affect the country's socioeconomic development in 2020. The situation in Belarus is also being shaped by the results of the presidential election of 9 August 2020 and the events that have followed. Belarus trusts that all its international partners will be discerning and even-handed, will refrain from coming to hasty judgements and conclusions, and will not exacerbate divisions within Belarusian society or further destabilise the situation. After all, the maintenance of a country's statehood, sovereignty and independence is at stake. Belarus is counting on bona fide support from all its partners at this complex and demanding juncture for our country.

For Belarus, the support of its international partners in these circumstances, particularly the European Bank for Reconstruction and Development, is important for minimising the adverse effects of the spread of coronavirus, and for restoring the economy.

The EBRD has repeatedly demonstrated an ability to work internationally in difficult circumstances and to achieve impressive results.

It is worth noting that, throughout the lifetime of the EBRD's fully-fledged Belarus country strategy for 2016-2019, the Bank invested around €1 billion – more than a third of total investment volumes since 1992.

Results for 2019 show that Annual Bank Investment in Belarus amounted to €390 million, which exceeded the previous record in 2018 of €360 million. Belarus was therefore the country with the ninth-highest level of EBRD annual business.

The EBRD's transition impact in Belarus has been dramatic, combining sizeable investment volumes with vital support in pressing ahead with economic reforms.

The EBRD has traditionally worked successfully with the Belarusian private sector, where a plethora of landmark projects has been completed with partners including Kronospan, Stadler and others. Belarusian companies and their employees much appreciate the level of cooperation achieved.

The wider scope for dialogue included in the current strategy has enabled the Bank to begin financing a raft of crucial national infrastructure projects with high levels of social and environmental impact; they have formed the basis of higher levels of well-being for everyone in Belarus. Most of these projects fall within the remit of green financing.

The projects include water supply and wastewater systems in the country's regions, and provide the general public with environmentally sustainable everyday utilities that enhance the natural environment. The projects also include bridge and road rehabilitation to support the economic potential for regional development, a balanced public transport system, and many others elements.

Crucially, all EBRD projects in Belarus are designed to enhance the well-being of every Belarusian citizen.

The Bank sets itself ambitious targets in seeking to make enduring changes to the regions where it invests. In that regard, it seems critically important to proactively maintain and expand the EBRD's work in Belarus so as to support the solid foundations of the country's sustainable and integrated development.

We hope that the EBRD’s new Strategy for Belarus will remain comprehensive in scope and will help Belarus to become more competitive, well-governed, green, inclusive, resilient and integrated, thereby making it possible to ensure a fitting future for the entire nation.

I would like to thank the Governors, the Board of Directors and EBRD staff members for their support and effective partnership.

STATEMENT BY MR RONALD DE SWERT, TEMPORARY ALTERNATE GOVERNOR FOR BELGIUM

We would like to praise all parts of the Bank for the strong operational and financial results achieved in 2019. Those results, following several years of strong financial performance, enabled the institution to face the Covid-19 crisis in a position of strength, resting on a comfortable capital headroom.

At the start of the Covid-19 crisis, the Bank managed to design swiftly its crisis response resting on three key principles: EBRD strengths, simplicity and flexibility. The reactivity of the Bank has been crucialfor many of its clients benefiting from repayment holidays, liquidity support or restructuring. As we are entering a new stage of the Covid-19 crisis, the Bank should stay true to its mandate and its core operating principles, as it faces the more long-term consequences of the crisis.

Turning to the Strategic and Capital Framework, it forms a sound basis to continue to foster transition within the EBRD countries of operations over the next 5 years; but it hopefully also avoids possible transition reversals induced by the crisis. Adaptability and operational flexibility will be key during the Framework’s implementation period in order to best accompany the Bank’s countries of operations on the path to recovery.

The Bank should continue to build on its key strengths across all sectors of activity to deliver transition, such as capital market transactions, local currency provision, and equity activities, as well as its wide range of debt products and non-transactional support. Moreover, we welcome the desire expressed in the Framework for the Bank to innovate “alongside its clients” in order to push further the transition agenda or the renewed ambition attached to the green economy transition programme of the Bank.

As this path to recovery will differ from one country to another, the network of Resident Offices will be an important comparative advantage to “build back better” and tackle regional disparities from the ground up.

The coming years will offer a unique opportunity to improve the resilience of developing economies, and develop new tools to anticipate future crises and tackle current issues, such as environmental challenges, supply chain resilience, demographics and technological transformation. The EBRD has to play its role in full and contribute to that effort, acting as a chain in the network of multilateral development banks.

Finally, in these troubled times, given its economic and democratic dual mandate outlined in its Charter, it is paramount for the EBRD to stay firm on the compliance of its countries of operations with Article 1 throughout the Strategic and Capital Framework period.

STATEMENT BY MR KIRIL ANANIEV, GOVERNOR FOR BULGARIA

First of all, let me express my sincere thanks to the management and staff of the Bank for the organisation of the Twenty-ninth Annual Meeting of the Board of Governors, even in virtual format due to the current pandemic situation.

This is a good opportunity to congratulate the former President, Sir Suma Chakrabarti, for his excellent track record over the past eight years, and for the way he has led this institution in the wake of uncertain and rapidly changing economic conditions.

The EBRD maintained a strong operational and financial performance in 2019, with €10 billion in new business investments across its region of operations. The EBRD has succeeded in maintaining its high standards, both in terms of volume and quality of projects, and reaffirming its AAA rating. More importantly, the Bank has consistently delivered projects with significant transition impact.

We appreciate the swift and determined manner in which the Bank responded to the needs of its countries of operations and its clients since the beginning of the global Covid-19 crisis. We would like to encourage the Bank to continue delivering strong support through the recovery phase towards sustainable economies.

The Strategic and Capital Framework 2021-2025, which is proposed for adoption during the Annual Meeting, determines the future strategic directions of the Bank on overcoming challenges in the context of Covid-19, and helping build highly competitive, resilient and stable economies in the EBRD region of operations. We hope to see results that contribute further to the promotion of sustainable and inclusive market economies in our current countries of operations.

We note the ambition of the Bank to reinforce its efforts on the development agenda and strategic options in respect of the European financial architecture for development. We are fully supportive of the initiative to conduct an independent feasibility study in order to analyse the options of the Wise Persons Group report. It is our firm conviction that the conclusions of the feasibility study will help to make a wise decision in respect of the rationalisation and optimisation of the European financial architecture for development.

Turning now to Bulgaria, we would like to note that the good track record of the macroeconomic and sustainable budgetary framework was very supportive for economic stability in the current difficult environment. In July 2020, Bulgaria was accepted into the Exchange Rate Mechanism (ERM2), which is clear proof of the firm commitments of the Bulgarian Government to pursue sound economic policies with the aim of preserving economic and financial stability.

For decades, the EBRD has been a reliable partner for Bulgaria through financial resources, technical assistance and expertise. In this context, we would like to stress the valuable importance of the current EBRD operation in the water sector, under the Agreement between the Bank and the Fund Manager of Financial Instruments in Bulgaria; that aims to leverage public resources with additional private financing to improve infrastructure in the water sector.

The new EBRD Strategy for Bulgaria (2020-2025), which was approved in January 2020, provides a platform for further successful cooperation in many areas. We would like to encourage the EBRD towards more active support for the corporate sector, especially for small and medium-sized enterprises (SMEs) and innovative local companies. Other priorities include the introduction of innovative financial instruments (notably for municipal infrastructure), wider dialogue and cooperation in the field of energy efficiency and energy security, and efforts to promote regional integration through cross-border investments and exports. The EBRD has its place in the implementation of these ambitions. We are ready to work with the Bank so that policies and priorities are properly reflected in future projects to the benefit of Bulgarian business and Bulgarian society. We also encourage the Bank to persist in finalising the existing pipeline of projects in Bulgaria. Finally, we would rely on the support of the EBRD in the context of Covid-19 to combat negative economic impact in the sectors most affected by the crisis.

In conclusion, I would like to thank the Board of Directors, management, and the staff of the EBRD for their efficient and dedicated work.

STATEMENT BY MS CHRYSTIA FREELAND, GOVERNOR FOR CANADA

Canada commends the EBRD for its swift response to the Covid-19 pandemic. The Bank is in a strong position to support crisis response and economic recovery and we urge the EBRD, alongside its partner multilateral development banks, to scale up new resources to address the pandemic.

Canada welcomes the EBRD's Strategic and Capital Framework 2021-2025, and the continued commitments to prioritise investment in areas with the greatest need and where the Bank can achieve the greatest impact. Furthermore, Canada welcomes the Bank's new Green Economy Transition approach, which lays an ambitious plan to further scale up climate finance, reduce carbon emissions, and align projects with the Paris Agreement.

The Covid-19 pandemic is exacerbating inequality, and has shown us all that we need to work together to foster an economic future that is inclusive. We strongly support the EBRD's continued work to reduce inequality, including its efforts to increase women's access to finance and entrepreneurship, employment, and skills-development opportunities.

The next EBRD President takes on the role during a time of great turmoil and uncertainty. But there is also incredible opportunity for leadership, to be a part of building economies that are more sustainable, inclusive and resilient. Canada recognises the Bank as an effective development partner, committed to the fundamental principles of multiparty democracy, the rule of law, and respect for human rights. Canada looks forward to working with the new EBRD President in delivering on their mandate. We urge them to capitalise on the strengths of the Bank's global shareholding and multilateral character.

I would like to take this opportunity to thank the outgoing EBRD President, Sir Suma Chakrabarti, for his work. Under his leadership, the Bank achieved great success, reaching record levels of investment, meeting climate financing targets, and recognising that, in addition to being competitive, successful market economies should be inclusive, environmentally sustainable, integrated, resilient and well governed, fostering growth that leaves no one behind.

STATEMENT BY MR YULU CHEN, ALTERNATE GOVERNOR FOR CHINA

It has been a great pleasure for me to join the 2020 Annual Meeting of the EBRD, to better shape our joint response to Covid-19, with the purpose of underpinning international confidence and defending the lifeline of the most vulnerable countries. I would like to extend my sincere thanks to the meeting host for its hard work and considerate arrangement.

Since the beginning of the year, the sudden shock of Covid-19 has taken a heavy toll on all countries around the globe. The global economy, particularly emerging and developing economies, is exposed to a series of challenges, including a sharp decline in economic growth, volatile financial markets and sluggish trade investment. Against these unfavourable conditions, the EBRD has rightly stepped in, and made swift and continuous efforts to address the internal and external difficulties faced by its Members. The EBRD redoubled its efforts in its total investment portfolio, including more projects in the private sector and for small economies, and big financing support, not only for economic and socialdevelopment, but also for industrial upgrading in countries of operations. With an increasing number of member countries and geographic expansion, the EBRD has established its way of maximising development impact.

China supports the EBRD in playing a bigger role in helping countries of operations to weather various risks and challenges. We encourage more resources to be channelled to anti- pandemic efforts and the most needed livelihood projects, with further engagement of the Equity Participation Fund. Chinese financial institutions co-funded more projects and enhanced third-party market cooperation with the EBRD. Last April, the China-IMF Capacity Development Center and the EBRD also organised the first joint workshop entitled *Holistic Sustainability in Infrastructure*, aimed at promoting connectivity cooperation in roads, power, communications etc.

We concur with the thrust of the Strategic and Capital Framework 2021-2025. Sufficient and sustainable development financing is key for the EBRD to achieve its mission to help countries of operations carry out structural reforms, address infrastructure weaknesses, and strike a balance between environmental protection and economic development. We support the Bank's strategies of transition to a green, low-carbon economy, promoting equality of opportunity, and accelerating the digital transition. Developing innovative financing instruments to drive climate investment, mobilising private sector investment in the low-carbon economy and supporting Members' own efforts to implement their nationally determined contributions are priorities of the EBRD's green agenda. We also encourage the EBRD to further strengthen policy dialogues with clients on securing effective project implementation, and enhancing transformation influence and enterprise competitiveness, to achieve a shared regional prosperity.

To this end, we would like to make the following suggestions on the EBRD's future development.

First, strengthen international cooperation in the face of Covid-19, jointly fending off external shocks. No country is immune to the impact of the pandemic. We commend the EBRD for its investment in crisis relief, debt restructuring and technical assistance in combating the outbreak, which have contributed significantly to mitigating the impact of the pandemic, sustaining economic development and restoring infrastructure in client countries. In the meanwhile, we support the Bank's continuous efforts to strengthen the scale of investment, and channel resources to the most vulnerable countries through diversified co-financing, policy coordination with other multilateral development banks, and pooling resources effectively, to improve the efficiency of the development finance system and achieve economic recovery at an early date.

Second, promote Fintech innovation and accelerate digital transition. The EBRD is committed to developing innovative ways to foster transition and promote private and entrepreneurial initiative in its countries of operations. With rapid development of Fintech, financial services could be provided at lower costs and with expanded access for more companies and more of the population. The coronavirus is also a catalyst for countries to transform to the digital market and digital finance. The EBRD could make better use of the comparative advantages of Fintech to help enterprises enhance productivity, promote industrial structure upgrading, and thus enhance national economic vitality and realise economic recovery. China has accumulated experiences in using Fintech to reduce financial service costs and promote financial inclusion, and we are willing to share such experiences with other EBRD Members.

Third, accelerate transition to a green, low-carbon economy and conduct further cooperation in green finance. We support the EBRD in prioritising the green economy transition in the Strategic and Capital Framework. This approach builds on the EBRD's existing strong green finance activities, and intends to increase impact through implementing an operational framework to align with the principles of international climate agreements, enhanced country and policy work, and targeted thematic interventions. China has been advocating and promoting green finance for years. The *Belt and Road* Green Investment Principles, jointly launched by China and the UK, has received a positive echo from the EBRD. Last October, China also joined the European Union's joint statement on the International Platform on Sustainable Finance and committed to the UN's 2030 Agenda for Sustainable Development. Looking forward, China will continue to implement the commitment to green and sustainable development, strengthen cooperation with other parties, and gradually promote the coordinated development of the EBRD strategy and the Paris Agreement.

Fourth, innovate through investment channels to support SMEs. Currently, about 84 per cent of EBRD projects went to SMEs in the countries of operations, facilitating economic transition in Central Asia, Eastern Europe, the Caucasus, and the Balkans. The impact of the pandemic on SMEs is particularly hard, and we support the EBRD adhering to the principle of investment, reinforcing its private-sector focus by ensuring that more than three quarters of total investment in the Strategic and Capital Framework period falls in the private sector. We expect the EBRD to explore open financing channels on the supply side, innovate through financial products, provide policy and short-term liquidity support, and introduce new driving forces for the long-term economic growth of countries in transition.

STATEMENT BY MS LENKA DUPÁKOVÁ, TEMPORARY ALTERNATE GOVERNOR FOR THE CZECH REPUBLIC

Thank you for making this virtual meeting possible under challenging circumstances.

I want to commend the Bank's staff for their dedication to the EBRD mission, as well as for the outstanding performance and record delivery in 2019, especially on the green agenda. In light of the challenging events of the last six months, I think we made the right decision to take a step back and give ourselves extra time to reflect on these events in our new medium- term strategy.

Going forward, I fully endorse the Bank's unique focus on the private sector, green transition, mobilisation of private investment, and ever-more important innovation and digital transition. I appreciate that, without hesitation, the Bank has firmly united behind its countries of operations: stepping up support in response to the crisis and acting quickly when introducing the Solidarity Package to help our clients in need. I am pleased to see that, in times of crisis, we can put our differences aside, with priority duly given to all our existing recipient countries, rather than to ambitious plans for geographic expansion or graduation.

Based on the Czech experience, I firmly believe that, once a country is ready to graduate, it will do so proudly and based solely on its own conviction, without the need for external pressure. I would like to emphasise that, as the first and only graduated country, we indeed take pride in our achievements since the Velvet Revolution. When the financial crisis hit just months after our graduation date, we did not seek the Bank's support. Having gone through the painful experience of our own financial crisis in the late '90s, we felt reasonably well equipped to deal with the crisis at that time, and we did not look back.

Times have changed. The Czech Republic, a small export-oriented economy dependant on trade, is being severely hit by the pandemic, as well as by the impact of the preventive measures taken by our key trading partners. As a result, the economy is entering a phase of deep recession, with GDP already dropping by 11 per cent in the second quarter of 2020, representing the largest plunge of the Czech economy in the entire history of the country. Facing these exceptional circumstances, we would now like to explore possibilities for deeper EBRD involvement in the Czech Republic in order to help us tackle the crisis outbreak and prevent transition reversals. In this regard, we hope for your understanding and support. To clarify, this is not an official request for return, but rather an invitation to assess the potential for the EBRD's involvement, given the Bank's mandate.

Finally, I would like to support the Bank's new medium-term strategy with one last remark. If our genuine common goal is to increase investments in our less advanced countries, I respect and wholeheartedly support such efforts. However, given that there is enough capital capacity, there must be more considerate and credible ways to achieve this goal without preventing other countries from narrowing their transition gaps, and certainly without pushing for regional trade-offs at a time of unprecedented crisis.

STATEMENT BY MR SIMON KOLLERUP, GOVERNOR FOR DENMARK

On behalf of Denmark, I have the honour of presenting my first written Governor's statement ahead of the 2020 Annual Meeting.

It is a great pleasure to see the agility with which the EBRD has supported its countries of operations through the devastating economic consequences of Covid-19. Identifying and delivering the right support while shifting to working remotely must have required an exceptional effort from the Bank's staff and everyone involved. Many thanks for that – and for keeping up the effort in the coming months.

I welcome the recent progress, which has set the stage for the EBRD to make an even larger contribution to helping economies make a green transition. The world can only fend off climate disaster if all countries collaborate and contribute to a reduction in greenhouse gas emissions by aligning our national actions with the Paris Agreement. Denmark has set an ambitious target for a 70 per cent reduction of greenhouse gas emissions by 2030, relative to 1990 levels. It will be highly demanding for businesses, the Government and all parts of

Danish society to achieve this target, but it is necessary to secure the transition to a future-proof green economy.

I am very pleased to see the comprehensive approach taken with the EBRD's Green Economy Transition 2.1, which is part of the Strategic and Capital Framework 2021-2025 prepared for this Annual Meeting. My hope is that the EBRD will be a force for change and help all its countries of operations in their green transition efforts. Some EBRD countries are relatively poor, and need to find a path to higher incomes without the levels of pollution traditionally seen in rich countries. Other EBRD countries have grown rich based on fossil fuels, and urgently need a green transition and a shift to more durable sources of growth for the future.

It is right for the Bank to support countries with policy dialogue to speed up reforms, and to lead the way with concrete investments in green solutions ranging from renewable energy to food systems and circular economy. No country can save the Earth's climate alone, but by aligning ourselves with the Paris Agreement, we can – together – make a real difference.

The EBRD has shown a remarkable capacity to develop the private sector through innovative instruments such as lending in local currencies, thereby reducing the risk for companies that expand and create jobs. Through this and other measures, the Bank can make an important contribution to develop the kind of private sector that answers the needs of people everywhere: a private sector that treats workers well, is inclusive etc.

In many ways, history since the EBRD's establishment in the early 1990s shows that big transitions can be achieved. Some countries of operations have seen income per capita more than double – nearly triple – over the past 30 years. Yet we owe it to the less advanced transition countries to keep up our efforts for them to succeed as well. A modern private sector providing good jobs and opportunities for workers can only develop if sound institutions and good governance are in place. This insight was explicitly built into the Bank's purpose when formulated 30 years ago, saying it should operate in "countries committed to and applying the principles of multiparty democracy, pluralism and market economics." Recent developments in Belarus are a timely reminder that these principles are still highly relevant. In the strategy period 2021-2025, the EBRD should renew its efforts to promote strong institutions and good governance. Corruption, tax avoidance or oppression of a political opposition is not good for growth, nor should it be permissible if a country wants economic support from the EBRD.

Looking ahead, the Strategic and Capital Framework 2021-2025, which the Bank is set to adopt at this Annual Meeting, does not imply any decision on further geographical expansion. As we return to this issue at future Annual Meetings, it is essential to focus on where and how the EBRD would have a comparative advantage relative to other institutions. The first priority for deploying spare capital should be in the existing countries of operations, and countries within the Bank's current mandate in the southern and eastern Mediterranean region. Spreading the Bank's limited resources over a much wider geographical area in Sub-Saharan Africa could endanger an efficient business model with a healthy cost-to-income ratio. As such, I see it as paramount that we ensure that the EBRD's business model remains sustainable, so the EBRD can continue to be a positive force of change.

STATEMENT BY MS RANIA AL-MASHAT, GOVERNOR FOR EGYPT

It has always been a pleasure attending the EBRD Annual Meetings; and this time is no different as we move to a virtual format, providing a unique opportunity to convene and include an even broader range of voices together.

Egypt is one of the founding members of the EBRD; the Bank has been a key development partner for the country, extending continuous and valuable support throughout our fruitfuland strategic partnership since 1991.

In 2019, Egypt became the EBRD's largest country of operations for the second year in a row, with the Bank's investments reaching €1.2 billion in 23 operations, with 80 per cent in the private sector. Renewables and infrastructure upgrades were prioritised to meet the needs of the fast-growing population and to provide critical basic services for economic development. We are also achieving a balanced and well-performing portfolio, with the private-sector and equity share on the rise. Our portfolio with the EBRD is distributed evenly between sustainable infrastructure (52%), industry and agribusiness (26%), and financial institutions (22%), with a special focus on renewable energy, SMEs, women in business, youth in business, energy efficiency, and credit lines.

Fresh thinking is now needed more than ever before. Covid-19 is, first and foremost, a global humanitarian challenge. It has showed us that no country has the silver bullet to survive this crisis, and that multilateralism through public-private partnerships is critical to build back better. We are being pushed to rewrite the rules so as to emerge stronger, more unified and more resilient than before. As policy makers, we have to look at development through the prism of emerging issues and recognise our responsibility to serve humanity at a much faster pace.

Egypt has shown resilience over the past decade. According to the Bank's *Regional Economic Prospects* report with the latest set of forecasts, Egypt's economy is on track to grow by 2 per cent in 2020 and projected to rebound by 5 per cent in 2021. It is "the only economy across all of the EBRD regions likely to escape recession in the 2020 calendar year […] supported partly by large public construction projects and a boom in the telecommunications sector."

We can move forward

Together with the support of the EBRD, Egypt has been prioritising building for economically resilient and inclusive communities on the road ahead. The quick mobilisation of the rapid response to the pandemic under its Solidarity Package, where it has provided liquidity, working capital, balance sheet restructuring, trade finance and infrastructure support, has been recognised. This was done through the EBRD signing substantial loan agreements reaching US$ 850 million with local banks for on-lending to domestic enterprises, and to support trade transactions. Thus, the package has mitigated the impact of a sharp slowdown in economic growth.

What we have learnt from Covid-19 is that there is an opportunity for a "Great Reset" as championed by the World Economic Forum. There are many gaps that need to be closed: the protection gap; the digital gap; the gender gap; the investment gap and many more… I believe we are the architects and shapers of a greener and more circular future… With inclusive cooperation, we have the opportunity to reset for a better future.

At the Ministry of International Cooperation, we are shifting mindsets through "Economic Diplomacy" via three key principles:

1. Multi-stakeholder platforms: The first principle, through regular interactive and participatory consultations with all development partners, helps in promoting inclusiveness through opening spaces for dialogue and knowledge sharing, allowing all

stakeholders in society to effectively coordinate with the Government. It provides us with an opportunity to capitalise on our successes and pitfalls, and turn policymaking into storytelling, marking the start and end point of our developmental journey to move forward together.

2. This year has also revived the spirit of humanity in policymaking, putting the focus on key human challenges such as health, inequalities and sustainable living. To push for a human-centred economy, the second principle, a global partnerships narrative is focused on: people, projects and purpose (P&P&P), which essentially puts people at the core in all of our projects to serve human ends and goals in line with the SDGs.
3. The third principle is the Official Development Assistance SDG Mapping Framework, aligning the Ministry's projects to the global goals.

I call the years 2020-2021 the "years of multilateralism". We have seen the importance of using a forward-looking agenda where all of us are sitting together to create a solution. We have been pushed to be agile and innovative. Concerted efforts between the government and private sector are underway to eliminate the negative impact of Covid-19 and mitigate the impact of the crisis on vulnerable groups.

Egypt supports the EBRD in moving forward with its Strategic and Capital Framework 2021-2025 with three strategic themes: 1. Transition to a green, low-carbon economy; 2. Equality of opportunity; and 3. Digital transition, promoting a sustainable, inclusive and smart future for all.

The Strategic and Capital Framework is also in line with several Egyptian efforts:

1. Reducing carbon emissions to enhance environmental sustainability. The Cabinet recently approved a strategy to push for 30 per cent of all investment projects to be environmentally sustainable. Egypt also allocated an environmental adviser in each ministry to push for a green recovery.
2. Providing equal opportunities for women. This is regarded as a macro-criticalissue and is integral to Egypt's inclusive development, which is portrayed in the Ministry of International Cooperation's recent launch of a *Closing the Gender Gap Accelerator,* with the World Economic Forum and Egypt's National Council for Women.

   On this note, Egypt has won two 2020 Sustainability Awards from the Bank for its efforts in sustainable energy and gender inclusion.

3. Increasing digitalisation. This has been critical during 2020, and has pushed Egypt forward towards a new digital transformation.

We are renewing our focus on expanding our strong partnership with African countries and ensuring that the extensive potential of the continent is unlocked. Egypt can become the EBRD's gateway to Africa. In that regard, there is ample investment potential in both the southern and eastern Mediterranean region and in developing African countries to build a strong infrastructure, which will result in economic growth, job creation and improving regional trade. Africa can benefit from the EBRD's expertise in areas related to infrastructure projects, renewable energy, and the development of value chains to enhance production and export activities, as well as access to finance for SMEs.

This can only happen through increased investment in sustainable infrastructure, connectivity, and accelerating digital transformation. Additionally, Egypt's private sector has prioritised several African markets – some of which are EBRD clients – in their international expansion strategies.

EBRD projects are actual proof that public-private partnerships are a success. The Damietta Port and the 6th of October Dry Port projects show that Egypt is working hand-in-hand with the Bank and the private sector as its main partners for success. More projects in railway and urban transportation are moving forward. With the help of the Bank, we were able to bring in the best global practices to this vital sector. Moreover, Alexandria and Cairo, the biggest cities in Egypt, have joined the EBRD Green Cities initiative, and we are working with the Bank to develop a complete green transportation strategy for the cities. Furthermore, the EBRD is the only international financial institution with offices outside the capital, including in Cairo, Alexandria, Ismailia and soon, in Asyut, to extend its support to SMEs.

Reform is a continuous process. The Government of Egypt's Response and Rebuild strategy is focused on *Protect, Provide and Progress* to ensure that the country accelerates its path towards sustainable growth. We entered the crisis with strong fiscal and foreign exchange buffers due to comprehensive reforms on taxes, budgets and foreign exchange, which the country has implemented over the years, and which have helped prepare Egypt to face the crisis. Priority was given to accelerating structural reforms, particularly: the formalisation of the informal labour force, which contributes to over 50 per cent of Egypt's GDP; and the economic empowerment agenda for women.

Accordingly, a full-fledged legislative and regulatory reform plan has been taking place, complementing the economic reform Egypt is undergoing. Some laws have been newly amended and others newly decreed, such as: the New Investment Law, the Insolvency and Debt Restructuring Law, the Sole Partnership Companies Law, the Commercial Registry Law, the Commercial Companies Law, the Real Estate Registration Law, and the Capital Markets Law. Concurrently, the Government of Egypt views the private sector as the key driver of economic growth, with private-sector-led investment and technology expected to play a critical role in increasing the Egyptian economy's level of competitiveness.

Hope for a better world starts when we all come together and remember that development is essentially a journey; a journey that will inevitably include several crises and challenges, but also an opportunity to rebuild back better.

Finally, on behalf of the Arab Republic of Egypt, I would like to extend our full appreciation to Acting President Jürgen Rigterink for allowing a smooth transition during a time of crisis, and to the excellent EBRD Egypt team for their continuous dedication and commitment, as well as their extensive efforts to support Egypt's development and improve the lives of the Egyptian people.

STATEMENT BY MS LILYANA PAVLOVA, ALTERNATE GOVERNOR FOR THE EUROPEAN INVESTMENT BANK

First of all, I would like to thank the staff and management of the EBRD for arranging this Annual Meeting despite the very adverse conditions imposed on us by the pandemic. You have not only managed to uphold your business activity in the lockdown situation, but even accelerated it under the Solidarity Packages in order to support economies hit hard by the economic crisis. In addition, you have arranged this meeting in a new format that brought technical, logistical and legal challenges. You managed to overcome these challenges, and I would like to thank all EBRD staff and management for their outstanding work in the past weeks and months. Congratulations to your successful business implementation so far and to arranging this meeting!

With regard to the important roundtable discussion on the future strategic options for the EBRD, we recognise the merits of the EBRD's business model and the significant results achieved so far in the implementation of the Bank's Strategic and Capital Framework 2016-2020. I support the Strategic and Capital Framework 2021 2025, but would like to make the following comments.

First, we should not forget that the EBRD's mandate is a transition mandate. The success of the EBRD is built upon its sharp focus on the private sector in order to mobilise private finance. The Bank's mandate of supporting transition towards modern, sustainable market economies remains fully relevant. It enables the Bank to have a special role in the system of international financial institutions. Transition is different from development. It sometimes goes along with development but not necessarily in every case, as we can see from the countries of operations that are not developing countries.

Second, against the background of this transition mandate, the EIB, as a shareholder, supports the continuation of increasing and strengthening delivery in the EBRD's existing countries of operations, within the limits of its financial sustainability. We have supported the Covid-19 Solidarity Packages in the Board of Directors, and welcome the fact that the Strategic and Capital Framework 2021-2025 puts a focus on supporting the EBRD's existing countries of operations rather than expanding into new regions. Against the dramatic situation we are facing, it was the right decision to postpone the discussion about an expansion into new regions to 2022 or even 2023. The development of the economic crisis is unpredictable and for several years, the focus of support must be our existing countries of operations.

Third, the Bank needs to retain its financial strength, which requires a return to profitability. Value adjustments to the equity portfolio and loan impairments have come down since the peak of the crisis, and the Bank predicts a return to profitability for 2021. This return to profitability will be essential for the EBRD's growth in lending.

And finally, I would like to encourage the EBRD to be ambitious in its fight against climate change. Beyond the Covid-19 crisis, climate change will remain one of the main political topics. We welcome the EBRD's climate finance ambition, and the Board of Directors' approval of the new Green Economy Transition policy in summer 2020. The Strategic and Capital Framework also follows the right approach, and we welcome the 50 per cent target foreseen in the paper. International financial institutions play an important role in the fight against climate change, and the EBRD clearly expressed that it supports these efforts. But I would encourage the EBRD to be even more ambitious, and further align their climate policy with other international financial institutions – including Paris alignment in the near future.

STATEMENT BY MR VALDIS DOMBROVSKIS, GOVERNOR FOR THE EUROPEAN UNION

The European Union (EU) is grateful to the EBRD for the hard work of its staff, Board and management that has allowed the 2020 Annual Meeting to be held in a virtual format in the midst of the Covid-19 pandemic.

The Covid-19 pandemic presents an unprecedented challenge to the people and economies of Europe, its Neighbourhood and the wider world. The pandemic is far from over, and it is critical that the EBRD focuses its efforts on supporting all of its countries of operations that are committed to and applying the principles of multiparty democracy, pluralism and market economics, as they deal with the economic and social impacts of Covid-19.

The EBRD delivered another strong year of performance in 2019, meeting its transition objectives, while remaining profitable and producing a record year of investment.

Throughout 2019, EU-EBRD engagement has both broadened and deepened. In 2019, the EU provided over €378 million in support of EBRD activities and accounted for 50 per cent of the EBRD's donor funding. This support helped deliver transition priorities throughout the Bank's countries of operations. The EBRD's local outreach and business model, combined with the support of the EU budget, have also supported the mobilisation of private-sector financing both within and outside the EU. The EU counts on the EBRD complementing EU actions in EBRD countries of operations through its values-based approach, financialstrength, private-sector focus and experience in policy dialogue, including in support of the Team Europe response to Covid-19.

The EU supports the EBRD's Strategic and Capital Framework 2021 2025 and welcomes the three cross-cutting themes of (i) green transition, (ii) equality of opportunity, and (iii) digital transition, which fit well with the EU's own policy objectives and recovery strategy.

In implementing the Framework, the EU considers it important for the EBRD to capitalise on its comparative advantages relative to other international financial institutions by working in close partnership with them, and in particular with the European Investment Bank.

The EU welcomes that the Framework will take effect alongside the EBRD's Green Economy Transition Approach 2021-2025, approved by the Bank's Board of Directors earlier this year. In particular, the EU welcomes the goal for over 50 per cent of EBRD financing to be in the form of green economy financing by 2025, and the path that has been set towards enabling EBRD operations to become fully aligned with the Paris Agreement. The EU encourages the EBRD to remain ambitious in both of these areas, and to reflect the EU taxonomy for sustainable finance in the assessment of its activities. The EU also looks forward to increased cooperation with the EBRD under the European Green Deal, the EU's plan to reach climate neutrality by 2050, by turning climate and environmental challenges into opportunities, and making the transition just and inclusive for all.

The EU welcomes the Strategic and Capital Framework's reaffirmation that the decision on when to graduate from EBRD resources is for each country of operations to make. In this context, the EU supports the EBRD's plans to develop an enhanced Post-Graduation Operational Approach to allow for strengthened support to any country that may decide to graduate, while reinforcing the ability of a graduating country to return to receiving EBRD resources in times of crisis.

The EU continues to support the EBRD's potential expansion into new countries in its southern and eastern Mediterranean region that are already within the geographic scope of the Bank's mandate, and hopes to see new Members and countries of operations from this region as soon as possible. In this context, the EU welcomes the decision of the Board of Governors in July 2020 to admit Algeria as a member of the EBRD.

The EU welcomes the EBRD's affirmation of its continuing strategic interest in exploring potential future options for limited and incremental expansion into a select number of African and other countries that are closely integrated with the Bank's present geographical scope. Governors are expected to return to this question in the review of the Strategic and Capital

Framework due to take place at the EBRD's 2022 Annual Meeting, once the full impact of the Covid-19 pandemic and the outcome of discussions on the European financial architecture for development are clearer. In the meantime, the EU supports the request for membership from Iraq.

Looking forward, 2020 and 2021 willremain challenging years for the EBRD and its countries of operations. The response of the Bank to the Covid-19 pandemic through its Covid-19 Solidarity Packages and Resilience Framework has been both fast and effective in supporting existing clients. In the initial years of the Strategic and Capital Framework, it is key that the EBRD continues to focus on supporting its clients to deal with the impact of the crisis while helping them to continue lending, investing and adjusting in order to emerge faster and stronger from this shock. Support via equity investments and trade financing for SMEs are examples of the EBRD's expertise that are particularly relevant for the response to the economic impact of Covid-19. The pandemic has also shown the need to invest in the Bank's staff and IT infrastructure. Adequate resourcing to deliver the Strategic and Capital Framework, accompanied by prioritisation and efficiency, will hence be crucial aspects of the EBRD's Strategy Implementation Plans that will be decided upon annually by the EBRD Board of Directors.

The EU welcomes the fact that the Bank has the capital needed to deliver its mandate and support transition in its countries of operations throughout the five-year period of the Strategic and Capital Framework, and affirms the importance it attaches to the EBRD's AAA rating, which is underpinned by shareholders' strong support.

As the EBRD continues to deliver its transition mandate, the highest operational standards should be upheld, including ensuring that EBRD projects are consistent with the highest EU and international standards, including in areas such as tax, good governance, anti-money laundering, procurement and international trade.

The EU is confident that the EBRD can take advantage of the opportunities for joint cooperation in the years ahead, as the Bank implements its Strategic and Capital Framework, and further EU support becomes available through the EU's Multiannual Financial Framework.

STATEMENT BY MS NINA VASKUNLAHTI, ALTERNATE GOVERNOR FOR FINLAND

Let me start by thanking the Acting President, Mr Rigterink, and the secretariat of the EBRD for all the hard work put into making the Annual Meeting of 2020 happen under these exceptional circumstances. I would also like to express my gratitude to him for the pragmatic, flexible and productive running of business during this challenging transition phase at the top; and my gratitude extends to all staff in the EBRD.

My congratulations on excellent financial results for the 2019 fiscal year. Alas, the Covid-19 pandemic caused a dent in the EBRD's results, but we can already see an improvement for the better. Rebuilding the economy after the pandemic also offers us the possibility to do things differently, building back better and greener. The economic recovery packages should be used to facilitate more sustainable growth and inclusive development, increasingly based on the principles of circular economy.

The EBRD has taken an active role in providing timely support to businesses, citizens and communities suffering from the impact of the Covid-19 pandemic. After the emergency package, long-term recovery support should follow.

There is room for the Bank to further enhance its presence, prioritising the countries less advanced in transition, namely in Central Asia, Eastern Europe and the Caucasus, the Western Balkans, and the southern and eastern Mediterranean region. Closing transition gaps and helping countries on their path to graduation is a core objective of the EBRD, and it should remain so during the coming years. We would be open to a discussion on developing a graduation policy more based on benchmarks of economic development. The focus of the EBRD should be on the private sector, fostering entrepreneurship. Building capacity via policy dialogue should yield the best impact in this work.

Green Economy Transition must remain a priority in the EBRD and it is clear that the funding gap in reaching transition to a green and low-carbon economy will require both public and private finances. With the Bank's impressive track record, the EBRD is well placed to crowd in private-sector financing for climate action.

Accelerating the digital transition is another core strategic work stream in the EBRD. There is significant scope for Finnish companies to deliver expertise in this area, and to seek cooperation with the EBRD in identifying and designing bankable projects in some countries of operations.

We welcome the EBRD's intention of partnering for impact. Collaboration is key in order to strengthen complementarity, and in the end, strengthen the effectiveness of the international development finance system. The EBRD must be ready to engage with all partners and, most importantly, with the EIB and other potential EU partners.

The EBRD provides an important contribution to economic development in its countries of operations. The Bank also has a wider, values-based mission to foster the transition towards open market-oriented economies in countries committed to and applying the principles of multiparty democracy, pluralism and market economics. I would like to underline that all countries that have signed and ratified the Agreement Establishing the EBRD have committed themselves to those principles. Finland expects all shareholders to demonstrate equal commitment to them, without exceptions.

To conclude, I wish the new incoming President every success at the helm of this esteemed institution in paving the way for countries of operations in their transition journey.

JOINT STATEMENT BY MR BRUNO LE MAIRE, GOVERNOR FOR FRANCE, AND MR JÖRG KUKIES, ALTERNATE GOVERNOR FOR GERMANY

First and foremost, we regret not to be able to meet physically given the exceptional circumstances we are facing this year, and we send our thoughts to all those affected by the health and economic crisis. We would also like to congratulate the EBRD for managing to organise this Annual Meeting remotely.

We commend the Bank for its swift and effective reaction to the Covid-19 crisis so far. The Bank has been able to very quickly adapt and respond to the crisis, to ensure the safety of its employees, and to deploy its whole range of instruments in order to support its countries of operations in this difficult context. We also positively note the financial solidity of the Bank that allows it, even in the current turmoil, to support its clients throughout the crisis.

We welcome the strategic directions outlined in the Strategic and Capital Framework, which reflects the consensus reached among shareholders, and sets ambitious targets for further developing the EBRD's activity and enhancing its transition impact for the period 2021-2025.

We strongly support the priority given to the current countries of operations.

- We commend the adoption and implementation of the Solidarity Package as a timely and targeted response designed to assist countries of operations in containing the impacts of the Covid-19 pandemic.
- After the urgent liquidity support mainly focused on existing clients, we expect the Bank to progressively engage with new clients, despite the operational difficulties on the ground due to local health and lockdown conditions.
- We encourage the Bank to foster all transition qualities and to continue pushing for a sustainable recovery, even under crisis response conditions.
- The promotion of the Article 1 principles – multiparty democracy and pluralism – in our countries of operations remains a core commitment of the Bank.

We support the specific geographical focus on less advanced transition countries where significant transition gaps still need to be addressed. We encourage the Bank to keep working in close interaction with local authorities and stakeholders to better identify transition needs, to seize business opportunities, and to deepen policy dialogue.

We welcome the very well balanced approach in the Strategic and Capital Framework taken towards graduation, and support the agreed guidelines.

- We reiterate that, as set out in the current policy, graduation has to remain a country-driven process, initiated by the country itself.
- We appreciate the way the role of mutually agreed country strategies is described, as an instrument to assess where the EBRD can support transition best. We support the work still to be developed to make the transition journey up to graduation more attractive, through a more innovative post-graduation approach.
- However, as long as the COVID 19 pandemic persists, the Bank's crisis response in all its countries of operations should remain the priority.

We support the three cross-cutting themes highlighted in the Strategic and Capital Framework: green economy transition, equality of opportunity and digitalisation.

- We strongly support the green ambition of the Bank, with an increased green investment target of 50 per cent, and the introduction of a CO2 emission reduction objective.
- We welcome the implementation of an operational process to assess all projects' alignment towards international climate agreements, including the Paris Agreement, and look forward to the decision to be taken in 2022 for full alignment with the goals of the Paris Agreement.

We also welcome the positive impetus to further increase mobilisation of private financing for transition, and to improve monitoring, evaluation and knowledge management.

We are open to considering further expansion of the EBRD's activity, under certain well-defined conditions. Enlarging the Bank's operative range in the southern and eastern Mediterranean region is a natural and consensual ambition, and we welcome the message in the Strategic and Capital Framework of openness for Algeria to become a country of operations as soon as relevant criteria are met. We welcome the strategic interest in potential new geographies mentioned in the Framework: a limited and incremental expansion to sub-Saharan Africa; and Iraq when the conditions are met. Further consideration is still needed, and we will provide guidance at the next Board of Governors meeting in 2021, notably regarding: complementary analysis on the EBRD business model and added value, cooperation with other international financial institutions, and the consequences of international developments, including the EU financial architecture for development. This work can contribute to building the consensus among shareholders necessary for such a far-reaching decision, ahead of the 2022 Annual Meeting if a mid-term review of the Strategic and Capital Framework has been discussed by that time.

We congratulate the EBRD management and staff for this Framework, and look forward to its implementation, being aware of the very difficult context that EBRD staff are facing with the Covid context. With the adoption of this Framework and the election of a new President, the EBRD is entering a new chapter, and we look forward to working hand in hand with the management and other shareholders to achieve our goals.

STATEMENT BY MR IVANE MATCHAVARIANI, GOVERNOR FOR GEORGIA

It is my pleasure to be here representing Georgia and participating in the Annual Meeting of the EBRD. I am grateful to the EBRD team for organising this event in these difficult circumstances. I would like to thank the organisers for coping with the challenges and giving us the opportunity to meet, albeit virtually.

The impact of the pandemic will not only be on the form of the meeting but certainly on the context too. Covid-19 created a dire environment; when people suffer, economies are severely hit, affecting the living standards of everyone around the globe. Despite the fact that there are hopes for a vaccine coming soon, the economic consequences of the pandemic seem to be long lasting. A so-called “V” or even “U-shaped” recovery cannot be easily achieved. This will be especially true for developing states facing a loosening pace of investments and capital formation, thus affecting potential GDP growth.

The economic and sustainable development objective of the Bank’s 2030 global development agenda is at great risk. There is a need for the Bank to elaborate a comprehensive post-Covid economic recovery agenda, which can be a strong framework for supporting countries of operations to facilitate their own quick economic recovery.

The Bank’s role in supporting countries during the post-Covid-19 period is immense. Initiatives should be focused around ideas of helping countries to overcome their main economic vulnerabilities. In this respect, let me underline some specific aspects where the EBRD’s enhanced focus and strengthened strategic approach will be instrumental:

1. Supporting openness to international trade and attempts to diversify economies will allow countries to overcome obstacles and structurally upgrade their economies.
2. Inefficiencies in state-owned enterprises are a big impediment to economic development. Georgia is undertaking a comprehensive reform of state-owned enterprises, and we wish to see the EBRD as part of our ambitious initiative.
3. Covid explicitly showed us how important the green aspect of economic growth is. Sustainable economic development means climate friendliness and vice versa. We

welcome the Bank's increasing effort toward enhancing green economy support to Members. We believe that the partnership and inclusion of the EBRD's investment in enhancing the green economy in countries will continue.

4. Covid enhanced the need for another important aspect – that is a SMART economy. Digitalisation is a very vivid answer to pandemic-related challenges. In addition to that, we are living in an era that is sometimes called the Fourth Industrial Revolution (Industry 4.0) and is expected to disrupt digital, physical and biological systems. Robotics, Artificial Intelligence, machine learning and virtual learning – all these are opportunities for developing countries; and I think that helping the countries of operations to catch up with advances in new technologies should be one of the most important strategic directions for multilateral development banks. We would like to see the EBRD on the frontline of supporting the countries in this area.

In addition, I would like to underline that the impact of the EBRD in Georgia is huge. In these unprecedentedly difficult times, Georgia is ready for challenges and I strongly believe that the EBRD will continue to be an important partner for my country.

STATEMENT BY MR IOANNIS TSAKIRIS, ALTERNATEGOVERNOR FOR GREECE

With this statement, I would first like to thank the EBRD's management and staff for the strong commitment they have shown over the past years to supporting the Greek economy; and I am looking forward to this support remaining rigid until the graduation of Greece in 2025.

Although Greece faced a near economic collapse five years ago and deep cuts to public services under ten successive years of austerity programmes, we have managed to turn around the country – primarily through business-friendly reforms – and managed to entrench Greece's recovery from the debt crisis. With an aggressive reform agenda, we are focusing on the green transition and digital transition, and we are encouraging private investment by optimising, through significant reforms, the overall "doing business" environment, such as improving the business climate, cutting bureaucracy, strengthening the rule of law etc.

However, the pandemic has interrupted the strong recovery of the country and the economy. The tourism sector, transportation and exports are severely affected, and the level of private consumption has dropped due to the recent lockdown.

We are confident that the Greek economy will contract by a single percentage point this year. However, growth projections for 2021 from the European Commission foresee significant growth. We have taken a series of critical and complementary measures to reduce the impact of the pandemic, starting from tax and social security contribution reliefs, to SME grants and financial instruments.

We aim to continue following a consistent economic policy that will not rely on borrowed money, and have the objectives in 2021 of further reducing the debt to gross domestic product ratio, and getting the unemployment rate back below the pre-pandemic level.

Despite the time-limited mandate of the EBRD in Greece, we are now seeking an even more impactful intervention from your institution, particularly in areas affected by the pandemic, such as the private sector, so as to secure recovery in a timely manner, while at the same time jointly supporting financial sector resilience.

STATEMENT BY MR BJARNI BENEDIKTSSON, GOVERNOR FOR ICELAND

I would like to start by thanking the outgoing President of the EBRD, Suma Chakrabarti, for eight years of success in leading the Bank, which is in excellent shape to embrace future challenges. His tenure at the Bank was characterised by vision and dynamism, and the courage and boldness required to take the Bank forward. I would also like to congratulate the management team and the entire Bank's staff on the excellent results achieved in 2019, with the best performance in almost 30 years of the EBRD's history. It is particularly pleasing to witness the high level of investment in the green economy and the increased impact in the 38 economies where the Bank operates. As well as this, the Bank saw its best outcome since 2007, with a net profit of more than €1.4 billion.

Iceland highly appreciates how the EBRD is quickly and effectively responding to the crisis of the Covid-19 pandemic. Its unfolding economic consequences present an unprecedented challenge to the EBRD's countries of operations. We believe that the Bank has created and launched important action in the Solidarity Package, where the EBRD is providing focused support through lending instruments, advisory and policy engagement, along with approaches that the Bank has put forward in its Resilience Framework and Trade Facilitation Programme. It can be expected that the Bank's business this year and next will contribute to an evolving and dynamic Solidarity Package that the EBRD will need to respond to the crisis, and also contribute by putting in place the foundations of an eventual recovery.

Iceland supports the three cross-cutting themes in the new Strategic and Capital Framework – Green Economy Transition, deploying innovative and new methods and technology, and promoting equal opportunity. We encourage the Bank to be ambitious and for its investments to support these areas of focus so as to highlight the importance of the Green Economy Transition.

Iceland supports the new approach to the Green Economy Transition, which will become more effective through the Strategic and Capital Framework 2021-2025. We also appreciate the new approach that aims to further scale up existing activities to develop and contribute to a green economic recovery following the severe impact of the Covid-19 health emergency. Furthermore, we cherish how the Bank has established clear areas of expertise in energy efficiency, renewable energy, green banking, and mobilising climate finance. We encourage management to continue to focus on Green Economy Transition projects, especially renewable energy and energy efficiency, to tackle climate change in line with the goals set out in the Paris Climate Agreement. It is an impressive challenge to set a goal to raise the share of green finance to at least 50 per cent, and to reduce net CO_2 by 25 to 40 megatonnes by the end of the Strategic and Capital Framework period, thereby aiding the acceleration of the transition to a green, low-carbon and resilient economy.

Iceland sees big opportunities to scale up investment in renewables and to increase their share in the energy mix. We therefore welcome the increased emphasis on renewables in the Bank's strategy and, on the flip side, the clear commitment not to finance coal projects. Iceland leads Europe in terms of renewables as a share of total energy production and consumption, and we are eager to assist EBRD countries using our experience and highly developed expertise – especially in hydropower and geothermal power.

In light of this emphasis, we are supportive of the strategic thrusts put forward in the Strategic and Capital Framework 2021-2025, as we are very much focused on the green agenda, equality and digitalisation. We need to ensure that the Bank in the coming years develops its capacity and efforts to address climate change by accelerating low-carbon transition, promoting sustainable and smart cities, and applying and deploying new technologies in that field. We would like to see those thrusts developed further, and carved out into clear goals and priorities in the near future.

Finally, these past months have been trying times for the whole world; they have coloured the work of the Bank and its staff, and impacted its clients due to the effect of Covid-19. I want to thank the Acting President, the Board, management and the staff for their good service during these times, and wish them and their families good health going forward.

STATEMENT BY MR PAUL RYAN, TEMPORARY ALTERNATE GOVERNOR FOR IRELAND

This statement is made on behalf of the Governor for Ireland, Minister for Finance, Mr Paschal Donohoe, who unfortunately cannot be here today because of pressing Government business.

This Annual Meeting is taking place during unprecedented times as we face the ongoing health and economic impact of the Covid-19 pandemic, in tandem with uncertain global trade relations and a weakening of multilateralism. The Bank's Strategic and Capital Framework 2021-2025 offers us shareholders a valuable opportunity to utilise the Bank's current capital capacity, while optimising the role and level of ambition for the EBRD going forward in a changing world.

The Minister looks forward to working with the new President over the coming months in the early stages of the Strategic and Capital Framework, when we are very likely to be still dealing with Covid-19. In this regard, there would be some merit in next year's Annual Meeting discussing the impact of the pandemic on countries of operations and the Framework itself. Apart from dealing with the immediate health and economic impacts, countries have to ensure that their current difficulties do not turn into longer-term economic and financial problems while trying to plan for their post-Covid recovery. It is imperative that this recovery is done in a sustainable manner that is fully future-proofed.

In this regard, we welcome the Green Economy Transition Approach in the Strategic and Capital Framework, and the ambition to invest green by more than 50 per cent by 2025. We also welcome the proposal to align Bank principles with the Paris Agreement over the upcoming Framework period.

Work of this nature will ensure we have an effective and well-equipped Bank for the challenges of the next five years. It is critical, however, that we do not lose sight of the original founding principles of the Bank, and the challenges that remain in our initial countries of operations that have been greatly exacerbated by Covid.

We acknowledge the swift and measured response by the Bank in providing a €10 billion Covid-19 Solidarity Package for this year to new and existing clients in countries of operations. Short-term liquidity, working capital, trade finance and restructuring are all important financial supports to help mitigate the long-term impact of this pandemic. We strongly commend the initiative of the EBRD to respond to emerging local needs through targeted and tailored investments guided by host authorities.

Ireland has supported the Bank's successive geographic expansions that were underpinned by a well-reasoned and compelling business case. We welcome the important work done by the

EBRD in these new regions, particularly the southern and eastern Mediterranean region, and we support the proposals to expand operations further in this region.

Further expansions must be approached in a similar manner, supported by as many shareholders as possible in a way that does not undermine existing work in countries of operations, where many socioeconomic challenges remain. In particular, it is critical that we do not spread our limited resources over a wider geographical area, endangering the Bank's business model, which is based on a healthy cost-to-income ratio.

The changing landscape of the European financial architecture for development requires a person who is focused and energetic in the task ahead, and we are confident that the new President will ensure the Bank is well positioned to address the immediate and long-term needs of the institution and its clients. The EBRD has been very successful since its establishment in 1991, and there has to be recognition of this track record and the Bank's role in development matters. It is important that the EBRD and other key institutions, such as the EIB and the EU Commission, continue to work closely and fruitfully over the 2021-2027 Multiannual Financial Framework, both within the EU and, more importantly, in external countries especially those with emerging economies.

STATEMENT BY MS SHIRA GREENBERG, ALTERNATE GOVERNOR FOR ISRAEL

We are delighted to participate in this year's virtual EBRD Annual Meeting. We would like to thank the EBRD staff for their impeccable reorganisation and planning of this year's Annual Meeting under these extraordinary circumstances.

We would also like to thank the former President of the EBRD, Sir Suma Chakrabarti, for his service to the Bank's countries of operations, and congratulate him on a successful tenure as President. His strong leadership, combined with the determination and efforts of EBRD officials and staff members in London and in the Resident Offices, allowed 2019 to be yet another successful year for the Bank.

We commend the EBRD on its strong financial position in 2019 – investing a record of over €10 billion in more than 450 projects across client countries, all the while maintaining strong financial sustainability and recording record profits. Additionally, we applaud the Bank's strong transition and operational results, which are at the core of its business. We would like to note our appreciation of the Bank's significant growth in business across allclient countries, particularly in the Early Transition Countries and the southern and eastern Mediterranean region.

We would like to laud the Bank's swift implementation of the two well structured and targeted Solidarity Packages. These important initiatives allowed the EBRD to provide its clients and countries of operations with the necessary tools to respond to the Covid-19 pandemic by supporting recovery efforts and addressing short-term needs. We appreciate that, even under the worst-case Covid-19 scenario, the Bank's capital and liquidity positions will not face excessive pressure. This serves as a testament to the Bank's strong financial position.

We would be remiss, if we did not to take this opportunity to thank the Bank's First Vice President, Mr Jürgen Rigterink, for his service as acting President during this unprecedented transition period.

Looking ahead, it is clear that many challenges remain, but we see many new opportunities as well. The current crisis has accelerated the digital transition in many of the Bank's client countries, providing the Bank with an opportunity to address this important cross-cutting theme. Ensuring that client countries are supported in their efforts to establish the proper policy and regulatory environments to address these innovations, while also supporting the private sector in adapting to the application of new technologies, is rightly a key goal of the new Strategic and Capital Framework 2021-2025.

We also take note of the Bank's continuing interest in a gradual and moderate expansion of its geographic scope into sub-Saharan Africa and Iraq. We remain supportive of the exploration of this idea and believe that it should be given proper and careful consideration in due time. We do believe that, as a private-sector-focused institution, the EBRD can have significant added value to the already-existing operations of our partners in the region.

As we look to expansion, the EBRD must not forget its duty to its current countries of operations, particularly those further behind in the transition process. We were strong supporters of the Bank's expansion into the southern and eastern Mediterranean region and would like to see the Bank's continued support of efforts to promote regional stability and integration – both crucial pieces to the transition puzzle.

It is our belief that one of the best ways in which the EBRD can support these efforts is by enhancing its investments in regional infrastructures, such as transportation infrastructures. These systems work to strengthen economic growth and build well functioning, self-sufficient markets by increasing access, inclusion, economic diversification and international trade – all of which are goals that the Bank has defined for itself. One example of a potential partnership for the Bank in the region is the proposed programme to enhance rail connectivity in the region as a part of the recent normalisation agreements. The programme envisions a system of rail and maritime freight and passenger routes connecting Bank Members and client countries in the southern and eastern Mediterranean region to the Gulf States – not only enhancing the efficiency of trade within the region, but also between Europe and the East. Such a programme could greatly boost the growth potential of client countries and allow for EBRD investments in the region to flourish.

I would like to conclude by reaffirming Israel’s strong support for the EBRD’s work in all its regions of operations and look forward for further efforts to foster transition across our client countries.

Once again, I would like to thank the EBRD staff for organising this successful Annual Meeting during these unprecedented and challenging times.

STATEMENT BY MS GELSOMINA VIGLIOTTI, ALTERNATE GOVERNOR FOR ITALY

On behalf of Italy, I would like to thank management and the whole staff of the Bank for their professionalism and unceasing efforts to organise the Annual Meeting under current circumstances.

This is the worst period for the world economy; the COVID-19 pandemic caught us all off guard, hitting hard our citizens and our families, and putting at risk the prosperity of our economies, while also deeply changing our way of living.

All our countries of operations are suffering from the health crisis as well as its economic and social consequences, following the decrease in global demand, the disruption of global supply chains, and the unavoidable breakdown of global travel.

Thanks to its business model and network of regional offices, and most of all, the extraordinary dedication of its people, the Bank has been able to overcome the hurdles posed by the pandemic and provide a swift and flexible response, with the two-phased Solidarity Package.

This exceptional situation requires actions to be taken at all levels: national, regional and global. As the crisis has proved to be global, so must be the answer. Increased coordination is needed between governments as well as between international financial institutions, so as to provide a joint, bold response and resume work together after the crisis towards a pattern of growth that is more inclusive, green and digital.

Under current circumstances, the EBRD needs to enhance cooperation both with the other multilateral development banks and with the EU and EIB. In fighting against the global pandemic and its economic consequences, the role of the multilateral development banks – working as a system and according to their respective comparative advantages – is key to addressing global challenges and achieving transformative impact that encompasses health, economic, social and environmental objectives.

Last year, when we launched an in-depth discussion on the longer-term future of the Bank, we could not have anticipated this dramatic turn of events.

Nevertheless, thanks to the proactive and flexible approach adopted during the preparatory work for the Strategic and Capital Framework 2021-2025, we have been able to react promptly and recalibrate the Framework in the light of current uncertainties.

I commend the efforts made by all shareholders to build consensus on a document that fairly balances key strategic aspirations of the Bank with the needs imposed by the crisis affecting our region.

I particularly appreciate the emphasis on tackling inequalities, promoting good governance and enhancing mobilisation. I also concur with the strong push on the green agenda reflected in the ambitious Green Economy Transition 2.1 Approach.

The Bank has gained impressive expertise and built a solid network of partners for the financing of green projects. We welcome the new strategy commitments as a key driver to avoid potential reversals in the green agenda and help build better, post crisis.

As an institution created and shaped to help the development of the private sector, the EBRD is best positioned to attract private capital into its countries of operations; while current market conditions may represent a hurdle here too, we encourage the Bank to keep mobilisation of private finance at the core of its activity looking forward.

Good governance is a prerequisite for a vibrant private sector: now more than ever, policy dialogue is essential to make sure our countries of operations continue to be attractive to domestic and foreign investors. The Bank's growing expertise in the investment climate, and on setting up investment councils with government and private-sector representatives, can help our clients to achieve fundamental progress on this aspect.

In order for the Bank to remain strong and effective, we have to preserve its unique transition mandate.

The Bank's activity is based on transition needs; efforts should now concentrate on current countries of operations, starting with the less advanced ones, because of the risks of transition reversal stemming from the current crisis.

In the longer term, closing transition gaps and helping countries graduate is a core objective of the institution. Graduation is a successful achievement, as long as it is based on a shared and participatory process, while also taking into account the continuous shifts in additionality and transition impact.

Countries that are more advanced on the path to graduation need to be accompanied through the journey, so as to maintain a sense of belonging to the institution. This is why it is important to design pre- and post-graduation tools, providing for assistance with a gradual and diversified approach, while ensuring a focus on areas of additionality. This time of crisis has also taught us that we have to keep the option open of re-engagement after graduation, when unexpected events risk jeopardising achievements. I look forward to contributing to the debate on the Post-Graduation Operational Approach at the Strategic and Capital Framework mid-term review in 2022 (or 2023 at the latest).

Over the Strategic and Capital Framework horizon, we could also resume our discussion on a possible geographic expansion of the Bank's activity, notably in a number of selected sub-Saharan countries. I see this as a strategic long-term objective for the Bank, with the potential of widening business opportunities and knowledge-sharing, while also accounting for the increasing economic linkages of the region with our countries of operations. The EBRD could also efficiently complement with its expertise the activities of other institutions present there.

Let me conclude by stating that Italy is a proud shareholder of the EBRD. We strongly value the multilateral character of an institution created as a political joint venture between Europeans and non-Europeans on the future of the European continent and its neighbourhood. We are more than ever committed to building on this strategic partnership to deliver on the Bank's mandate and principles.

I reiterate our continuous support and wish every success to the incoming President for the challenges ahead.

I look forward to meeting you in person at the Annual Meeting in 2021.

STATEMENT BY MR KENJI NAKANISHI, TEMPORARY ALTERNATE GOVERNOR FOR JAPAN

1. Introduction

On behalf of the Japanese Government, I am honoured to address the Twenty-ninth Annual Meeting of the EBRD.

This year's Annual Meeting is being held for the first time in a fully virtual format due to the spread of the Covid-19 pandemic. This has been a great challenge for both the EBRD and its Members, and I would like to express my sincere gratitude to the EBRD staff for their efforts in preparing for this virtual Meeting under the leadership of Mr Rigterink, Acting President.

2. EBRD operations

Since its establishment in 1991, the EBRD has made significant contributions to promoting democratisation and transition towards an open market economy in the former communist countries and more recently, in the southern and eastern Mediterranean countries.

Currently, many of the EBRD's countries of operations are suffering severe economic damage caused by the spread of Covid-19. Under these circumstances, the EBRD has been playing a significant role in supporting these countries, with its Covid-19 Solidarity Package swiftly introduced in March and actively implemented.

To ensure the most effective and efficient use of the EBRD's limited resources, Japan believes that the EBRD's support should be targeted at the geographical areas and sectors in which the maximum transition impact can be achieved. Specifically, we urge the EBRD to fully support the Early Transition Countries, including Central Asian countries and Mongolia, which are still in the early stages of transition to an open market economy, so as to help these countries move to the next stage of transition without undue delay. We highly appreciate that Annual Bank Investment in the Early Transition Countries in the first half of 2020 increased enormously compared to the same period last year.

3. Strategic and Capital Framework 2021-2025

The agenda of this virtual Annual Meeting includes the resolution on the Strategic and Capital Framework 2021-2025, which shows the EBRD's direction for the next five years starting from 2021. Japan supports the resolution and highly appreciates the efforts by the EBRD management and staff, who have reflected various views among Members after tense discussions for over two years.

Japan believes that further discussions at the Board of Directors and the Board of Governors should be continued towards the mid-term review of the Framework. I would like to explain Japan's views on our two priority issues: (i) graduation from the EBRD's country of operations status; and (ii) the EBRD's potential expansion to sub-Saharan Africa.

With regard to graduation of Advanced Transition Countries with higher income, we fully understand that these countries should focus on responses to the Covid-19 crisis at the moment. We also acknowledge concerns among some Advanced Transition Countries that they may suffer again from damage caused by crises after graduation. However, these concerns can be addressed by introducing an innovative approach, including the provision of a rapid right of return in the case of a crisis after graduation. Japan strongly believes it is important to set a path and plausible pace of graduation in country strategies for the Advanced Transition Countries after the current crisis.

As to whether the EBRD should expand its geographical scope to sub-Saharan Africa, Japan believes that consensus among Members is crucial. Thorough discussion is required on areas where engagement by the EBRD can be additional and complementary to other international financial institutions etc.

4. Japan's expectation of the EBRD

The EBRD is a global institution that includes non-European countries in its membership, and as such, voices of non-European Members should be reflected in its institutional management. As the second largest shareholder, Japan is willing and ready to proactively participate in the EBRD's governance going forward.

In order for the EBRD to respond flexibly and effectively to the increasingly diversified and complex needs in its countries of operations, the EBRD should further promote diversity among its staff, including national diversity. Japan expects the EBRD to select the right people from the global talent pool for the right positions, and be equipped with well-diversified human resources at all staff levels. Japan will further contribute to the EBRD in this endeavour through qualified Japanese staff.

Since its opening in March 2016, the EBRD's Representative Office in Tokyo has made significant contributions to business development with Japanese companies, enhanced the visibility of the EBRD in Japan, and promoted other EBRD activities, including the recruitment of Japanese nationals. We are very much looking forward to this office continuing to actively bring together the EBRD's support and Japan's knowledge and skills for the EBRD's operations.

5. Conclusion

Cumulative transition to an open market economy in countries of operations is the major achievement of the EBRD and should not be reversed. Under the leadership of the new President elected, and under the guidance of the next Strategic and Capital Framework approved during this Annual Meeting, Japan expects the EBRD to be proactively engaged in addressing various challenges arising from Covid-19 and to play a leading role in the post-Covid-19 era.

STATEMENT BY MR IL YOUNG PARK, TEMPORARY ALTERNATE GOVERNOR FOR THE REPUBLIC OF KOREA

It is indeed my pleasure to be here with all of you, if only virtually, as the world grapples with Covid-19.

On behalf of the Korean Government, I am deeply grateful to the British Government and all EBRD staff for successfully organising this Annual Meeting.

I would also like to send special thanks to Acting President Jürgen Rigterink for stepping up to lead the EBRD through these difficult times. I very much look forward to this Annual Meeting as an opportunity to elect a President with sterling credentials.

This year, the world has been faced with the enormous challenges brought about by the coronavirus pandemic. The public health crisis has been compounded with a major economic crisis worldwide.

The global Covid-19 death toll has passed one million, and there are growing concerns over the occurrence of a 'twindemic'.

The global economy has been plunged into a deep recession. Precautionary and forced savings have reduced domestic demand due to the spread of the virus and resulting social distancing measures. Economic shocks have been exacerbated by supply shocks, including factory closures and other factors, such as lockdown and trade restrictions.

No country is immune to these adversities. However, they take an even greater toll on less developed countries, which have weaker healthcare capacity and less fiscal space compared to developed nations.

Under these circumstances, we must continue to provide unwavering investment and support for less developed nations to help them beat the crises and prevent the embers of sustainable growth from being extinguished.

Against this background, I would like to praise the EBRD for your active and swift response putting together a €21-billion Solidarity Package for combating the Covid-19 crisis. I am glad that these commitments have been incorporated into the Strategic and Capital Framework. These include speeding up the transition to a green economy, further embracing the use of emerging technologies, including digital technology, and closing opportunity gaps.

Throughout this entire process, I trust in the EBRD's capacity as a smart disseminator of knowledge. I hope the EBRD will be able to transfer knowledge through technological assistance and policy consultations while also providing fiscal and financial support.

The year 2020 is for setting out the Strategic and Capital Framework for the period 2021-2025. I hope that the EBRD will be able to clearly identify the Bank's responsibilities and future direction amidst the recent social and economic transformation.

In this regard, I believe there are three priority areas that the EBRD should focus on in the post-Covid-19 era.

First, expanding transnational solidarity and collaboration. Global collaboration is important, as global value chains are weakening due to limits on people-to-people and physical interactions; and we now face greater vulnerability managing debt distress for recipient countries. Promoting trade also requires support, such as specialentry procedures for business travellers.

Sharing knowledge and experience is necessary if we are to achieve this. I trust that the EBRD will share successful policy responses in the public health and economic fields, take the situation of each country into consideration, and deliver insights in applicable formats.

Second, accelerating digital investment in response to the shift towards non-face-to-face practices and digitalisation.

To this end, we will stand ready to invest more in building digital infrastructure, which is currently lacking in developing nations. Under a regulatory framework that fosters new technologies, we will be sure to lay a self-sustaining foundation on which existing companies and emerging start-ups can pursue innovation. Education and digital infrastructure should be available to vulnerable populations to prevent them from having fewer opportunities due to the growing digital divide.

I am pleased that digital transformation is a large part of the Strategic and Capital Framework. We have high expectations for greater contributions from the EBRD in this domain.

Third, more secure and robust employment and socialsafety nets to protect vulnerable groups.

The socioeconomic transitions induced by Covid-19 may come as yet another shock to vulnerable populations. The complementary role that international financial institutions play in alleviating polarisation is paramount, given the impending work to be done and the limited capacity and difficult conditions in developing nations.

In order to ensure we can make a soft landing after the pandemic, I would like to request that measures to strengthen employment and social safety nets for vulnerable populations be reflected in the toolkit. These include reinforcing industrial safety measures, introducing employment insurance and broadening its coverage.

In Korea, we have a proverb that says "The ground becomes firmer after the rain." This saying refers to the fact that our foundations become even stronger once we have weathered a storm.

The current pandemic is presenting considerable challenges to all of us. But if we continue to pull together to tide us over these difficulties, we will be able to build even stronger growth engines and resilience after the crisis.

Our goals are to overcome the Covid-19 crisis and plan for the future – and it is in that spirit that we must continue to march forward.

STATEMENT BY MS HYKMETE BAJRAMI, GOVERNOR FOR KOSOVO

Although this year we are doing it virtually, it is a great pleasure to address the Twenty-ninth Annual Meeting on behalf of the Republic of Kosovo. We express our gratitude to those involved for their hard work in hosting this year's event virtually.

Reflecting on the EBRD's activities, we congratulate management and the staff for last year's record achievements. We welcome the Bank's strong investment performance, mobilisation of private capital, and increasing disbursement levels. However, on the latter, based on our own experience, we stress the need for continuous focus and engagement. We also express our appreciation to management and the staff for ensuring that the EBRD's mandate is being fully delivered, even during these unprecedentedly difficult circumstances. The swift emergency crisis response package launched at the beginning of the crisis, and the following increase in investments during this year, reflects once again the vital role of the Bank in the countries of operations and its distinctive position in the multilateral development finance system.

The EBRD has been successful in its activities in Kosovo as well, both in terms of volume and the quality of investments. In addition to record investment levels last year, the composition of investment is highly encouraging, and we look forward to maintaining this rhythm and composition of engagement during our new Country Strategy period. In addition to ample private-sector opportunities, a further joint effort should be made for key strategic public investments as well. Our infrastructure connectivity agenda is progressing well, while more efforts are needed in energy security and diversification of energy sources.

The Covid-19 crisis is challenging us all; however, the economic consequences are unfolding at different magnitudes across countries. It is becoming visible that the crisis is having a greater effect on the least advanced countries in transition, with less capacity to protect and support the vital sectors of their economies. Therefore, we welcome the ambitious investment levels envisaged during the period of the Strategic and Capital Framework 2021-2025. Moreover, the proposed strengthened engagement in the Early Transition Countries – and the Western Balkans countries in particular – is very encouraging. In addition to addressing deep-rooted transition-related challenges over the strategic period, once the virus abates, and with increased engagement, we need to seize the opportunity to support economic recoveries by building a resilient and more sustainable future.

In addition to the increased financial engagement in our region, we stress the importance and need for higher and more systematic policy engagement. We are amongst those that see greater benefits in investments that are combined with policy engagement and technical assistance, in both public and private-sector projects.

With great interest, we have viewed the strategic themes outlined in the Strategic and Capital Framework, and in particular, the attention given to equality of opportunity and digital transition. The Covid-19 pandemic crisis has starkly revealed the inequalities between and within countries. Thus, we welcome a more inclusive approach, with greater attention given to disadvantaged groups in societies, particularly groups such as women and youth. Likewise, in an era of rapid technological advancements, an innovative approach towards the digital economy is needed, and we look forward to contributing to those discussions.

Finally, we would like to thank the Board of Directors and management for reaching a broad consensus based on compromises for the Strategic and Capital Framework 2021-2025. We therefore support the proposed resolution on the Framework and look forward to its implementation.

STATEMENT BY MR JĀNIS REIRS, GOVERNOR FOR LATVIA

Let me start out by thanking the staff of the Bank for the efficient way this Annual Meeting has been organised, despite the prevailing restrictive circumstances.

General remarks

Since its establishment, the EBRD has been successful in supporting the political and economic transformations in the countries it operates in, delivering commendable results despite rapidly changing socioeconomic conditions and geopolitical tensions. The Bank remains an important global player, focused on private-sector development and policy advice, and based on a unique political mandate. Building on accumulated experience, country- specific know-how, and local presence, the EBRD is well placed to push forward transitions to well-functioning market economies in all its countries of operations.

I would like to extend special gratitude to the colleagues in our constituency: Norway, Finland, and Lebanon. We believe that an excellent spirit of cooperation has ensured that our joint voice is heard and our opinions are incorporated in the main policy documents of the Bank. In addition, joint Nordic-Baltic cooperation proved successful in bringing forward greater ambition in the *Green Economy Transition Strategy* discussions – a concept that remains one of our top priorities.

Reiterating the conclusions of the EU-11 countries meeting in Riga on 27 and 28 February 2020, we see significant scope for increasing high-quality investment in the EU-11 region – a front runner, and pioneering ground for the Bank's medium-term priorities, namely promoting the green agenda and unlocking innovation along with new technologies. In particular, the Bank needs to increase its contribution to achieving carbon neutrality in light of the *European Green Deal*.

Operational results of 2019

Latvia commends the EBRD for the strong results achieved in 2019, when it reached a record-high €10 billion in annual investments covering 452 signed projects, as well as for a timely and efficient response to the Covid-19 crisis in affected countries. We also welcome the solid financial performance of that year, with net profits reaching €1.43 billion, and a reaffirmed AAA rating. We attribute these results to the efforts of the staff of the Bank, which undoubtedly is the most valuable asset of the Bank.

Strategic and Capital Framework

The Strategic and Capital Framework 2021-2025 will mark the next chapter of the EBRD's operations, as the new realities created by Covid-19 will add to the challenges of achieving the priorities set in the Framework. Latvia supports the broad compromise that has been reached by the Board of Directors and the draft resolution regarding the Framework.

Considering the severity of Covid-19, we commend the EBRD for the support it has rendered to countries of operations, laying the foundations for sustainable recovery and development. Building on the three horizontal strategic priorities – *transition to a green, low-carbon economy, equality of opportunity, and digital transition* – the Strategic and Capital Framework rightly aims at prioritising support to current countries of operations. It is important that during turbulent times, the Bank's investment strategy focuses on the effective fulfilment of its mandate: closing market gaps and accelerating the transition of countries where the impact on development is highest.

The global economic recession triggered by Covid-19 brings to the surface the scale of vulnerability of many countries facing unprecedented support needs to recover their economies. Therefore, Latvia supports the proposed direction of the Strategic and Capital Framework, which is to strengthen the engagement of the Bank in less advanced economies. Again, more advanced countries of operations were affected by Covid-19 as well, and they have sought the support of the international community and development partners. With the resurgence of Covid-19 in countries all across Europe, and expected long-lasting effects of the crisis in certain industries or for certain structural reforms, we stress the importance of the EBRD's continued operations in all EU countries of operations for the years to come. Latvia underlines the importance of the core principle of the EBRD *Graduation Policy,* meaning that graduation is country-driven.

In the light of all this, Latvia is of the strong opinion that any discussions about further expansions beyond the EBRD's geographical mandate are premature. Furthermore, decisions on future directions should be taken in a broad context, including both the global and European financial architectures. Nevertheless, Latvia has supported membership applications in the past and will be taking future decisions in cooperation with its partners.

Other institutional issues

Latvia supports the proposed net income allocation of 2019, considering that the economic recession will affect results for the year 2020, especially in regards to equity valuation. We support the proposed allocation to the EBRD *Shareholder Special Fund*, which contributes to financing technical assistance to those countries that are most in need. Especially critical is the support rendered to Lebanon, our partner in the constituency, and its severe economic and humanitarian crisis – we appreciate the engagement of the Bank.

Latvia fully supports the sovereignty and independence of Belarus, and firmly believes that democratic calls from the Belarussian people for new, free and fair presidential elections, in line with international standards and in the presence of international observers, should be respected. We strongly believe that EU support should be redirected for the benefit of Belarusian society. We should make sure that the regime and persons closely connected to it do not benefit from EU support. In this context, careful assessment of the application of Article 1 of the Agreement Establishing the EBRD is needed.

Latvia expects the Bank to continue applying the highest governance standards to all of its operations and clients with regard to corruption, tax avoidance and evasion, and social and environmental standards.

Latvia and the Bank

The EBRD has been a reliable partner of Latvia since 1992, with its financial support and investments having played a crucial role during the financial crisis of 2008. Today's global economic recession triggered by Covid-19 yet again underlines the important role that international partners play in supporting the economic recovery of countries around the world.

The negative impact of Covid-19 is currently increasing on a worldwide scale, including in the Baltic countries and Latvia. In the second quarter of 2020, the economic recession in Latvia reached minus 8.9 per cent of GDP, which was not as deep as had been projected: production was more resilient to the crisis as expected, and services managed to recover sooner. The economic recession, however, was mainly driven by a sharp drop in private consumption due to restrictions to limit the spread of Covid-19. To address these negative effects on the private sector, Latvia introduced a number of state-aid programmes, including financial instruments to provide support to companies affected by the pandemic. However, considering the difficulties in predicting the severity and duration of the crisis, active and continued engagement of the EBRD in Latvia's private sector during these turbulent times remains as important as ever.

Beyond crisis response, we appreciate the continuous dialogue with the EBRD on further exploring opportunities in Latvia for cooperation in energy efficiency and security, competitiveness, innovation, and structural reforms. Going forward, we see potential for the EBRD's engagement in the cross-border investments and the development of innovative tailor-made solutions that address both remaining and newly evolving transition gaps, including participation in the Latvian state aid programmes on financial instruments aligned for the private sector. Partnership with the Bank in the margins of the *Structural Reforms Support Programme* funded by the EU and the EBRD *Community Initiative* projects also brought positive results and wider recognition of the Bank in Latvia.

We appreciate the active engagement of the EBRD in Latvia during 2019, its increased level of investment in the region, its financial support to a number of specific projects, and participation in structural reforms such as capital market development.

STATEMENT BY MR HASAN HAMDAN, TEMPORARY ALTERNATE GOVERNOR FOR LEBANON

Lebanon's Current Challenges

The Lebanese economy has been struggling in the last few years to generate inclusive growth and to reduce poverty. In fact, Lebanon has suffered from financial and economic instabilities that have created systemic macro-financial failures. Inflation rates have surged, the exchange rate for the Lebanese pound has dramatically depreciated in the parallel market, and dollar deposits in Lebanese banks are blocked.

All these factors have placed Lebanon in the midst of a sovereign, banking and economic crisis, with a large fiscal deficit, macroeconomic imbalances and deteriorating social indicators. This multifaceted crisis has been aggravated by the impact of the Covid-19 pandemic: Lebanon responded with lockdowns that further exacerbated economic and financial stresses.

On 4 August 2020, a massive explosion rocked the Port of Beirut, destroying much of the port and severely damaging dense residential and commercial areas within five kilometres of the site of the explosion. The disaster left more than 200 people dead, thousands injured, and tens of thousands homeless. The economic impact of the explosion is notable at the national level, despite the geographic concentration of the destruction. The main economy-wide effects include: (i) losses in economic activity caused by the destruction of physical capital; (ii) trade disruptions resulting in higher transaction costs of external trade; and (iii) the loss of fiscal revenues.

The above challenges, added to the effect of the conflict in Syria and the resulting influx of Syrian refugees into Lebanon, have exposed Lebanon’s severe economic vulnerabilities.

Outlook for the future

Following the financial crises and the suspension of the settlement of its Eurobonds, the Government of Lebanon has been preparing its reform programme to deal with debtors, the international community and its own people. Negotiations with the IMF have already started.

The coming period will be challenging for the Lebanese Government to fulfil its commitment to reducing the deficit. This reduction will materialise by implementing sound fiscal policies and investment projects to enhance the economy.

We look for the support of the EBRD to help Lebanon in carrying out its commitments and facing the extraordinary burden – due to the Covid-19 pandemic, Beirut's port explosion, the impairment of the banking system, the devaluation of its currency, and the Syrian crisis – through engaging in a range of sectors that can further stimulate our private sector and boost jobs to lift the economy by reducing the unemployment rate, increasing productivity in different sectors, and alleviating living costs for poorer Lebanese households.

STATEMENT BY MR EDWARD SCICLUNA, GOVERNOR FOR MALTA

It is always an honour for me to participate in the Annual Meeting of the EBRD. I take this opportunity to thank the organisers for their consummate efforts and ability in arranging a meeting in virtual format, despite the considerable logistical difficulties.

Malta acknowledges that the 2020 Annual Meeting is especially important for the future course of the EBRD in providing an opportunity to mark a new stage in leadership through the election of the next President, and also to determine the Strategic and Capital Framework for the next five years

I take this opportunity to express my gratitude to Sir Suma Chakrabarti for his sterling leadership of the Bank since assuming the presidency. Over the past eight years, the EBRD has moved forcefully to meet several ongoing challenges, among which are the Bank’s commitment towards combating climate change and its strong support for green investments. The EBRD’s work to eradicate barriers to equal opportunities for women and other minorities, and its determination to enhance democratic institutions have also been at the forefront of the EBRD’s efforts. Indeed, Sir Suma has been an instrumental figure throughout this period, and I wish him every success in all his future endeavours.

This year's EBRD Annual Meeting is taking place against the backdrop of the ongoing Covid-19 pandemic and its fallout, which is expected to be of unprecedented proportions compared to anything within the last century. I would like to express my sympathy and solidarity on behalf of the Government of Malta for the loss of human life and the immense suffering caused by the virus.

Certainly, the incoming EBRD President will face a distinct challenge. Although the effects of the Covid-19 pandemic have been diverse across countries (both developing countries and the world's advanced economies), its blight over the world's global economy and correspondingly international trade – particularly travel and tourism – has left no country unscathed.

The EBRD's rapid response to the outbreak of Covid-19 is commendable – in particular the unveiling of its Solidarity Package earlier this year, which promises to provide emergency financial support and policy advice to existing clients that have been experiencing temporary liquidity and working capital needs due to the pandemic. Since this initial response, the EBRD has further strengthened its pledge to provide aid to its regions via the provision of support totalling up to €21 billion by the end of 2021.

I also applaud the Bank's actions in beginning to prepare countries for a resilient and sustainable economic recovery in the aftermath of the pandemic, one which respects the Bank's commitment to a low-carbon economy. However, this may represent a slow and arduous process, especially given the exceptional downside risks which continue to prevail.

Turning back towards the more regular business of the Bank, we welcome San Marino and Algeria as new official Members of the EBRD. We are pleased to note that Libya, another country from the southern and eastern Mediterranean region, has joined the Bank as its 71st shareholder. We are also confident that the cooperation between new partners and the EBRD will be beneficial for all parties. To this end, Malta supports the Bank's ambition to engage in new countries in the region, while ensuring that current Bank engagements and commitments are not endangered.

Guided by its transition qualities and the commitments made in the Strategy Implementation Plan in 2019, the EBRD recorded a year of impressive financial and operational performance, despite a difficult operating period. Particularly remarkable features include a total annual investment in excess of €10 billion, and a rise in EBRD net profit by over €1 billion to €1.4 billion compared to 2018.

Likewise, I would like to congratulate the EBRD for remaining at the forefront of climate and environmental action, not only surpassing its ambitious target of a 40 per cent share of total investments directed towards green initiatives, but also successfully launching the world's first dedicated climate resilience bond. Building on the Bank's successful investment performance since the launch of its Green Economy Transition approach five years ago, Malta looks forward to seeing the EBRD's ambition to become a majority green bank by 2025 come to fruition. We cannot overlook the crucial importance of joint action by multilateral development banks and other institutions in tackling the challenges of climate change. In this regard, we commend the EBRD and other multilateral development banks for enhancing their cooperation at COP25 in areas including climate finance, just transition and carbon pricing.

We look forward to the final stage of the global cycle of climate planning at COP26 in Glasgow in 2021, when the agenda for the next five years, targeting even more ambitious goals, will be set. Despite these praiseworthy achievements however, the international community should demonstrate stronger determination in addressing the ever-increasing impact of climate change and achieving the Sustainable Development Goals. Regrettably, the setbacks caused by the fallout from the virus will place an enormous burden on countries, particularly low-income countries, which were already struggling to meet the Sustainable Development Goals before the pandemic.

Doing more will be a key theme as the EBRD moves towards the Strategic and Capital Framework 2021-2025, which lays out the Bank's strategic aspirations going forward. We note with satisfaction that the Framework confirms that, for the next five years, the EBRD has sufficient capital to support its ambitions to enhance both the quantity and the quality of its work in its countries of operations without jeopardising the Bank's AAA status. It is encouraging to note that the Bank will implement the next Strategic and Capital Framework within a control framework of parameters for transition, capital and resource efficiency.

On behalf of the Government of Malta, I wish to thank Sir Suma, as well as the EBRD staff, management and Directors for their hard work. The last year has included many achievements for the Bank and for that, we are grateful. The Government of Malta reaffirms its strong support for the EBRD's policy initiatives and strategies in order to mitigate the impact of Covid-19 and promote recovery, in addition to the continued pursuit of its pre-pandemic objectives.

STATEMENT BY MS BRENDA GUADALUPE CIUK CANO, TEMPORARY ALTERNATE GOVERNOR FOR MEXICO

As a global community, we are currently facing one of the greatest economic challenges since the Great Depression, derived from the Covid-19 pandemic. At this point in time, international financial institutions have played a key role in supporting the global economy, providing deeply needed liquidity, and supporting the most vulnerable countries through developing new financial instruments and programmes of debt relief.

Today, as Governors of the EBRD, we are meeting to define the role that the Bank will have in the following months and years, and even more, to discuss what vision we have for the institution and the region in the future. Moreover, we are about to elect the new President who will lead the EBRD for the coming years; we are sure they will maintain the excellent results that the institution has had throughout the years.

Mexico, as the only Latin American Member, reiterates its commitment to cooperate with the European Union and the 69 Members. We would like to take this opportunity to reiterate our intention to participate with a more active role in the Bank, promoting the products of the institution so that Mexican companies can also benefit.

To conclude, we would like to highlight and recognise the 2019 financial results and the excellent management of the Bank. We support the EBRD's Strategic and Capital Framework 2021-2025 as well as the geographical expansion strategy, and recognise the efforts made to identify new market segments.

STATEMENT BY MR OCTAVIAN ARMAŞU, ALTERNATE GOVERNOR FOR MOLDOVA

On behalf of the Republic of Moldova, I would like to avail myself of this opportunity to greet all the participants at the EBRD 2020 Annual Meeting, and to address special thanks to the

EBRD for succeeding in joining all its members and stakeholders in a new format, but at the same time, a very common one of late for the majority of us.

Nowadays, when the entire world is withstanding the current Covid-19 pandemic challenge and its negative economic consequences, the role of multilateral development partners, and namely of the EBRD, is emphasised more than ever. In this respect, we strongly believe that the EBRD 2020 Annual Meeting is going to bring in front of us a good example of how merged efforts and reliable support provided at the right time could create the prerequisites for recovery from the crisis outlined here.

The EBRD remains one of the most important development partners for the Republic of Moldova; it contributes to the development of both the private sector through financing and consulting projects, and policy dialogue aimed at increasing the transparency of the banking sector. Since the start of its operations in our country, the Bank has invested over €1.3 billion in 134 projects in Moldova's financial, agribusiness, energy, infrastructure and manufacturing sectors.

An illustration of effective collaboration with the EBRD are the major infrastructure projects aimed at ensuring the natural gas and electricity interconnections between Moldova and the EU. Thus, by acquiring a stake in a local gas transmission company, the EBRD is contributing to strengthening Moldova's energy security, and is supporting our country to diversify its energy sources. We are confident that the implementation of these types of project is prompting the integration of Moldova into the regional competitive energy markets, to the benefit of final consumers.

In the context of implementing the EBRD Country Strategy for 2017-2022, the Republic of Moldova is working with the EBRD to restructure and increase the resilience of the domestic banking sector. The presence of the EBRD as a shareholder in the banking sector contributes to improving corporate governance; this complements the Moldovan authorities' efforts to admit only quality shareholders to the sector, and fully meets the criteria of good repute and professionalism.

The aforementioned projects do not represent the whole activity of the EBRD in our country; these are just the most prominent ones, which perfectly reflect the level of EBRD engagement to advance the transition of our country to a sustainable market economy.

Against this background, we highly appreciate the extensive work performed by the EBRD management and staff in designing and developing the new Strategic and Capital Framework 2021-2025, which outlines the way to achieving the future mid-term strategic aspirations of the Bank.

In this context, we would like to express consent to the newly developed Framework. On a special note, we welcome the Bank's strong commitment, endorsed in this document, to enhance further its efforts, through combining policy engagement and increased investment activity, to support the Early Transition Countries, i.e. the countries that are less advanced in complying with transition qualities.

Moreover, we agree with the flexible and adaptive approach undertaken by the Bank when developing its new strategic document in the current complex and uncertain environment caused by Covid-19. Thus, we welcome the EBRD's focus on responding to the Covid-19 crisis by approving two Solidarity Packages, which set out exceptional and innovative measures to address short-term needs in partner banks, SMEs, and infrastructure providers for clients and countries of operations that will be supported in the early part of the Strategic and Capital Framework period.

As regards the possibility of expanding the EBRD mandate beyond its current geographical scope, we believe that any future option addressing this issue will initially take into account the impact on the current countries of operations. We strongly support the position that the Bank should maintain its business model, and that the principles of additionality and sound banking should remain intact. Thus, while considering potential engagement with new countries of operations, levels of security must be considered.

We believe that existing countries of operations present further opportunities and enough potential to increase and strengthen the Bank's capabilities; we support enhancing both the quantitative and qualitative dimensions of the Bank's work, and consequently, transition impact in countries of operations.

We appreciate the themes of transition to a green, low-carbon economy, a technology focus, and promoting equal opportunities; we expect the EBRD to continue to adapt to changing circumstances in the countries of operations so as to stay relevant and flexible enough to respond to countries' specific needs.

We acknowledge that an increase in the capacity and resilience of the EBRD can only be achieved through the modernisation of the Bank and the replenishment of additional financial and human resources.

Additionally, we consider it important that any return of capital, if applicable, should not lead to a perception of reduced shareholder support for the Bank and the countries of operations. To avoid negative perceptions, instead of distributing dividends to Members, we believe that the Bank should further explore other options, such as increasing technical assistance activities as a complementary resource for the Bank's financed projects via capital accumulation.

To conclude, I want to reassure the EBRD and our partners about the strong commitment of the Republic of Moldova to continue the process of sustainable development towards a fully functioning market economy.

STATEMENT BY MR KHURELBAATAR CHIMED, GOVERNOR FOR MONGOLIA

On behalf of the Government of Mongolia, I would like to express my sincere gratitude to the Board of Governors of the EBRD, and congratulate Acting President Jürgen Rigterink and his team for successfully organising the Twenty-ninth Annual Meeting virtually for the first time.

We would like to congratulate Sir Suma Chakrabarti for the outstanding operational performance while he served as President of the EBRD, demonstrating great resilience despite global challenges. We wish you the best for all your future endeavours.

Taking this opportunity, I would like to thank the Bank for its excellent cooperation throughout our 20 years of close partnership. The EBRD has invested over €1.8 billion in over 113 projects.

Building on the Bank's successful operations in Mongolia's private sector, the Government of Mongolia has now established a close partnership with the Bank by implementing joint projects in the infrastructure, road and transport development sectors.

Under the Financial Framework Agreement, the Government of Mongolia has concluded agreements on the Ulaanbaatar-Darkhan Road, Ulaanbaatar District Heating, and Erdenet Climate Resilience projects in 2020 with the EBRD. I would like to thank the EBRD for its diligent efforts and outstanding support in expediting the preparation and approval of these high priority projects.

Even during the difficult times of Covid-19, we continue our discussion about the Strategic and Capital Framework, and electing the EBRD's new President for the next four years. Taking this opportunity, I would like to express that Mongolia supports the EBRD's strategy and policy regarding green transition, equality of opportunity and the digital economy, and looks forward to their implementation. We believe that the EBRD's policy and operation will help its members to overcome the crisis caused by Covid-19, and recover quickly.

In this regard, we are confident that the EBRD will continue to play a prominent role in supporting the development of the private sector of Mongolia, and being the bridge between Mongolia and the investor community. Furthermore, I would like to thank the EBRD for its contribution to the economy, investing in the non-extractive private sector to diversify the economy, supporting the financial and banking sector to promote sustainable growth, and promoting stability and sustainability in the financial sector. The EBRD's commitment certifies the investment potential of the private sector of Mongolia.

In closing, please allow me to express my gratitude once again, and to thank all the staff of the EBRD for their commitment and hard work to support the development of our countries.

STATEMENT BY MR DRAGAN DARMANOVIĆ, ALTERNATE GOVERNOR FOR MONTENEGRO

As Alternate Governor for Montenegro, I share the position of the EBRD that this Annual Meeting is being held in unusual circumstances. Namely, this virtual meeting in the time of coronavirus puts in front of us the requirement to be aware of the uncertainties that this pandemic brings and the need to be flexible in order to adequately respond to all tasks and challenges that are coming in the future.

Please allow me to congratulate EBRD employees for their strong efforts in organising the Annual Meeting in virtual format, particularly due to the fact that this year, we have the election of the President, which requires the implementation of numerous technical requirements in order to enable a smooth course for the meeting.

I would like to express our appreciation for the Bank's fast and unprecedented response to the Covid-19 crisis over the past couple of months, and we hope that this strong support provided by the Bank will continue in the period to come. Bearing in mind that the Covid-19 pandemic strongly hit economies all over the world, badly hitting emerging market economies in particular, the support of international financial institutions such as the EBRD is currently very important for the economic recovery of these countries.

In that sense, when we come to the agenda, we would like to emphasise that adoption of the Strategic and Capital Framework 2021-2025 is of crucial importance for defining the precise directions of the future operations of the EBRD, especially now, when the entire world is faced with the coronavirus crisis, whose consequences will certainly have a long-term effect. Additionally, the review of the implementation of the Framework, envisaged for the Annual Meeting in 2022, is very important, considering that this will ensure the control of its implementation, but also its flexibility according to needs that might rise in between.

We support the Bank's position as a strong and reliable partner in this difficult time, and its initiative to increase its operations in terms of volume and geographically. We believe that the Bank's decision to support countries of operations less advanced in transition is very important, including among other Western Balkans countries, whose economies have suffered a lot in the previous period. We are of the opinion that supporting public and private-sector investments, and combinations of those two types of investments, can provide the financial injection necessary to support vulnerable economies at this moment.

Most countries are now facing lower foreign direct investment, and a significant decrease in revenues, consumption and commercial bank lending; and all these circumstances can lead to decreased production, company closures and job losses that will exacerbate social and financial issues within countries. Our main goal in the period to come, through this financing of the public and private sector, must be to continue and improve production and jobs, and try to maintain or increase consumption, which can enhance production. Through sustainable public investments, governments can provide economic activities, improve infrastructure in many areas including the green economy, ease transition periods and, in this way, increase governance efficiency, especially in the Western Balkans. On the other hand, it is good and very important that the Bank has decided to focus more on the private sector, which will bring in new ideas, increase production, competitiveness and quality, diversify the economy, and give new opportunities, especially for SMEs and entrepreneurs.

I believe that the election of the new President, as a central topic of this year's Annual Meeting, will keep the EBRD functioning successfully. We have received impressive biographies of three candidates, and I believe that whoever is elected will contribute to the successful implementation of the Strategic and Capital Framework, and will keep the EBRD on its path of building a resilient and sustainable future by preserving and accelerating the transition towards sustainable market economies in its countries of operations.

Activities related to enlargement of the EBRD and increasing the number of Members and countries of operations is, as always, welcome from our side, with the note that investment and donor activities in the existing countries of operations need to be kept at the appropriate level. In that sense, we believe that the net income allocation for 2019, as well as the direction of the Strategic and Capital Framework, will ensure enough space for flexibility in future financing, but will also ensure financing in the form of grants, which will be needed considering the coronavirus crisis.

STATEMENT BY MS FAOUZIA ZAABOUL, ALTERNATE GOVERNOR FOR MOROCCO

Allow me, on behalf of the Kingdom of Morocco, to begin by congratulating the EBRD for all the efforts it has made to organise this virtual Twenty-ninth Annual Meeting of the Board of Governors.

We would also like to send our congratulations to the Acting President, to the Board of Directors and to all the staff at the Bank, both for their operational achievements and the results for 2019. In fact, investments of around €10 billion in 452 operations for 38 Members and a net profit of €1.4 billion made 2019 a year for records.

In the same vein, a record €757 million has been mobilised from grants, which has enabled us to enrich the funds provided. We would like to thank the various donors and urge them to boost their support, especially in the current climate, which requires us all to remain vigilant and show solidarity.

These satisfactory results will certainly allow the Bank to enhance its work on the social and economic inclusion of our citizens, and its support for the countries of operations in facing this unprecedented Covid-19 crisis.

We should note that the EBRD has, in its usual manner, demonstrated a responsive, flexible and creative approach to meeting its clients' immediate needs resulting from the crisis.

We must congratulate the EBRD for this, especially for setting up the Covid-19 Solidarity Package, which enabled the necessary cash resources to be provided to finance working capital requirements for both the private and public sectors.

We also pay tribute to the EBRD's teams, whose engaged involvement allowed these measures to be implemented rapidly.

On this point, we call on the EBRD to adopt the same creative, flexible and rapid approach to support the recovery phase, as we navigate through this crisis.

In our view, the private sector is the main driver for kick-starting growth, and with this in mind, we encourage the Bank to further step up its support in this sector.

We also call on it to promote public-private partnerships, especially in social sectors such as education and health.

Similarly, we urge the Bank to make its PPP expertise available so as to develop innovative instruments that will enable SMEs to get involved in operations of this kind.

The Covid-19 crisis required a reappraisal of the Strategic and Capital Framework 2021-2025 to adapt it to new requirements.

As part of this, we support the new strategic directions for 2021-2025, and are pleased to note that the Bank has sufficient capital to support its strategy.

In this regard, we welcome the directions set out in the Strategic and Capital Framework 2021-2025, especially for the countries of operations that are less advanced in transition, including the countries in the southern and eastern Mediterranean region.

In the initial phase of the Framework, it would be sensible to focus the Bank's efforts on preserving the transition gains that the countries of operations have already made, as they now face the economic shocks of the pandemic.

The Bank is also urged to prepare itself, when the time comes, to be able to support a transition acceleration as soon as these countries start their recovery.

Lastly, we welcome the directions set for expanding the Bank's operations beyond its current geographical scope, and reaffirm our support for a sequenced, gradual expansion into sub-Saharan Africa.

We note with interest the Bank's concerns that, in handling the consequences of the Covid-19 crisis, we risk weakening the political will to combat climate change.

We must stress how important it is to incorporate the climate emergency into future economic recovery plans. This is what Morocco has chosen to do about the issue.

The current crisis has also helped highlight that digital transition is now a necessity for all public and private entities.

That is why we believe the Bank should support the countries of operations in their strategies to develop the skills required for the digital transition, and assist them with the tangible investments they need to do this.

Before concluding, we must mention our immense satisfaction that the Board of Governors has given its approval for the 31st EBRD Annual Meeting to be held in Morocco in 2022. I reiterate my country’s commitment to contributing to the success of this major event in partnership with the Bank.

Nor must we forget to congratulate ourselves for the results we achieved during the two terms of office of Mr Suma Chakrabarti as President of the EBRD, and to recall that one of the highlights of this period has been the expansion of the Bank’s activities into the southern and eastern Mediterranean region, where Morocco has become one of the EBRD’s most important countries of operations.

STATEMENT BY MR MICHEL HEIJDRA, TEMPORARY ALTERNATE GOVERNOR FOR THE NETHERLANDS

We are pleased to see that, despite the circumstances, all shareholders can gather this week, albeit in a different format than we are used to. At this year’s Annual Meeting, a number of important decisions will be made, hopefully including welcoming Iraq as a shareholder to the EBRD.

In response to the Covid-19 outbreak, the EBRD has once again proven the strength of its dynamic and hands-on character. We would like to thank management and the staff for the tremendous efforts made over the past months. We attach great value to the Bank’s swift actions to provide support to clients throughout the EBRD countries of operations. I would like to emphasise that our support to the EBRD as a private-sector-focused bank with a unique political mandate, as stated in Article 1 of the Agreement Establishing the Bank, is as strong as ever.

Economies have been hit hard by the impact of the pandemic. In these challenging times, it is crucial to ensure the EBRD can do everything within its means to provide assistance to its countries of operations. The Netherlands therefore supports the decision to postpone discussions on potential expansion of the EBRD’s geographic scope. We have stressed before that more thorough analysis is crucial in order to enable shareholders to assess the Bank’s case for expansion of the EBRD’s geographical mandate.

In times of uncertainty and economic havoc, support for the private sector is crucial. The Netherlands therefore welcomes the EBRD’s efforts to increase its operations, resulting in record-high investments. In this context, we stress that the Bank should keep up the high quality and additionality of its investments.

Moving forward from the immediate crisis response to the recovery phase, it is vital that the EBRD is ambitious, and substantiates its intention to tilt to green and build a sustainable and resilient future, covering all transition qualities: competitive, well-governed, green, integrated, inclusive and resilient. Recovery must be aligned with the Sustainable Development Goals and the Paris Agreement on climate change. Furthermore, the EBRD’s investments must contribute to a future-proof recovery by focusing on areas such as digitalisation. The Strategic and Capital Framework 2021-2025 and the Green Economy Transition 2.1 lay down the first steps in the right direction to green the Bank’s investments, by stating that the EBRD will work towards full Paris alignment and that, by 2025, 50 per cent of the Bank's investments should be green. The Netherlands, of course, welcomes these steps, and encourages all multilateral development banks to develop and implement the common Paris alignment methodology without delay.

For the EBRD to deliver even greater transition impact, mobilisation of private finance is key. We strongly support the position that this aspect be one of the core strategic goals for the Bank in the upcoming Strategic and Capital Framework period. The development of the EBRD's Mobilisation Approach early in the Framework period is a crucial step for the Bank to increase its efforts in this regard.

The Netherlands fully trusts that, under a new presidency and with its skilled staff, the EBRD is equipped to deliver on its aspirations for the period 2021-2025 and beyond, while keeping up the highest standards on its three key principles of transition impact, additionality and sound banking.

STATEMENT BY MS LUCY KATRINE SUNDE-EIDEM, ALTERNATE GOVERNOR FOR NORWAY

Norway thanks the EBRD for hosting the 2020 Annual Meeting virtually, keeping everyone safer in this situation.

Firstly, we would like to commend management for very good results in 2019 and for the timely and adequate response to the Covid-19 pandemic. Profits in 2019 were at a record high, and give strength to fulfil the EBRD's transition mandate for the future. Equally important was the good transition impact and the high share of investment in the green sector. We acknowledge that the results look different so far this year.

Looking ahead, we support the proposed resolution on the Strategic and Capital Framework 2021-2025. We appreciate that the Framework is built on broad consensus, but also on many compromises. We agree that the EBRD should continue to focus on strengthening its business model, and particularly the increased ambitions on mobilising private finance, the green economy and equality of opportunity.

The EBRD's overarching goal for the near future is to preserve and accelerate transition in its countries of operations. We agree that this is not the time to decide on further expansion of the EBRD's operations to countries in sub-Saharan Africa. In due time, Norway will take a position on the question of such expansion of the Bank's geographical scope, in which the question of complementarity to other international financial institutions will be essential. We welcome Algeria as a possible country of operations. Investments and job creation in the southern and eastern Mediterranean, Eurasia and the Western Balkans is a priority for us, as also reflected in our donor policy.

Lebanon is in an economic crisis leading to a deteriorating humanitarian situation. We appreciate the EBRD's continuous engagement in the country. We also acknowledge the need for the country to commit to reforms and improved governance. Norway is deeply concerned about the situation in Belarus, and appreciates the approach taken by the Bank to its engagement in the country. The situation needs to be closely monitored.

Although priority should be given to EBRD countries of operations that are less advanced in transition, the EBRD's presence is also needed in more advanced transition countries, not least in these difficult times. Looking ahead, Norway is open to discussing the development of a graduation policy more based on benchmarks of economic development.

Norway welcomes a target on the green share of total investment (the GET target) of more than 50 per cent, as well as the specific CO_2-emission reduction target. We encourage discussions on increased ambitions. We believe that the EBRD should not refrain from engaging in heavy polluting and CO_2-emitting industries, like refineries, in cases where the Bank`s participation clearly contributes to reduced emissions and is aligned with the Paris Agreement.

The EBRD is amply capitalised. Norway's view is that the Bank should not be overcapitalised. The need for an extra buffer is difficult to understand. We encourage clear principles for allocating resources and when to use them.

Norway understands the Bank's need to upgrade its IT infrastructure. However, efficiency gains should be realised, and new resources should be allocated to prime business needs. With the control parameters suggested, we expect a vigilant Board to monitor efficiency development.

We also encourage the Board and management to consider an increased net income allocation to the Shareholder Special Fund in 2021. Weight should be put on assessing whether an increased use of donor funds now could yield more transition in the countries of operations than using donor funds in later years.

Norway expects the EBRD to strive for the highest governance standards regarding corruption, money laundering, domiciliation/tax evasion, procurement procedure and social and environmental standards.

The architecture of international financial institutions is up for discussion. Multilateral development banks should work as a system, in a coordinated and complementary manner according to their comparative advantage, to leverage synergies and maximise impact for clients and shareholders. We also value the importance of the EBRD as a true international organisation – with owners on different continents.

Thanks again to the Bank's Board, management and staff for all the good work, and let us hope we can meet physically next year.

STATEMENT BY MR ADAM GLAPIŃSKI, GOVERNOR FOR POLAND

I would like to start by expressing my sincerest appreciation to the EBRD management and staff for making this year's Annual Meeting possible under these extraordinary circumstances. This has been challenging, considering both the external and internal factors, namely the lockdown resulting from the Covid-19 pandemic and the expiry of the term of office of President Suma Chakrabarti, who has been at the helm of the Bank for the last eight years. In this regard, our highest praise goes to Acting President Jürgen Rigterink and his team, not only for making the 2020 Annual Meeting possible, but most of all for the smooth handover of management, and for delivering the Bank's operations to a very high standard.

Although traditionally, the purpose of the Annual Meeting is to summarise the previous financial year, this year we must factor in what has happened in 2020 in so far as it has severely affected our current outlook. Looking back, 2019 was a year of exceptional success for the EBRD, with a record number of operations, Annual Bank Investment exceeding €10 billion for the first time in the Bank's history, and excellent financial results. The Bank has made significant inroads into improving the lives of the citizens of its countries of operations by contributing to building green, competitive, well-governed and inclusive market economies. These efforts transform into facilitating new infrastructure, providing country-specific direct support to businesses, stimulating trade, easing the burden on the natural environment and strengthening social inclusion.

However, the unprecedented pandemic we are currently faced with has thrown the world into turmoil. Not only has it caused us to gather for the Annual Meeting much later in the year than traditionally, and via electronic means, but first and foremost, it has directly impacted the economic conditions worldwide and the Bank's activity as well. The lockdown caused an acute contraction of global economic activity, put strain on numerous businesses, and made unemployment soar, while exacerbating the burden on the public finances. Delivering a strong and speedy response to these challenges has required a concerted effort on behalf of all national and international actors.

We are pleased to note that the EBRD was among the first global actors to step up assistance to its clients by reducing procedural burdens to streamline its operations, and adopting and then expanding the Solidarity Package. Prioritising resources towards transactions directly responding to the crisis through the Resilience Framework, enhancing activities under the Trade Facilitation Programme to record levels in the spring months of 2020, and strengthening critical infrastructure providers via the Vital Infrastructure Support Programme allowed the Bank to extend a helping hand, and provide well targeted assistance to clients most affected. Despite obstacles and restrictions, through the joint efforts of staff in the HQ and the Resident Offices and in cooperation with shareholders, we have managed to fend off and mitigate the first phase of the crisis. Yet, we are all aware that plenty remains to be done and we cannot be complacent.

Looking at these developments, we find ourselves at a crossroads. Between adopting a new medium-term strategy for the EBRD (the Strategic and Capital Framework 2021-2025), electing a new leadership, dealing with the consequences of the pandemic, and expecting a conclusion of the debate on the structure of the European financial architecture for development, we need to be aware that the decisions we are going to take here will shape the Bank's future, both in terms of the immediate aftermath of the Covid-19 crisis and providing strategic guidance, once a semblance of stability is restored.

From the standpoint of the Bank and its shareholders, the new Strategic and Capital Framework willbe key to determining the future of the institution in the medium term. Poland feels satisfied with the document laid down for the Governors to approve as the consensus result of a long yet constructive negotiating process among all shareholders. It strikes the proper balance between measures to combat the immediate negative effects of the Covid-19 crisis in countries of operations, and defining the Bank's role in an environment when the pandemic will hopefully no longer be an issue of this magnitude.

Poland supports the Strategic and Capital Framework's main theme of *preserving and accelerating transition*. We see it as fully in line with our views on the need to maintain the Bank's activity directed at the remaining transition gaps in Advanced Transition Countries (including tackling the challenges of the post-Covid-19 recovery phase) while increasingly prioritising operations in countries where transition has not progressed quite as far.

The Framework's crosscutting themes of supporting transition to a green and low-carbon economy with half of the Bank's Annual Bank Investment to be committed to green projects, promoting equality of opportunity and accelerating digital transition and fostering innovation seem perfectly suited to the challenges currently faced by the Bank's clients.

Among others, the Framework also aptly addresses the issues around the potential graduation of Advanced Transition Countries, by reconfirming the principle of graduation as a country-led process, and by planning to enhance the range of support offered via the future revision of the Post-Graduation Operational Approach.

As regards the possible geographical expansion of Bank activities, this task appears particularly challenging under the current circumstances, and further work in this regard will also need to take into account the comprehensive overhaul of the broader European financial architecture for development. The result of these deliberations aimed at improving the efficiency of delivering Europe’s development aid will impact on the future of the EBRD. Yet we are fully convinced that, owing to its unique strengths and expertise, the Bank will continue to play a significant role and provide added value to its clients, especially in the post-Covid world.

Poland holds the EBRD and its activities in high regard, and not just as a significant beneficiary of EBRD operations – it has been one of the major recipients of EBRD investment in recent years, and the Warsaw office is a regional hub for Central Europe and the Baltic States. This almost 30-year relationship with the EBRD has brought benefits to both sides and allowed them to learn from each other. I am positive that this unique partnership will continue and thrive in the future. Additionally, in its capacity as a shareholder, Poland remains committed to being an active Member of the Bank and contributing to the most important discussions concerning the EBRD’s future, both within the Bank and in outside fora. I feel that with the depth and variety of its transition experience and know-how, Poland can give back even more to the Bank and other countries going through their economic and social transformation. Acting in this spirit, Poland is proud to put forward a Polish candidate for EBRD President: a person who brings on board a wealth of transition and management experience from both the public and private sectors, and whose election would also be symbolic as the first representative of a country of operations to lead the EBRD.

Allow me to conclude by expressing my sincere hope that both the EBRD and our fellow Members will emerge from this unprecedented crisis stronger and that next year, we will be able to meet in the more traditional manner to discuss further actions to guide us towards a better future.

STATEMENT BY MR JOSÉ CARLOS AZEVEDO PEREIRA, ALTERNATE GOVERNOR FOR PORTUGAL

It is with pleasure that we take the opportunity to convene at this meeting to take stock of the work accomplished by the EBRD last year, and to provide guidance on its next five-year strategy.

First, I would like to show our appreciation of the Bank’s management and its staff for their efforts in delivering on our commonly agreed agenda during 2019, which already seems like the very distant past. These were outstanding results that allowed us to enter the crisis in a very robust position.

Allow me also to include in this appreciation the contribution made by Sir Suma Chakrabarti during his eight years as President, and of course, a word of gratitude for the leadership role that you, Mr Acting President, have been providing.

We are now in unchartered territory, as this pandemic has hit the world in unimaginable ways. The challenges ahead of us in the coming years are, without a doubt, some of the greatest we have ever faced, and will require a response like no other we have seen before. We express our gratitude for the work being done during the complex and uncertain times caused by the Covid-19 pandemic, and call on the Bank to continue to pursue its mandate, while maintaining its status as a solid and reliable institution.

Although we appreciate and welcome the Solidarity Package, and how the EBRD acted swiftly as part of the global system of multilateral development banks to face this additional challenge (which comes on top of other, more persistent and long-term challenges), we hope that the Bank can adapt to these new times and provide the solutions the countries of operations need. Indeed, with nationalist movements on the rise, democracy at stake in many countries, and governments having limited space to respond to the sanitary, social and economic crisis brought about by the virus, the EBRD must act as a promotor of inclusiveness and cooperation. Only with sustainable and inclusive growth, which brings about equality and prosperity, will we be able to fight the dark times ahead of us; and the EBRD, together with the other multilateral financial institutions, is a key piece in this effort.

We are glad to support the proposed Strategic and Capital Framework 2021-2025. We believe it is a comprehensive document that does a good job of communicating what the EBRD does, and what it will aim to do. We hope that the EBRD will be able to deploy its business model, with a particular emphasis on green transition and equity, which we believe will be much needed in the years of recovery ahead of us.

The EBRD's mission is essential at a time when, more and more, governments need once again to intervene directly in the economy. How they will succeed will be a direct consequence of important lessons on economic governance, an area where the EBRD is a trusted partner.

We also appreciate that the Strategic and Capital Framework puts the EBRD even more on track for increasingly becoming an impact-driven bank, measured by tangible results achieved.

As many of you are aware, Portugal will chair the Portuguese Presidency of the EU during the first semester of 2021. Africa, as one of our top priorities in foreign policy, will have a central role in our Presidency of the EU in terms of international partnerships, in order to reinforce the relationship between the EU and Africa – a goal supported by the Commission.

We consider the role of investment and the private sector to be of paramount importance, and in that context, we plan to organise an Investment and Economic Forum in Lisbon to gather European and African leaders, government representatives and the private sector. In this initiative, we plan to discuss the future of bilateral investment between the two continents, with a particular focus on green investment and energy transition, as major priorities of the EU. We hope the pandemic will allow us to go ahead with this initiative, and I would very much like to see you there. Hopefully, this Forum will also give some food for thought about future discussions we will have on the expansion of EBRD operations to sub-Saharan Africa.

In the Portuguese Presidency of the EU, we also expect to contribute to creating a European model of development cooperation that is more strategic and in line with European foreign policy objectives; in this sense, the focus of the EBRD on green transition and digitalisation is very welcome, and we hope that we can work with you on that. We also want to contribute to the discussion on graduation, and how to ensure a smooth transition process that allows for access to financial markets at affordable prices for graduate countries. We have much work ahead of us, but we are ready to rise to the challenge.

STATEMENT BY MR VASILE-FLORIN CÎȚU, GOVERNOR FOR ROMANIA

Allow me to start by expressing appreciation for the Bank's team efforts made during the last months. It has been tremendous work, and the information provided by management has contributed to a better understanding of the Bank's future challenges and outstanding issues. We take note of the strategies and actions proposed for the next Strategic and Capital Framework as a top priority. While the Bank may have the expertise and tools to step/expand into other regions, allow me to remind ourselves that its core mandate remains in fostering transition. Therefore, we strongly encourage a continuous, dynamic and innovative presence of the Bank in all our countries of operations.

However, cooperation with other partners, international financial institutions and development finance institutions, should remain a main principle to be considered when assessing the future European financial architecture for development. We do hope that the report to be produced by the selected consultants will describe the most viable option for the future, so that the strengths and comparative advantages of relevant financing institutions are used in the best way.

The Bank has also played an active role in the Covid-19 pandemic situation, where global mobilisation is required in order to protect our people.

Policymakers across the globe are rightly focused on protecting public health, stabilising economies, and helping those whose livelihoods are at stake. But if recovery from the crisis is to be sustainable – if our world is to become more resilient – we must do everything in our power to promote a *green recovery*.

As a final remark, I would like to wish the Board of Directors and management the wisdom and strength to continue their work, as opportunities and challenges facing the EBRD remain as great as ever!

STATEMENT BY MR SERGEY STORCHAK, ALTERNATE GOVERNOR FOR THE RUSSIAN FEDERATION

It is a real honour for me to greet you all on behalf of the Russian Federation, one of the Bank's major shareholders and, until relatively recently, the largest country of operations, whose results determined, to a significant degree, the Bank's financial sustainability.

The Bank's professional involvement in tackling the fallout from Covid-19 is an absolute strategic priority for the EBRD, whatever other tasks and objectives we might set it. All resources and capabilities must be deployed, however difficult this might be through having to make decisions online. On the whole, management is coping with this challenge by providing additional resources to systemically sustainable potential customers, agreeing to deferrals and restructuring, and facilitating the smooth running of the physical and social infrastructure of the countries of operations. This is all vitally important, timely, and undoubtedly in line with the expectations and requirements of the economies of the countries of operations.

That said, these efforts by the Bank cannot smooth over a certain "bias" in allocating resources to large and more advanced economies in the operational region. Looking ahead, we trust that the EBRD's focus on crisis response will largely pivot towards the most vulnerable shareholders for whom securing external financing under terms comparable to those offered by the Bank is not an option. We also believe that the Bank should refrain from widely deploying resources to support financial institutions in the eurozone and public-sector infrastructure companies that can, in our view, obtain funding from the financial markets on particularly favourable terms.

The pandemic and the crisis it has triggered are creating an essentially new environment for the Bank to function in. In these conditions, we should forget all the stereotypes that influence the Bank's credit operations and other business. For example, Russia has been refused any solidarity. A major shareholder has been excluded from the crisis response measures on clearly inappropriate geopolitical grounds, as if Covid-19 were restricted by borders. We believe that both management and the Board of Directors are fully aware of the responsibility they have to future generations. The Bank's mission is to build bridges, not to drive greater wedges between economies and peoples.

Unfortunately, the strategic documents carefully avoid the question of the EBRD's return to Russia. However, we feel that the tactic of avoiding the subject of the Bank's future position in the largest economy in its region of operations is irrational, both in terms of common sense and appropriate business planning. Blocking operations with Russian involvement inflicts direct damage on the EBRD's financial interests and its sustainability. The anti-Russian "political guidance" is harming the Bank's long-term interests (including its political interests), partly due to the "erosion" of its portfolio quality.

While giving credit to the EBRD's rapid response to tackling the crisis, it is just as important not to lose sight of a strategic "post-Covid" vision. In our view, this involves maintaining and developing the Bank's "core" mandate: supporting market reforms and privatisation; technical assistance; and policy dialogue with the authorities of the countries of operations on good governance and structural reform. The current crisis shows that the EBRD's mission is far from over. There is major demand for expansion in the areas mentioned above, especially in the health sector.

One noticeable fact is that the cross-cutting themes referred to for the forthcoming strategic planning period are (1) supporting the transition to a green, low-carbon economy, (2) promoting equality of opportunity and (3) accelerating the digital transition. It would be difficult not to support these areas of action. They are arguably universal and pertinent as development priorities for the EBRD just as much as for its shareholders. We wholeheartedly support the EBRD's increased accountability towards observing green principles in its activities, as set out in the new Strategy. Russia's position is based on our firm national commitment to global climate goals.

However, we would like to warn the Bank against adopting a formalistic approach and imposing on the market and countries of operations financing solutions and schemes that are either unrealistic in the current conditions or only applicable in developed countries. Examples of such solutions include the restrictive attitude to supporting financing for hydrocarbons projects and plans to introduce a hydrocarbons tax on relevant supplies to the EU. The EBRD's task is to carry out its mandate in all its entirety without displacing its tasks on the green agenda. Furthermore, it remains an open question as to how the EBRD's green ambitions relate to its political mandate. Can the Bank adequately fulfil its declared green mission if it deliberately excludes certain territories or sectors from its operational mandate? Do the common, global climate challenges we face recognise geopolitical borders and barriers?

We have a similar view of the EBRD's prospects for expanding its mandate into African areas, particularly into sub-Saharan Africa. The intention of our European colleagues to increase the Bank's presence in Africa might be clear and easy to explain in a political sense; but in terms of the Bank's operational activity, this rationale is hardly appropriate. The EBRD does not have the necessary expertise to be additional to investments in the territories being considered. The pivot to Africa may prove to be unwise, given that there are major development institutions (international and national) in the region that have specific local expertise and tried-and-tested experience. It would be sensible to consider co-financing in this region; that would allow for less radical solutions, including the EBRD's involvement in the G20 Compact with Africa and other initiatives.

As part of the Bank fulfilling its mandate, we should pay particular attention to ensuring equitable and transparent access for suppliers and contractors from all shareholder countries to tenders and competitive bids relating to EBRD-financed projects. From the perspective of the Bank's clients' interests, sanctions or any other restrictions would seem inappropriate. For obvious reasons, we constantly monitor the statistics and results of relevant tenders and feel that the Bank should take additional measures to achieve a more representative and balanced picture in terms of the countries that winning bidders come from.

During the transition to the recovery and growth phase of our current agenda, we must return to the issue of graduation of the most advanced countries of operations. Shareholders have been discussing the need to inject some impetus into this process for many years; but the situation remains unchanged.

We support colleagues who maintain that graduation must be a voluntary process that a shareholder embarks on independently. But let us not forget the political and strategic dimension to this process. On the one hand, graduation is a success story for the Bank and the relevant economy. But on the other, it is a mark of respect to our institution's mandate from all participants in the process.

We cannot but welcome moves towards promoting technological development in the Bank's projects. Here, as with any other initiative, we should try to avoid insisting on applying "digital" standards that are not always appropriate. We know that the EBRD's strength has always been its ability to work locally and listen to its clients. We believe that the type of work involved in digital projects will take its rightful place among the range of the Bank's products and will benefit the countries of operations.

Tomorrow the Board of Governors will elect a new President of the Bank who is to lead the Bank into the "post-Covid" era. That means facing challenges that their predecessors did not encounter. All the candidates have presented their vision of the Bank's future. These programmes include many really important and interesting aspects. But, in our view, there is one key element missing: how will the candidates regard themselves at the end of their presidency?

We need to raise this point at the Annual Meeting because it has come to light that the outgoing president of the Bank has been appointed to important government positions – details of the specific terms of the appointments are unknown – in countries of operations, particularly in countries where the EBRD has been notably active in recent years. These "coincidences" may, of course, be complete chance. Mr Chakrabarti's qualities are well known and he has already been highly commended by shareholders. However, it would be wrong not to comment on this information. It is obviously up to the Board of Directors to make appropriate clarifications to the documents governing relations between the Bank and its President in this regard.

I would like to conclude by again wishing the Bank and its new leadership every success in implementing the new Strategy and delivering on all its tasks.

STATEMENT BY MR CARLOS SAN BASILIO, TEMPORARY ALTERNATE GOVERNOR FOR SPAIN

Spain praises the resilience and dedication of the EBRD staff and management in these difficult months that have allowed the Bank to make a substantial contribution to overcome the effects of the Covid-19 pandemic in its countries of operations. We expect the Bank to continue with its effort to coordinate and avoid overlaps with peer institutions so as to deliver maximum impact to recipient countries.

The 2019 financial results were outstanding. The ability of the Bank to boost effectively its transition mandate rests on its financial strength. Spain attaches great importance to maintaining both the financial stability and credit rating of the Bank through sound banking policies and prudence in its income distribution policy. Shareholder Special Fund resources should be managed with great care, focusing on Early Transition Countries and projects that enjoy the widest support among shareholders. We expect the European Union to maintain its strong partnership with the EBRD and continue its significant role as a donor, enabling the Bank to multiply its impact in recipient countries.

The Strategic and Capital Framework 2021-2025 identifies enough capital headroom for the EBRD to continue exploring transition needs in its countries of operations, and also brings shareholders the possibility of expanding the Bank's geographic reach. Spain supports the emphasis on countries less advanced in transition, where there is more scope to identify market segments for the Bank to achieve transition impact, sound banking practices and additionality. Spain welcomes Algeria and Iraq as new Members, and expects them to soon become countries of operations. We support the geographical expansion to sub-Saharan Africa, while recognising the challenges it entails.

The new Strategic and Capital Framework is a sound anchor for the future work of the Bank and Spain will support its implementation in the coming years. We welcome especially the focus on the green agenda, digital transition and promoting equality of opportunity to foster inclusiveness.

STATEMENT BY MS MARIE-GABRIELLE INEICHEN-FLEISCH, TEMPORARY ALTERNATE GOVERNOR FOR SWITZERLAND

The Covid-19 pandemic has profoundly changed our lives, and affected the EBRD and its countries of operations in many ways. The uncertainty about the duration and impact of the Covid-19 crisis will stay with us for some time to come. It is against this background that the Strategic and Capital Framework 2021-2025 has been developed to ensure the EBRD has the capacity to enable it to respond decisively to whatever challenges lie ahead.

I believe that the Framework for 2021-2025 provides sufficient flexibility, and sets the right priorities for the Bank to address the needs of its current countries of operations over the next five years. The following six elements are particularly important from Switzerland's perspective:

- Building back better has to be the dominant feature of the Bank's work in the coming years. In order to assist its countries of operations in meeting this challenge, the Bank needs to deliver on the Framework's strategic themes of promoting transition to a green, low-carbon economy, equal opportunities and digitalisation. With respect to green transition, I particularly welcome the ambitious goals set under GET2.1, including a sequenced approach to work towards alignment of the Bank's operations with the Paris Agreement, and the adoption of a net greenhouse gas emissions reduction target.
- I also believe that, with the strategic priorities set under the Framework, the Bank can make a meaningful contribution to job creation; now more than ever, the Bank will need to expand its approach to help manage the social implications of transition, as well as the longer term impact of the coronavirus on industries. This is a topic which will become increasingly important as part of crisis recovery.
- It is paramount that multilateral development banks work as a coordinated system, deploying and exploiting their comparative advantages to the fullest extent. I therefore welcome the Framework's focus on the Bank's private-sector mandate.
- While there is likely to be strong demand for EBRD support in all its countries of operations, the Bank needs to implement the Framework's regional prioritisation and focus its work on those countries least advanced in transition, most notably the Early Transition Countries, the Western Balkans and the southern and eastern Mediterranean region.
- With regard to the toolkit for the implementation of the Framework, I am supportive of the Bank's commitment to increase private-sector mobilisation, an essential element for achieving the Sustainable Development Goals. I also have high expectations when it comes to strengthening the Bank's results management system, in particular the ex-post verification of results.
- The projected capital stock is considered appropriate for the 2021-2025 period. I would like to emphasise that, for Switzerland, it is important that no action of the Bank compromises its AAA rating or leads to a request for additional capital contributions. In that regard, I welcome the proposed capital buffer, which will give the Bank the capacity to react in times of crisis without having to rely on shareholders for additional capital.

Switzerland therefore fully supports the Strategic and Capital Framework 2021-2025.

During the lifespan of the next Framework, shareholders will revisit some challenging issues, such as possible future geographic expansion. Let me reiterate in that context that, on the question as to whether the Bank should expand its activities to sub-Saharan Africa, Switzerland remains sceptical.

The EBRD's strength is that it has a strong and diverse shareholder base. While the EU is debating the future of the European financial architecture for development and the EBRD's future role in that, it is clear that any decisions on the Bank's future position in the multilateral financial system rest entirely with its shareholders, and I therefore look forward to further dialogue on this issue.

The manifold challenges lying ahead of us require strong leadership as well as close cooperation between shareholders, their representatives in the Board of Directors, and management. I very much look forward to working with the next President on these challenges.

Finally, the successful delivery of this institution's mission relies entirely on the hard work and dedication of its staff. I want to thank them in particular for their commitment over recent months to meet the rapidly changing needs of the Bank's countries of operations; this required long hours, innovation and new ways of working in very different and difficult circumstances.

STATEMENT BY MR BERAT ALBAYRAK, ALTERNATE GOVERNOR FOR TURKEY

It is my pleasure to address the Annual Meeting of the EBRD. I would like to extend my sincere appreciation to the Bank's management for facilitating this year's Annual Meeting virtually under the extraordinary circumstances we are living through.

The EBRD'S operational results in 2019

Twenty nineteen was a challenging year, with sluggish global economic activity mainly attributed to trade tensions and weakening domestic investment. We are glad that, despite this challenging environment, the EBRD was able to increase its investment to a record level of €10 billion by catalysing the private sector towards stronger and more sustainable supply chains, increased productivity and innovation. We also appreciate the strengthening of the quality indicators in the corporate scorecard.

Covid-19 and 2020 developments

Due to the pandemic crisis, 2020 has been a more stressful year than ever. The EBRD region is expected to contract by 3.5 per cent in 2020. Today, despite the signs of partial recovery in the global economy, uncertainties are still high. Compared to pre-crisis conditions, countries now have less policy space to reinforce growth. While public revenue plays an important role in developing countries for investment finance, a huge untapped potential lies with the private sector, and the EBRD is well positioned in the multilateral development bank system to unlock this huge potential.

The Bank's ability and speed in adapting to the changing conditions deserve appreciation. The Solidarity Package of €4 billion will definitely help to endure the tough times for the countries of operations.

Strategic and Capital Framework 2021-2025

We thank management for its consultative approach to the finalisation of the Strategic and Capital Framework 2021-2025. We welcome the overall Framework. We are of the view that the Bank is well equipped to adapt itself to take up to the challenges going forward. Let me point out our stance in three ways.

First of all, we are glad that the Bank is committed to making the greatest transition impact in its current region where transition gaps are huge and potential is abundant. We also appreciate that the Bank's current operations, along with continued policy engagement, will remain important across the new strategy period. With its strong capital base, we see that the EBRD has the capacity to do more in its existing countries of operations, adhering to the operational principles of additionality and sound banking.

Second, we welcome the cross-cutting themes of a low-carbon economy, digital transformation and promoting equal opportunities. In particular, digital infrastructure has gained more importance than ever in these times of the pandemic, when most business is conducted virtually. In this regard, we find this new direction of digital transformation very timely. Finally, the EBRD has already been supportive of promoting equal opportunities with its flagship programmes, such as Women in Business in Turkey. We are glad to see that promoting equal opportunities is now one of the three themes going ahead.

In a complementary way to these thematic determinants, I would like to stress the importance of the Bank's contribution to local currency and capital market development, as also mentioned in the Framework. We are glad that this will continue for the sake of developing resilient, competitive and integrated capital markets in the countries of operations.

Lastly, we support the Bank's geographic expansion to sub-Saharan Africa and Iraq. We expect the Bank's management to execute new operations in a way that maximises business opportunities for existing countries of operations, offering cross-benefits to potential Members and the existing region. We share the view that the EBRD can make a huge contribution in these countries without crowding out existing actors. Specifically, regional integration and mobilisation of foreign investment and donor funds, as well as cooperation with other multilateral development banks active in the region, are required for success.

Now, we are looking forward to the effective implementation of the strategy. Over the new period, we are of the view that the Bank should explore ways in which it could leverage its capital even more efficiently to further increase its available headroom, so as to support the countries of operations' post-pandemic recovery quest. Throughout this era, what we expect from management is a swift, efficient and adaptive manner for the execution of the strategy.

New President

Good governance principles are critical for an institution's success. We are particularly glad that the presidential election process is being carried out in a merit-based, open and transparent way. We expect that, under the new President's tenure, the EBRD will continue to make governance reforms, including the increased participation of more countries of operations at management level.

EBRD – Turkey operations

The EBRD has been a dedicated development partner for Turkey. We proudly celebrated the EBRD's tenth year of operations in Turkey last year.

During the last decade, Turkey's portfolio has always displayed higher qualitative results than the Bank's average, together with a private-sector share of 96 per cent. This reflects the strategic importance of Turkey in delivering the EBRD's mandate, with its very strong performance in transition impact and financial return indicators.

Certainly, Turkey's very strong health infrastructure has been helping Turkey weather this pandemic era in a much better way. We appreciate the EBRD's engagement in our health sector. The Bank has clearly played a huge role in achieving this level of quality in our public-private partnership hospitals.

Looking ahead, this pandemic may present new opportunities for both the EBRD and Turkey in generating mutual benefits, as we can see from the latest business volume figures.

Conclusion

We have confidence in the Bank as a relevant and efficient development partner, and we believe that the management and staff are relentlessly working to support the countries of operations. The Bank is in good financial health amid this unprecedented crisis, and I strongly believe that it has the capacity to retain its vital role as a leading development partner in the region. As always, Turkey is committed to retaining its strong cooperation with the Bank.

To conclude, I would like to express my appreciation to the Acting President Mr Jürgen Rigterink and the entire staff of the Bank for their outstanding work, and to wish the Bank the best in implementing its new strategy.

STATEMENT BY MR RISHI SUNAK, GOVERNOR FOR THE UNITED KINGDOM

The UK warmly welcomes Governors to this London Annual Meeting and thanks management for their immense efforts in making it possible. This is the first virtual Annual Meeting in the EBRD's history, and the final London Annual Meeting before the move to the EBRD's new Canary Wharf headquarters.

The EBRD is a strong global institution with a crucial role within the international financial architecture, and continues to demonstrate the significant benefits of an international shareholding and multilateral cooperation. The EBRD's mandate of supporting the transition to multiparty democracy, pluralism and open market economies remains as crucial today as it was at its foundation, and gives the Bank a unique purpose within the international system.

The UK congratulates the EBRD on the strong results it achieved in 2019, delivering €10 billion of investment, 46 per cent green investments, and a profit of €1.4 billion, while maintaining its AAA rating and solid capital base. Those strong foundations have enabled the EBRD to weather the financial impacts of the global coronavirus crisis, and allowed the Bank to respond robustly to the challenge of supporting its countries of operations in unprecedented times. This is demonstrated by the rapid deployment of the €21-billion Solidarity Package, the €7 billion of investment already provided this year, and the fact that the EBRD is on track to deliver record levels of Annual Bank Investment in 2020. We would like to sincerely thank all EBRD staff for this outstanding response, as they have shown that they can deliver in the most challenging circumstances. This response demonstrates that, nearly 30 years after its foundation, and operating in many new countries, the EBRD continues to be highly relevant, and its support remains important for countries of operations.

With this confidence in the EBRD's future, the UK firmly supports the proposed five-year Strategic and Capital Framework 2021-2025. The Framework sets out a clear vision for the EBRD's next five years, as the Bank moves from supporting the crisis response in countries of operations to helping foster a green, inclusive and resilient recovery.

In the first year of the Strategic and Capital Framework, the UK will be hosting COP26 with Italy, which will be a key moment for driving ambition to develop a global response to the enormous challenges posed by the global climate emergency, following the five-year anniversary of the Paris Agreement this December. We expect the EBRD to rise to this challenge and to play a leading role in setting an ambitious climate agenda for the multilateral development banks. In this context, we welcome the Framework's *tilt to green* and the EBRD's new Climate Strategy. In particular, we applaud the Bank's commitment to a 50 per cent Green Economy Transition target by 2025, its ambition to scale up investments in adaptation, resilience and nature, and the commitment to set a date for fully Paris-aligning its operations, which we hope we can agree a deadline for before the mid-term review of the Framework in 2022. We emphasise the importance of meeting existing climate targets despite the challenges of this year.

Throughout the Strategic and Capital Framework, supporting current countries of operations to achieve a green, inclusive and resilient recovery from the pandemic, and deliver the Sustainable Development Goals, should be the Bank's strategic priority. We support the Framework's commitment to enhance its levels of investment and policy dialogue in less advanced countries of operations, particularly Early Transition Countries, the Western Balkans and the southern and eastern Mediterranean. We encourage the Bank to set ambitious transition targets, and to continue to focus on high-quality projects that maximise additionality and address the largest transition gaps. In the longer term, we still hope to see advanced countries transition from EBRD support, and welcome the commitment to develop an enhanced Post-Graduation Approach to support them.

We welcome the Strategic and Capital Framework's strong commitment to maintaining the EBRD's private-sector focus, and to supporting inclusion and creating equality of opportunity for disadvantaged groups, in particular the commitment to continue mainstreaming gender considerations in the EBRD's operations. In the context of the coronavirus crisis, it will be a UK priority for the EBRD to put a greater emphasis on creating sustainable employment opportunities in its countries of operations.

Beyond the current countries of operations, we continue to believe there are substantial opportunities for further successful engagement within the Middle East and North Africa. The EBRD has already shown its ability to have a positive impact within the region, and we support the ambition to begin operating in Algeria within this Strategic and Capital Framework. We agree with the Bank's ambition to expand to remaining countries in the southern and eastern Mediterranean region, including Iraq, when they meet the political conditions. In that regard, we welcome and support Iraq's application to become a Member of the EBRD. Furthermore, we hope the EBRD can bring its expertise to the entire region and continue to strengthen collaboration with the UK in areas of joint priority, to ensure responsive engagement, quality programme delivery and reporting, and effective stakeholder coordination.

We welcome the commitment to continue the discussions and careful consideration of expanding operations beyond the Bank's current geographic remit to select countries in sub-Saharan Africa. Any expansion should leverage the EBRD's comparative advantages, specifically its combination of private-sector focus and public-sector policy dialogue. When considering the case for geographical expansion, the UK will expect the EBRD to demonstrate how it can add genuine value and avoid duplication in an increasingly complex system of multilateral development actors. Specifically, the EBRD should fully consider its offer in relation to existing actors, including the African Development Bank and the World Bank Group, and how it will coordinate and work in partnership with them to maximise impact on the ground.

Throughout the next Strategic and Capital Framework period, we insist that the Bank increases its focus on recipient countries' compliance with the principles of Article 1. We are confident that the Bank will always aim to provide more support when countries move towards these principles, and call upon the EBRD not to shy away from reducing, or even halting activity, when countries break with them.

The delivery of this ambitious Strategic and Capital Framework will be supported by a significant upgrading of the EBRD's IT and investments in staff skills, alongside the commitment to improve the Bank's results framework. As a well-performing non-concessional multilateral development bank that does not require regular replenishments, our view is that the EBRD continues to represent excellent value for money for the UK's shareholding. Nevertheless, the EBRD must ensure that it continues to maintain robust financial management and its long-standing AAA rating.

The UK is firmly committed to the EBRD and its mandate, and we look forward to working collaboratively with our fellow shareholders, the new President and management to deliver the Strategic and Capital Framework against an ever-changing global context. We would also like to thank Sir Suma Chakrabarti for his leadership during eight successful years as President, and to thank Jürgen Rigterink for his stewardship of the Bank as Acting President. The UK is extremely proud to be the host country of the EBRD, and we are confident that the Bank will deliver its ambitious objectives and increase its impact in its countries of operations, aided by the talent, expertise and capital available to it in London and the UK.

STATEMENT BY MR STEVEN T MNUCHIN, GOVERNOR FOR THE UNITED STATES OF AMERICA

Washington – US Treasury Secretary, Steven T. Mnuchin, as the Governor for the United States of America, issued the following statement on the 2020 Annual Meeting of the EBRD.

On behalf of the United States, I would like to thank the management and staff of the EBRD for their efforts to make it possible for the Board of Governors to meet and vote virtually, and for the substantial assistance the EBRD has provided to help countries and businesses large and small manage the significant economic effects of Covid-19. I would also like to thank Acting President Jürgen Rigterink for helping guide the EBRD through the leadership transition.

We meet at a time of great challenge for the global economy. The full economic impact of Covid-19 is still unknown. Countries that have made less progress in their transition to market economies, however, will likely bear much of the brunt of this economic crisis. These countries entered the crisis with smaller fiscal buffers, less favourable investment climates, and a greater reliance on remittances. SMEs in sectors such as tourism will be hit hardest.

The only path to sustained recovery is for countries to pursue the principles that are at the core of the EBRD's mission – commitment to open markets, entrepreneurship, and multiparty democracy and pluralism. It is crucial for the EBRD's countries of operations, including Ukraine and Belarus, to avoid backsliding during this time. In Ukraine, EBRD advisory support is needed to promote meaningful economic and governance reforms, while in Belarus, EBRD dialogue could help promote a legitimate democratic process.

Since its foundation, the EBRD has played a critical role in supporting Central and Eastern Europe through many challenges, including emerging from communism, conflict in the Western Balkans, EU accession, and the global financial crisis. As the EBRD has expanded to the Mediterranean, it has carved out an important role in promoting private-sector reforms. The United States remains strongly committed to the EBRD, and has most recently supported the EBRD's programmes to advance SME development across the region and governance reform in Ukraine, by providing supplemental bilateral resources through multi-donor grant funds. We fully recognise the important alternatives the EBRD offers to the debt-trap diplomacy and authoritarian, mercantilist policies of malign actors that seek to expand their influence over the EBRD's countries of operations.

This backdrop highlights the importance of the Bank's Strategic and Capital Framework 2021-2025. The Framework must strike the right balance of addressing near-term challenges while also maintaining a focus on the Bank's core transition mandates. As the world recovers from this pandemic over the medium term, the EBRD's specialised knowledge of private-sector development will be crucial to the rapid restoration of economic growth and job creation, particularly in less advanced economies. We fully support the goal of maintaining at least 75 per cent of investment in the private sector during the next five years.

Private-sector development is particularly important for less developed countries. We urge the Bank to fully implement the Framework goal to increase the proportion of investment directed at countries less advanced in their transition to market economies. We look forward to seeing the Bank take more focused approaches to help countries more advanced in their transition to progress closer to graduation, so as to free up resources for others.

The Framework includes important features to ensure financial accountability and sustainability, including establishing a 2 per cent buffer on capital. This will help ensure disciplined lending and provide counter-cyclical capacity when needed, positioning the EBRD to remain responsive to the needs of its countries of operations over the medium term.

The international character of the EBRD and its diverse shareholder base remain foundational strengths. We look forward to the new EBRD President drawing on these strengths and prudent guidance from the Strategic and Capital Framework 2021-2025 so as to advance the response to the Covid-19 pandemic and the Bank's transition mandates. The United States will continue to stand as a strong partner with the EBRD and its countries of operations in this endeavour.

STATEMENT BY MR SARDOR UMURZAKOV, GOVERNOR FOR UZBEKISTAN

The EBRD has recently become a strong and reliable partner of Uzbekistan. It has provided a significant contribution to Uzbekistan's all-encompassing reform programme initiated by the President of the Republic of Uzbekistan.

Over the past three years, the Bank's investment portfolio in Uzbekistan, starting virtually from zero, has rapidly surpassed the €1-billion milestone. Our country has benefited from the EBRD's technical assistance that has supported reforms in a number of sectors, including capital and financial markets development, restructuring of the power sector, and pre-privatisation support for state-owned commercial banks.

With the EBRD's active help and assistance under the patronage of our country's President, we have established the Foreign Investors Council to represent international companies and financial institutions investing and operating in Uzbekistan. We firmly believe the Council will play an important role in improving the investment climate, helping to address the investment community's concerns, and serving as a high-level policy-dialogue and advisory platform.

As Uzbekistan progresses further along the reform path, the Bank's investment operations, policy advice, and technical assistance in implementing structural reforms and transformation, improving the business environment and capacity-building, will become increasingly more important.

The Strategic and Capital Framework 2021-2025 has determined a number of specific goals and aspirations.

We would in particular welcome the Bank's growing focus on supporting the Early Transition Countries. In our view, this should translate into an increased share of the Annual Bank Investment and higher country exposures in the Early Transition Countries.

We would strongly endorse the objective of ensuring extra support and assistance to the countries of operations at a time when the global economy is facing unprecedented challenges. At the same time, we are committed to pushing forward the implementation of economic and structural reforms, despite all the challenges caused by the pandemic. In this regard, it is reassuring to see in the new Strategic and Capital Framework the desire to preserve and accelerate transition in countries of operations amid the Covid-19 environment.

We acknowledge the Bank's efforts to deliver transition impact through mobilising finance and attracting private investment, which is one of the strategic goals for the Framework period. We also believe the EBRD is fully fit and capable of delivering more in this direction.

While welcoming increased lending activity of up to €13 billion annually, we are confident the Bank will continue to adhere to the highest standards of sound banking and uphold all prudential requirements, maintaining its highly cherished AAA institutional rating.

We highly regard the Bank's active engagement and participation in supporting the transition to a green, low-carbon economy. Uzbekistan has recently set out on a path of reforming its energy sector, making its first steps by launching several projects in alternative power generation, such as solar and wind, to stay in line with national climate commitments under the Paris Agreement. The EBRD is highly instrumental in providing technical support on the development of the long-term decarbonisation strategy, exploring a viable transition of the power sector, with the ultimate goal of achieving carbon neutrality in the 2050s.

We are grateful to the Bank and its management for swiftly reacting and providing a timely, much-needed response to the challenges of countries of operations in dealing with the pandemic outbreak and its impact on their economies. We would encourage the Bank to continue to provide support to its worst affected clients in the form of additional liquidity and concessional finance, and to further explore other innovative support solutions.

Providing timely assistance to SMEs should become a key priority for the Bank, in light of challenges they are presently facing and dealing with in overcoming the crisis. In our view, increased financial support for SMEs via direct lending, and more importantly through partner financial institutions (PFIs), is paramount. With the restricted ability of EBRD bankers to travel and acquire new customers, utilising the extensive networks of PFIs on the ground could become the most efficient route to rapidly growing market coverage. In our view, the Bank should consider stepping up its efforts to identify and introduce new PFIs to its existing network so as to further boost much-needed SME support. As a potential way forward, the Bank could start more actively engaging state-owned banks – those marked up for privatisation – as additional channels for increased on-lending to the SME sector.

The Covid-19 pandemic outbreak has put immense pressure on the healthcare systems of many countries; it was even more pronounced in the developing world. We would hope to see over the period of the next Strategic and Capital Framework an increased focus of the EBRD on healthcare-related investment operations and the mobilisation of private-sector finance for strengthening healthcare institutions in countries of operations, thus making them more attractive to private investors.

We strongly believe the EBRD should be actively involved in the reform process, with a particular focus on the transformation of the financial sector, helping recipient countries to reduce barriers to competition and financial innovation.

Given the critical importance of privatisation and attracting foreign direct investment for building sustainable competitive economies, we would like to see the Bank playing a leading role in supporting the privatisation of the Uzbek banking industry, and attracting strategic investors to the sector.

The EBRD's support in implementing governance reforms and introducing modern banking practices would act as a catalyst in transforming the industry and preparing it for eventual privatisation. Increased technical assistance would also be instrumental in achieving these goals.

While greatly appreciating the support provided by the EBRD to the financial institutions sector (with a particular focus on the banking industry), we would welcome additional support being extended to non-bank financial institutions, such as leasing, insurance and consumer finance (with additional attention paid to Early Transition Countries), where these sectors remain underdeveloped and lack the required sophistication.

Tackling the ongoing crisis and dealing with the post-crisis recovery phase will likely become the main theme for the next Strategic and Capital Framework period. The unfolding crisis will no doubt take its toll on all EBRD countries of operations. However, it could be even more pronounced in Early Transition Countries.

One of the highest risks the Early Transition Countries are currently facing is rapidly growing unemployment, further exacerbated by large numbers of returning migrants. Solving this problem should become a major challenge for the recipient governments together with the development community. In our view, financing infrastructure projects, as well as providing assistance in the digitalisation of economies, could help alleviate the problem.

Uzbekistan has publicly declared its determination to reduce poverty. We are achieving this through: the development of entrepreneurship and job creation; improving the investment climate and business environment; building modern infrastructure; and providing targeted social assistance to the population through retraining. In this regard, we would welcome and appreciate any potential support the Bank could extend to help us successfully overcome these challenges.

Concerning the geographic expansion to new regions of operations, we welcome Iraq's application to become a new Member of the Bank, and support the country being admitted to EBRD membership under the terms set out in the proposed draft Resolution.

Against this backdrop, Uzbekistan is also very much interested in ensuring peace, stability, and sustainable economic development for all the Bank's Members and beyond.

In particular, we attach great importance to the economic recovery of Afghanistan, and have stepped up our cooperation on this issue with our Central Asian neighbours – namely Kazakhstan, the Kyrgyz Republic, Tajikistan and Turkmenistan.

Finally, through active participation in the Bank`s ever-expanding Trade Facilitation Programme, we are aiming to eliminate unnecessary trade barriers, facilitate the free flow of goods and services, and restore disrupted supply chains in order to eventually overcome the current crisis and return to economic growth.

CLOSING STATEMENT BY MR JÜRGEN RIGTERINK, ACTING PRESIDENT OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Thank you, Chair, for the opportunity to say a few concluding words, and a heartfelt thank you to all Governors for your appreciation for the Bank's work, and your engaged participation in this meeting. It has been challenging for all of us, but your patience as well as your strategic guidance is both appreciated and valued.

I strongly welcome the decisions you have just made. We look forward to welcoming Iraq as our new shareholder in the near future. Your approval of the 2019 Net Income Allocation provides essential support to our work on the ground. We welcome the opportunity to work with our newly appointed Chair and Vice Chairs of the Board of Governors over the next year.

I would also like to supplement the Chair's excellent summary of the substantive and sometimes passionate interventions during the Roundtable discussion with some reflections of my own. Obviously the Covid-19 crisis will remain with us for some time. But we will continue to be a reliable and steadfast partner to our countries of operations, and I really thank you for the words of support for our rapid response to date.

I am greatly encouraged by the confidence shown in the Bank's capacity to deliver in this complex and uncertain context, and I will be sure to share this message with our staff, who I know will more than appreciate it.

I will also let them know of your strong backing for the Bank's implementation of the strategy over the medium term. I have heard, in particular, your strong support for our unique mandate, business model and private-sector focus, including doing more to mobilise private finance. I have also heard the strong emphasis from many of you on each of the three strategic themes: green transition, of course, but also promoting equality of opportunity and accelerating the digital transition.

Dear Governors, you have set us an ambitious and challenging agenda. It gives the EBRD and its next President the best of starts for the next chapter in its history. We are already preparing ourselves to deliver on the Strategy. And from tomorrow, that work will be accelerating. We cannot achieve everything immediately. But with your support and the continuing positive engagement of our Board of Directors, I am sure we will be successful.

As you all know, the test of a strategy is not its approval but its implementation. As I said at the outset, this is a proud day in the EBRD's history, and all in the Bank share in that pride for the work they have put in to getting us to this point.

The Chair welcomed the delegations from Algeria and the United Arab Emirates as observers to our Meeting. I also want to thank them for joining us and hope they leave today with a more concrete understanding of what the EBRD can deliver. We look forward to our future cooperation.

I would also thank colleagues in the Office of the Secretary General, in particular our technicians and event management colleagues. They have worked hard behind the scenes, dealing with many variables over which they sometimes have no control, to deliver our first virtual meeting in the Bank's 29-year history.

Finally, I would like to thank you, Nadia, our Chair; and also our Vice Chair, Florin Cîţu, who stepped in at short notice; and fellow Governors for your contributions. I am leaving this

Annual Meeting bolstered by your encouragement, your strong commitment to the EBRD, and belief in the work we do, investing to change people's lives.

On behalf of the management team and all of the staff of the EBRD, I thank you once again for your support and guidance. And I look forward to seeing you all next year – but then, of course, again in my capacity as First Vice President.

Thank you very much.

CLOSING STATEMENT BY MS NADIA CALVIÑO, CHAIR OF THE BOARD OF GOVERNORS

Thank you all, fellow Governors, for your thoughtful and extensive interventions. I welcome the expression of passion and appreciation that has been made for the Bank.

Let me, as Chair, make a few summary remarks on the Roundtable discussion. I am very pleased that there is unanimous support of the Board of Governors for the EBRD's Strategic and Capital Framework 2021-2025. This is a very important signal, I think, of our shared confidence in the work of the Bank. This provides a firm foundation for the President whom we shall elect tomorrow.

We have heard many views. I know that the Bank's management will look at how to reflect on this feedback in the coming days and weeks. However, there are a number of clear messages that I would like to highlight.

Above all, there is universal support for the Bank's commitment to its countries of operations, in particular standing in solidarity with them at this time of crisis. Many of you have highlighted and thanked the Bank for this commitment. Governors appreciate the Bank's rapid, strong and highly relevant crisis response to date, and welcome the commitment to remain a reliable partner. We also welcome the strong capital position of the Bank and its ability to substantially increase its impact if the conditions are met.

Governors vigorously expressed their appreciation of the Bank's unique mandate to support countries' transition to market economies, and endorsed the overarching objective for the Bank to preserve and accelerate transition, to build a resilient and sustainable future over the period. The Bank's instinctive private-sector and locally based business model is clearly valued.

We reaffirmed the importance of the political aspects of the Bank's mandate, and the importance of all countries of operations being committed to, and applying effectively, the principles of multiparty democracy, pluralism and market economies. These governance principles are of increased importance in the context of addressing the impact of the pandemic, and they need, of course, to be reflected in the Bank's activities when appropriate.

Looking ahead, Governors strongly emphasised that the crisis, and focus on the immediate needs of all countries of operations, should be the top priority. Over the whole planning period, many Governors stressed the importance of paying particular attention to addressing the challenges in countries that are less advanced in transition; and of course in 2022, we should come back to Governors with a new and better approach to graduation.

Thematically, the importance of strengthening support for SMEs, the backbone of any economy, was a particularly clear message, as was the welcome for the commitment to strengthen the mobilisation of private-sector finance.

Each of the three proposed strategic themes – supporting countries in their transition to a green low-carbon economy, promoting equality of opportunity in mainstreaming gender, and accelerating the digital transition – were universally welcomed. Personally, I would join those who have specifically welcomed a focus on gender equality. Indeed, I think that the crisis has heightened the importance of these issues, and increased the attention they must receive nationally and internationally; and it is very good to see them highlighted in the Bank's Strategy. The focus, as many of you said, should now move to implementation; not just having it in the Strategy, but actually implementing it.

Governors also discussed the potential expansion of the Bank to selected countries in sub-Saharan Africa and Iraq, an issue on which we will give guidance in 2021 in order to take the appropriate decisions in 2022. Many also stressed the need for complementarity with other development institutions in the system. This should be an important consideration in all these discussions. Enhancing coordination and ensuring that the EBRD plays its full role as a member of the system of multilateral development banks in all its work was a strong theme for many Governors.

A number of you also highlighted the need for the Bank to continue to strengthen its learning and evaluation capacity, and several pointed to the need for investment in the Bank's human and physical capacity to deliver fully on our goals.

In conclusion, it is clear from the Strategy, and from this extensive and deep Roundtable discussion, that the Bank is well positioned to continue to deliver well for its countries of operations.

Thank you all for your thoughtful and constructive interventions. I would also like to thank Jürgen and, through you, the whole staff of the Bank who have brought this Strategy forward. It truly gives a solid basis for the future.

I would like to thank all participants for the stimulating and interesting discussion. It is clear that the EBRD is on a strong footing for the future.

We have taken a number of important decisions today, including the approval of the Strategic and Capital Framework, the 2019 Net Income Allocation and on Iraq's membership application.

The resilience that is needed to deliver this kind of event in a virtual manner is considerable. So I want to extend once more a special thanks to the staff of the Bank who have been working tirelessly behind the scenes to enable this event to run so smoothly. We can certainly be proud of the organisation of its staff. We can build on this impressive track record and the agility the Bank has shown to react to unforeseen needs, to innovate and, more importantly, to deliver. I was happy to hear Mr Rigterink engage and commit to continuing this performance delivery.

I would also like to thank our UK hosts. It is a pity not to be able to be in London physically. I hope that we will be able to see each other in person soon. It is, of course, a pleasure for me to be part of this endeavour.

Thank you very much.

DOCUMENTS SUBMITTED TO THE BOARD OF GOVERNORS FOR CONSIDERATION BEFORE THE ANNUAL MEETING

**REPORT OF THE BOARD OF DIRECTORS
TO THE BOARD OF GOVERNORS**

ANNUAL MEETING CYCLE 2021-2023

The Board of Directors recommends that the Thirtieth Annual Meeting of the Board of Governors, which is to be held in Yerevan, Armenia, take place on 19 and 20 May 2021.

The Board of Directors recommends that the 2022 Annual Meeting take place in Morocco and that the 2023 Annual Meeting take place in Uzbekistan.

The Board of Directors also recommends that the Board of Governors delegate to the Board of Directors the authority to determine the precise dates of the 2022 and 2023 Annual Meetings.

The Board of Directors wishes to express appreciation to the authorities of Armenia, Morocco and Uzbekistan for their invitations to host the Annual Meetings of the Board of Governors.

The Board of Directors recommends that the Board of Governors adopt the attached draft Resolution[*].

[*] The text of Resolution No. 229 as adopted by the Board of Governors is reproduced on page 206

REPORT OF THE BOARD OF DIRECTORS TO THE BOARD OF GOVERNORS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS FOR 2019

In accordance with Article 27(iii) of the Agreement Establishing the Bank and Section 13(a) of the By-Laws the following documents are submitted to the Board of Governors for approval:

- the audited Financial Statements of the Bank for 2019, as set out in the *Annual Financial Report 2019;*
- the audited Special Funds' Financial Statements for 2019, as set out in the *Special Funds' Financial Statements 2019*; and
- the Independent Auditors' Reports, as contained in the *Annual Financial Report 2019* and the *Special Funds' Financial Statements 2019*.

The Board of Directors recommends that the Board of Governors adopt the attached draft Resolution*.

* The text of Resolution No. 228 as adopted by the Board of Governors is reproduced on page 205

SPECIAL FUNDS' FINANCIAL STATEMENTS 2019
SUMMARY

Attached are the financial statements for the 17 Special Funds and 2 Trust Funds administered by the Bank. A complete list of funds and extracts from the financial statements are included in the attached highlights.

All of the Funds' financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The basis of preparation is the historical cost convention modified, where appropriate, by the revaluation of financial assets and financial liabilities measure at fair value through profit or loss, together with all derivative contracts.

The external auditor has issued an unqualified (clean) audit opinion on each of the 19 financial statements.

The Special Funds' financial statements show that the majority of the funds incurred losses during the year. These losses predominately reflect the Funds' objectives to use donor money to support activities aligned with the Bank's mission. Such support includes the provision of technical assistance, performance and incentive fees, concessional lending and risk sharing.

One additional Fund became operational in 2019, The Multi donor Trust Fund for West Bank and Gaza.

Additional information on projects supported and financed by donor funds, including Special Funds, can be found in the annual Donor Report.

2019 SPECIAL FUND FINANCIAL STATEMENTS

1. The Balkan Region Special Fund
2. The Baltic Investment Special Fund
3. The Central Asia Risk Sharing Special Fund
4. The EBRD CIF Special Fund
5. The EBRD Community Special Fund
6. The EBRD-EU Special Fund
7. The EBRD GEF Investment Special Fund
8. The EBRD Green Climate Fund Special Fund
9. The EBRD Green Energy Special Fund
10. The EBRD Post-Graduation Special Fund
11. The EBRD Shareholder Special Fund
12. The EBRD SME Special Fund
13. The Financial Intermediary and Private Enterprises Investment Special Fund
14. The Italian Investment Special Fund
15. The Russia Small Business Investment Special Fund
16. The Russia Small Business Technical Cooperation Special Fund
17. The SME Local Currency Special Fund
18. The Trust Fund for West Bank and Gaza
19. The Multi donor Trust Fund for West Bank and Gaza

Special Fund Highlights 2019

	Balkan Region Special Fund	Baltic Investment Special Fund	Central Asia Risk Sharing Special Fund	EBRD CIF Special Fund	EBRD Community Special Fund	EBRD-EU Special Fund	EBRD GEF Investment Special Fund	EBRD Green Climate Fund Special Fund	EBRD Green Energy Special Fund	EBRD Post - Graduation Special Fund	EBRD Shareholder Special Fund	EBRD SME Special Fund
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Extract from the statement of comprehensive income for the year ended 31 December 2019												
Profit/(loss) for the year	(16)	27	217	(8,000)	(525)	(743)	(949)	(25,983)	(6,639)	(58)	(83,000)	85
Other comprehensive income/(expense)	-	-	-	6,000	-	-	433	3,193	-	-	-	-
Total comprehensive income/(expense)	(16)	27	217	(2,000)	(525)	(743)	(516)	(22,790)	(6,639)	(58)	(83,000)	85
Extract from the balance sheet at 31 December 2019												
Loans	-	-	-	140,000	-	-	4,116	93,634	5,326	-	-	-
Provisions for impairment	-	-	-	(10,000)	-	-	(3,164)	(1,201)	(293)	-	-	-
	-	-	-	130,000	-	-	952	92,433	5,033	-	-	-
Share investments	-	527	-	-	-	1,472	-	-	-	-	40,000	3,852
	-	527	-	-	-	1,472	-	-	-	-	40,000	3,852
Placements and other financial assets	7,925	3,002	7,200	140,000	1,880	14,479	25,514	196,955	31,024	9,454	473,000	3,537
Contributions receivable	-	-	-	2,000	-	28,755	-	1,147	-	-	92,000	-
Total assets	7,925	3,529	7,200	272,000	1,880	44,706	26,466	290,535	36,057	9,454	605,000	7,389
Other financial liabilities	97	2	48	23,000	158	216	282	20,809	11,036	4	44,000	40
Contributors' Resources	7,828	3,527	7,152	249,000	1,722	44,490	26,184	269,726	25,021	9,450	561,000	7,349
Total liabilities and contributors' resources	7,925	3,529	7,200	272,000	1,880	44,706	26,466	290,535	36,057	9,454	605,000	7,389
Undrawn loan, share and guarantee commitments	7,719	-	2,842	61,000	-	2,218	4,920	118,788	48,537	-	-	-

Special Fund Highlights 2019

	Financial Intermediary and Private Enterprises Investment Special Fund	Italian Investment Special Fund	Russia Small Business Investment Special Fund	Russia Small Business Technical Cooperation Special Fund	The SME Local Currency Special Fund	Trust Fund for the West Bank and Gaza	Multi Donor Trust Fund for the West Bank and Gaza	Aggregated Investment Special Funds
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Extract from the statement of comprehensive income for the year ended 31 December 2019								
Profit/(loss) for the year	1,075	541	1,838	19	253	(387)	(153)	(122,398)
Other comprehensive income/(expense)	-	-	1,279	34	1,011	-	-	11,950
Total comprehensive income/(expense)	1,075	541	3,117	53	1,264	(387)	(153)	(110,448)
Extract from the balance sheet at 31 December 2019								
Loans	32,542	863	150	-	-	9,869	-	286,500
Provisions for impairment	(3,970)	(442)	(24)	-	-	(213)	-	(19,307)
	28,572	421	126	-	-	9,656	-	267,193
Share investments	-	2,911	2,198	-	-	-	-	50,960
	-	2,911	2,198	-	-	-	-	50,960
Placements and other financial assets	16,885	10,875	67,102	1,750	57,274	58,364	1,267	1,127,487
Contributions receivable	-	-	-	-	-	-	-	123,902
Total assets	45,457	14,207	69,426	1,750	57,274	68,020	1,267	1,569,542
Other financial liabilities	182	2,295	834	-	5,413	414	41	108,871
Contributors' Resources	45,275	11,912	68,592	1,750	51,861	67,606	1,226	1,460,671
Total liabilities and contributors' resources	45,457	14,207	69,426	1,750	57,274	68,020	1,267	1,569,542
Undrawn loan, share and guarantee commitments	8,040	3,725	1,763	-	57,274	4,234	-	321,060

REPORT OF THE BOARD OF DIRECTORS
TO THE BOARD OF GOVERNORS

STRATEGY IMPLEMENTATION PLAN 2020-2022

The Budget and associated Corporate Scorecard for 2020 were approved at the meeting of the Board of Directors on 18 December 2019. Section 13 b) of the by-laws of the EBRD requires that the annual budget of the Bank is presented to the Board of Governors at their annual meeting. The approval of the objectives and resourcing of the Bank's work was informed by the projections contained in the Strategy Implementation Plan (SIP) 2020 to 2022, which carries forward the strategic goals set out in the Bank's Strategic and Capital Framework 2016 to 2020.

Strategic Context

On an annual basis, the Strategy Implementation Plan (SIP) translates EBRD's strategic directions into a three-year operational plan on how the Bank will deliver on its transition mandate whilst safeguarding its financial sustainability and managing its resources in an efficient manner. As such, it provides context for consideration by the Board of Directors of the Bank's annual Budget and Corporate Scorecard.

This Strategy Implementation Plan for 2020–2022 concludes the current Strategic and Capital Framework (SCF) period with a detailed delivery plan for 2020 while also providing projections for future years where activity will reflect the next SCF (2021–2025) to be approved in May 2020. Against this backdrop, this Plan is one of 'continuous ambition':

- It is a plan of continuity broadly mirroring the indications already contained in the SIP 2019–2021 for both 2020 and 2021 and setting planning indications for 2022 at €11.4 billion as the Bank continues its preparatory work for the SCF 2021–2025 that will define the strategic directions and business delivery model for the next strategy period.
- It is a plan of ambition, as the Bank continues on its ambitious growth path set out in last year's SIP.

2019 Delivery

The Bank has been delivering strong results both in quantity and in quality.

The Bank has significantly grown its business whilst preserving its financial sustainability with:

- portfolio growth increase of 7 per cent (at the end of Q3, year-on-year) with the Bank's portfolio projected to increase by up to 19 per cent between end 2018 and end 2022;
- growth in operating assets of 8.4 per cent (at the end of Q3, year-on-year) with operating assets projected to increase by up to 21 per cent between end 2018 and end 2022;
- the number of active portfolio projects having exceeded the 2,000 portfolio project mark in August 2019, and increased by 3.6 per cent (at the end of Q3, year-on-year)

Focusing on both quantity and quality, the Bank successfully stepped up its efforts to meet the SCF objectives, including among others:

- promoting greener and more inclusive market economies, with a strong GET ratio of 46 per cent (end September 2019) and the number of gender operations increasing by 25 per cent year-on-year between 2017 and 2018;
- supporting Small and Medium-Sized Enterprises as the backbone of economies in its region (increase in the number of operations of 6 per cent year-on-year Q3), enhanced through advisory support to develop the segment in a sustainable way (increase in number of advisory projects of 16.6 per cent year-on-year Q3);
- supporting Early Transition Economies (increase of 11 per cent year-on-year 2017 and 2018, or more than 30 per cent of the total number of new projects) and expanding its business in small economies (50 per cent of the total number of new projects, or an increase of 11 per cent year-on-year 2017 to 2018 up from an average growth rate of 5 per cent)

Transition impact remains strong for both the Bank's existing portfolio (with PTI levels at 70.1 end of Q3 2019, above the 65 floor for the average set in the 2019 Corporate Scorecard) and flow of new projects (with ETI levels at 66.7 end of Q3 2019 above the floor for the average set at 63). This achievement has been supported by the Bank's policy engagement, reflected in the annual Policy Priority Objectives and the integrated policy-investment approach defined in the Bank's Country Strategies.

In delivering its mandate to promote sustainable market economies the Bank is required by its founding principles to be both additional and profitable. As a result, it has also consistently maintained a strong financial position, as evidenced in its track record of:

- running a profitable business model, with a profit of €970 million (at the end of Q3, year-on-year) well above the €660 million planned for the full year of 2019;
- strengthening less volatile sources of income with debt income growing by 11.5 per cent (at the end of Q3, year-on-year) and cash dividends received by 16 per cent (at the end of Q3, year-on-year)
- improving the five-year rolling cost-to-income ratio to 38.3 per cent (end of Q3 2019);
- preserving prudent levels of capitalisation, with projected risk-adjusted capital utilisation providing strong reassurance of the Bank's triple-A rating for the Plan period while retaining sufficient capital headroom to both withstand stress events and support additional operational activity. That is coupled with a Return on Required Capital projected to remain well above the minimum scorecard level of 3.5 per cent (4.9 per cent projected for 2019, three-year rolling average);
- preserving minimum levels of liquidity even if faced with significant market disruptions and therefore projecting a one-year stress ratio of 109 per cent for end 2020 (against a minimum of 100 per cent), and net cash requirement coverage of 119 per cent for the next two years (well above the stipulated 75 per cent ratio).

2020 Corporate Scorecard Goals and Resources

Remaining on a path of 'continuous ambition', the 2020 Corporate Scorecard includes:

- an Expected Transition Impact floor for the average of new projects at 63;
- a Portfolio Transition Impact floor for the average for existing projects at 65;
- number of new operations within a range of 395 to 445;
- Annual Bank Investment within a range of €9.7–10.7 billion;
- Annual Mobilised Investment floor set at to €1.1 billion with a floor for combined annual bank and mobilised investment set at €10.8 billion;
- a minimum non-sovereign share of Annual Bank Investment of 80 per cent;
- a target Green Economy Transition share of 40 per cent of the ABI mid-range;
- annual disbursements range of €6.9–8.2 billion;
- a three-year rolling average of Return on Required Capital of at least 3.5 per cent;
- composite Performance Assessment indicators for each of the Bank's six transition qualities

Success in delivering on these objectives is expected to result in significant growth of the Banking portfolio of around 7 per cent (from Q3 2019 to end 2020) and operating assets of around 8 per cent, which needs to be properly supported by three financial dimensions: capital, liquidity and budget:

- From a capital perspective, the Bank will start 2020 from a position of strength that is expected to be maintained throughout 2020 with an end of year projected capital adequacy ratio (CAP) of 70 per cent (compared to a limit of 90 per cent) and a statutory capital ratio of 80 per cent (compared to limit of 92 per cent).
- From a liquidity perspective, the Bank will shape its borrowing programme to comfortably comply (and exceed) its various minimum limits and therefore continue counting on liquidity as a very strong consideration for the rating agencies. Consequently a borrowing programme for 2020 of €12 billion is separately proposed, with formal approval by the Board of Directors requested in the recommendation contained in the Summary of the Execution of the 2019 Borrowing Programme and the Proposed 2020 Borrowing Programme.
- From a budget perspective, the Bank's significant real growth (achieved and planned) calls for a reasonable real growth of budget and human resources whilst improving levels of efficiency.

The Bank's delivery of its 2019 targets has brought to the fore increasing pressures on the Bank's resources—a trend set to continue in 2020 as a result of:

- managing, measuring, and monitoring a growing balance sheet (size and number of projects);
- originating and delivering on increasingly complex, innovative projects, tailored to country-specific needs and opportunities (in alignment with the 2016 transition concept review);
- matching rising investment activities with increasing donor co-financing that is becoming more complex, targeted and reporting-intensive;

- a rising compliance bar for Multilateral Development Banks ranging from more transparent Access to Public Information policies (and implementation thereof) to participating in a growing, yet fragmented and evolving ESG (Environmental, Social and Governance) universe, resulting in the Bank's need to engage in and comply with a plethora of ESG standards (such as ESG screening by rating agencies) and initiatives (such as Principles for Responsible Investing and Climate-related Financial Disclosures);
- the need for sound risk and compliance management to address operational and financial risks.

Adding to these resource pressures, the Bank must deal with:

- price increases of its costs that exceed average Consumer Price Index (CPI) levels;
- carryover consequences of decisions taken in previous budgets;
- delivery of the two-year comprehensive Reward Review to address legacy gaps in various components of staff compensation and benefits

Against this background and already taking into account 2020 cost savings and significant reallocation of existing resources to priority areas, a nominal increase of 3.7 per cent for the 2020 Administrative Expense Budget is proposed, divided into:

- non-discretionary price increases (such as contractually agreed inflation impacts, foreign exchange rate movements) representing 1.8 per cent;
- non-discretionary carryover impacts from previous decisions/budgets representing 1.5 per cent;
- budget impact of 1.0 per cent as a result of the proposed compensation increase at CPI level for Headquarters and Resident Offices;
- an increase of the 2020 budget as a result of the Reward Review proposals related to post-leave medical care representing 0.3 per cent;
- an increase of 0.5 per cent in real resource growth - the only component of the budget request related to a volume of incremental resources

The above are offset by 1.4 per cent of efficiencies or budget reductions. This includes 0.8 per cent identified across staff and non-staff costs, including achieving target OE&E savings from procurement activities, as well as 0.6 per cent of recurring budget reductions (specific budget lines to be defined during 2020).

Following three years of limited real budget increase that has exhausted efficiency gains and manoeuvring space for resource reallocation, the proposed budget will enable the Bank and its staff to meet the 2020 business plan objectives, manage a growing portfolio and safeguard quality delivery. The proposed budget is fully funded by the growth of business and revenues and is therefore financially responsible (with the five-year cost-to-income ratio indicatively projected at 35.1 per cent by the end of 2020) whilst also enabling the Bank to address some longstanding legacy gaps in compensation necessary to retain and attract highly skilled employees.

The Bank's Corporate Scorecard for 2020

	2020 BP and Budget	Q3 2019 Actual	2019 BP and Budget	2018 Actual
TRANSITION IMPACT				
Expected Transition Impact	Min 63	67.0	Min 63	66.7
Portfolio Transition Impact	Min 65	70.3	Min 65	70.1
Transition Qualities				
Competitive, innovative economies	CPA*	†	CPA	Good
Share of Projects On Track	Min 75%			80%
Well-governed economies and firms	CPA	†	CPA	Good
Share of Projects On Track	Min 75%			75%
Environmentally sustainable, green economies	CPA	†	CPA	Good
Share of Projects On Track	Min 75%			78%
GET ratio	40%			36%
Inclusive, Gender-equal economies	CPA	†	CPA	Good
Share of Projects On Track	Min 75%			91%
Resilient economies and firms	CPA	†	CPA	Good
Share of Projects On Track	Min 75%			81%
Well-integrated, connected markets	CPA	†	CPA	Good
Share of Projects On Track	Min 75%			77%
OPERATIONAL PERFORMANCE				
Number of operations	395–445	265	385–440	395
Annual Bank investment (ABI: € billion)	9.7–10.7	5.7 (plan rate)	9.6–10.6	9.5
Annual mobilised investment (€ billion)	Min 1.1	0.9	Min 1.0	1.5
Disbursements (€ billion)	6.9–8.2	4.9 (plan rate)	6.7–7.9	7.2
Non Sovereign Share of ABI	Min 80%	84%	Min 80%	n/appl
FINANCIAL PERFORMANCE				
Return on Required Capital (3 year rolling average)	Min 3.5%	6.1%	Min 3.5%	5.9%
Realised profit before impairment (€ million)	Tracked	494	Tracked	606
Non-Performing Loan ratio (non-sovereign %)	Tracked	5.6%	Tracked	5.5%
ORGANISATIONAL PERFORMANCE				
Productivity (number of operations based)	1.5–1.7	†	1.6–1.8	1.6
Staff Engagement Ratio	Tracked	—	Tracked	3.8
RESOURCE FRAMEWORK				
Expenditure				
Administrative Expense Budget				
Euro (million)	437.0	305.9	421.8	406.3
Pound Sterling (million)	383.4	269.6	370.0	358.8
Operational Effectiveness and Efficiency Investment				
Euro (million)	n/appl	4.4	3.2	3.7
Pound Sterling (million)	n/appl	3.9	2.8	3.4

* CPA: Composite Performance Assessment

† Assessed at year-end

DOCUMENTS SUBMITTED TO THE BOARD OF GOVERNORS FOR CONSIDERATION AT THE ANNUAL MEETING

AGENDA

Opening Session

- Opening of the Meeting

Plenary Session

- Governors' Roundtable: Strategic and Capital Framework 2021-2025
- Institutional and Financial Matters
- Election of the President

ANNOTATED AGENDA
BOARD OF GOVERNORS MEETING

Hearings with the candidates for President (Monday 5 October, 11:00-15:00)

Hearings will be held with the three candidates for President. The hearings will be chaired by the Chair of the Board of Governors, and will take place in Webex Event format (details will be communicated prior to the hearings).

Attendance is restricted to one representative of each Member of the Bank (namely the Governor or some other person appointed by the Governor for the purpose), who may be joined by one other person. Board Directors and Alternate Directors may also attend.

Opening Session (Wednesday 7 October, 09:30-10:30)

- Opening of the Meeting

The Chair of the Board of Governors, Ms Nadia Calviño (EBRD Governor for Spain), will open the Meeting.

In the Opening Session, statements will be delivered by the representative of the United Kingdom Government, the Chair of the Board of Governors, the EBRD Acting President and a special guest speaker.

The Opening Session will be available on video link to Governors, other registered official delegates and the Board of Directors from 09:30 on Tuesday 6 October.

The Opening Session will be available to all registered Annual Meeting participants and the public on video link from 09:30 on Wednesday 7 October.

Plenary Session (Wednesday 7 October, 11:00-16:00)

The Plenary Session will be held in Webex Event format (details will be communicated prior to the Session).

Having established that there is online connection from a quorate number of Governors, the Secretary General will announce that the Plenary Session may commence.

Attendance is open to Governors, Alternate Governors, and registered representatives from each Member (maximum three), as well as Board Directors, Alternate Directors and nominated EBRD management.

- Adoption of the Agenda
- Report of the Procedures Committee

The Chair of the Board of Governors will propose the adoption of the agenda, including recommendations relating to the provisions for the conduct of the Meeting, as set out in the Report of the Procedures Committee.

Governors' Roundtable

- Strategic and Capital Framework 2021-2025
- Background for Governors

The Board of Governors will consider for adoption the draft Resolution attached to the Report of the Board of Directors.

For the convenience of Governors, summary extracts are provided in the supplementary *Background for Governors* paper. Governors are invited to exchange views on the Bank's strategic directions and identify any areas of particular priority for them as the Strategic and Capital Framework is implemented.

Institutional and Financial Matters

- 2019 Net Income Allocation
- Membership of Iraq

The Board of Governors will consider for adoption the draft Resolutions attached to the Reports of the Board of Directors.

- Election of Chair and Vice Chairs for 2020-2021

Upon recommendation of the Procedures Committee, the Board of Governors will elect the Chair and Vice Chairs of the Board of Governors for 2020-2021, to take up office following the formal close of this Annual Meeting.

Reports and Resolutions noted and adopted prior to the Annual Meeting

Prior to the Annual Meeting, the Board of Governors had noted the Reports and adopted Resolutions on the following institutional and financial matters:

- Annual Meeting Cycle 2021-2023: Resolution No.229
- Financial Statements and Independent Auditors' Reports for 2019: Resolution No.228
- Annual Financial Report 2019
- Special Funds' Financial Statements 2019
- Strategy Implementation Plan 2020-2022
- Annual Review 2019

Governors' Statements

Governors are requested to provide guidance to the Bank in the form of formal written statements. The statements will be posted on the Bank's website after the close of the Opening Session, and will also be included in the Proceedings of the Meeting.

Statements should be provided in one of the Bank's working languages. To facilitate timely translation and publication following the Opening Session, the text should be provided to the EBRD Language Unit (GovernorStatements@ebrd.com) no later than 16.00 (London time) on Tuesday 29 September.

Election of the President (Thursday 8 October, 11:00-15:00)

- Election of the President *(Closed Session)*

The Election of the President will be held in virtual format (details will be communicated prior to the Election).

Each Governor, or Alternate Governor or Temporary Alternate Governor acting for a Governor, may cast a vote by secret ballot in accordance with the *Rules for the Election of the President*.

Prior to the Annual Meeting, the Board of Governors had noted the Report and adopted the Resolution on the *Amendments to the Rules for the Election of the President and term of the new President*: Resolution No.232.

The Election shall be held in closed session, at which only Governors, Alternate Governors, (Temporary Alternate Governors acting for a Governor), Board Directors and Alternate Directors, can attend.

- Closing of the Meeting

The Chair of the Board of Governors will close the Meeting (by issuing an electronic message to all participants). A press conference will then be held with the EBRD Acting President and the EBRD President Elect.

PROGRAMME OVERVIEW

Time * *shown in UTC+1 (GMT+1)*	Eve nt	Platform	RSI (Remote Simultaneous Interpretation)
Monday 5 October 2020			
09:00 –10:30	Civil Society Programme – CSO Meeting with Board Directors	WebEx Meetings; Interactio	English, Russian, Arabic
11:00 – 15:00	Board of Governors Hearings of Presidential Candidates	WebEx Events; Interactio	English, French, German, Russian
Tuesday 6 October 2020			
Available from 09:30	Board of Governors Opening Session Video link released to Governors, other registered official delegates and Board of Directors only	Video link	No RSI (Text translations in French, German and Russian)
11:00 – 13:00 (session 1) 14:00 – 16:00 (session 2)	Annual Donor Meetings	WebEx Meetings	No RSI
Wednesday 7 October 2020			
09:30	Board of Governors Opening Session Video link released to AM participants and the public	www.ebrd.com	No RSI (Text translations in French, German and Russian)
11:00 – 16:00	Board of Governors Plenary Session	WebEx Events; Interactio	English, French, German, Russian
Thursday 8 October 2020			
11:00 – 15:00	Election of the EBRD President	WebEx Events; Interactio; Polyas	English, French, German, Russian
16:00 – 17:00	Press Conference (SCF outcome and President Elect)	WebEx Meetings; Video link for Bank Staff	No RSI

REPORT OF THE PROCEDURES COMMITTEE 2019-2020

In accordance with its terms of reference, set forth in Resolution No.3 of the Board of Governors adopted on 15 April 1991, the Procedures Committee for 2019-2020 submits the following Report concerning the 2020 Annual Meeting which will be held in virtual format.

Opening Session (Wednesday 7 October, 09:30-10:30)

The Chair of the Board of Governors, Ms Nadia Calviño (EBRD Governor for Spain), will open the Meeting.

In the Opening Session, addresses will be delivered by the Chancellor of the Exchequer for the United Kingdom, the Chair of the Board of Governors, the EBRD Acting President and His Royal Highness the Prince of Wales.

The Opening Session will be available on video link to Governors, other registered official delegates and the Board of Directors from 09:30 on Tuesday 6 October. The Opening Session will be available to all registered Annual Meeting participants and the public on video link from 09:30 on Wednesday 7 October.

Plenary Session (Wednesday 7 October, 11:00-16:00)

The Plenary Session will be held in Webex Event format. Having established that there is online connection from a quorate number of Governors, the Secretary General will announce that the Plenary Session may commence.

Attendance will be open to Governors, Alternate Governors, and registered representatives from each member (maximum three), as well as Board Directors, Alternate Directors and nominated EBRD management.

Adoption of the Agenda
The Committee recommends that the Board of Governors will consider for adoption the *Agenda for the Board of Governors Meeting* (Document BG29/1), with such changes as the Chair may announce in the course of the Meeting.

The Committee also recommends that the Board of Governors take note of the Annotated Agenda (Document BG29/1A) and the Programme Overview (Document BG29/1B).

Governors' Roundtable
The Committee recommends that the Board of Governors will consider for adoption the draft Resolution attached to the Report of the Board of Directors on the *Strategic and Capital Framework 2021-2025* (Document BG29/3).

In addition, the Board of Governors may wish to comment on the Background for Governors (Document BG29/3A), which has been prepared by management.

Institutional and Financial Matters
The Board of Governors will consider institutional and financial items in the second part of the Plenary Session.

The Committee recommends that the Board of Governors will consider for adoption the draft Resolution attached to the Report of the Board of Directors on the *2019 Net Income Allocation* (Document BG29/4).

The Committee recommends that the Board of Governors will consider for adoption the draft Resolution attached to the Report of the Board of Directors on the *Membership of Iraq* (Document BG29/5).

Election of the Chair and Vice Chairs for 2020-2021
The Committee recommends that the Governor for Ireland be elected Chair, and that the Governor for Armenia and the Governor for Uzbekistan be elected Vice Chairs, of the Board of Governors for 2020-2021. The Chair and Vice Chairs will take up office following the closure of the 2020 Annual Meeting.

The Chair and Vice Chairs will constitute the Procedures Committee for 2020-2021, and be available until the end of the 2021 Annual Meeting.

Governors' Statements
Governors may provide guidance to the Bank in the form of formal written statements. The statements will be posted on the Bank's website after the close of the Opening Session, and will also be included in the Proceedings of the Meeting.

Election of the President (Thursday 8 October, 11:00-15:00)

The Election of the President will be held in Webex Event format. A separate secure platform (hosted by POLYAS) will be used for the casting of votes. Please note that the anticipated duration of time required for the election may change due to technical reasons.

The election will be held in a closed session, at which only Governors, Alternate Governors, (Temporary Alternate Governors acting for a Governor), Board Directors and Alternate Directors can attend.

Voting will be by secret ballot conducted electronically, with one person voting for each member as notified to the Office of the Secretary General prior to the election. Only a Governor, or Alternate Governor or Temporary Alternate Governor acting for a Governor, may vote.

Closure of the Meeting (Thursday 8 October)

Following the Election of the President, the Chair of the Board of Governors will close the Meeting, with an electronic message sent to all participants.

Ms Nadia Calviño
EBRD Governor for Spain
Chair of the Board of Governors
2 October 2020

REPORT OF THE BOARD OF DIRECTORS TO THE BOARD OF GOVERNORS

STRATEGIC AND CAPITAL FRAMEWORK 2021-2025

EXECUTIVE SUMMARY

The European Bank for Reconstruction and Development's (EBRD) purpose is to foster transition towards open-market economies and to promote private and entrepreneurial initiative in its countries of operations committed to and applying the principles of multiparty democracy, pluralism and market economics. Since its establishment in 1991, the Bank has invested over €146 billion in its countries of operations to support the systemic change that promotes this transition and private sector development.

A Strong and Reliable Partner in Uncertain Times

The Strategic and Capital Framework (SCF) sets out the EBRD's strategic aspirations, as captured in Box 1, for the period from 2021 to 2025 and confirms that the Bank has sufficient capital to support its proposed strategy even in the face of financial stress. Over the five years of the SCF, the Bank can lend consistently up to €13 billion annually compared to the record level of annual lending of €10 billion in 2019. However, the Bank's capital must be deployed responsibly and this capital capacity does not represent an aspirational plan or target level of operational activity. The Bank will implement the SCF within a control framework consisting of parameters for transition, capital and resource efficiency.

The overarching goal is for the EBRD to preserve and accelerate transition in its countries of operations through the overlapping and differentiated crisis and recovery phases in response to the Covid-19 crisis and to continue tackling deep-rooted broader challenges, including environmental, demographics and technological transformation.

The level of uncertainty about the duration and extent of the impact of the crisis means that the Bank will need to pursue its goals flexibly. Nevertheless, across the entire period, the Bank will aspire to deploy its capital fully and responsibly for the benefit of its countries of operations. Given the uncertain environment, the Board of Governors will review the implementation of the SCF at the Bank's 2022 Annual Meeting or at the latest at the 2023 Annual Meeting.

The EBRD is fully committed to being a strong and reliable partner to its countries of operations. The Bank will be responsive to market and reform conditions and innovative in helping countries transition to a sustainable market economy through the pursuit of six transition qualities – competitive, well-governed, green, inclusive, resilient and integrated. The Bank not only supports its countries of operations in addressing transition gaps, but also works actively to drive greater ambition through its non-sovereign and sovereign clients to achieve transition impact across the six qualities. Progress on these qualities should lead to an economy that supports greater economic growth and prosperity, more jobs and opportunities, an improved environment for people in countries of operations and supports the achievement of the Sustainable Development Goals.

A Distinctive, Relevant and Effective Bank

The EBRD has a distinctive position with the global and European development finance system due to its core strengths and comparative advantage. Its business model and operational approach have proved durable, flexible and effective in various geographic and cultural contexts. The Bank currently operates in 38 economies in Europe, Asia and Africa. The Bank's distinct contribution is grounded in its focus on private sector development combining investment, policy and technical assistance in a single management and incentive structure, with the ability to make selective interventions in the public sector. Strong local presence and deep sectoral knowledge support the Bank's successful delivery of transition impact. The Bank's business model rests on the three operating principles of transition, sound banking and additionality. In all of its activities, the Bank upholds the highest standards.

Over the SCF period, the EBRD will continue to strengthen its business model and toolkit, including with respect to mobilisation, donor resources and policy engagement.

Mobilising finance to deliver transition impact, with a particular emphasis on private investment, is a core strategic goal for the SCF period. The Bank will set out a Mobilisat ion Approach for discussion with the Board of Directors early in the SCF period. The Approach will cover the instruments, incentives and capabilities required to deliver on the Bank's mobilisation ambitions.

Using **donor finance** in a disciplined manner is also an integral component of the Bank's business model and will be a key enabler of the achievement of the Bank's strategic goals over the SCF period. Demand for donor resources to support the Bank's work is likely to remain strong during the period of crisis response in the context of market disruptions.

Combining **policy engagement** with investment activity is increasingly important for achieving and sustaining systemic transition impact. Stepping up this activity will be an important aspect of the Bank's crisis response and an essential element of successful implementation of the strategic themes of the SCF. The Bank will build on the progress made with a view to strengthening policy impact at the sector and economy level, as well as strengthening its knowledge management.

Building a Resilient and Sustainable Future

The ways in which the EBRD will support countries of operations' transition throughout the SCF period are indelibly coloured by the Covid-19 crisis. In the initial period, the Bank will focus its financial strength on supporting countries of operations to preserve transition gains in the face of the crisis. A recovery phase is likely to follow at different times in different places during which the Bank will support an acceleration of transition. In all its activities, the Bank will focus on enabling countries of operations to build a more resilient and sustainable future.

Sectoral Directions: Crisis Response and Recovery

The Bank moved swiftly in response to the Covid-19 crisis with the approval of two Solidarity Packages. These set out the ways in which clients and countries of operations will be supported in the early part of the SCF period, including exceptional and innovative measures to address short-term needs in partner banks, small and medium-sized enterprises (SMEs) and infrastructure providers.

Throughout the SCF period, the Bank will enhance the quality, quantity and impact of its activities in each of its sectors – **Financial Institutions**, **Industry, Commerce and Agribusiness** and **Sustainable Infrastructure**. The Bank will build on its key strengths, including a comprehensive approach to local currency lending and local capital market development, a broad and flexible suite of SME financing and advice and a unique approach to sub-sovereign lending. In addition, the Bank will innovate by adopting new and different approaches to delivering transition. The ability to provide equity investment is expected to be particularly important to support firms in the early years of the SCF as businesses face a permanent loss of value because of the crisis and as investor risk aversion rises.

Crosscutting Themes

Across its three sectors, the Bank will focus on three strategic themes that respond to major forces shaping transition opportunities in countries of operations. The crisis has heightened the relevance and importance of these themes:

- Supporting the **transition to a green, low carbon economy** through the new Green Economy Transition (GET) Approach for 2021 to 2025. This Approach builds on the Bank's already strong green finance activity to increase impact through implementing an operational framework to align with the principles of international climate agreements, including principally the Paris Agreement; enhanced country and policy work and targeted thematic interventions. The goal is to raise the share of green finance to at least 50 per cent and to reduce net CO_2 by 25 to 40 million tonnes by the end of the SCF period.
- Promoting **equality of opportunity** by strengthening the Bank's work in supporting access to skills and employment, finance and entrepreneurship and services for underserved groups working with and through the private sector. Priority client segments will include women, youth and those in less developed regions. There will also be a focus on mitigating potential adverse impacts, including from the digital and green transitions. The Approach for this theme will be developed further in 2021 for discussion with the Board of Directors.
- Accelerating the **digital transition**, recognising that technology can be a key enabler of transition progress within countries of operations across the six transition qualities. The Bank has some emerging expertise in this area, such as in the application of technology in infrastructure. A comprehensive Approach to strengthen the Bank's activity will be prepared for discussion with the Board of Directors in 2021.

The quality of governance is a key determinant of differences in economic performance between and within countries. This has become more critical given the increase in the level of state involvement in the economy in response to the Covid-19 crisis. The EBRD will thus give heightened attention to **economic governance** during the SCF period.

The Transition Journey

The nature and extent of the Bank's work evolves as countries of operations progress in their transition journey. In general, activity becomes more sophisticated and specialised as an economy advances in transition and with the experience gained able to be used to support transition in less advanced economies.

Over the SCF period, the Bank will seek to increase the proportion of its investment and policy activities in countries that are less advanced in transition, including the Early Transition Countries, Southern and Eastern Mediterranean countries and the Western Balkans. In countries more advanced in transition, the scope for the Bank to identify market segments in which it can achieve transition impact together with sound banking and additionality tends to reduce over time.

The principle of graduation as set out in the *A Policy on Graduation of EBRD Operations* is reaffirmed for the SCF period. The decision to pursue graduation lies with each country of operations. In order to strengthen the support available to any graduating country, the Bank will put in place an enhanced approach for implementing the Graduation Policy. An update on graduation based on a revised Post-Graduation Operational Approach, will be provided for further guidance by Governors at the time of the review of implementation of the SCF.

Geographic Reach

The Bank's transition mandate and business model have proved effective in a variety of contexts. During the SCF period, the Bank will consider expanding its geographic reach, subject to the approval by the Board of Governors.

The last significant expansion of the EBRD's geographical mandate was in 2011 with the inclusion of the countries of the southern and eastern Mediterranean (SEMED) region. **Within this geographic scope** , three countries have not yet become countries of operations. In the event of an application from a country within this geographic scope, the Bank would conduct in-depth work to allow Governors to make a decision. Algeria's request to become the latest member of the Bank has been approved and it has applied to become a country of operations.

The Bank has explored the possibility of expanding its operations beyond its current geographic scope in the SCF period. Any expansion **beyond the current geographic scope** will need to consider important initial guidelines, including complementing other development partners and the financial, resource and governance implications for the Bank itself. The Bank affirms continued strategic interest in a limited and incremental expansion to sub-Saharan Africa and Iraq during the SCF period. Governors will consider an update on this issue at the time of the review of the implementation of the SCF, reflecting guidance to be provided at the 2021 Annual Meeting.

Partnering for Impact

The EBRD will sustain focused coordination with other actors through the SCF period to deliver transition impact and support its countries of operations. Working with and through other institutions, including other MDBs, bilateral development finance institutions, the European Union and other donors, will enable the Bank to multiply its impact, focus on its strengths and exchange learning with others.

The crisis has reinforced the importance of institutions combining their different strengths effectively. Collaboration at the operational, policy and institutional/information exchange levels helps the development finance system operate effectively. Cooperation will take place through co-financing, policy coordination and mutual lesson learning. During the SCF period, the Bank will play its full part to strengthen complementarity and reflect the conclusions of discussions within the G20 and European Union to strengthen the effectiveness of the international development finance system.

Implementing the SCF

The SCF is very ambitious and the EBRD will need the means to deliver. The Bank will require significant additional financial and human resources in addition to identifying opportunities for efficiencies and possible reallocations. Modernising the Bank is crucial to attracting and retaining talent, increasing efficiency and productivity, minimis ing operational risks and ultimately to delivering value and impact to shareholders and clients. Investment in the Bank’s capabilities will be scrutinised and approved by the Board of Directors in the annual budgetary process.

Delivering the Bank’s mission and commitment to support its countries of operations in uncertain times requires taking more risk. Throughout the SCF period, the Bank will manage risk effectively at the project and portfolio level to maintain its strong financial position and triple-A credit rating whilst delivering high transition impact.

To support delivery of the SCF, the Bank will strengthen its people planning and organisational design and invest in a sustained effort to enhance its outdated IT capacity and build a new digitally enabled operating platform fit for the Bank’s future operations.

The Bank has embarked on a programme of strengthening its approach to monitoring, learning and evaluation to improve continuously its performance and impact. The Bank’s approach to results measurement and management has been improving since 2016. In the SCF period, the Bank will take forward the conclusions of the Independent External Evaluation of EBRD’s Evaluation System to establish the systems and culture to capture and analyse data, to communicate the Bank’s impact and to support continuous learning.

The Bank will establish a capital buffer within its planning framework for the SCF period. In order to support the Bank’s response to the Covid-19 crisis, the Board of Directors considers all the Bank’s capital capacity accessible until the review of implementation of the SCF.

1. SETTING THE SCENE

1.1 Introduction

1. The EBRD's purpose is to 'foster transition towards open-market economies and to promote private and entrepreneurial initiative in [its countries of operations] committed to and applying the principles of multiparty democracy, pluralism and market economics'. Experience has shown that the process of transition is long-term, dynamic, non-linear and complex. Since its establishment in 1991, the Bank has pursued transition by standing by its countries of operations through a range of crises and shocks, including the 2008 financial crisis, which saw an increase of annual investment by just under 80 per cent in two years. The Bank has also stepped up decisively in response to moments of historic opportunity, for example, following the Arab Spring in 2010 and more recently with the political transition in Uzbekistan.

2. The global Covid-19 pandemic and consequent economic crisis may represent the most significant challenge yet to the Bank and its countries of operations. Although there is much uncertainty about the precise shape, depth and duration of the impact, many important implications are already clear. It is evident that the effects of the crisis on the opportunities for the Bank to support transition across its countries of operations will be profound and long-term.

3. The Bank moved quickly to respond in full solidarity with its countries of operations to address the immediate effects of the crisis. That strong support will continue. Over the period to 2025, the EBRD has the capacity to lend sustainably up to €13 billion annually, well in excess of the record level of just over €10 billion achieved in 2019. All of this firepower is available for delivering transition impact in line with the EBRD's mandate and principles and the Bank always aspires to deploy its capital to the full benefit of its countries of operations.

4. The Agreement Establishing the EBRD (AEB) requires that the Board of Governors review the Bank's capital stock at least every five years. Shareholders have used these reviews to consider also the Bank's strategic directions for the forthcoming period. The last review took place in 2015. By design, the Strategic and Capital Framework (SCF) is high-level and strategic, in contrast to the prescriptive approach employed in previous Capital Resource Reviews.

5. The Bank's strategic and planning processes are well suited to supporting the dynamic and flexible response which will be essential in the period from 2021-2025, given the uncertainty engendered by Covid-19. There are two components:

- A **Strategic and Capital Framework** (SCF), which sets the Bank's strategic directions for a five-year period, approved by the Board of Governors. This provides a set of high-level priorities for the Bank, together with an overall control framework. The primary purpose of the SCF is to report on the adequacy of the Bank's capital base.

- A **Strategy Implementation Plan** (SIP), which translates the strategic directions of the SCF into annual objectives in the context of rolling three-year projections of operational and financial performance, approved by the Board of Directors. The SIP also includes the annual Corporate Scorecard and the budget.

6. This SCF sets out how the Bank will preserve and accelerate transition in its countries of operations through the overlapping and differentiated crisis and recovery phases following the impact of the Covid-19 pandemic as well as deep-rooted broader challenges. In accordance with AEB, the Bank's focus will continue to be primarily in the private sector. Further, the EBRD will provide its support in line with its principles of achieving transition impact through projects which are financially viable and in which the Bank's finance is additional to other sources.

7. This paper consists of four sections:

- **Section 1: Setting the Scene** describes the Bank's conceptual framework for assessing impact. It also considers the background for the formulation of the SCF, taking into account the impact of the Covid-19 crisis and the long-term economic and political trends that shape the Bank's ability to support transition. Finally, it situates the EBRD and its business model in the overall global development finance system.

- **Section 2: Building a Resilient and Sustainable Future** sets out the Bank's ambition to preserve and accelerate transition in its countries of operations. It describes the Bank's overall strategic directions, including how the Bank will enhance its suite of operational activities for countries at different stages of transition. Finally, it sets out goals for the remaining countries in its current geography in which it does not yet operate, as well as the strategic interest for working in new countries of operations in the course of the strategy period.

- **Section 3: Implementing the SCF** highlights a number of areas internal to the Bank that are key to deliver effectively on the ambitious strategy, notably with respect to human and financial resources, information technology (IT) and monitoring, learning and evaluation. It also presents for approval the strategic control parameters with respect to transition impact, capital utilisation and resourcing within which the Bank will conduct its operations.

- **Section 4: Capital Review** assesses the capital capacity of the Bank and confirms the adequacy of the Bank's capital to pursue its strategic directions over the five-year period of the SCF, as well as outlining the approach to implement a planning capital buffer.

8. In addition, Annex 1 reviews the implementation of the SCF 2016-2020 and Annex 2 presents a draft resolution* of the Board of Governors on the SCF.

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* The text of Resolution No. 233 as adopted by the Board of Governors is reproduced on page 215

1.2 The EBRD – Distinctive and Relevant

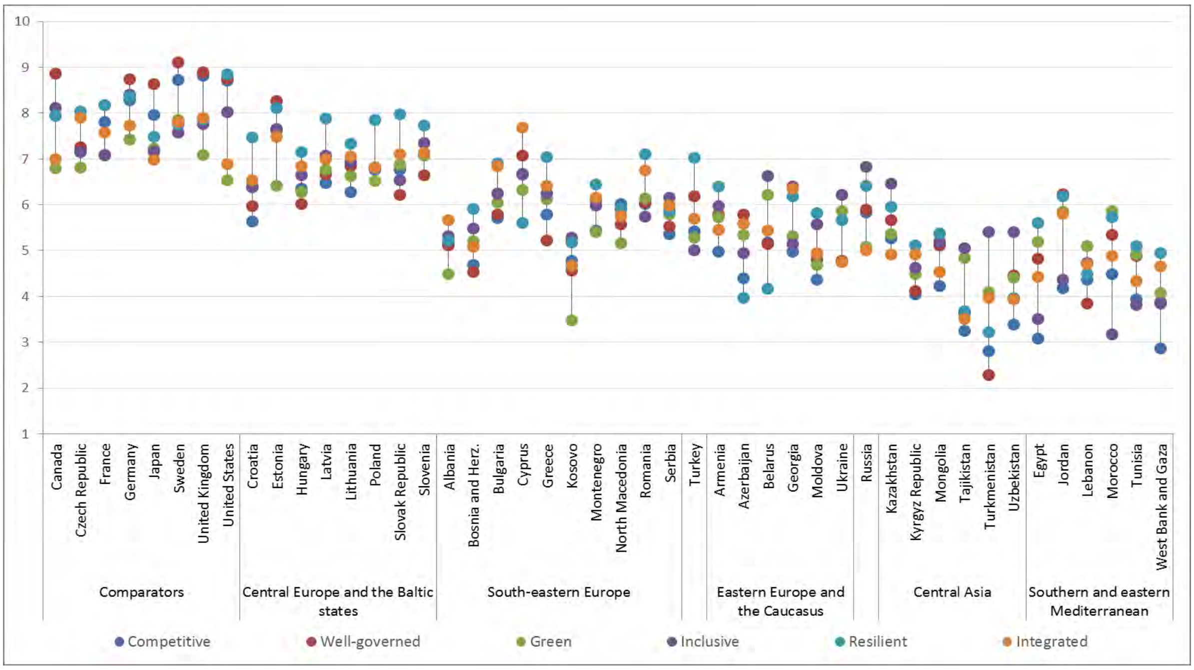
1.2.1 The Bank's Goals – The Transition Qualities

9. The EBRD's transition mandate is unique and adaptable. Over the past 30 years, there has been significant progress towards sustainable market economies across the Bank's countries of operations, with European Union (EU) accession as one marker of success for many countries. The Bank's mandate and skills are also relevant more widely, including in countries with diverse economic, historical and cultural backgrounds. As a result, the EBRD now operates in 38 economies on three continents.

10. The way the Bank assesses and makes operational its transition mandate has evolved over time. In 2016, the Board of Directors approved a revised transition concept, reflecting the lessons from the Bank's transition delivery, the impact of multiple global and regional crises and analysis from economic literature. The new approach moved away from a focus on economic structures to economic outcomes. As a result, the EBRD now defines a successful sustainable market economy as one that is competitive, well governed, green, inclusive, resilient and integrated. Progress against these qualities should lead to an economy that supports greater economic growth and prosperity, more jobs and an improved environment for citizens in countries of operations.

11. The Bank's overarching goal throughout the SCF period is to support countries of operations' progress towards these 'qualities' of a sustainable market economy by delivering transition impact. The Bank has integrated this goal fully in its approach and systems. The Bank calculates the transition gaps for its countries of operations through the annual Assessment of Transition Qualities (ATQs) and designs country strategies to identify activities that can address the barriers to progress against these transition qualities. At the project level, objectives are set consistent with these goals.

Chart 1: Assessment of Transition Qualities 2019

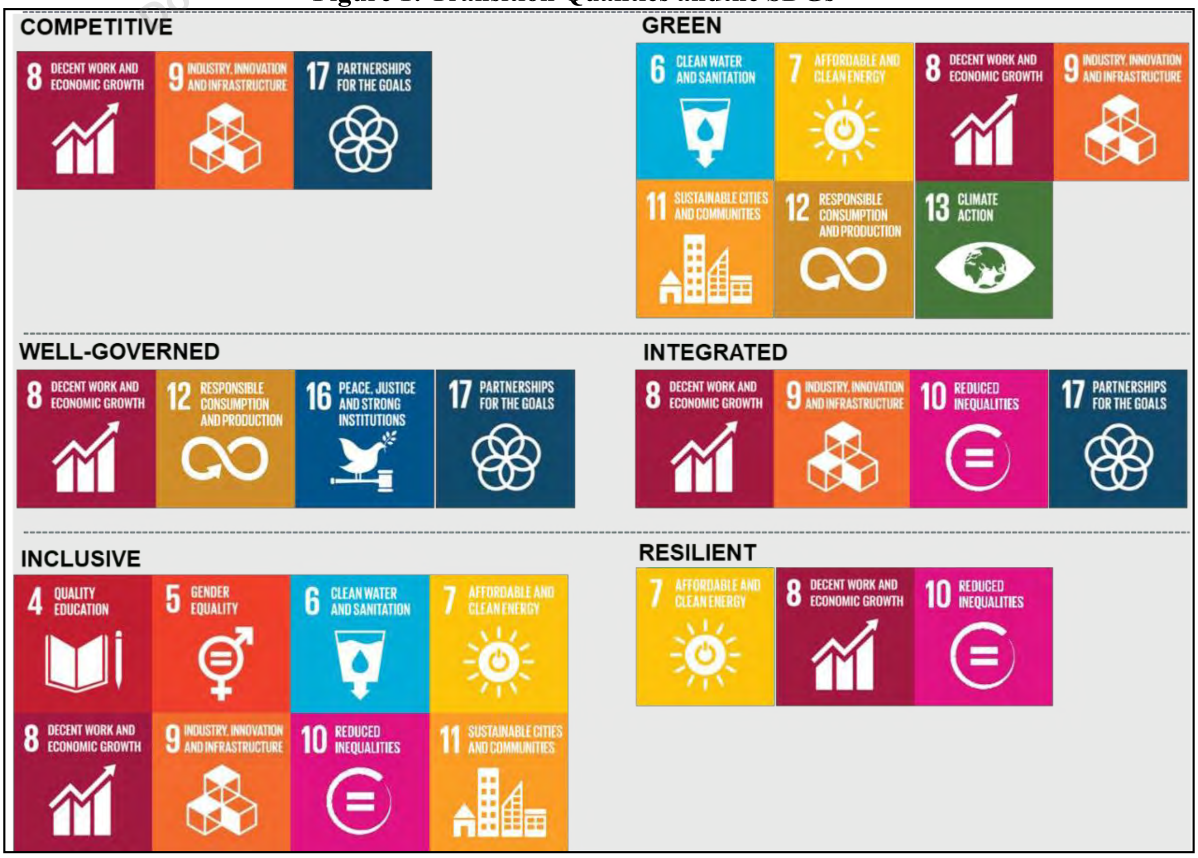


12. Chart 1 shows the current ATQs for each of the economies in which the Bank operates to show the remaining transition gaps. Each quality is measured on a scale of 10, where 10 is the level for the quality that would exist in a perfect market economy. No economy reaches this level, as shown by the set of comparator countries that are not countries of operations on the left of the chart.

13. The chart shows the wide range of ATQ levels across the Bank's countries of operations. Although there is variability within regions, transition gaps are generally greatest in the countries of Central Asia and southern and eastern Mediterranean (SEMED). The countries of central Europe and the Baltics (CEB) and the EU member states of south-eastern Europe (SEE) have the smallest gaps. This assessment forms the baseline for the Bank's work over the SCF period. There is a risk that the impacts of Covid-19 reverses some of the progress countries of operations have made to narrow these transition gaps.

14. The EBRD implements its transition mandate in the global context of the Sustainable Development Goals (SDGs), which set the framework for enduring global prosperity. The Covid-19 crisis has made collective action to deliver the SDGs even more urgent. Figure 1 shows how the EBRD's six transition qualities map strongly on to the SDGs and confirms the relevance and importance of the Bank's transition mandate and private sector focus to supporting global development.

Figure 1: Transition Qualities andthe SDGs



1.2.2 Country Focus

15. The EBRD supports and measures its achievement of transition at the country level. Consequently, country strategies form the centrepiece of the Bank's approach to delivering its activities. These strategies are underpinned by comprehensive country diagnostics of the obstacles to addressing the transition gaps across the six transition qualities. The Bank defines concrete objectives for each country through consultation with national and local public and private sector stakeholders and civil society, as well as other international development finance institutions and donors. Defined for a five-year period, country strategies cover three perspectives, namely:

- The needs of the country to progress towards the achievement of the six qualities of a sustainable market economy;
- The opportunities for making progress in fulfilling those needs, including the willingness to reform, the scope for investment and the availability of committed partners in both the private and public sectors; and
- The Bank's capacity to take advantage of those opportunities, based on its business model, expertise and complementarity with other development finance institutions.

16. The EBRD's investment activities and policy engagement focus on achieving country strategy objectives and are monitored through a results framework. Sector strategies dovetail with country strategies by outlining the ways in which the Bank will achieve transition impact, reflecting sector developments and transition challenges across countries of operations. These strategies also last for five years and have their own performance framework. Seven sector strategies are in place that will last for at least half the SCF period, including in the energy, transport, municipal and environment and ICT sectors. Overall, sector strategies define the instruments and products available to the Bank, whilst country strategies are the main mechanism for aligning strategic objectives across the Bank. This country and sector matrix framework will remain the foundation of the Bank's activity over the next SCF period.

1.3 The Strategic Context

1.3.1 A Changed and Uncertain World – Prospects for Transition

17. The underlying economic and political conditions strongly influence the Bank's capacity to support countries of operations in their progress to sustainable market economies. This section outlines the short and medium-term context, highlighting the still unfolding impacts and implications of the Covid-19 pandemic and economic crisis. This uncertain and fluid context will shape both the transition challenges faced by countries of operations and the Bank's ability to support countries' responses.

18. Annual GDP growth rates in the EBRD's countries of operations have roughly halved from the levels in the period before the global financial crisis and estimates of potential growth in countries of operations are around 3 per cent, limiting the prospects for income convergence with advanced economies. Measures to contain the spread of

coronavirus have had a dramatic effect on the economic outlook, with a contraction of 3.5 per cent projected in the EBRD regions for 2020, before a recovery to 4.8 per cent in 2021.

These numbers stem from a central scenario in which social distancing is phased out swiftly. Trend growth is assumed to continue for the remainder of the period with per capita incomes recovering to their pre-crisis (end-2019) level by early 2022.

19. However, there is considerable uncertainty in making any projections at this time. In particular, there are significant risks in countries of operations that are highly dependent on tourism, commodity prices and remittances. Overall financing conditions are expected to remain highly accommodating into the medium term. However, public indebtedness is projected to increase significantly because of the Covid-19 crisis and debt sustainabilit y will be an important concern for some countries of operations. The crisis is also reshaping financial sectors in the Bank's regions, as private debt increases and non-performing loans (NPLs) rise and foreign banks concentrate on core markets.

20. A number of factors merit consideration in assessing the prospect for growth in the SCF period:

- **Demographics**. Other things being equal, if the labour force grows more quickly than the population, living standards rise. This is expected in only eight countries of operations in the SCF period – six in Central Asia, plus Egypt and Jordan. Countries of operations face diverse immediate demographic challenges. In Central Asia, SEMED and Turkey, there is a need to create jobs for a growing, mostly well-educated, young workforce. In other countries of operations, the challenge is to manage an ageing workforce and growing old-age dependency ratio (the ratio of those above retirement age to working-age population).
- **Trade and global supply chains** . Countries of operations are heavily integrated into global supply chains and their growth outlook is significantly influenced by changes in trade flows. The crisis has disrupted supply chains in the short-run, compounding a pre-existing trend of slowing growth of international trade in response to technological change and geopolitical developments. The adverse impact of the weaker global demand on countries of operations may be partially offset by firms seeking to increase the resilience of their operations by diversifying the geography of their suppliers, reducing dependence on the dominant supplier of inputs and focusing on regional supply chains, with 'just-in-case' options partially replacing the 'just-in-time' mantra.
- **Digitalisation**. The crisis has accelerated the digital transition. *The Transition Report 2018-19* highlighted the impact of technological advancement globally and in the region on employment trends. Automation may quickly erode the advantages of a development model that relies on lower wages in manufacturing. Technology also leads to the creation of better-paid and higher-skilled jobs at the expense of mid-skilled jobs, resulting in a polarisation of the workforce and greater inequality of incomes, with social, political and economic implications. This trend is expected to continue and intensify over the strategy period. However, businesses that are able to integrate new technologies may be able to take advantage of some of the structural changes accelerated by the crisis, such as the move towards e-commerce business models that require lower upfront capital expenditure compared with physical retail.

- **Resilience to future shocks** . The course of the coronavirus outbreak is highly uncertain and it is not possible to rule out future damaging pandemics. The level of any direct impact – and the capacity to recover quickly after any new shock – depends on the resilience of economies. Some countries of operations are judged to have relatively low economic resilience to renewed health crises, including Ukraine and a number of countries in Central Asia and the Western Balkans, but most countries of operations are seen to be relatively resilient.

21. The crisis has made the outlook for employment uncertain with prospects dependent on the speed of recovery. The creation and preservation of sustainable jobs will be a key goal for policy makers. There has also been a differentiated impact within the labour market. Workers in economies with a greater degree of informal employment are worse affected. In addition, the sectors most impacted by the crisis – for example, hospitality and tourism – are sources of employment for women in particular. Furthermore, social norms tend to make it more difficult for women to maintain their position in the labour market during crisis. The availability of entry-level jobs in all industries will reduce opportunities for young workers. Overall, the crisis is likely to accelerate trends in inequality, with the most adverse effects on already disadvantaged groups.

22. *The Transition Report 2018-19* stressed the importance of cross-border and within-country migration as a medium-term factor for growth in countries of operations. Emigration is a particular challenge for many countries of operations, with younger and better-qualified workers frequently the most mobile. The extent and duration of border closures in response to coronavirus is uncertain and may affect the mobility of people, with particular consequences for countries of operations reliant on remittances. There is a tendency in all countries for larger cities to grow, irrespective of overall population growth, with implications for service provision in both growing and contracting cities. In more advanced countries, an increasing disassociation of where people live and work may affect the urbanisation trend. Some countries of operations face persistent challenges in managing the consequences of conflict-induced forced migration from neighbouring countries. Those same conflicts – among other reasons – lead a number of countries of operations to experience significant levels of transitory migration. These issues will affect transition progress over the SCF period.

23. The vast majority of countries, including in the EBRD region, are committed to the international community's objectives set out in the Paris Agreement of 2015 to limit the increase in global average temperature to well below 2 degrees Celsius. Although contributing a relatively small part of global emissions, the EBRD's countries of operations remain more energy-intensive than comparable countries. As a result, making the transition to a more energy-efficient and decarbonised economy offers a growth opportunity with some of the steps outlined in the Bank's *Transition Report 2017-18*. Countries' efforts in this area will intensify and accelerate in the forthcoming period. There is a risk that addressing the consequences of the Covid-19 crisis will dissipate the political energy and will to address climate change with its potentially significant temporary adjustment costs, particularly if oil prices remain low. Contrarily, there is an opportunity to integrate a 'tilt to green' approach into the public and private investment programmes aimed at speeding up the recovery from the Covid-19 crisis.

24. Progress in transition over the strategy period requires willing partners and, often, political commitment and a positive reform trajectory. For many countries, convergence with EU standards will remain an important reform anchor. Overall, the current SCF period has shown the challenge of forecasting where political opportunity will emerge. The Bank has moved quickly to capitalise on unanticipated reform momentum, whether as the result of generational change in Central Asia or popular imperative in Ukraine.

25. More fundamentally, the Bank's *Transition Report 2019-20* showed the vital importance of governance and sound institutions at every level of the economy: national, regional and firm. Yet, progress against the 'well-governed' transition quality amongst the Bank's countries of operations has been uneven. A focus on economic governance in the SCF period will be even more important given the intervention of the state in the economy as a response to Covid-19, with likely both short and long-term implications (see section 2.2.3). The Bank will intensify efforts to identify opportunities for governance reforms at all levels of the economy, particularly leveraging the strength of other multilateral institutions and the EU.

1.3.2 The Global Development Finance Architecture and the EBRD

26. Progress towards the ambitious, urgent and universal agenda set out in the SDGs in 2015 has not been at the scale or speed required. As a result, the UN Secretary General designated the period to 2030 as a decade of action for sustainable development. The Covid-19 pandemic and economic crisis has dramatically worsened prospects for the SDGs, with countries of all income levels set back. EBRD countries of operations are no exception.

27. The international financial institutions (IFIs) and the Multilateral Development Banks (MDBs) – including the EBRD – are important instruments for addressing this increased challenge. To deliver fully, the different institutions should act more as a system. This section outlines the evolving nature of the MDB system and current debates within it, before identifying the distinctive characteristics of the EBRD's business model and its contribution to the effectiveness of the international agenda.

1.3.2.1 Towards a Stronger Development Finance System

28. In the last two years, the G20 Eminent Persons Group on Global Financial Governance and the High-Level Group of Wise Persons on the European Financial Architecture for Development examined the ability of the development finance system to support the achievement of the SDGs. Both groups emphasised the importance of promoting jobs, growth and sustainability, with a spotlight on climate change and Africa. They also highlighted common priorities to address these challenges, including the need for:

- increased domestic and international private finance and the role that IFIs can play to catalyse such financing, through both mobilisation efforts and promoting policy reform to improve investment climates;
- policy coherence within and across countries;

- good standards, including with respect to environmental, social and governance safeguards, transparency, pricing and debt sustainability; and
- coordination and agility, including through platforms at the country and regional levels.

29. Finally, both assessments made a strong case for multilateralism, international partnerships and a rules-based order. Follow-up work to the conclusions of both groups is ongoing through the G20 and the EU's discussions on the European Financial Architecture for Development.

1.3.2.2 Role and Value Proposition of the Multilateral Development Banks

30. The MDBs play a particular role within the global system to support both tackling the global challenge of the Covid-19 crisis response and recovery and supporting progress towards the SDGs. Working across the full spectrum of emerging and developing countries, MDBs deliver impact by:

- Multiplying the capital subscriptions and contributions invested in them, providing leverage and significant impact;
- Unlocking private financial resources through co-investment and mobilisation of other partners, as well as supporting domestic mobilisation by strengthening investment climates and deepening capital markets;
- Advocating for policy reforms through sustained evidence, technical advice and dialogue;
- Leveraging their respective areas of expertise to devise tailor-made financial solutions and products to respond to specific challenges in countries;
- Promoting and requiring adherence to high standards, including in the areas of environment, social inclusion, governance and procurement;
- Supporting capacity- and institution-building for clients and more broadly in countries;
- Investing in public goods and addressing negative externalities that markets alone cannot resolve;
- Consolidating lessons learned, research and the results of evaluations for knowledge sharing; and
- Convening disparate actors, both within countries and internationally, that are needed to come together to find sustainable solutions.

31. While MDBs share many commonalities, they are not perfect substitutes for each other. Each actor in the MDB system has developed specific expertise and operational capacity that are differentiated and frequently complementary across institutions , over and beyond a division of labour driven primarily by geography. National authorities and clients understand the value-added of specific institutions well. The differentiation across MDBs was evident in their responses to the coronavirus crisis. Some focused initially on the health response and public sector, through budget support and policy-based lending. The more private sector-focused institutions, including the EBRD, immediately turned to the economic and financial response to help businesses, especially SMEs, navigate the crisis as well as to keep trade flowing.

1.3.2.3 EBRD's Business Model and Position within the MDB System

32. The EBRD operates in 38 economies in Europe, Asia and Africa of all income levels, complementing the work of diverse other development partners. The Bank supports systemic change to achieve the transition to a sustainable market economy through a distinctive business model which is applied universally across its countries of operations. Its business model rests on the three operating principles of transition impact, sound banking and additionality. These fundamentals are derived from the requirements of the AEB and will not change in the SCF period.

33. Key areas to note with respect to the EBRD's business model, core strengths and comparative advantage are as follows:

- **A central focus on supporting the private sector.** The AEB makes supporting private sector development the Bank's core purpose, requiring that at least 60 per cent of its portfolio be in the private sector. Today, the private sector share of the Bank's portfolio is 65 per cent and, in 2019, the private sector share of annual investment was 74 per cent. This is pursued through the combination of financial **investment**, **policy engagement** – to enhance the environment for business – and **technical assistance**. The EBRD is the only institution in the group of MDBs that has a predominantly private sector orientation and has this range of capabilities managed under the same leadership and incentives.
- **Selective engagement with the public sector**, including a unique – amongst MDBs – approach at the **sub-sovereign level**, to enable private sector development, support efficiency through increased market discipline and promote reform. The ability to operate in both the public and private sectors reinforces the credibility of the Bank with its interlocutors in each area. The closest comparator to the EBRD given its strong private sector focus is the World Bank Group's (WBG) private sector International Finance Corporation (IFC), which does not have this possibility other than through coordination with the WBG's International Bank for Reconstruction and Development (IBRD).
- **A commercial focus that supports the development of sustainable markets** by complementing, not supplanting, private finance. This approach facilitates the mobilisation of external financing and is supported by the disciplined use of concessional and blended finance to make investments in challenging environments and to reduce risk. In all of its activities, the Bank upholds the highest standards.
- **Deep sectoral knowledge combined with local presence** through a network of over 50 regional offices in capitals as well as secondary cities, which provides practical, deep local market knowledge and enables direct work with clients, as well as supporting sustained engagement with local authorities on policy and governance issues.
- **Strong financial standing**, with the Bank's triple-A rating continuously reaffirmed by the three largest credit rating agencies, reflecting a strong focus on financial sustainability and prudent management of capital, risk and liquidity.
- Ability to finance a **range of project sizes.** The Bank finances a broad range of project sizes from well under €1 million to over €500 million, with over 60 per cent of projects considered 'small' (under €10 million). The average project size is €22 million.

- Strong **green** credentials, especially with respect to energy efficiency and renewable energy, including reaching a green finance ratio of 46 per cent of total annual investments in 2019 (of which 91 per cent is climate finance), with 62 per cent going to private clients. In comparison, 19 per cent of WBG's climate finance went to private recipients; for the European Investment Bank (EIB) it was 36 per cent and for the African Development Bank (AfDB) it was 33 per cent.
- Excellent track record of providing **local currency financing and supporting capital market development,** as evidenced by the increasing number and proportion of local currency committed investments, which stood at 30 per cent as of December 2019. The Asian Development Bank (AsDB) has a similar level at 29 per cent, while other MDBs' share of local currency financing is lower with IFC at 18 per cent, AfDB at around 10 per cent and the EIB at less than 1 per cent.
- Deep experience supporting **small and medium-sized enterprises (SMEs)**, including through direct financing and business advice. Almost one-third of the EBRD's projects and over 10 per cent of the Bank's Annual Bank Investment (ABI) are directed to SMEs. On average, this means that the Bank channels more than €1 billion to over 300,000 small businesses each year. The EBRD is unique in its programme of direct financing and business advice to SMEs.
- Demonstrated **ability and agility to expand into new geographies** , including countries that were never command economies (the Bank has expanded four times), learn new markets quickly and deliver impact. Within five years of beginning operations in the SEMED region in 2012, the Bank lent over €2 billion in 60 projects and has since broadly maintained this level.

34. The EBRD's business model has been refined over time and has proved robust and effective, enabling the EBRD to invest over €146 billion in 30 years. In so doing, the Bank has become the biggest investor in many of its countries of operations. The focus on systemic change, private sector development and the Bank's demonstrated agility are important attributes in delivering transition and making progress towards the SDGs, given the role that market finance and the private sector must play. These attributes have also proved vital in responding swiftly to stand by countries during the current crisis and will remain crucial during the recovery phase.

2. BUILDING A RESILIENT AND SUSTAINABLE FUTURE

2.1 Preserving and Accelerating Transition: Crisis and Recovery

35. The ways in which the Bank will support its countries of operations' transition to sustainable market economies throughout the SCF period are indelibly coloured by Covid-19 and its implications. In the initial phase of the SCF period, the focus of the Bank will be on preserving transition in the face of the unprecedented global and regional economic shock. This crisis period will play out in different ways and at different speeds in different countries of operations. However, in time, all countries will enter a period of recovery, allowing the Bank to support an acceleration of transition. There will be no clear dividing line between the two phases and some effects are currently unknown. Therefore, the Bank will pursue its strategic goals flexibly. Through both the crisis and recovery phases, the Bank will strive to progress transition and support the building of a better future after the

coronavirus pandemic through a 'tilt to green', enhanced work on promoting equality of opportunities and supporting the digital transition. In addition, the Bank will emphasise work on economic governance. In all its work, the Bank will endeavour to undertake projects consistent with the international commitments made by countries of operations and seek to address trade distortions through policy engagement.

Box 1: The Bank in 2025

Based on the strategic directions of the SCF, by 2025, the Bank will have:

- Provided timely and effective support to countries of operations to preserve and accelerate transition in the context of the economic crisis caused by the Covid-19 pandemic.
- Demonstrably focused its efforts on supporting those of its countries of operations less advanced in transition, including the Early Transition Countries[1] (ETCs), SEMED and the Western Balkans, through enhanced investment and policy activity.
- Reinforced its private sector focus by ensuring that more than three-quarters of the Bank's total investment in the SCF period is in the private sector.
- Directly supported progress towards green, low-carbon economies through higher levels of investment in the Green Economy Transition.
- Promoted equality of opportunity for disadvantaged groups and deepened the mainstreaming of gender considerations in projects through strengthened capacity for investment and policy engagement.
- Launched comprehensive and coherent activities to help countries of operations leverage the digital transition as an enabler of transition across all sectors.
- Successfully begun operations in new countries of operations within the Bank's existing region, such as Algeria, subject to the approval of Governors.
- If approved by the Board of Governors, taken steps to begin operations in a limited number of countries beyond the Bank's current geographic region.
- Strengthened support for any country that chooses to graduate from the use of the Bank's resources through an enhanced Post-Graduation Operational Approach.
- Increased the levels of private capital it mobilises for countries of operations through a widened and deepened scope of activities.
- Achieved greater transition impact by further integrating policy engagement and investment activity and reinforced its ability to measure its effectiveness
- Strengthened its overall results framework, knowledge management and the use of evaluation findings to improve the design and impact of operations.
- Enabled cost effective delivery of the SCF through investment in staffing, skills, processes, systems and IT upgrades, as well as increased efficiency and reallocation.

The priorities will be implemented through future annual SIPs with continued efforts to manage both existing projects and new commitments to pursue transition impact whilst balancing, at the portfolio level, risks, returns and costs to ensure financial sustainability.

36. The remainder of this document sets out the EBRD's strategic directions for the next five years and how the Bank will be equipped to deliver them. Box 1 presents specific aspirations for the SCF period. The Board of Governors will review the implementation of the SCF and progress towards these aspirations at the Bank's 2022 Annual Meeting, unless the Board of Directors, by May 2021, decides to delay the review until the 2023 Annual Meeting.

[1] Armenia, Azerbaijan, Belarus, Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan and Uzbekistan.

2.2 Strategic Directions 2021-2025

37. This section is the heart of the SCF. It shows how the Bank's paramount goal and highest priority – maximising transition impact in its countries of operations – will be taken forward. It sets out how the Bank will maintain its core private sector focus and strengthen its capabilities to enhance the quality, quantity and impact of its work in countries of operations during the SCF period.

38. The first part of this section provides an overview of the activities in each of the Bank's three principal sectors to preserve transition gains in the face of the Covid-19 crisis and to accelerate transition progress through a number of key innovations and enhancements over the strategy period. The second part of this section puts forward three strategic themes identified as areas of focus for the next five years to achieve impact across all transition qualities, responding to particular crosscutting challenges in countries of operations.

2.2.1 Sectoral Directions

2.2.1.1 Financial Institutions

39. The EBRD's work in the financial sector in countries of operations has three principal dimensions. First, the Bank works to build a strong and efficient banking sector by providing capital through debt – including in local currency – equity and capital market transactions, as well as support for skills. The Bank also promotes efficiency by addressing NPLs through selected support for NPL servicers. Second, the EBRD supports financial institutions as important channels for the direct achievement of transition goals, with a view to targeting SMEs, green investment, women and youth, principally through dedicated credit lines accompanied by technical assistance for partner banks and policy advice to governments and regulators. The Bank's longstanding trade facilitation programme (TFP) has the dual objective of stimulating competitiveness by supporting trade and increasing the ability of banks from countries of operations to operate with international counterparties. Thirdly, the Bank works to broaden and diversify the financial sector by supporting non-bank and microfinance institutions, as well as developing deeper and more liquid capital and local currency markets.

40. Priority actions to preserve transition to be undertaken specifically during the period of crisis response include:

- Rapid deployment and scaling up of the TFP programme and extended use of risk-sharing facilities;
- Enabling support to the real economy by strengthening the balance sheets of partner institutions through equity and quasi equity investment; provision of higher risk junior debt and increasing participation in capital market transactions; and
- Exploring the innovative use of government guarantees to enable cross-border banks to increase lending to firms.

41. Priority actions to accelerate transition as part of the recovery over the SCF period include:

- Increasing competition and efficiency in the sector by supporting the digitalisation of incumbent financial institutions and selectively investing in challenger institutions, new business models and suppliers of technology to the banking industry;
- Supporting the development of green finance by scaling up existing activity as well as broadening the suite of products, including risk sharing and green bonds;
- Reinforcing longer-term integration through developing the financial system's support for trade across the region;
- Fostering the resilience of the financial sector through debt and equity financing to meet evolving regulatory requirements, competitive pressures and addressing currency mismatches; and
- Expanding access to finance to underserved client segments, including women (including through the Women in Business programme), youth and refugees.

2.2.1.2 Industry, Commerce and Agribusiness

42. The EBRD's work in industry, commerce and agribusiness supports competitiveness and helps to develop a strong, diversified and well-governed private sector through debt and equity investments in firms of all sizes in the manufacturing, services and agricultural sub-sectors, including in local currency. In this sector, the way in which EBRD invests helps promote improved corporate governance, greater opportunities for excluded groups and the enhancement of skills. The Bank achieves impact in this sector at three levels. First, by increasing efficiency at the individual firm level. Second, through the demonstration effect of new and better approaches encouraging market efficiency at the sectoral level as other firms adopt the same techniques. Thirdly, especially when supported by policy engagement, investment can lead to economy-wide systemic impact through policy and regulatory development.

43. The Bank also has an integrated approach to working with SMEs throughout the stages of their development. The priorities in this key area for transition impact are set out in Box 2. Furthermore, the Bank has specific expertise in supporting privatisation as well as in bringing commercial approaches to state-owned enterprises, which is likely to be increasingly relevant in the wake of increased state intervention in the economy to combat the impact of the Covid-19 crisis.

44. Priority actions to preserve transition to be undertaken specifically during the period of the crisis response include:

- Exploring innovative approaches to ensuring continued access to finance, preserving corporate bond market development and access to local currency finance;
- Supporting firms with strong long-term prospects to meet short-term liquidity needs, especially in the agribusiness, tourism and automotive sectors, through deferral and restructuring of existing loans and addressing longer-term solvency concerns through equity investment; and
- Providing tailored advice to agribusiness firms to navigate the crisis and its implications.

Box 2: Supporting SMEs

SMEs form the vast majority of the firms in EBRD's countries of operations. Consequently, they constitute the backbone of economies by providing jobs and livelihoods. Supporting SMEs has been a key priority for the EBRD since 2014 through the implementation of a dedicated Small Business Initiative.

The OECD has highlighted that SMEs are at the centre of the economic crisis brought on by Covid-19. SMEs face both a supply shock through the reduction of labour force, disruption of supply chains and shortage of goods and a demand shock given lower consumption spending and liquidity shortages. Furthermore, SMEs are heavily present in specific sectors that the measures to contain the pandemic are severely affecting, including the tourism and transport sectors. Women owned SMEs already faced barriers to access to finance before the crisis and are expected to be disproportionately affected by the crisis, compounded by the fact that women are often primary caregivers.

The Bank responded quickly to meet the needs of SMEs in the very early days of the crisis, including by:

- Supporting the flow of finance to SMEs from partner finance institutions through expanding existing programmes for risk sharing and dedicated SME credit lines;
- Stepping up support for lending in local currency to SMEs by partner financial institutions (PFIs) and
- Providing crisis response advice on financial management and business continuity to both existing advisory clients and new SMEs and accelerating the roll-out of digital delivery of advisory services.

These activities will continue to be refined and implemented during the new SCF period as the impact of the crisis unfolds. In addition, over the SCF period, the Bank will continue to strengthen its approach to SMEs, which combines indirect financing through PFIs, direct financing by the Bank alone or in partnership with PFIs, business advice and policy engagement. Donor support plays an important part in strengthening impact. Strategic priorities include:

- Creating new products that integrate investment and new areas of advisory support, designed to address key issues such as youth employment and skills, with a strong focus on digitalisation;
- Supporting SMEs to integrate supply chains by investing in aggregators via digital supply chain platforms and/or PFIs' own supply chain solutions, including by providing advisory services to both SMEs and aggregators. Also looking to collaborate with other MDBs to support SME participating in supply chains through reverse factoring;
- Expanding the Bank's successful 'Blue Ribbon' programme which supports emerging leaders in the sector;
- Strengthening the coherence and integration of the Bank's instruments to achieve greater impact through targeted policy dialogue, expanded market coverage and lead to a better performing portfolio;
- Expanding the use of existing products, such as Women in Business, to additional countries of operations; and
- Exploring the merits of creating an impact fund, possibly jointly with the African Development Bank, drawing in official and private investors, for SME development in the SEMED region. This would replicate the Bank's success with the Enterprise Expansion Fund in the Western Balkans.

45. Priority actions to accelerate transition as part of the recovery over the SCF period include:

- Supporting clients and their supply chains to lower carbon emissions and climate resilience, notably to enhance activity in the agribusiness sector;
- Facilitating a 'just transition' to mitigate the potential negative impacts on economic activity, workers and communities of transition, notably transition to a new sustainable and affordable energy mix;
- Stepping up support for commercialisation of state-owned enterprises in countries with potential for privatisation;

- Supporting competitiveness through the adoption of digital technologies and early stage investment;
- Strengthening support for inclusion by scaling up both skills training, especially for women and youth and sectoral policy engagement; and
- Introducing new products to enhance impact such as risk sharing, insurance, digital infrastructure and Islamic finance.

2.2.1.3 Sustainable Infrastructure

46. The EBRD works to develop efficient and sustainable energy, transport and municipal infrastructure, with a strong priority on helping countries transition to a green, low-carbon trajectory. The Bank is active in this sector, mainly through debt and capital market instruments supporting the integration of economies to strengthen competitiveness and, thereby, create jobs. The Bank's strength in this sector lies in combining the ability to operate in both private and public sectors and catalysing systemic change beyond individual projects. In the energy sector, the emphasis is on attracting private sector investment to support the path to a zero-carbon future and promoting energy security. The Bank deploys innovative approaches to sub-sovereign lending, including the Green Cities programme, which will be an important component in the strategy period. The Bank also supports Public Private Partnerships (PPPs) through advisory services, policy engagement, investment and financing secondary sales and finances smart and sustainable energy systems.

47. Priority actions to preserve transition to be undertaken specifically during the period of crisis response – especially with respect to competitiveness, resilience and good governance – will be taken through the exceptional Vital Infrastructure Support Programme (VISP), whose main instruments are:

- Providing working capital through partner banks to municipalities and utility companies faced by a shortfall in revenue, as a result of payment disruption in the crisis;
- Direct lending to provide emergency liquidity to key infrastructure providers to maintain continuity of service provision in important sectors and
- Direct lending to public sector clients disadvantaged by changing public expenditure priorities to secure additional reform and transition impact.

48. Priority actions to accelerate transition as part of the recovery over the SCF period include:

- Supporting green, low-carbon transition through investment in climate resilient infrastructure and the necessary technological upgrades for scaled-up renewable energy supply, including smart grids and enhanced energy storage, together with increased investment in energy efficiency;
- Advancing electrification of transport and digitalisation of service delivery, including through integrated vehicle and charging infrastructure;
- Reinforcing support for inclusiveness through targeted skills training on new technologies, with a focus on women, youth and gender-sensitive and inclusive design;

- Promoting competitiveness and efficiency by supporting private sector investment through well-structured PPPs, where necessary supported by the Bank's Infrastructure Project Preparation Facility and policy engagement;
- Promoting sustainability and innovation through the application of digital technology in infrastructure design and implementation, including integrating smart infrastructure elements into all urban operations, through widening and deepening the scope of the Bank's Green Cities Programme and
- Fostering high standards in all aspects of the Bank's infrastructure work, including with reference to the G20 Principles for Quality Infrastructure Investment.

2.2.2 Crosscutting Themes

49. Three strategic themes will underpin the Bank's work in the SCF period. Through these themes the Bank will be:

- supporting transition to a green, low-carbon economy;
- promoting equality of opportunity and
- accelerating the digital transition.

50. Each theme represents an area where the EBRD will respond – through its distinctive business model and approach – to important challenges faced in countries of operations. The themes are mutually reinforcing and overlapping and will be applied to the delivery of the Bank's work across all the transition qualities and in all sectors. While the Bank's approach to supporting a green, low-carbon transition is well developed, mainstreaming work on equality of opportunities and accelerating the digital transition is less advanced. The remainder of this section outlines the rationale for each theme and the approach to delivery in the SCF period.

2.2.2.1 Supporting Transition to a Green, Low-carbon Economy

51. Environmental sustainability is an integral part of the Bank's transition mandate, with Article 2.1 (vii) of the AEB stipulating that "the Bank is committed to promoting environmentally sound and sustainable development in the full range of its investment and technical cooperation activities."

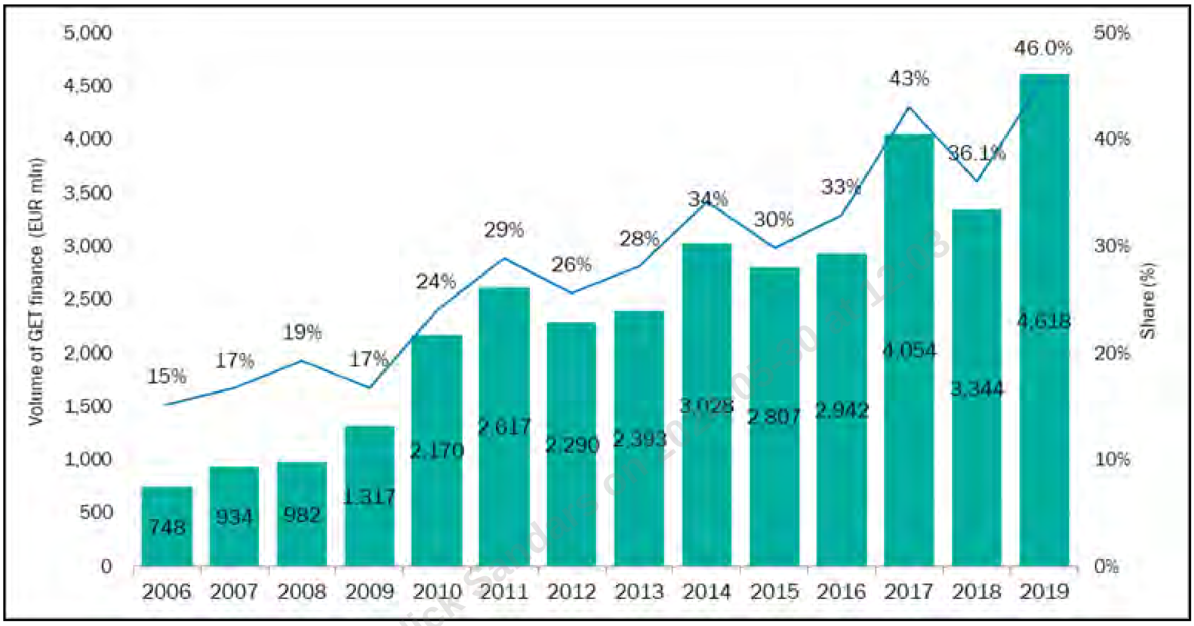
52. The EBRD is broadly recognised as a leading MDB in climate finance through its successful Green Economy Transition (GET) programme. This is ever more relevant as the scope and scale of potential significant disruptive environmental and climate impacts, including on political, economic, financial and social systems, are rising. In addition, the scale of migration will likely rise, linked to the loss of economic opportunity due to environmental degradation and potential conflicts centred on increasingly scarce environmental resources such as water. For the SCF period, the Bank will further scale up and innovate to help countries of operations accelerate the transition to a green, low-carbon economy.

53. The need for a comprehensive, global response to climate change is clear and urgent. Achieving the goals of international climate agreements to limit global average temperature increase to well below 2 degrees Celsius will require investment in energy efficiency and low-carbon transition to increase by a factor of five. For example, delivering on that goal is the centrepiece of the European Union's European Green Deal. Furthermore, air pollution from fossil fuel generated electricity, heat, transport and industry is increasingly a social concern, with concentrations of particulate matter exceeding the World Health Organisation (WHO) recommended limit in almost all EBRD countries of operations.

54. The work of the Global Commission on Economy and Climate shows that the transition to a low-carbon, climate resilient economy can and should go hand-in-hand with economic growth. This is particularly relevant in the context of countries of operations' efforts to stimulate a green economic recovery following the sharp impact of Covid-19. The International Energy Agency (IEA) estimates that 44 per cent of the effort to meet global climate mitigation goals needs to come from energy efficiency, with the shift to renewable energy accounting for a further 36 per cent. For EBRD's countries of operations seeking to move onto a green, low-carbon trajectory consistent with national climate-related action plans, both a reduction in energy intensity of the whole economy and the level of carbon emissions in the energy sector will be required. In addition, adjustment costs need to be managed through a 'just transition'.

55. As illustrated in Chart 2, the Bank enters the new SCF period with a strong track record of delivery on which to build a renewed and ambitious approach to supporting its countries of operations' goals in this area. Over the past 15 years, the Bank has developed a successful model for investment in environmentally sustainable projects and climate finance in particular. At the outset of the current SCF period, the Bank set the stretching goal of reaching a green finance ratio of ABI of 40 per cent for 2020, up from an average of 25 per cent in the previous strategic period. In 2019, the EBRD green finance ratio reached 46 per cent of ABI based on the Bank's robust taxonomy, of which over 90 per cent was in climate finance. Specific areas include energy efficiency, renewable energy, green banking, green cities, climate resilience and green bonds. The Bank also has a strong record of climate funding mobilisation.

Chart 2: The Growth of EBRD Green Finance: 2006 to 2019



56. The goal in the next SCF period is to significantly deepen and extend this activity through the implementation of the new GET Approach 2021-2025, which will become effective upon Governors' approval of the SCF. The aim is for the Bank to reach a green finance ratio of more than 50 per cent by 2025. Further, recognising the importance of climate change mitigation, the Bank will seek to achieve a cumulative net greenhouse gas emissions reduction of 25 to 40 million tonnes over the SCF period, based on *ex ante* estimates. In achieving this, the Bank will adopt a more systemic approach to support countries of operations aiming to drive the transition to a green, low-carbon economy based on the following components:

- In accordance with the principles agreed in the new GET approach, implementing an operational framework to **align with the principles of international climate agreements, including principally the Paris Agreement**, on which a decision will be taken no later than 2022. The underlying methodology for this approach is being jointly developed with other MDBs.
- **Enhanced country and policy work** by strengthening the Bank's policy effort at the country level, supporting the development and implementation of national climate-related action plans, including Long Term Strategies and Nationally Determined Contributions (NDCs), with the engagement of the private sector. The Bank will work with national authorities to develop supportive policies, regulations and standards. The Bank can also be a facilitator for countries of operations seeking to engage with relevant policy initiatives. The Bank is already piloting 'just transition' operations responding to specific requests from countries of operations.

- **Defining thematic interventions** to address major climate mitigation and adaptation and other environmental challenges and opportunities**.** This would include, for example, a targeted focus on 'hard to abate' sectors such as heavy industry and transport. It will also include a concerted effort to scale up activity in areas where the Bank has already achieved meaningful results such as energy efficiency, green cities and the growth of green finance across the banking sectors of countries of operations. Activities under specific thematic areas will drive EBRD green innovation, including digital solutions, new energy sources, such as hydrogen, and nature-based solutions. Activities under these thematic areas will scale up actions to drive toward an environmentally sustainable, low-carbon future supported by the Bank through policy engagement and finance. This includes the mobilisation of both private sector investment and donor resources and collaborative work with partners both in-country and through expert networks. These thematic areas will in particular provide the opportunity to form focused partnerships, including governments, the private sector, other MDBs and Development Finance Institutions (DFIs) and think tanks.

57. In developing and implementing these activities, the EBRD will use its agility and flexibility to introduce new practices and strategies to remain at the frontier of green financing, with a particular focus on the private sector and policy. Achieving ambitious objectives will require continuous product and programmatic innovation, learning both from the Bank's own experience and from best external practice. The Bank will support countries of operations by continuing to combine an innovative product development function with decentralised execution across sectors and countries of operations.

58. The EBRD has collaborated actively with fellow MDBs on the green climate agenda for over a decade through coordination and knowledge sharing. Consequently, MDBs are well-aligned on a number of fronts, including in formulating a joint climate finance methodology. Joint work is currently underway on defining an operational approach to alignment with the Paris Agreement goals. Close MDB working also supports the definition of ambitious joint action such as the MDBs' joint statement at the UN Climate Action Summit in 2019. The Bank will continue to engage with global environmental funds and donors who have contributed significantly to the results it has achieved.

59. The EBRD has been investing in its internal monitoring, reporting and verification capacity since 2013, as green finance has grown in importance at the Bank. Looking forward, the Bank will match greater ambition with the further strengthening of data management for green financial and non-financial parameters and disclosure frameworks supporting robust, verifiable and consistent reporting. The Bank will also strengthen its capacity for ex-post monitoring of impact and its verification function.

2.2.2.2 Promoting Equality of Opportunity

60. Inequality – between and within countries – is one of the defining political, economic and social challenges of our times. A sustainable and fully productive market economy is able to draw on the capabilities of the whole population. This requires all people having equal access to basic services and infrastructure to live, work and interact with their communities. In addition, the changing nature of work is disrupting labour markets and increasing the risk of leaving disadvantaged groups further behind. The Covid-19 pandemic has further exposed and exacerbated these inequalities. Inclusive growth is essential to tackling these challenges and helping to reduce migration and increase social and political cohesion.

61. Income inequality in the EBRD's countries of operations has declined over the past two decades. However, more than one-half of all people in the region have not seen their earnings converge and two-thirds of income inequality in the region is within countries. Beyond this, inequality of opportunity stemming from factors that are not within an individual's control, such as gender, place of birth or parents' education, remains high across the Bank's region, as highlighted in the EBRD's *Transition Report 2016-17*.

62. The coronavirus crisis has reinforced the effect of inequality. Disadvantaged groups such as women, youth and migrants are more likely to work in service industries and other hard hit sectors such as tourism. These activities often take place in regions where there are few alternative sources of employment and connectivity to the rest of the economy is low. Women also shoulder a disproportionate share of care responsibilities for children, the sick and elderly, making it harder for them to retain jobs or continue entrepreneurial activities. For young people, the complexity of transitioning from education into employment is greater at a time of reduced recruitment and lower investments in work-based learning opportunities. Experience from previous pandemics shows that this widening of existing inequalities is likely to lead to increased income inequality for some years, with life-long earnings reduced for many of those affected.

63. The EBRD has long recognised that the transition to a sustainable market economy requires changes to market structures that can create or further increase inequalities. For example, there is a risk that in the transition to a green, low-carbon economy, communities dependent on industries that are reliant on carbon consumption will be disproportionately and permanently disadvantaged. The extent of this impact will vary according to industrial and labour market policies, connectivity, as well as labour mobility. As part of its efforts to address equality of opportunity, the Bank is developing a toolkit that combines investment, community capacity building and policy engagement to promote 'just transition'.

Box 3: Gender Mainstreaming

The EBRD has made progress in mainstreaming gender equality and women's economic empowerment during the implementation of its Strategy for the Promotion of Gender Equality (SPGE), which was approved in 2016. Over the SCF period, the Bank will maintain its focus on three priority pillars : (i) increased access to finance and business support for women-led businesses; (ii) increased access to employment opportunities and skills for women and (iii) improved access to services, focusing on sustainable infrastructure. These pillars will be supported by continuing to promote gender mainstreaming across the Bank's work and institutional capacity building.

As highlighted in section 2.2.2.2, the social and economic consequences of Covid-19 affect women disproportionately and threaten to set back progress towards greater equality. Supporting women with access to finance, skills and services will be essential to maintain and restore progress on gender equality in the Bank's regions.

In the SCF period**,** the Bank will put in place gender-responsive instruments and tools and strengthen Bank-wide capacity to promote gender equality. This will include:

- Supporting innovation with new financial products to enhance women's access to finance and savings;
- Leveraging innovative digital financial technologies to reduce costs and increase access;
- Promoting women as entrepreneurs by supporting specialised skills development, including in Science, Technology, Engineering and Mathematics (STEM) areas, business mentoring, coaching and financial literacy activities;
- Promoting women's participation in the workplace by increasing the number of women on boards, in management positions and at technical levels;
- Supporting inclusive procurement and empowering the integration of women-led businesses in supply and value chains;
- Working with clients to address issues of workplace sexual harassment and gender bias in recruitment and promotion;
- Supporting actions to address challenges resulting from child and elder-care responsibilities, and promoting a more effective care economy;
- Enhancing safe and accessible transport to widen opportunities for women; and
- Assisting clients to address gender-based violence.

The Bank will support these actions with a set of institutional activities to enable delivery. They include:

- Embedding more gender expertise throughout the Bank, building on the establishment of the Bank's Network of Gender Champions and providing dedicated training and toolkits across regional and sector teams;
- Developing new tracking tools to strengthen understanding of the Bank's investments, which will be anchored in sound gender analysis;
- Making efforts to institutionalise gender outcome monitoring, for example within the ATQs, to further support the establishment of regional and country specific outlooks; and
- Strengthening existing partnerships and building new ones to identify new opportunities for clients and investors alike.

64. The EBRD prioritises groups that experience disproportionate barriers to economic opportunity due to circumstances outside their control – women, youth, people living in remote areas, refugees and refugee-hosting communities and people with disabilities. Wherever possible, the Bank will continue to explore extending its approach to other disadvantaged groups such as migrants, LGBTI people and the ageing workforce.

65. The Bank promotes equality of opportunity through a practical approach rooted in its private sector focus, addressing three key dimensions:

- Promoting access to employment and skills for disadvantaged groups through a unique private sector-focused approach. The Bank supports firms to improve human capital development and talent management to enhance efficiency and support growth, whilst at the same time opening up access to jobs and new skills. It also draws on the power of the private sector to tackle key policy challenges, from introducing national level skills standards that reflect better employer needs, to the removal of labour market restrictions for women that affect talent acquisition and can limit opportunities for innovation and growth.
- Supporting access to finance and entrepreneurship by investing directly, and through financial institutions, to provide tailored financial and non-financial services and improve access to finance to women-led SMEs, youth-led SMEs and SMEs operating in less developed regions. The EBRD also engages in policy dialogue to develop an enabling environment for the target groups.
- Improving access to services by supporting inclusive and gender-sensitive design of infrastructure and safe transport for all, improving connectivity for regional areas and harnessing the advantages of technology. This also includes a focus on ensuring gender-sensitive green investments, for example, through promoting women's participation in renewable energy, clean technology and sustainable infrastructure. At the policy level, the Bank promotes the integration of gender-sensitive measures into national infrastructure strategies (including transport or municipal services provisions) , as well as the introduction of inclusive procurement approaches.

66. The EBRD's approach enables businesses to develop diverse and gender-balanced workforces and tap into better-qualified talent pools. It also provides disadvantaged groups with relevant skills, access to finance and services that open up opportunities for their participation in economic activity not previously available to them. The Bank thus offers a distinctive value proposition to private sector clients and countries across a wide range of sectors and countries of operations, fostering sustainable and inclusive economic growth.

67. Furthermore, the Bank is committed to continuing to mainstream gender across its operations as highlighted in Box 3. For this purpose, the Bank integrates gender considerations as an essential component of investments and policy engagements, as well as into sectoral and country strategies. To support this work, signalling from senior management is crucial as is building the capacity of staff and developing gender toolkits.

68. The EBRD has a strong foundation to strengthen and extend its work to promote equality of opportunity, by:

- Enhancing access to skills and employment by:
  - targeting firms in high value-added and growth sectors where the scope for higher value jobs is greatest, including in the technology sector;
  - supporting companies to adapt their workforces to the changing demands and opportunities of the digital transition, through lifelong learning, up-skilling and re-skilling with a specific focus on digital skills;

- engaging at the policy level to support, for example, national and sector skills frameworks, effective work-based learning models such as apprenticeships, the provision of better data on skills needs and the removal of gender inequality in labour market regulations;
- introducing inclusive and gender-sensitive supply chain support; and
- scaling up work to promote a 'just transition' for populations, through a comprehensive and integrated approach to regional development.

- Enhancing access to finance by:
  - expanding Women in Business, Youth in Business, as well as Skills in Business and Regional Development credit lines in new priority areas;
  - leveraging digital technologies to support financial inclusion for underserved groups;
  - scaling up advisory work for small businesses and capacity building for partner financial institutions; and
  - expanding policy engagements from Central Asia to SEMED and other regions, to support gender-sensitive regulatory reforms to promote an enabling environment for female entrepreneurship and to enhance the digital, financial and legal literacy of women entrepreneurs.

- Enhancing access to services by:
  - supporting gender-sensitive and inclusive infrastructure design and implementation;
  - introducing 'safe transport' measures across a wider range of infrastructure projects;
  - enhancing the coverage and quality of ICT connectivity in rural regions;
  - integrating gender and inclusion components into the Green Cities Programmes;
  - increasing the capacity and understanding of gender and access to services through developing toolkits and providing targeted advisory services; and
  - enhancing gender considerations in national infrastructure strategies, introducing gender budgeting as part of municipal planning and service delivery and further promoting inclusive procurement policies.

69. Across all these areas, the Bank will seek to strengthen data quality, with a focus on sex-disaggregated data collection and reporting, to support a better understanding of the impact of the Bank's interventions and to enhance inclusive policy design.

70. The Approach for implementing this crosscutting strategic theme will be further developed in 2021 and discussed with the Board of Directors, with due consideration of integrating this work within the existing (and due to be updated) strategies for the Promotion of Gender Equality and Economic Inclusion.

2.2.2.3 Accelerating the Digital Transition

71. The digital transition was well underway even before Covid-19. The global pandemic has dramatically accelerated this trend as lockdown and physical distancing measures put in place by most countries have changed overnight the way that many people

work, learn and stay connected. Businesses have adapted quickly, rethinking their relationships to customers, workers and suppliers and leveraging technology to stay afloat.

Innovative use of technology in education and health – two sectors impacted by the pandemic – is also on the rise. Consumers have adopted new behaviours to obtain the goods and services they seek. Governments are using mobile apps for contact tracing to share public health information and to make payments.

72. The digital transition and fourth industrial revolution are changing the structures of economies and labour markets in profound ways. There is no EBRD country or sector untouched by these technology disruptions, albeit with different levels of intensity, opportunity and risks. Yet, the *Transition Report 2018-19* showed that the EBRD's countries of operations generally are lagging in their ability to reap the benefits of this wave of innovation. Consequently, the goal for the SCF period is for the Bank to work with countries and clients to leverage the digital transition in pursuing transition impact to avoid countries of operations falling on the wrong side of the digital divide, while mitigating and managing new risks that are emerging.

73. Digital technology is an enabler of transition impact across the EBRD's transition qualities and is not an end in itself. To illustrate:

- Digital technologies can enable firms to be more **resilient** and **competitive,** by boosting productivity and lowering costs. Mobile phone networks can help connect regional markets allowing greater efficiency and reduced prices. The renewed interest in resilient supply chains, combined with new technologies such as 3D printing, can make reshoring an attractive proposition. Fintech has the potential to revolutionise the financial sector by improving the overall access, efficiency and depth of financial services.
- Digital applications and the underlying ICT infrastructure can greatly enhance connectivity and **integration** by making access to modern broadband more affordable especially to households and smaller enterprises, thus enabling them, for example, to participate in e-commerce economic activity**.** Blockchain technology and smart systems at customs points can reduce processing times at borders and facilitate international trade.
- The **green,** low-carbon transition will be supported significantly by the application of digital technology, for example, to enhance the efficiency of existing infrastructure and management of traffic, to reduce energy and carbon intensities and to monitor the efficient use of land and energy. The use of big data and machine learning algorithms can help assess climate vulnerabilities and design energy efficient projects.
- Digital technologies can improve **governance** and transparency, for example, in public procurement, customs administration and the sale of public assets, while internet access can reduce the scope for corruption by promoting citizen engagement and press freedom. Building the infrastructure for cashless payments can improve firms' transparency and make important contributions to reducing tax evasion.
- Digital solutions can advance **inclusion,** particularly when disadvantaged groups have access to skills-building opportunities through, for example, online learning for youth and promoting better gender balance in historically male-dominated, computing-based professions and thereby advancing technological adaptation. Advances in financial inclusion, telemedicine and edutech are all good examples.

74. Across the transition qualities, the digital capture, interpretation and utilisation of data can lead to time, cost, efficiency, productivity and safety gains in sectors ranging from energy, transportation and mining to water and agriculture.

75. The digital transition also introduces new risks and challenges. Data protection, cybersecurity, client protection and privacy are among the most important. Government capacity to leverage the digital transition is generally weak, though there are a few positive outliers in EBRD's countries of operations. The knowledge of national authorities and transnational standard setters lags behind the pace of change, making it difficult to assess how best to regulate and manage the digital transition. As intersections between broader ecosystems and new industries through the 'Internet of Things' expands, cybersecurity is expected to take on particular importance. On the business side, managers of SMEs and large corporates alike are grappling with fast changing regulatory compliance environments. This is in addition to, among others, tackling issues linked to incentivis ing innovation, managing global dominant players, new business models, competition policy and taxation.

76. Previous technological shifts have fundamentally changed the composition of labour markets and the nature of jobs. Ultimately, new jobs gained have more than made up for old jobs lost. However, the transition can be painful and affect those least able to cope. Supporting a transition for the benefit of all and building digital skills will be important. As automation and talent models change the nature of work, businesses have to identify the skills and roles needed to thrive in the future. In some countries, these skills are readily available. In others, markets and institutions are struggling to meet the growing demand for these skills.

77. The challenge is not in accessing digital technologies, but it is in establishing a supportive policy and regulatory environment and realising the potential of technology by defining new business models. Creating ecosystems that value interoperability and the seamless interaction across sectors and building the robust infrastructure for inclusive access is essential. In addition, balanced and proportionate policies and regulation need to be in place, as well as strategies for skills development and capacity building.

78. Whilst some private sector incumbent institutions are likely to sustain market leadership due to scale, regulatory advantage and brand recognition, for example big banks in the financial sector, they should nonetheless accelerate the integration of emerging technologies to avoid irrelevance. Across all sectors, businesses will need to consider the impact of digital technologies on customer experience and their supply chains, as start-ups and disrupters increasingly challenge their market share.

79. The EBRD already leverages digital technologies effectively across many activities. For example:

- The ICT Sector Strategy that runs until 2024 commits the Bank to investing in the essential infrastructure necessary to support the application of technology, together with developing the ecosystem for technology firms through the Bank's Venture Capital Investment Programme that supports early and growth stage companies and privatisation;

- The Energy Sector Strategy that lasts until 2023 combines innovative use of technology and financing that is critical to support progress towards a green, low-carbon future;
- The EBRD is a leader among MDBs in applying technology-enabled infrastructure and the Bank is supporting the G20 to establish an agenda to accelerate InfraTech. The aim is to realise significant economic, social and environmental value and to advance many aspects of the G20 Quality Infrastructure Investment Principles;
- All future Green City Action Plans generated by the Bank will include 'smart city' elements to connect disparate utility, infrastructure and public services to generate real-time data allowing a range of benefits, including reduced pollution, improved environment and the more efficient delivery of public services. This is particularly important as evidence suggests that digitally-enabled cities have mitigated Covid-19 impacts better;
- In the wake of Covid-19, the Bank has also deployed digital technologies quickly as part of its response, for example, by:
    - incorporating digital tools and remote sensing pilots for the digitalisation and part-automation of the due diligence process fit for a post-Covid-19 era;
    - creating a digital platform for SME knowledge management, to help SMEs navigate workforce and growth issues and
    - piloting blockchain projects to track and trace the availability of pharmaceutical products.

80. There are lessons from this early activity at the EBRD, the Bank's active Community of Practice on Disruptive Technologies, as well as the experience of other development actors and investors in this space. They include:

- The core infrastructure to support digital technologies remains a constraint in some countries – broadband connectivity, for example, is a key enabler;
- The central importance of policy and regulation in enabling innovation, while protecting data, privacy and consumers. Countries of operations are particularly dependent on unbiased advice in the development of regulations for nascent markets;
- The convergence of technologies may mean that a primarily sectoral approach limits the ability to realise the full potential of technology, which relies on the cross-fertilisation and dissemination of approaches across sectors;
- The knowledge, skills, capacity and attitudes of leaders in both the public and private sectors to implement the changes needed to leverage the opportunities are a major constraint; and
- IFIs can accelerate the digital transition as they are technology-agnostic, trusted partners that can share knowledge to guide the design and implementation of disruptive technology policies and projects, in line with demand from countries and private sector clients. It is likely that IFIs would work best through intermediaries, not directly with the disruptors, though they have a role in helping existing partners (that is, incumbents) digitalise.

81. To apply these lessons and to be well-positioned to take full advantage of the potential of technology, the Bank will need to:

- Define the role of the Bank's investment, policy and technical assistance activities in addressing market gaps and identify potential delivery modalities across the full range of the activity in which it engages;
- Assess the degree to which the Bank's own services and products can be delivered through digital channels;
- Identify existing and new partners for maximum leverage and complementarity and
- Review and optimise the Bank's internal technological resources and organisational set-up, including how staff can stay current with emerging solutions and adjust to a more agile and dynamic environment.

82. Following further analysis, an Approach paper setting out how the Bank will take this crosscutting strategic theme forward will be developed and discussed with the Board of Directors in 2021.

2.2.3 The Importance of Economic Governance

83. The quality of governance is a key determinant of differences in economic performance between and within countries. The *Transition Report 2019-20* examined this relationship in depth. Already a priority, improving the quality of governance has become more critical given the impact of the Covid-19 crisis which has seen a high level of state intervention in the economy. The level of state involvement in the economy is likely to grow and deepen as the impact of the crisis continues to unfold.

84. Managing this heightened level of state involvement in the economy will be an important challenge for the Bank. In line with its 'well-governed' transition quality, there is scope for the Bank to give heightened attention to economic governance during the SCF period, working with key partners like the EU and other IFIs. The Bank's private sector focus means that it is best able to support governance progress, either at the firm level or in specific economic segments.

85. With the likely increase in the role of state-owned enterprises (SOEs), the Bank can help maintain a level playing field between nationalised and private firms. This work will include advising governments to set and monitor regulation, avoiding the risk that SOEs become de-facto regulators and helping promote equal access to public procurement opportunities. The Bank may be able to play a particularly important role in supporting the efficient management of state owned firms to increase the transparency of ownership structures, clarify and strengthen management objectives and practices and increase disclosure. Ultimately, the Bank can support a timely return to private ownership.

86. Additional operational approaches identified in the analysis of the *Transition Report 2019-20,* which remain relevant in the SCF period and which the Bank will pursue , include:

- Strengthening the business climate through establishment of Business Ombudsman and Foreign Investor Councils;
- Strengthening governance at both the firm and municipal level through specific Governance Action Plans;

- Expanding the potential of digital technology to support transparent e-governance, including for public procurement, customs administration and the sale of public assets; and
- Improving 'green' governance at the national level through promoting voluntary or mandatory schemes for green disclosure or at the firm level through Green Action Plans.

2.3 The Transition Journey

87. The Bank is committed to supporting all of the economies in which it operates. The EBRD will manage its level of operations proactively and flexibly, in accordance with its three operating principles – transition impact, additionality and sound banking. As a result, specific activities reflect the degree to which the Bank can find bankable transition opportunities that cannot be financed from other sources. These opportunities change and evolve as countries progress on their transition journey. The scale, pace and nature of the Bank's activity is thus differentiated across both countries and sectors within countries. Overall, as transition progresses, transition gaps narrow and the diversity of possible financing sources increases, the Bank tends to act in fewer areas. In more advanced countries, the Bank's work will tend to be concentrated on more sophisticated and innovative products which offer opportunities for learning, innovation and cross-fertilisation with less advanced countries. Country strategies reflect this reality.

88. In the *financial institutions sector*, debt is the dominant source of capital for banks and microfinance institutions in the early stages of transition, supplemented relatively rapidly by equity investment. As the sector becomes more sophisticated, financial institutions can become delivery channels for transition impact through structured products and dedicated credit lines. Activity in the non-bank financial sector, such as leasing and insurance, tends to come at a later stage in more advanced countries. Bond finance is focused mainly on more advanced countries, although the geographic distribution has widened and will continue to do so in the next SCF period.

89. The nature and scope of activity in the *industry, commerce and agribusiness sector* is less clearly differentiated across countries of operations. However, in countries less advanced in transition, counterparts tend to be small and medium-sized local firms. Over time, larger firms with regional ambitions emerge and provide opportunities for promoting integration in the corporate sector through longer supply chains. In a few cases, in countries more advanced in transition, the Bank works with international firms with extensive reach. At each stage, the sophistication of both the product and client increases.

90. In the *sustainable infrastructure sector*, lending in countries in the early stages of transition tends to be to the sovereign sector or through sovereign guarantees, although it can become progressively more commercial. For example, over time, lending at the sub-sovereign level requires less capacity building or lower levels of guarantees from government or sponsors. As regulatory capacity improves and financial markets deepen, the Bank provides support for PPPs to a wide variety of countries. In energy, lending moves away from state entities to private firms in step with progress in privatisation, the evolving regulatory environment and the depth of financial markets. Capital market instruments are more widespread in countries that are more advanced in transition.

91. Over the SCF period, the Bank will seek to increase the proportion of its investment and policy activities in countries that are less advanced in transition, recognising that investment levels depend on the overall reform environment. Regionally, this will see a continued strengthening of the Bank's engagement in the Early Transition Countries, SEMED and the Western Balkans. This focus also means that the Bank will pay particular attention to seizing transition business opportunities in small countries. As such, the Bank will support the continued trend towards greater diversification in its business composition, which has seen the share of the five largest countries in ABI fall below half in 2019, for the first time in recent years.

92. Success in the transition journey is marked when a country itself decides to graduate from the use of Bank resources. In countries more advanced in transition, smaller transition gaps and more extensive access to finance reduces the scope for the Bank to identify market segments in which it can achieve transition impact, sound banking and – especially – additionality. However, the exceptional economic and financial conditions caused by the Covid-19 crisis will persist, increasing the potential for the EBRD to be additional and deliver on its transition mandate in more advanced countries for a time. Over time, as financial flows return to more typical levels and recovery proceeds, transition business opportunities and Bank activity are likely to reduce once again.

93. In this context, the Bank reaffirms the principle of graduation as defined in *A Policy on Graduation of EBRD Operations*, as has been the case in each medium-term strategy since 1996. Graduation from the use of Bank resources is a country-led process. Country strategies, jointly agreed by the Bank and country authorities and approved by the Board of Directors, provide the main instrument for assessing the extent of opportunities for the Bank to support transition and consequently decision-making by countries on graduation.

94. For countries advanced in transition, it is expected that country strategies will be narrow and increasingly focused in a limited number of areas. Recognising that the Bank's activity in its countries of operations will reflect the impact of the Covid-19 crisis, all country strategies will be reviewed and, if needed, revised in the later years of the SCF period through Country Strategy Delivery Reviews. These Reviews will be informed by an analysis of market segments where the Bank's investments are likely to be additional, consistent with *A Policy on Graduation of EBRD Operations*. This analysis will not replace the assessment of additionality at the project level.

95. In order to strengthen the support available to any graduating country, the Bank will put in place an enhanced approach for implementing the Graduation Policy through a revision of the Post-Graduation Operational Approach. This will include, amongst other things, the provision of a rapid right of return in the case of a crisis, based on pre-defined technical criteria. While countries face specific circumstances and the economic and political context for transition can be volatile, there is an expectation that this new approach will help countries advanced in transition, in their country strategies that are agreed to or reviewed after the crisis period, to set a path and plausible pace of graduation. An update on graduation based on a revised Post-Graduation Operational Approach will be provided for further guidance by Governors at the time of the review of the implementation of the SCF described in paragraph 36.

2.4 Expanding the Bank's Ge ographicReach

2.4.1 Within the Current Geographic Scope

96. The Bank's mandate and business model have proved effective in a variety of different contexts. The last significant expansion of the EBRD's geographical mandate was in 2011 with the inclusion of the countries of the SEMED region. The first wave of countries from the region comprised Egypt, Jordan, Morocco and Tunisia, followed by Lebanon in 2016. The Bank has also operated in the West Bank and Gaza since 2017. Within the SEMED region, three countries – Algeria, Libya and Syria – have not yet become countries of operations. Libya has been a member of the Bank since 2018 and has not to date requested country of operations status. Algeria's request for membership has been approved and it has requested country of operations status. Syria has not applied for membership.

97. Progress on Algeria's request to become a country of operations is likely early in the SCF period. This consideration will be preceded by an in-depth assessment of the role that the Bank can play in the country. Preparatory work has shown that there is scope for the Bank to support the diversification of the economy, a more efficient energy sector and wider access to finance for inclusive growth, with the Bank capable of delivering greater impact in the event of further progress in opening the economy. The EBRD will work closely with the few IFIs already active in the country, notably the AfDB and the World Bank. In the cases of Libya and Syria, political and security uncertainty make it highly unlikely they would be granted country of operations status before 2025, though conditions in Libya may be conducive earlier. The Bank's analysis shows that, in the event that this changed in the SCF period, the Bank could respond positively.

2.4.2 Beyond the Current Geographic Scope

98. In recognition of the skills that the EBRD can apply to support the priority objectives of the international community and its track record of successful previous expansions, shareholders asked the Bank to explore the possibility of further expanding the Bank's operations during the SCF period, beyond the geographic scope set out in Article 1 of the AEB. Specifically, options for a limited and incremental expansion into a select number of sub-Saharan African countries and Iraq have been analysed. The context for this consideration was the recognition that sub-Saharan Africa and Iraq are geopolitical and development priorities, as well as the growing links between many countries in sub-Saharan Africa and Iraq and current EBRD countries of operations.

99. The case for a possible expansion of the EBRD beyond its geographical scope, with a focus on countries closely integrated with the Bank's current countries of operations, has been examined both generally and through a number of country case studies. The fundamental challenge that emerged was that a dual reality exists in sub-Saharan Africa – the level of unmet needs is huge, but bankable projects are few.

100. The Bank's experience in previous expansions has shown that its business model is both complementary to other development finance actors and can expand the range of bankable opportunities available to all. Given the Bank's transition mandate, private sector-focused business model and distinct operational approach and skills, the work undertaken found possible complementarities in a wide number of areas, ranging from local currency lending and capital market development through to SME support and commercialisation and subsequent privatisation, to private sector involvement across sectors, including energy and infrastructure. The work also considered the factors that would be most conducive to the Bank's effectiveness. In accordance with the Bank's mandate, any new country of operations would need to be judged to be committed to and applying the principles of multiparty democracy, pluralism and market economics. Beyond this, a sufficient level of private sector development, a strong reform trajectory and sufficient peace and security would also be particularly important.

101. The Covid-19 crisis has also highlighted the importance of the world achieving the SDGs, while setting back most countries' progress towards them. It has also highlighted the importance of MDBs working as a system, with different actors and institutions that have different skills, as illustrated in section 1.3.2, deploying those skills in a complementary and collaborative manner. In an interconnected world, society is only as strong as its weakest link putting a premium on accelerating progress towards the SDGs in sub-Saharan Africa where progress is lagging. Private sector development and finance will be key to supporting jobs and better livelihoods and providing the basic services and infrastructure all people need. This will decrease the risk of social unrest and help reduce levels of unplanned migration.

102. Many development finance institutions and partners are active in sub-Saharan Africa and some – notably the AfDB and IFC – have received recent capital increases and a mandate to expand their activity. An essential prerequisite for the success of any limited and incremental expansion into the region by the EBRD would be the establishment of clear modalities for collaboration with existing institutions, such as the IFC, EIB and bilateral DFIs. Above all, it would be particularly desirable to create a concrete partnership with the AfDB that would benefit both institutions.

103. In addition, the preliminary analysis indicated some important initial guidelines and areas for further examination for possible expansion:

- The Bank's mandate to support transition impact, whilst adhering to the operating principles of additionality and sound banking, should remain unchanged;
- Any activity must be compatible with, and complementary to, the roles that other development actors and IFIs are already playing;
- New countries of operations should be approached with the same business model and in the same framework as existing ones, with the Bank leveraging deep local knowledge from local business and policy communities and undertaking its work with the same underlying institutional objectives, for example with respect to private activity, the disciplined use of donor funds, or green investment;
- The EBRD's activities must contribute to enabling a wider range of investible deals than are currently available and create new markets, while crowding in investors and other sources of financing; and

- A thorough understanding of the financial, resource and governance implications for the Bank itself, noting that incremental expansion should not compromise the Bank's triple-A rating nor lead to a request for additional capital contributions.

104. With respect to Iraq, analysis also showed that the Bank could possibly play a positive and complementary role in addressing transition challenges, if the political and security conditions are supportive. Preliminary work suggests that, in the right circumstances, the Bank might add value, for example, in supporting diversification of the economy. Iraq is in the process of becoming a member of the Bank. The Bank is prepared to examine in further depth the question of country of operations status in the event that shareholders agree that it should be possible.

105. The Bank affirms continuing strategic interest in a limited and incremental expansion to sub-Saharan Africa and to Iraq during the strategy period. Accordingly, an update will be provided for further guidance by Governors at the time of the review of implementation of the SCF described in paragraph 36. The Board of Governors will give direction on the preparatory work required for this update at the 2021 Annual Meeting.

2.5 The Bank's Toolkit

106. The ability to combine finance, policy engagement and donor support is one of the distinctive features of the Bank's business model. The ways in which the Bank will invest for impact and innovate in its sectoral work is presented in section 2.2. This section first outlines the role of equity finance before considering the Bank's aspirations for mobilis ing external finance to deliver transition impact in the SCF period. It goes on to set out the approach for both donor funds and policy engagement.

2.5.1 Equity Investment

107. Across all sectors equity investment – both direct and through private equity funds – will remain an important tool for delivering transition in countries of operations. Historically, the transition impact of equity investment has been higher than that for debt and the returns from investments have made a substantial contribution to the Bank's continuing financial sustainability.

108. Equity investment will be disproportionately important in the early years of the SCF period as the second-round effects of the Covid-19 crisis become clear. Across all sectors, firms in both the financial sector and real economy are experiencing a permanent substantial loss as revenues fall and costs remain high. This essentially translates into a loss of equity capital. This loss cannot be offset by the supply of more debt. Indeed, there is a risk that debt will exacerbate cash flow challenges in the medium term. As a result, the demand for equity and quasi-equity products will increase significantly.

109. The Bank has defined a clear medium-term approach to building a financially robust and transition-rich equity portfolio. Once the crisis abates and recovery takes hold in the latter years of the SCF period, the availability of opportunities that combine both high transition potential and attractive financial returns are likely to reduce to a more normal level. In particular, the continuation of current monetary policy in the medium term will mean – in the absence of a crisis – that valuations may return to prohibitively high levels.

110. There is a substantial and widening funding gap in the EBRD's countries of operations driven by the perception of unattractive returns. For the Bank, successful equity investment has played a crucial part in maintaining the Bank's financial sustainability. Over the SCF period, the Bank aims to realise the full potential of its Enhanced Approach to Equity, launched in 2017, to build a transition-rich and financially robust portfolio subject to the availability of sufficiently attractive transition business opportunities.

2.5.2 Mobilisation

111. The Bank delivers transition impact through the total investment financing which flows into countries of operations as a result of its work, complemented by its policy engagement. This finance comes from both the Bank's own resources and – in keeping with the Article 2.1(ii) of the AEB – the mobilisation of other investors, domestic or foreign. Consequently, mobilisation is fundamental to the Bank's work. The EBRD, together with other MDBs, is committed to increase private sector mobilisation in the light of the Addis Ababa Action Agenda and in conformity with the 2016 Hamburg Principles. This commitment is all the more important as many countries are experiencing several fiscal pressures due to the coronavirus.

112. The imperative to mobilise has multiple sources. First, and foremost, attracting additional investors to countries of operations supports transition impact directly, including through diversifying sources of finance in countries, increasing both the prosperity and the resilience of financial systems and economies. In addition, new private sector investment together with domestic resource mobilisation and official development assistance is essential for achieving the SDGs. Further, mobilisation can play a role in allowing the Bank to optimise its capital and manage risk concentrations

113. Maximising the mobilisation of finance to deliver transition impact, with a specific emphasis on private investment, is a core strategic goal for the Bank in the SCF period. This goal aligns well with the key findings of an extensive Special Study on EBRD's Mobilisation of Private Finance undertaken by the Bank's Evaluation Department. To sharpen the purpose of and incentives for the Bank's efforts, the Bank is revising its definition of Annual Mobilised Investment (AMI) in the context of the review of the Corporate Scorecard, highlighted in section 3.4. The revised definition will provide better clarity about the Bank's focus and support the design of clear incentives for delivery. Currently, the Bank's definition of private direct investment – the most important element of mobilisation efforts – is very narrowly focused. There may be scope for a more comprehensive approach, in as close alignment to the approach taken by other MDBs as appropriate.

114. The Bank will set out a Mobilisation Approach for discussion with the Board of Directors early in the SCF period. The Approach will cover the instruments, incentives and internal capabilities needed to deliver on its mobilisation ambitions. The EBRD will step up its work to mobilise finance through the SCF period by:

- Extending the depth and geographic reach of its existing programmes including B Loan syndication, Unfunded Risk Participations and secondary sales;
- Continuing to innovate through treasury operations, including in the issuance of green and social bonds;
- Creating the conditions for inward investment through support for market reforms; development of local currency and capital markets; investment climate reform and technical assistance; and
- Playing an educational role through raising awareness of the risk/return profile of opportunities in EBRD regions, bringing the strength of the EBRD 'brand' to reduce the perception of risk, especially in the private debt market and to highlight opportunities amongst new investors.

115. The financial market is constantly developing and changing. Consequently, successful mobilisation of private finance in the SCF period will require experimentation. New approaches may be especially valuable in diversifying the relatively narrow group of countries of operations where the Bank is currently able to mobilise finance. Areas of innovation to be examined include:

- Expanding the Bank's reach amongst impact investors building on the adoption of the Operating Principles for Impact Management in April 2019;
- Developing mutualised instruments such as debt, equity or guarantee funds tailored to investors' needs in different ways. Such funds could be managed internally or externally in collaboration with other DFIs or asset managers;
- Looking systematically at innovative instruments including the role of blended finance in supporting market transactions and how equity, quasi-equity and other capital relief instruments, such as guarantees, can multiply the impact of EBRD investments through financial intermediaries; and
- Gaining experience with new programmatic approaches to secondary sales and risk participations.

116. To fulfil its ambitions to mobilise private finance will require the EBRD to effectively raise awareness of the potential of its countries of operations amongst the investment community, as well as the role the Bank can play in partnering and sharing risks with investors. In order to be able to engage with the full range of potential investors , the EBRD will continue to strengthen its measurement and reporting of results. A strong narrative and clear communication on how the Bank delivers impact will be equally important, including with strong links between the transition qualities and the SDGs.

117. The purpose of mobilisation is to catalyse new and additional flows of capital. However, mobilisation can only be successful if it works with the grain of the market. As a result, the Bank's ability to mobilise private investment successfully is dependent on external market conditions and the appetite of investors for emerging market risk, as well as maintaining a thorough understanding of investor needs and market trends. Investment flows into EBRD's countries of operations have been lower on many measures than in other regions, especially since the global financial crisis. The impact of Covid-19 has exacerbated this tendency substantially and has even reversed a relatively promising environment for overall emerging market finance. This disruption will be severe in the early years of the SCF period, but may normalise in the outer years.

118. In addition to mobilising private finance, the Bank will continue to mobilise public sector resources, including other MDBs, EU and DFIs (including the members of the EDFI – the Association of European DFIs), or supra-nationals. This can be important in specific circumstances, for example, to overcome exposure limits within specific projects or countries, to address risk concentrations and especially in less advanced countries in times of crises. Co-financing in these instances leads to greater impact. Mutual reliance mechanisms can support these efforts and reduce transactions costs for both clients and public investors. As highlighted in section 2.5.3, the EBRD also has a role in mobilis ing concessional resources, especially loans, from donors to address specific transition needs.

119. Mobilisation and own account financing are both essential for delivering transition impact. Own-account financing is critical for influence on policy dialogue, to align incentives, take early risk and bring comfort to private financiers, as well as to embed high standards in projects and advocate for policy goals. Mobilised financing is critical to meet the sheer scale of the challenges facing countries of operations and to ensure long-term sustainability. Effective mobilisation requires persistence and resilience, with the right culture and incentives. Painstaking work and effort often takes a long time to result in concrete flows.

120. The Bank will seek to provide the right incentives to maximise the combined impact of total investment financing in its countries of operations.

2.5.3 Leveraging Donor Funds

121. The focused and disciplined use of donor funds to support the development of sustainable and inclusive markets is a key part of the EBRD's business model and its delivery of transition impact. The Bank deploys donor funds strategically to deepen impact, with more than 70 per cent of donor funds directly supporting investments. Donor funds support the successful preparation and implementation of projects and enable policy engagements and advisory services to address the most significant transition gaps, as well as help to create the conditions to expand the universe of bankable investment projects. In blended finance transactions, the Bank uses donor funds to mitigate risk, address market failures and affordability constraints, increasing the number of bankable transition business opportunities. The EBRD adheres to the DFI Principles for Blended Concessional Finance in Private Sector Operations. To implement these principles, the Bank has put in place internal guidelines and governance measures for the effective and efficient use of valuable donor resources.

122. In the current SCF period, the Bank’s use of donor funds has been both broad and targeted. The share of new projects supported by donor funding (in numbers) has increased in recent years reaching half of all active projects in 2019. While a significant number of projects are supported by donor funds, the ratio of usage of donor funds to ABI has been broadly constant over the current SCF between at between 3 and 5 per cent annually, with regional and sectoral variations. Recent internal analysis suggests that projects with donor support tend to have a higher level of transition impact and meet more of their transition objectives, confirming the importance and effectiveness of the targeted use of donor resources.

123. During the current SCF period, the Bank’s donor base has grown including more country of operations donors although the dominance of multilateral donor support has increased sharply. The EU is the Bank’s largest donor by far, contributing around one-half of the total funds received in recent years. This relationship may change and deepen in the future as the EU’s Multiannual Financial Framework is agreed, with the potential increased availability of funds from the European Fund for Sustainable Development-plus (EFSD+). Beyond finance, donor partnerships introduce new ways of working such as results-based approaches to project design and they raise the bar on results monitoring and reporting. This has led to increased impact and strengthened the EBRD as a development partner.

124. In the next SCF period, the implementation of the Bank’s sectoral, thematic and geographical priorities (as described in Box 1 in section 2.1) are likely to require a further increase in the proportion of projects supported by donor funding. The trends are already present. Currently, the Bank deploys 75 per cent of donor resources in the priority regions that face the highest transition challenges and where projects tend to need higher grant intensity relative to their size. In addition, the Bank channels over 60 per cent of all donor support to projects targeting the Green Economy Transition with the highest share of GET projects in the infrastructure and energy sectors. Most projects in the economic inclusion and gender agenda have benefitted from important donor resources and the Bank’s Shareholder Special Fund (SSF). Further, enhancing the Bank’s capacity to mobilise investment may require additional use of blended finance and donor funds.

125. In the short term, the Covid-19 crisis has increased market failures and distortions. This increases the need for more donor funding, and with higher levels of concessionality in some cases, to support the Bank’s response to preserve transition gains. All MDBs and DFIs are experiencing the same situation and comparing experience on the most judicious use of donor funds during the crisis. The lesson of this and previous crises are that the Bank needs to be prepared to act quickly. This requires having the right instruments available for channelling vital donor support to areas such as risk sharing and, above all, having ready access to flexible donor and grant finance. Increasing preparedness to address future crises will be a priority.

126. If the Board of Governors decides that the Bank should seek to deploy its skills and business model in new countries of operations over the course of the strategy period – whether within or outside its current geographic scope – it is inevitable that additional donor resources will be required. Preliminary work has suggested that the grant intensity of the Bank's possible work in all potential new countries of operations would be similar to, and perhaps higher than, that in the least advanced of the existing countries of operations. New donor partnerships and approaches will also be essential to the successful achievement of transition goals in such scenarios. Positively, donor interest in new countries and geographies under consideration is typically very high.

127. The environment for raising additional donor resources for countries of operations over the SCF period is likely to be more challenging as public finances globally are under pressure. Notwithstanding these challenges, over the next SCF period, the EBRD will:

- Deepen and expand its work with donors and broaden and diversify its donor base to access long-term, predictable and flexible external donor finance at levels commensurate with the ambitions of the SCF;
- Draw on donor finance to enable, support and scale up the Bank's investments, policy engagement and advisory work in its countries of operations;
- Employ donor finance to help mobilise private capital for development and act as a catalyst to generate additional funding for the Bank's investments, resulting in higher transition impact, including through innovative and novel approaches and funding vehicles; and
- Cooperate with donors to promote high standards and adopt the best development practice and policies in the Bank's work.

128. The EBRD's SSF will remain an important source of funding during the next SCF period, complementing and reinforcing funds raised from donors. In particular, the SSF is critical for supporting the Bank's growing policy agenda and project preparation and implementation support, supplying half of the needed resources for this work. The flexibility and predictability of the SSF makes it an effective tool for crisis response in the immediate term as well as for medium-term recovery support, when it can help mobilise additional complementary donor finance.

129. Accessing appropriate levels of SSF support during the next SCF period for both the crisis response and recovery phases will be an important enabler of the delivery of the Bank's strategic goals. To that end, the Bank will develop proposals for consideration by the Board of Directors for a strengthened, well-structured SSF for the SCF period to provide a flexible, predictable and appropriate funding vehicle, with transparent and efficient governance arrangements. This work will include determining the priority eligibility and focus for SSF funds.

2.5.4 Strengthening Policy Engagement

130. There has been increasing emphasis on the importance of policy engagement in the Bank's delivery of transition impact and business model over the past decade. Strengthening the Bank's policy approach and capacity is a key theme in the current SCF, responding especially to the insights from the Bank's *Transition Report 2013* which showed that a systematic policy reform effort was required to make further progress in transition. Over the current SCF period, the Bank has invested in the skills, processes and organisation to undertake policy work more systematically and with impact. As a result, policy is now mainstreamed throughout the Bank's work. It is supported by deep analysis and setting of priority policy objectives and annual milestones in the context of the country strategies and is pursued through the combination of investment, policy engagement and capacity building, often in partnership with others.

131. The need to continue to heighten the Bank's policy work will remain a central theme in the new SCF period. In the short-term, there is demand from countries of operations for practical and usable policy advice to tackle the economic consequences of the Covid-19 pandemic. The Bank is supporting rapid assistance to governments by sharing best practice and experience on the design and implementation of policies relating to the private sector. As countries move from crisis to recovery, the needs will change. In particular, the role of the state has expanded as intervention has been needed to support the private sector or correct market failures as a response to the Covid-19 economic crisis. The full extent, quality and duration of that increased state role in markets will not be clear for some time, but the effect is likely to be persistent. As noted in section 2.2.3, maintaining the good economic governance and transparency of both companies and relevant government institutions and the contestability of markets and re-privatisations post crisis will be important tests during this period. The Bank's policy advice can play an important role in helping the state manage its deeper relationship with the private sector efficiently and, ultimately, to restore the balance between the public and private sectors.

132. In addition to supporting countries of operations in tackling the crisis and its implications, policy activity is essential to support the Bank's overall strategic directions and systemic impact. There are existing areas where the Bank's policy expertise is strong and will remain relevant. These include developing local capital markets, advancing corporate governance, fighting corruption and informality and, more generally, improving the investment climate. Building an attractive business environment for foreign direct investment remains a challenge across the Bank's countries of operations and will remain a particularly important priority to drive growth and jobs.

133. Section 2.2 illustrates a number of ways in which policy engagement will contribute to the Bank's ability to deliver transition, notably across the three crosscutting strategic themes. Demand for policy support is expected in areas of traditional strength, such as the regulatory frameworks for energy efficiency or renewables. Areas of intensified policy requests from countries of operations in the green space will likely concern sectors such as heavy industry and aviation where achieving carbon abatement is difficult. To pursue the goal of increasing equality of opportunity, the Bank will also need to engage deeply with governments to understand how its investment can best be deployed to maximise the

inclusiveness of the economy, as well as managing the social implications of transition ('just transition'). Similarly, with respect to accelerating a digital transition, the Bank

could play an important role in engaging with countries to put in place the right policies and regulation to enable innovation and digital transformation, while protecting data, privacy and consumers.

134. To support these goals, the Bank will enhance the effectiveness and impact of its policy work during the SCF period by:

- Broadening the focus of policy activity from individual transactions at the firm level to seeking systemic impact through sector and economy level interventions. For example, by generalising the experience with training in a specific firm to promote sector skills councils at the national level leading to sector-wide impact. Similarly, associating energy sector unbundling to a significant investment in an energy SOE can lay the foundations for future privatisations and encourage private investment. This broader focus will continue to build on aligning investment and policy. The Bank is most effective when finance can be brought into the policy equation;
- Consolidating knowledge, experienced gained and lesson learning, especially in the core areas of EBRD's distinct expertise. Systematic collection and management of the Bank's knowledge needs changes in practices. This includes better self-evaluation and a better process of feedback from knowledge back to operations. It also requires stronger systems to manage the know-how and make it available quickly and easily;
- Stepping up coordinated policy work in close partnership with a range of partners, including the WBG, the International Monetary Fund (IMF), Regional Development Banks, the European Commission and bilateral agencies. The development of common country platforms to define joint priorities and common messages is a promising avenue that will be tested in the coming years and
- Building stronger and clearer internal incentives to deliver policy objectives. To be effective, policy engagements should be designed to unlock investment opportunities, with a particular focus on disbursement and be fully aligned with the overall incentive structure of the Bank.

2.6 Partnering for Impact

135. Article 2.2 of the AEB calls for the Bank to cooperate with other economic development actors and the range and quality of the Bank's partnerships is a key determinant of its ability to deliver transition impact. Cooperation with others allows the EBRD to draw on the complementary skills and expertise of other IFIs and to mobilise financing, especially when commercial co-financing is unavailable. The EBRD's partnerships are extensive with MDBs, DFIs, the EU, bilateral and multilateral donors and the UN system, individually and through associations such as EDFI and the Heads of MDB Groups.

136. Collaboration enables the development finance system to operate effectively. The Covid-19 pandemic has injected further urgency to the need for better and tighter coordination and pragmatic collective action to meet overwhelming needs. Early coordination focused on tackling the health and social emergency, including coordinated action to assess the needs for – and supply of – key medical equipment. On the economic and financial side, where the EBRD is active, there has been practical coordination on aligning the terms and conditions of payment deferrals, ways of conducting due diligence and monitoring given the travel restrictions, as well as strategic coordination with the IMF.

137. The imperative to support recovery and build a better future may be the greater test of effective coordination amongst the IFIs. In this period, the MDBs and DFIs will need to innovate to share and to leverage skills, balance sheets, risk and networks across the system. The IFIs will need to provide the right incentives by avoiding distortions in the use of concessional resources, promoting responsible debt management and maintaining standards. Above all, aligned policy messages are essential in a range of areas, including managing state intervention in the economy and prioritising a ‘tilt to green’.

138. In this context, the EBRD will sustain focused coordination throughout the SCF period to deliver transition impact and support countries of operations. The Bank’s experience collaborating with other IFIs is wide-ranging and examples vary with different levels of depth and formality, broadly within the following categories:

Operations

139. At the project level, collaboration includes co-financing and parallel financing and joint deal structuring on deals that are too large or complex for one institution alone. Reciprocal syndications, supported by increased mutual reliance, are effective ways to increase responsiveness and reduce transaction costs. At the end of 2019, just under 15 per cent of transactions in the portfolio were co-financed with partner MDBs and DFIs.

140. At the country and regional level, the EBRD engages with other institutions to agree on shared goals and priorities with respect to an entire country, region or sector, including implementation arrangements. The EBRD is keen to work constructively within country platforms with national authorities and other IFIs, including exchanging diagnostic work and lessons learned. Examples of this type of collaboration includes the Western Balkans Investment Framework, jointly managed by the EIB and the EBRD; the Ukraine Reforms Architecture programme, a multi-donor/multi-stakeholder initiative funded by the EU and 12 donors and carried out in collaboration with other IFIs and the Compact with Africa, where EBRD works on the compacts for Egypt, Morocco and Tunisia.

Policy

141. The EBRD collaborates with other institutions to agree common priorities and key messages with respect to policy outcomes in countries of operations, including implementation arrangements. For example, the EBRD helps shape and implement the structural conditionality of IMF programmes and has worked with the EU to promote corporate governance in Ukraine.

142. In response to Covid-19, the EBRD quickly engaged under the Vienna Initiative with the IMF, World Bank, EIB, European Commission, ECB/Single Supervisory Mechanism, representatives of cross-border banks and central banks from member and observer countries. The Initiative will focus on tailoring the IFIs' Covid-19 response products to match better the needs of commercial banks. It will also focus on issues of regulatory coordination, for example with respect to payment moratoriums, regulatory forbearance and liquidity provision, as well as the resolution of non-performing loans.

Institutional/Information Exchange

143. The EBRD is an active member of many of the over 100 MDB working groups. These working groups address a variety of development priorities to facilitate a system-wide response on key issues such as on infrastructure, leveraging private finance, value for money, additionality, climate financing, migration and forced displacement and the development and application of standards, for example in the use of blended finance.

144. The Covid-19 crisis has accelerated the degree of institutional knowledge sharing across a wide range of functions. This has allowed lesson learning to help MDBs respond to the crisis in areas as varied as implementing environmental and social standards, holding virtual board meetings, supporting staff well-being and responding to calls for MDB debt suspension.

145. During the SCF period, the EBRD will continue to explore new partnerships, platforms and instruments across the system to optimise its financing capacity and technical capabilities to achieve transition impact. The Bank will also seek innovative ways to facilitate exchanges of talent and expertise so that strengths can be deployed across the system in the most effective way. In any agreed expansion of the EBRD's operations to new countries, the Bank will pay particular attention to how it best complement s, cooperates and shares skills with the most relevant partners.

3. IMPLEMENTING THE SCF

3.1 Balancing the Portfolio

146. The Bank's mandate is to deliver transition impact. In fulfilling this mandate it is also required to act as a 'bank', taking risk on its own balance sheet and managing it effectively to maintain financial sustainability. The AEB in Article 13(v) also indicates that "the Bank shall seek to maintain reasonable diversification in all its investments". The overall balance of the portfolio is set each year in successive SIPs.

147. Over the period of the current SCF, the Bank strengthened its longstanding strategic portfolio management approach through which transition impact, financial returns and risks are balanced. Decision-making and monitoring is now informed by new tools such as the Investment Profitability Model. In addition, the Bank tests each annual business plan to ensure that the proposed approach does not make it vulnerable to possible stress events. The Bank has also established a new dedicated portfolio management team that has strengthened the focus on the transition impact and financial performance of its activities.

148. The impact of the crisis has reset the balance between transition, risk and financial return to some extent. The fulfilment of the Bank's mission and commitment to support its countries of operations during the crisis response phase of this SCF requires the inherent taking of more risk, as the deterioration of economic and business conditions translates into higher capital requirements for the existing portfolio. Consequently, risk adjusted returns on existing projects will fall and as the Bank stands by its existing clients, risk concentrations may increase. As economic uncertainty persists, transition business opportunities for the Bank with new clients are expected to show lower risk adjusted returns than in recent times if it is not possible to price for the increased risks. In its response to the crisis, the Bank will maximise its transition impact by acting as a countercyclical lender, willing and able to deploy its financial strength when needed.

149. The Bank's primary goal is to maximise transition impact, but it will manage its portfolio over the SCF period to maintain its long-term financial sustainability and triple-A rating. This overall balanced approach will continue if the Board of Governors decides that the Bank deploy its skills and business model in new countries within or beyond its current geographic scope. Operating in new countries has the potential to reduce the Bank's overall risk by diversifying the portfolio. However, in the SCF period the impact of possible operations outside the current geographic scope on the Bank's portfolio is likely to be modest as new activities are likely to ramp up slowly.

3.2 Equipping for Delivery

150. The SCF for 2021-2025 is very ambitious. This ambition reflects a steadfast commitment to continuing to accelerate transition in countries of operations while preserving transition progress at risk from the ravages of the unprecedented crisis. It also reflects a firm focus on providing value to the Bank's shareholders and to the development finance system as a whole. The Bank will need the means to deliver on its ambition. This requires strategic choices.

151. This section lays out, at a high-level, the nature of the resourcing required for the future. It then describes strategic goals in three key areas: people – the Bank's greatest asset; technology and data; and monitoring, learning and evaluation. Finally, the section previews the review of the Bank's Corporate Scorecard, a fundamental annual tool for accountability that serves as a contract between the Board of Directors and Management of the institution.

152. The EBRD aspires to be an institution of choice for its clients, staff and shareholders. Modernising the Bank is crucial to attracting and retaining talent, boosting efficiency and productivity, minimising operational risks and ultimately to delivering value and impact to shareholders and clients. The Covid-19 pandemic has accelerated thinking within the Bank about new and better ways of working. Over the SCF period, the Bank expects to leverage the potential of technology more fully, reduce travel, increase remote working, use better data to take better decisions and be more flexible in the ways it works. The fundamental changes brought by the crisis are still playing out. As a result, the EBRD will place a renewed focus on organisational resilience and flexibility alongside agility and productivity, delivered through an appropriately skilled, reinforced workforce and supported with appropriate digitisation and knowledge management.

153. The SCF is not a business plan and resourcing decisions are for the successive SIPs that the Board of Directors will approve over the period of the SCF. Nevertheless, it is critical to signal that it will not be possible to deliver on the ambition contained in the proposed strategy for 2021-2015 without the necessary resources. This section provides high-level indications of the resource pressures in successfully delivering the aspirations of the SCF.

154. The starting point for resourcing decisions is the Bank's goal to deliver value for money for its shareholders. As such, the Bank will look first for opportunities for reallocations among activities reflecting strategic priorities and streamlining processes. As the SCF period progresses, all budget proposals will be made and considered in the context of the Bank's financial sustainability and in compliance with the relevant control parameters. Specifically, the Bank will undertake to increase transparency by progressively moving to have all core Bank activities financed from the Bank's own budget and not donor funds. This will be an immediate priority, for example, in taking forward the strategic theme of equality of opportunity.

155. Reallocation and efficiency savings alone cannot support the scale and quality of transition impact envisaged in the SCF period. Significant additional financial and human resources will be essential over this period to support increased activity, drive innovation through acquisition and development of new skills and address operational risks. Proposals for additional investment in new and strengthened capacity to deliver the Bank's impact over the SCF period will need to be appropriately sequenced, fully transparent and supported by well-articulated business cases, allowing careful scrutiny by the Board of Directors prior to any approval. Some of these investments will be required to remedy areas of previous systematic underinvestment, for example in IT and Operations and Service Management to enable and support business and to improve the evaluation culture and knowledge management of the Bank. Investments will also be needed to match new ambitions in existing areas of successful activity, such as implementing GET 2.1, strengthening policy delivery, increasing the mobilisation of external finance and reinforcing donor partnerships, as well as to build capacity in newer areas such as accelerating the digital transition. Should the Bank begin activities in additional countries of operations – whether within or beyond the Bank's existing geographic scope – appropriate additional financial and human resources would also be needed. New organisational models, processes and controls – some of which are already being explored - may also be particularly relevant in such cases.

3.2.2 People Planning

156. An international, diverse, dynamic and continuously developing workforce is the Bank's most important resource. To achieve the ambitions in the SCF, the Bank is committed to continuing to build a positive, healthy and environmentally conscious working environment that will allow it to be an employer of choice for the best talent in both its headquarters and throughout its network of regional offices.

157. The approach to organisational design in the SCF period will aim to build a lean, responsive, creative and resilient organisation capable of finding, attracting and developing talented people and capturing and using their knowledge and experience effectively. The Bank's introduction of suitable technology and digitisation of processes will be critical to enable its ability to respond rapidly to changing environments.

158. Strategic priorities for people planning over the SCF period are:

- Assessing existing and future skills needs and gaps on a regular basis, using a consistent Bank-wide process supported by technology linking people, finance and productivity data. This knowledge will be the basis for ensuring the Bank has the right people in the right place at the right time. It will also allow the Bank to innovate dynamically in response the always-evolving contexts in its countries of operations. Specific new skills, for example, will be needed with respect to a green, low-carbon economy and leveraging the potential of digital technologies, both internally and for our clients;
- Improving mobility and encouraging turnover by rotating staff internally and opening up more opportunities for external moves. This will unlock career opportunities for more junior staff across all the Bank's locations and support improved knowledge management and innovation within the organisation;
- Strengthening a culture of continuous learning and investing in training in both managerial and technical skills (including banking and policy advice knowledge and incentivising professional accreditations), to ensure that staff keep up with new skills, evolving market practice and remain employable in the wider market. This will include improving the Bank's training offer where investment currently is far below industry benchmarks; and
- Exploring the right level of decentralisation of people and processes in support of the client-driven business model of the Bank to deliver greater impact in countries of operations. The Bank will consider where, when and how decentralisation might occur, as well as assess the optimal use of external partners for non-core services. The goal is both to increase the effectiveness of the Bank to achieve transition impact through in-depth country knowledge and relationships and to strengthen the resilience of the organisation in the face of significant shocks.

159. In evaluating its workforce needs, the Bank will also seek to improve continually the methods of collaborative working across departments, with specialised external partners and in close collaboration with other institutions. The objective will be to determine which skills are required to be developed in house, which should be provided externally and the areas in which partnerships with other organisations would provide the best outcome for countries of operations.

160. In addition, the Bank will address a range of less effective procedures, many stemming from outdated administrative processes and people management practices established in the early years of the institution to improve the effectiveness of Human Resource arrangements and reduce operational risk for the Bank.

3.2.3 Investing in Technology and Data Integration

161. The EBRD will need to make sustained, multi-year investments in a comprehensive programme of modernising its core technology and processes to build a new operating platform fit for the Bank's future operations. This will not only remedy the issues related to the legacy platform – which were evident in the severe technology difficulties the Bank had in supporting all staff to move to remote working during lockdown - but also build a capability that is flexible and fit for the next period of the Bank's existence.

162. Discussions on the necessary levels of investment have begun with the Board of Directors. The end result should be a digitally enabled institution with an expert workforce, well-connected across all locations, confidently using data and technology to add value, making decisions based on good access to analytics and decision-support tools and able to properly share and collaborate with stakeholders and clients in line with their expectations.

163. The storage of data on legacy platforms and its management with manual processes makes the use of this vital resource difficult, imprecise and time-consuming. This includes data in areas such as climate risk assessment and management; new transparency and disclosure requirements; capital market development; and mobilisation of private sector finance. This hampers the Bank's ability to respond to changing circumstances and the Covid-19 crisis has reinforced the importance of automated processes, modern platforms and new ways of interacting.

164. Furthermore, without modernisation, the Bank's systems will be incompatible with those prevalent in countries of operations. This risks excluding the Bank from areas of potentially high transition impact, especially in the financial sector. The aspiration of the Bank to accelerate the digital transition in countries of operations requires building its internal capacity as well.

165. Over the course of the SCF period, the Bank will deliver a robust approach to modernising its technology and associated processes to deliver on its strategic goals by:

- Improving the Bank's networks and infrastructure in all the Bank's locations and building a hybrid datacentre to facilitate the HQ move;
- Maximising the use of cloud-based infrastructure and business solutions' platforms for enhanced scalability, resilience and cyber security;
- Building the technologies and processes to support more integrated working with clients, partners and stakeholders;
- Moving to integrated Enterprise Resource Planning by modernising systems in the Finance, Human Resources and Risk functions;
- Improving data and analytics capability to help interpret a rapidly changing world; and
- Building a connected and digitally enabled workforce and workplace, fit for more remote and dispersed forms of working and a new, connected HQ.

3.3 Monitoring, Learning and Evaluation

166. All institutions improve their performance by learning actively from their own and others' experience, disseminating those lessons widely and integrating them as appropriate into new project design. Effective systems for monitoring, learning and evaluation (MLE) are essential for creating a robust feedback loop.

167. Robust MLE systems must be underpinned by clarity about an institution's goals and the ways in which those goals will be achieved through its actions. For the EBRD, this clarity comes from its transition mandate and strong conceptual framework provided by the six transition qualities. To maximise its effectiveness in delivering transition impact, the EBRD needs a clear understanding of which activities are most successful and why.

168. The Bank has made significant progress in recent years in measuring and managing its transition results, a process accelerated by the approval of the revised transition concept in 2016. The current framework consists of:

- A transition results framework for country, thematic and sector strategies and investment and advisory activities focused on six transition qualities: competitiveness, well governed, green, inclusive, resilient and integrated;
- An *ex ante* assessment of a project's contribution to support transition along the six transition qualities (Expected Transition Impact - ETI);
- A Compendium of Standardised Indicators based on the EBRD's Theory of Change – that translates the six transition qualities into more detailed transition objectives;
- All new investments have explicit baselines and targets, together with implementation timing;
- An annual monitoring at the project level of progress against the targets set at approval – this review provides an opportunity for taking any remedial action, if needed, and making a new assessment of the transition impact (Portfolio Transition Impact - PTI); and
- The aggregation of project-level results into country-level results for use in the annual assessment of performance against country strategy objectives in the context of Country Strategy Delivery Reviews.

169. As noted in section 1.2, the Bank's six transition qualities map well to the SDGs and the Compendium of Indicators is aligned (wherever possible) with SDG targets. This allows for reporting of the Bank's impact within a wider framework relevant to the global community, many shareholders and an increasing number of investors.

170. Work on improving MLE must be continuous and constant. In the next SCF period, the Bank's improvements in this area will be guided in part by the recommendations of the Independent External Evaluation of EBRD's Evaluation System[2] (Kirk Report). The Bank has developed a cross-institution response with the involvement of all stakeholders, including the Evaluation Department and the Board's Audit Committee. To implement this response and monitor progress on key milestones, the Bank has established a Senior Management Steering Group on Evaluation, with ExCom members representing the

[2] Available at https://www.ebrd.com/what-we-do/evaluation-full-report.pdf

policy, banking, economics, corporate strategy, communications and legal functions. In addition, two working groups have been created to support this work and promote change over the SCF period:

- The Self-Evaluation and Results Management Working Group is addressing key conclusions of the Kirk Report that the Bank's results architecture and systems need to continue to develop to provide a sound basis for project design, evaluability of performance and integration of lessons into decision-making. In addition, it will strengthen cross-Bank ownership and improve the self-evaluation system in terms of its contribution to accountability, measurement of the Bank's results and continuous learning across the organisation.
- The Knowledge Management Working Group is working to tackle a range of deficiencies in the Bank's management of knowledge. These include better mapping of who knows what, strengthening the capture of lessons learned from the Bank's operations and policy work, leveraging technology to disseminate knowledge supported by more user-friendly data and promoting collaboration and knowledge sharing.

171. The Kirk Report also made important observations about the need to address a number of cultural, organisational and practical blockages. Delivering on these changes will be a multi-year effort across the SCF period, requiring cultural change and supported by effective incentives.

172. Additional priority areas for in the next SCF period with respect to MLE are:

- Streamlining and improving reporting, including increasing aggregation of results at the institutional level, strengthening country-level reporting and capturing the results of policy work;
- Creating feedback loops to incorporate the learning from project monitoring, implementation and self-evaluation for use in the design of future strategies and projects;
- Identifying the wider impacts and outcomes that are relevant for assessing the Bank's support for transition and developing methods for reporting on them;
- Strengthening the ability of the Bank to assess, measure and evaluate its long-term, systemic impact by improving understanding of the link between the results of its engagements and positive outcomes for beneficiaries;
- Realising the potential of IT to increase the ease of project design and assessment; and
- Strengthening incentives for increased alignment of activities with country strategy objectives.

173. Finally, the Kirk Report also made recommendations to strengthen the Bank's MLE capacity for the Evaluation Department itself. Over the SCF period, the Evaluation Department will prepare a medium-term strategy including performance metrics and a scorecard and a communications outreach plan, as well as launch a review of the Bank's Evaluation Policy.

3.4 Reviewing the Corporate Scorecard

174. The EBRD's Corporate Scorecard is the vehicle for setting and measuring the Bank's annual objectives and impact. It forms the annual agreement between the Bank and its shareholders. The last comprehensive review of the scorecard took place in 2013, with adjustments made in 2017 to reflect the updated transition concept. The Bank is undertaking a new review in 2020 with a view to approving the structure of the Corporate Scorecard that will be used over the SCF period. Parallel discussions will take place about the approach to the relationship between scorecard objectives and the Bank's Performance-Based Compensation system.

175. The review will consider the place of the Corporate Scorecard within the Bank's overall institutional performance and management approach bearing in mind the approach of other MDBs. The goal of the review is to ensure a balanced set of incentives are in place to guide the Bank to deliver on the aspirations set in this SCF. The Bank will first use the approved scorecard structure in 2021, the first full year of the SCF period. The level of ambition for the different elements of the scorecard will be set in the context of the successive SIPs.

3.5 Control Framework

176. By nature, the SCF is not prescriptive and allows the Bank to respond to opportunities and circumstances to deliver its objectives. However, this flexibility exists within a clear framework of accountability. In order to provide assurance to the shareholders that the Bank is pursuing its strategic objectives responsibly, the SCF contains a set of control parameters. These parameters will be interpreted by the Board of Directors in the context of the annual SIPs.

177. The parameters set minimum acceptable levels of Bank impact through projects, maximum permissible levels of capital utilisation and maximum levels of specific resource measures. This section establishes the levels of the control parameters that will apply across the SCF period.

3.5.1 Transition Parameters

178. The Bank's primary purpose is to support the transition towards sustainable open market-oriented economies. Accordingly, two control parameters are set to ensure that this purpose is always fulfilled, namely:

- The average level of Expected Transition Impact (ETI) should exceed 60 for each year of the SCF period. Expected Transition Impact is an assessment which combines the scale of the effect the Bank is seeking with the probability of its achievement at the start of a project's life; and
- The average level of Portfolio Transition Impact (PTI) should exceed 65 at the end of each year of the SCF period. Portfolio Transition Impact is assessed during the implementation of a project and rises or falls as benchmarks are passed. The experience and expectation is that there will be an increase in impact over time.

179. Expected Transition Impact is the Bank's internal means of assessing the potential effectiveness of a project. It combines the potential strength of a project's impact with an assessment of the risk that the impact may not be achieved. An average of ETI is set at 60 and represents projects that address a clear transition gap, in a significant way, in a challenging business environment and are rated 'good'. Setting a floor at this level in the control framework means that – at a minimum – the Bank will undertake projects that address important needs in countries of operations.

180. The Bank tracks the evolution of a project's ETI over its lifetime. Portfolio Transition Impact is the average of the current ETI score of the active portfolio of projects. The level of ETI rises as the risks to delivery are reduced and managed by the Bank and transition benchmarks are achieved. The higher level of the control parameter for PTI at 65 reflects this expected pattern.

181. These parameters establish the minimum levels the Bank should maintain over the SCF period. Ambitious annual goals for transition objectives, including the average levels of ETI and PTI, will be set in the formulation of the Corporate Scorecard in successive SIPs.

3.5.2 Capital Parameters

182. It is expected that the Bank will remain well-capitalised across the SCF period and maintain its triple-A credit rating, able to both support its investment activity and withstand shocks without requiring additional capital from shareholders. In line with this objective, the Bank will be managed in order that:

- statutory capital utilisation will not exceed a ceiling of 92 per cent; and
- utilisation under the Bank's Capital Adequacy Policy will not exceed a ceiling of 90 per cent.

3.5.3 Resource Parameters

183. Under the current SCF, two parameters were established with respect to resourcing. The first was the cost-to-income ratio that was introduced to maintain a focus on the Bank's continuing efficiency. The second was the ratio of staff costs to total costs, which was to ensure that spending on staff did not rise disproportionately within the total budget.

184. In the course of the SCF period, the measurement, control level and governance of the cost-to-income parameter was changed as set out in Governors Resolution No. 207. As a result, the calculation of the cost to income ratio moved from an approach based on the Bank's realised income to one based on net profit (and measured on a five-year rolling average basis), increasing the transparency and coverage of the assessment. This change also introduced higher levels of volatility, which justified changing the threshold level of the parameter. In parallel, clear governance was introduced to ensure that the Board of Governors would be made aware of adverse developments and appropriate action taken, well in advance of the parameter level being exceeded.

185. The cost-to-income ratio has played an important role in encouraging a greater focus on both the Bank's cost and income performance and a better awareness-of the financial consequences of strategic and project pricing decisions. Recent fluctuations in financial performance driven by changes in equity performance have caused volatility in the cost- to-income ratio that cannot be smoothed through the use of a moving average alone. As a result, the ratio as currently constituted is difficult to interpret. It also provides a weak measure of the relationship between the level of resources and outputs.

186. For the new SCF period, it is proposed to replace the cost-to-income ratio with a ratio of total costs to debt income[3]. This ratio follows a similar structure and purpose to the existing cost-to-income ratio, but importantly without the intrinsic volatility arising due to the inclusion of equity income. The total costs to debt income ratio also provides a stronger link between resources and financial outcomes.

187. The cost-to-debt income ratio would be defined as total costs divided by debt operating income from the Banking book before impairment. For the purposes of this calculation, debt operating income includes net interest margin, amortised fees and guarantee fees received. The result of this ratio is more predictable over time and, to a greater degree, would be under the Bank's influence. Consequently, movement of the ratio would be more relevant than the current resource parameters to inform actions or measures with respect to efficiency concerns.

188. Historical analysis has been undertaken to inform the level that would signal the need for discussion and possible remedial actions. It is recommended that a maximum ceiling level of 70 per cent would represent a prudent level for a control parameter within the framework, whilst also allowing some headroom for the lag between the initial cost outlay required to grow the asset base and income ultimately received. This is particularly relevant if the Bank expands to new countries of operations. A lower annual ceiling for the total cost-to-debt income ratio could be defined in the Corporate Scorecard for each year of the SCF period.

189. In addition, to provide transparency on the evolution of the level of staff costs, the control framework also sets a limit for the ratio of staff costs to total costs. As a result, the resource control parameters for the SCF period are to maintain:

- The annual ratio of costs to debt income below 70 per cent; and
- The ratio of staff costs to total costs below 70 per cent based on a five-year rolling average.

4. CAPITAL REVIEW

190. The Board of Governors are required to review the Bank's capital stock at least every five years to fulfil the obligations of Article 5.3 of the AEB. The formal purpose of the SCF is to undertake that review. The last such review took place in 2015 (*Strategic and Capital Framework*) and concluded that the Bank's projected capital stock was appropriate for the period to 2020.

[3] The IFC uses a similar metric to monitor efficiency.

191. Previous sections have set out the Bank's strategic directions for the SCF period. This section assesses the Bank's potential capital capacity to support those activities in the 2021-2025 period, before outlining the approach to establishing a small capital buffer through the capital planning process.

192. This capital capacity analysis is a top-down estimate of the maximum level of operating assets that could be supported by the Bank's capital base for the medium term. The rate of capital growth is based on prudent assumptions about the level of profitability in the next SCF period. Recognising that actual results are likely to differ from the assumptions, the sensitivity of the projections to variations in key variables is also analysed. Overall, these projections are not forecasts or targets.

4.1 Capital Capacity Assessment

193. The Bank manages its capital adequacy based on:

- The nominal statutory capital utilisation, under Article 12.1 of the AEB, within a 92 per cent prudential threshold; and
- The risk-based Capital Adequacy Policy (CAP), within a 90 per cent prudential threshold.

These thresholds form the capital control parameters for the 2021-2025 strategy period, as discussed in section 3.6.

194. The binding constraint on the Bank's capital capacity for the SCF period is provided by the statutory capital policy, since it requires a lower level of operating assets to reach the maximum utilisation threshold than under the risk-based CAP. Based on the projected growth in members' equity to the end of the SCF period, it is estimated that the **maximum level of operating assets assessed under the statutory policy is €42 billion, an increase of 30 per cent over current levels.** By contrast and for illustration, under the risk-based CAP, operating assets could grow to €49 billion by end 2025. These capacity levels compare to estimated operating assets of €33 billion at end 2020.

195. The maximum level of operating assets within the capital capacity analysis is a pure indication of possible capacity under certain financial assumptions and does not constitute a target or limit. Throughout the SCF period, the Bank's SIPs allow the Board of Directors to assess the adequacy of the Bank's capital base on an annual basis. This provides for a dynamic and responsive approach within the overarching SCF, allowing, if necessary, for adjusting projected operating asset levels for the Bank to respond to the prevailing economic, market and risk environment. It also allows for consideration of the distribution of net income under Article 36.1 of the AEB, at which time the Board of Governors determines "…what part of the Bank's net income…shall be allocated to surplus or other purposes and what part, if any, shall be distributed". The Bank always aspires to deploy its capital to the full benefit of its countries of operations.

196. Based on the analysis presented in this paper, the Board of Directors considers that **the Bank's projected capital stock is appropriate for the period to the end of 2025**.

4.1.1 Methodological Approach

Capital Growth

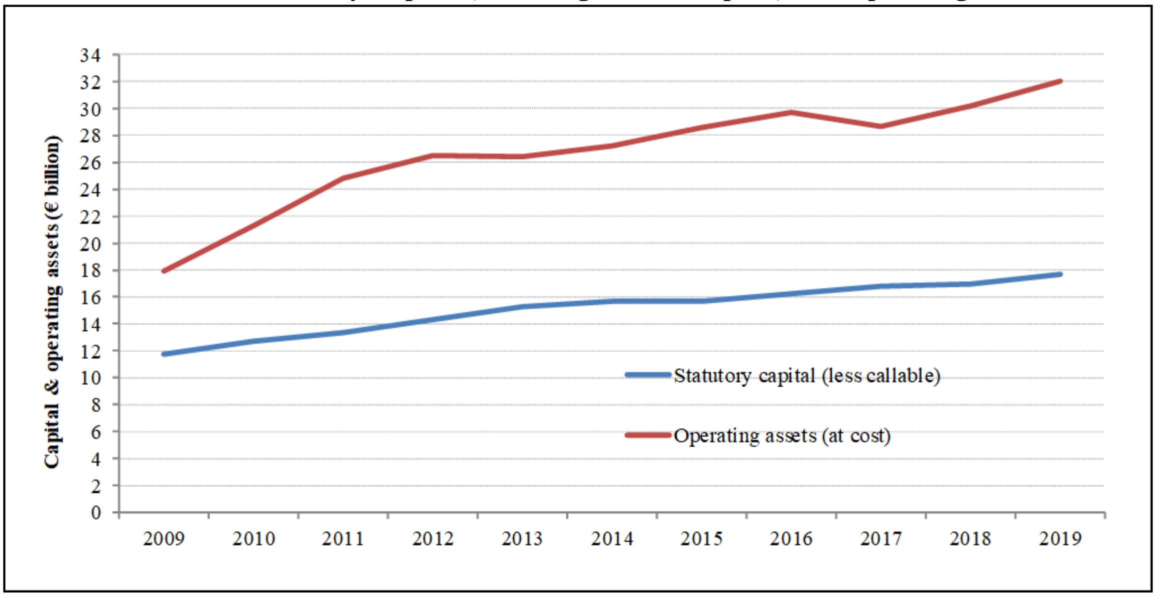
197. The assumed financial returns, and consequent profitability and growth in reserves, are a key element of the capacity assessment. Across both capital metrics, the focus on capital growth is based on realised profits over the period. Unrealised equity gains offer no additional lending and investment capacity, since they are excluded by definition from the calculation of the capital base under the statutory policy and assigned a 100 per cent capital charge under the CAP. The main driver of projected capital growth for both capital policies is the estimate of realised profit.

198. The projection of realised profits across the SCF period reflects the historical performance of the Bank. This is appropriate because the Bank's product mix is relatively stable over time and the consistent growth of the Bank's statutory capital base is shown in Chart 3.

199. On average, over the last 10 years, this pattern of realised profit has led to a growth in the statutory capital base of 4 per cent annually. In the most recent five-year period, growth was lower, at an average at 2.8 per cent, compared to 6 per cent annual growth in the period from 2009 to 2014. This performance reflects a number of factors:

- The relatively large annual allocation of net income in 2015 of €360m to the Chernobyl project;
- Stronger levels of realised equity income in the period 2009 to 2014; and
- Stable debt income over the period with lower debt margins reflecting market movements and growing operating assets.

Chart 3: Growth in Statutory Capital (excluding callable capital) and Operating Assets: 2009-2019



200. The projection of realised profit, and hence capital growth, conservatively assumes that this subdued pattern continues. For the purposes of the capital capacity calculation, the statutory capital base (excluding callable capital) is assumed to grow at 3 per cent across the SCF period. This slight increase over the later part of the current SCF period reflects the fact that, to calculate the theoretical maximum capacity of the Bank, capital stock is assumed to be utilised. By contrast, the actual rate of growth capital between 2014 and 2019 is based on the deployment of around 70 per cent of the Bank's capital at a time when there is no financial return on the unused portion of the capital. As a result, the assumed rate of growth in capital is prudent. This approach reflects the inherent uncertainty in any financial forecast allowing for the prospect of adverse outcomes such as a further deterioration of debt margins or realised equity underperformance, even if this is not the Bank's expectation. In addition, any five-year period will see positive and negative variations in financial performance.

Conversion to Operating Assets

201. Once the projection of growth in members' equity (excluding unrealised gains) is established, the next step is to determine the level of operating assets that leads to a capital requirement that would drive utilisation levels to prudential limits. This is computed as follows:

- For statutory capital, the capital requirement is determined purely by the nominal value of operating assets (net of specific provisions). Consequently, the maximum level of operating assets[4] that can be supported within the policy is simply that which corresponds with the 92 per cent prudential limit of the total statutory capital stock. Note that the Bank's callable capital stock is added to members' equity to derive the total statutory capital base.
- Calculating the maximum level of operating assets under the CAP requires two steps. The maximum capital requirement is that which corresponds to 90 per cent of the level of members' equity. This is then translated into operating assets by assuming that the risk profile remains constant across time and using the current relationship between required capital and operating assets[5].

4.1.2 Lending and Investment Capacity

202. Table 1 shows the estimated maximum capacity in operating assets under each capital policy to the end of the SCF period with the statutory capital policy providing the binding constraint.

203. The capital capacity figures presented in the table incorporate an element of very significant stress from the financial impact of the Covid-19 crisis. The estimation of available capital of €16.9 billion by end 2020 assumes an end-of-year net loss of €0.9 billion, driven by large reductions in the valuations of equity investments and a significant increase in the level of provisions for impairment, notably in general portfolio provisions. The increase in general portfolio provisioning includes the management overlay deemed

[4] The stock of specific provisions is assumed to grow in line with balance sheet size.
[5] This is applicable under the assumption that product mix and risk profile do not change throughout the SCF period.

necessaryto address the potential impact of the crisis, in particular to reflect the expectation of worsening credit risk and substantial reductions in forward-looking GDP projections across the Bank's countries of operations. The loss assumption is built on an extrapolation of the 2020 first quarter results, with no recovery of the equity values and provisions for the rest of the year. As a result, the capital calculation prudently includes a material negative impact from the Covid-19 crisis.

Table 1: Evolution of Operating Assets at Maximum Capacity

€ billion / at planning rate	Act 2019	Estimate 2020	Indicative 2021	Indicative 2022	Indicative 2023	Indicative 2024	Indicative 2025
Statutory capital basis							
Implied maximum operational capacity (at 92% utilisation):							
Portfolio	45.7	48.3	57.4	58.2	59.1	60.0	60.9
Operating assets (at cost)	31.6	33.2	39.6	40.2	40.8	41.4	42.1
Cumulative specific provisions	(0.7)	(0.7)	(0.8)	(0.9)	(1.0)	(1.1)	(1.2)
Net operating assets	**30.9**	**32.5**	**38.8**	**39.3**	**39.8**	**40.3**	**40.9**
Statutory capital base (incl. callable capital)	41.2	41.6	42.1	42.7	43.3	43.9	44.5
CAP basis							
Implied maximum operational capacity (at 90% utilisation):							
Portfolio	45.7	48.3	62.3	64.4	66.0	68.9	71.2
Operating assets (at cost)	31.6	33.2	43.0	44.5	45.6	47.6	49.2
Available capital base	17.8	16.9	17.7	18.5	19.3	20.1	21.0

204. Based on this broad assessment of growth in operating assets, it is possible to infer an indicative maximum level of ABI. Without outlining any specific trajectory, it is estimated that **the Bank could reach a steady state level of up to €13 billion annually**, under the statutory capital ratio. The Bank's capital must be deployed responsibly, and this does not represent an aspirational plan or target level of operational activity. It is simply an estimate of the theoretical capacity that could be supported by the Bank's capital base during the SCF period. Illustratively, under the risk-based CAP constraint only, the Bank could reach a steady state ABI of €15 billion.

205. The level of capital capacity suggested in these projections will allow the Bank to support all the strategic aspirations outlined in this SCF, including supporting countries of operations throughout the crisis response and recovery phases and possible expansion into selected countries both within and outside the Bank's current geographic scope. Nevertheless, over the SCF period, the Bank will explore ways in which it could leverage its capital even more efficiently to further increase its available headroom, including through the use of new structures and instruments or adapting its policies. It is an imperative for all MDBs to seek to optimise their balance sheets.

4.1.3 Sensitivity Analysis

206. The assumptions underpinning the calculation of capital capacity are intended to be prudent, but it is important to highlight the impact of altering some key variables. For illustration, a number of sensitivities are presented below:

- **Foreign exchange variation**. Although the Bank's overall balance sheet is hedged with the Banking portfolio being matched by Treasury in terms of currency, capital utilisation projections are sensitive to changes in exchange rates. A depreciation of the Euro against the US dollar to parity from the Bank's planning rate of EUR/USD 1.15, would result in the statutory capital utilisation increasing by about 4 per cent and capital adequacy utilisation by 2 per cent[6]. For statutory capital, it is worth noting that the existing prudential limit of 92 per is in place, in part, to guard against foreign exchange movements.
- **Assumed growth in members' equity**[7]. If the core assumption of capital growth underpinning this analysis is reduced from 3 per cent to 2 per cent, the maximum level of operating assets in 2025 is reduced from €42 billion to €41 billion under statutory capital and from €49 billion to €47 billion under CAP.
- **Return on equity investment**. A decrease of 5 percentage points (from a typical planning level of 6 percent to 1 per cent) in annual equity return from 2021 onwards would worsen statutory capital utilisation by around 1 per cent by 2025, with an insignificant impact on CAP utilisation. Both capital metrics are not materially sensitive to the assumed equity return. Unrealised movements are excluded from the statutory capital base and any realised gains make up a small proportion of the large base (including callable capital). The CAP is based on equity fair value, therefore capital requirements proportionately increase/decrease as gains/losses are recorded.
- **Debt losses.** Statutory capital utilisation is not impacted by variations in provisions for impairment. In addition, the impact of the foregone interest from the non-performing assets on the statutory capital base is almost negligible. In the case of CAP, the foregone interest has more impact due to both the smaller capital base relative to statutory capital and the need for required capital to be held against impaired assets not covered by specific provisions. If the projected level of specific provisions is doubled from typical planning levels, utilisation under CAP increases by around 3 per cent by 2025.

207. In addition to the key sensitivities, the methodologies of external rating agencies have a significant bearing on the Bank's risk-based CAP. Over a period of five years, the rating agencies may change their methodologies.

4.1.4 Stress Testing

208. Each new operational and financial plan presented in the annual SIPs is subjected to a series of forward-looking stress tests, designed to simulate the financial and capital impact of adverse economic conditions. The resultant impacts are judged using the Bank's risk-based CAP, which is sensitive to losses and risk levels that may be observed during a crisis. The statutory capital metric is not used as it is not sensitive to credit losses or fair value movements on equity investments.

[6] This figure may overstate the impact. In stress tests carried out by the Bank, it was concluded that correlated weakening of local currencies are likely to provide a natural hedge, under a USD strengthening scenario.
[7] Excluding unrealised gains.

209. Historical results indicate that, at current capitalisation levels, a 10 per cent utilisation buffer within the CAP is sufficient to absorb losses caused by a once in 25 years shock. However, this cannot be assumed to hold inevitably across the next SCF period. Each new plan will contain different risk profiles, product mixes and growth gradients, all resulting in potentially different levels of capital impact under stress. Whilst it is not unreasonable to demonstrate maximum capital capacity to the prudential limit of 90 per cent, it is possible that a lower level of utilisation will be considered prudent once the effects of stress are assessed for each plan.

210. The EBRD has sufficient capital to support the proposed strategy even in the case of severe distress and is expected to continue operating in a financially sustainable way, in terms of capitalisation, profitability and efficiency.

4.2 Establishing a Capital Buffer

211. In order to allow the Bank to be always in a position to provide additional lending in the event of a localised crisis or another unanticipated event, it is proposed to establish a capital reserve (or buffer) that would not be used for core lending and investment activities under normal circumstances. Access to the buffer will be swift and simple, with the option of it being used for a variety of purposes.

212. The Bank will introduce a capital planning approach for the SCF period under which the Bank would always plan, in its SIPs, to operate at levels of activity that would maintain capital utilisation at below 90 per cent as measured by statutory capital (two percentage points below the 92 per cent prudential limit). As a result, capital capacity would be available to support a temporary surge in lending of around €750 million in ABI for each of two successive years. Should shareholders decide that conditions warrant the use of this headroom, such a decision could easily and flexibly be agreed under the normal governance of the EBRD's Board of Directors. In order to support the Bank's response to the Covid-19 crisis, the Board of Directors considers this headroom to be accessible until the review of implementation of the SCF, described in paragraph 36.

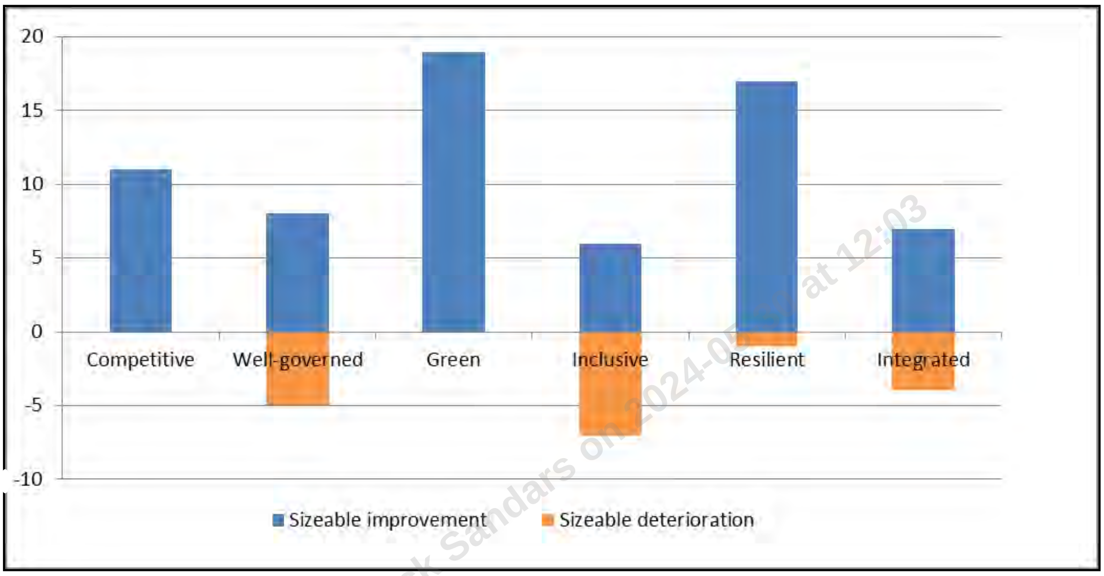
ANNEX 1: Taking Stock – Implementing the Strategic and Capital Framework 2016-2020

1. The EBRD's current SCF was approved in 2015 and covered the period from 2016 to 2020. It set for the Bank the goal of 'reenergising transition' against a backdrop of slowing reform momentum and significant economic and political uncertainty. Although the six transition qualities have only been measured since 2017, following their approval in the previous year, their assessment provides some indication of the progress at the country level made in the current SCF period. Chart A.1 shows the number of 'sizeable' [8] improvements and deteriorations in ATQs scores from 2017 to 2019. Overall, improvements have substantially exceeded deteriorations. Amongst the individual qualities, improvements have been particularly widespread in the 'green' and 'resilient' qualities, with scores improving in around one-half of the Bank's countries of operations. Movements have been both less pervasive and more mixed across the other qualities, with deteriorations outweighing improvements for the 'inclusive' quality. At a country level, only three countries did not have at least one quality in which there was sizeable improvement. Of course, progress – or reversal – is not in itself attributable solely to the Bank's actions.

2. By contrast, the Bank does have control over its own project implementation. Of the 761 projects that were completed from 2016 to 2019, almost 72 per cent have fully achieved their objective; a further 20 per cent have had a positive impact, but not achieved their full potential and the remainder have had negligible or no positive impact. The Bank also continuously monitors the progressive impact of its projects. The average Portfolio Transition Impact for projects has been maintained at a high level across the SCF period at just over 70, against a floor for the average level of 65 set in the SCF. The Bank also assesses the potential impact of each project at entry through Expected Transition Impact. Average Expected Transition Impact has been around 67 over the SCF period, against a floor for the average of level of 60.

[8] A 'sizeable' improvement or deterioration is one which is greater than one standard deviation of all score changes across qualities and countries in the 2017-19 period.

Chart A.1: Number of Sizeable Changes in Transition Scores 2017 to 2019



3. Table A.1 presents quantitative operational information for both the period covered by the Bank's fourth Capital Resources Review (CRR4) and the SCF period. Average **Annual** Bank Investment (ABI) has been eight per cent higher under the SCF than in the earlier strategy period.

Table A.1: The Bank's Operational Delivery 2011 to 2019

	CRR4 period (2011 to 2015)		**SCF period** (2016 to 2019)	
	Level	**Annual Growth Rate**	**Level**	**Annual Growth Rate**
Average Annual Bank Investment (€ billion)	8.9		9.7	
Average annual number of operations	385		409	
Average Annual Mobilised Investment (€ billion)	1.2		1.4	
Portfolio value (€ billion; end period)	41.6	6.3%	46.1	2.6%
Portfolio volume (number of operations; end period)	1,864	3.4%	2,092	2.9%
Operating assets (€ billion)	28.6	6.1%	31.8	2.7%

4. The Bank's portfolio and operating assets have grown in both periods. The value of both rose considerably faster in the earlier period reflecting the disbursement of the accelerated activity of the Bank during and immediately after the global financial crisis in the previous strategy period. Also, the growth in the SCF period has been influenced by the rapid contraction of the Bank's portfolio in the Russian Federation. The Bank has not

approved new projects in this country of operations since the middle of 2014. As a result, the Russian portfolio has fallen from €5.6 billion to €1.6 billion over the SCF period to

2019. By volume, the total number of operations in the Bank's portfolio grew at similar rates in both periods.

Table A.2: The Bank's Operational Performance 2011 to 2019 – Selected Indicators

	CRR4 period (2011 to 2015)	**SCF period** (2016 to 2019)
Share in cumulative ABI of:		
Equity	13%	7%
GET investment	31%	40%
Private investment	77%	74%
Sovereign investment	13%	19%
Share in cumulative operations of:		
Local currency and capital market transactions	23%	31%

5. The current SCF also set directional objectives for the 2016-2020 period for the nature of the Bank's work. This included an aspiration to increase the share of investment in energy and resource efficiency and equity, as well as strengthening activity in local currency and capital markets. Table A.2 shows the outcomes to date in these areas, together with the private and sovereign shares of the Bank's business. It shows that the Bank has raised significantly its support for what is now described as the Green Economy Transition (GET) and local currency and local capital markets. Within GET, adaptation financing more than doubled between 2016 and 2019. However, investment in equity has been much lower as a proportion of overall activity. This has reflected external conditions characterised by ample available capital and consequent difficulty in finding opportunities that combine transition and financial return. It has also been influenced by the necessary refinement and restructuring of the internal approach to equity investment which has taken time to be fully effective.

6. The SCF set aspirations in two other areas. For SMEs, the Bank has continued to extend its suite of instruments introducing a number of new products to enhance impact, such as the Blue Ribbon programme targeting high growth SMEs, as well as adopting increasingly streamlined approaches to delivering its business. With respect to sustainable infrastructure, the Bank's approach has broadened from an initial focus on project preparation to encompass the entirety of its infrastructure activity.

7. The SCF also highlighted a number of institutional objectives. The Bank has significantly developed its policy capacity over the period through enhanced diagnostic work, a greater integration of policy and operational objectives and organisational changes to increase the overall impact of the Bank's activity. The goal of mainstreaming gender and inclusion in the Bank's operations has been taken forward through the first Strategy for the Promotion of Gender Equality, which runs until 2020, and the first Economic Inclusion Strategy approved in 2017 and running to 2021.

The Bank's results architecture has been comprehensively overhauled – a process accelerated by the introduction of the transition qualities – and the country strategy design and formulation process streamlined and improved. The Bank has mobilised almost exactly the same proportion of external capital in the CRR4 and SCF periods, at 14 per cent. Positively, however, the range of countries that have benefited from this mobilisation has increased, as has the number and nature of participating counterparties.

8. The current SCF set the goal of moving the Bank's operations progressively towards countries and regions within countries that are less advanced in transition. Specifically, there was a focus on delivering in the Early Transition Countries (ETCs), the Western Balkans and the SEMED region. Table A.3 shows the shares of ABI and project numbers in each of the Bank's standard regions and priority categories. The three geographic areas of focus accounted for 44 per cent of ABI in the SCF period and 57 per cent of all projects. When compared with the CRR4 period shares, SEMED shows a significant increase, ETCs show a modest increase and the Western Balkans remained static, albeit within the higher absolute levels of activity in the SCF period. In addition, the Western Balkans has the highest levels of investment both as a share of GDP and per capita of any Bank region. Beyond investment, the focus of the Bank in these countries has been reflected in the intensity and seniority of policy engagement.

Table A.3: Regional Shares of Bank Investment 2011 to 2019

	CRR4 period (2011 to 2015)		**SCF period** (2016 to 2019)	
	ABI	Projects	ABI	Projects
Central Asia	9%	17%	12%	20%
Central Europe and Baltics	14%	11%	14%	11%
Cyprus and Greece	1%	0%	7%	3%
Eastern Europe and Caucasus	19%	24%	17%	23%
Russia	18%	11%	0%	0%
South-Eastern Europe	17%	24%	17%	21%
Southern and Eastern Mediterranean	7%	5%	19%	12%
Turkey	14%	8%	14%	10%
Of which:				
Early Transition Countries	12%	28%	14%	29%
Western Balkans	11%	16%	11%	16%

9. Table A.4 shows key indicators over the years since 2011. Financial sustainability is essential for delivering and expanding the Bank's impact. The growth rate in the Bank's total members' equity has been significantly higher in the SCF period than the previous strategy period. This level is also well above the estimated baseline rate of expansion of members' equity presented in the SCF itself. This growth resulted in an actual level for members' equity that is almost exactly in line with the first SCF projections despite the higher growth rate. This was the result of the starting level of members' equity at the end of 2015 being lower than the estimates used in the SCF projections. Annual net profit in the SCF period has been twice as high in the later period. The levels of capital utilisation at the end of each period are shown, with the nominal measure of capital utilisation rising between the periods and the risk-based measure falling substantially. This confirms the view, highlighted in the first SCF, that statutory capital consumption is the more limit ing factor. Nevertheless, by both measures the Bank is very well capitalised.

10. The shift in medium-term planning format from the CRRs to the SCF was introduced to allow flexibility in the face of changing circumstances. This proved helpful almost immediately when the SCF period began with the formulation of the Bank's programme of support for refugee-hosting communities in 2016. In 2017, the Bank began operations in West Bank and Gaza through its first Trust Fund, Lebanon became a country of operations and the EBRD recommenced full operations in Uzbekistan after a decade of minimal engagement. None of these activities had been foreseen at the time of the approval of the SCF. In addition, other significant events in the past five years have included the addition of five new shareholders (China, India, Lebanon, Libya and San Marino) and the successful conclusion of the Bank-managed New Safe Confinement project at Chernobyl after a decade of work.

Table A.4: Selected Indicators 2011 to 2019

	CRR4 period *2011 to 2015*	SCF period *2016 to 2019*
Return on members' equity (Annual growth)	2.4%	5.2%
Average annual profit (€ million)	488	882
Capital Utilisation[9] (end period) • Statutory • Capital Adequacy Policy	 71% 80%	 76% 66%
Cost to Income Ratio (Five year rolling average; end period)	35.7%	32.6%
Total Employees[10] (end period)	3,036	3,660

[9] Calculated on the basis of the policy prevailing at the time.
[10] Total number of active employees across the Bank, including both staff and other resources. Other resources are defined as individuals engaged by the Bank on non-staff contracts or other arrangements, including consultants, contractors and temporary staff (CCTs), Board Directors, interns and external secondees into the Bank.

BACKGROUND FOR GOVERNORS

REPORT OF THE BOARD OF DIRECTORS TO THE BOARD OF GOVERNORS

STRATEGIC AND CAPITAL FRAMEWORK 2021-2025

EXECUTIVE SUMMARY

The European Bank for Reconstruction and Development's (EBRD) purpose is to foster transition towards open-market economies and to promote private and entrepreneurial initiative in its countries of operations committed to and applying the principles of multiparty democracy, pluralism and market economics. Since its establishment in 1991, the Bank has invested over €146 billion in its countries of operations to support the systemic change that promotes this transition and private sector development.

A Strong and Reliable Partner in Uncertain Times

The Strategic and Capital Framework (SCF) sets out the EBRD's strategic aspirations, as captured in Box 1, for the period from 2021 to 2025 and confirms that the Bank has sufficient capital to support its proposed strategy even in the face of financial stress. Over the five years of the SCF, the Bank can lend consistently up to €13 billion annually compared to the record level of annual lending of €10 billion in 2019. However, the Bank's capital must be deployed responsibly and this capital capacity does not represent an aspirational plan or target level of operational activity. The Bank will implement the SCF within a control framework consisting of parameters for transition, capital and resource efficiency.

The overarching goal is for the EBRD to preserve and accelerate transition in its countries of operations through the overlapping and differentiated crisis and recovery phases in response to the Covid-19 crisis and to continue tackling deep-rooted broader challenges, including environmental, demographics and technological transformation.

The level of uncertainty about the duration and extent of the impact of the crisis means that the Bank will need to pursue its goals flexibly. Nevertheless, across the entire period, the Bank will aspire to deploy its capital fully and responsibly for the benefit of its countries of operations. Given the uncertain environment, the Board of Governors will review the implementation of the SCF at the Bank's 2022 Annual Meeting or at the latest at the 2023 Annual Meeting.

The EBRD is fully committed to being a strong and reliable partner to its countries of operations. The Bank will be responsive to market and reform conditions and innovative in helping countries transition to a sustainable market economy through the pursuit of six transition qualities – competitive, well-governed, green, inclusive, resilient and integrated. The Bank not only supports its countries of operations in addressing transition gaps, but also works actively to drive greater ambition through its non-sovereign and sovereign clients to achieve transition impact across the six qualities. Progress on these qualities should lead to an economy that supports greater economic growth and prosperity, more jobs and opportunities, an improved environment for people in countries of operations and supports the achievement of the Sustainable Development Goals.

A Distinctive, Relevant and Effective Bank

The EBRD has a distinctive position with the global and European development finance system due to its core strengths and comparative advantage. Its business model and operational approach have proved durable, flexible and effective in various geographic and cultural contexts. The Bank currently operates in 38 economies in Europe, Asia and Africa.

The Bank's distinct contribution is grounded in its focus on private sector development combining investment, policy and technical assistance in a single management and incentive structure, with the ability to make selective interventions in the public sector. Strong local presence and deep sectoral knowledge support the Bank's successful delivery of transition impact. The Bank's business model rests on the three operating principles of transition, sound banking and additionality. In all of its activities, the Bank upholds the highest standards.

Over the SCF period, the EBRD will continue to strengthen its business model and toolkit, including with respect to mobilisation, donor resources and policy engagement.

Mobilising finance to deliver transition impact, with a particular emphasis on private investment, is a core strategic goal for the SCF period. The Bank will set out a Mobilisation Approach for discussion with the Board of Directors early in the SCF period. The Approach will cover the instruments, incentives and capabilities required to deliver on the Bank's mobilisation ambitions.

Using **donor finance** in a disciplined manner is also an integral component of the Bank's business model and will be a key enabler of the achievement of the Bank's strategic goals over the SCF period. Demand for donor resources to support the Bank's work is likely to remain strong during the period of crisis response in the context of market disruptions.

Combining **policy engagement** with investment activity is increasingly important for achieving and sustaining systemic transition impact. Stepping up this activity will be an important aspect of the Bank's crisis response and an essential element of successful implementation of the strategic themes of the SCF. The Bank will build on the progress made with a view to strengthening policy impact at the sector and economy level, as well as strengthening its knowledge management.

Building a Resilient and Sustainable Future

The ways in which the EBRD will support countries of operations' transition throughout the SCF period are indelibly coloured by the Covid-19 crisis. In the initial period, the Bank will focus its financial strength on supporting countries of operations to preserve transition gains in the face of the crisis. A recovery phase is likely to follow at different times in different places during which the Bank will support an acceleration of transition. In all its activities, the Bank will focus on enabling countries of operations to build a more resilient and sustainable future.

Sectoral Directions: Crisis Response and Recovery

The Bank moved swiftly in response to the Covid-19 crisis with the approval of two Solidarity Packages. These set out the ways in which clients and countries of operations will be supported in the early part of the SCF period, including exceptional and innovative measures to address short-term needs in partner banks, small and medium-sized enterprises (SMEs) and infrastructure providers.

Throughout the SCF period, the Bank will enhance the quality, quantity and impact of its activities in each of its sectors – **Financial Institutions**, **Industry, Commerce and Agribusiness** and **Sustainable Infrastructure**. The Bank will build on its key strengths, including a comprehensive approach to local currency lending and local capital market development, a broad and flexible suite of SME financing and advice and a unique approach to sub-sovereign lending. In addition, the Bank will innovate by adopting new and different approaches to delivering transition. The ability to provide equity investment is expected to be particularly important to support firms in the early years of the SCF as businesses face a permanent loss of value because of the crisis and as investor risk aversion rises.

Crosscutting Themes

Across its three sectors, the Bank will focus on three strategic themes that respond to major forces shaping transition opportunities in countries of operations. The crisis has heightened the relevance and importance of these themes:

- Supporting the **transition to a green, low carbon economy** through the new Green Economy Transition (GET) Approach for 2021 to 2025. This Approach builds on the Bank's already strong green finance activity to increase impact through implementing an operational framework to align with the principles of international climate agreements, including principally the Paris Agreement; enhanced country and policy work and targeted thematic interventions. The goal is to raise the share of green finance to at least 50 per cent and to reduce net CO_2 by 25 to 40 million tonnes by the end of the SCF period.

- Promoting **equality of opportunity** by strengthening the Bank's work in supporting access to skills and employment, finance and entrepreneurship and services for underserved groups working with and through the private sector. Priority client segments will include women, youth and those in less developed regions . There will also be a focus on mitigating potential adverse impacts, including from the digital and green transitions. The Approach for this theme will be developed further in 2021 for discussion with the Board of Directors.
- Accelerating the **digital transition**, recognising that technology can be a key enabler of transition progress within countries of operations across the six transition qualities. The Bank has some emerging expertise in this area, such as in the application of technology in infrastructure. A comprehensive Approach to strengthen the Bank's activity will be prepared for discussion with the Board of Directors in 2021.

The quality of governance is a key determinant of differences in economic performance between and within countries. This has become more critical given the increase in the level of state involvement in the economy in response to the Covid-19 crisis. The EBRD will thus give heightened attention to **economic governance** during the SCF period.

<u>*The Transition Journey*</u>

The nature and extent of the Bank's work evolves as countries of operations progress in their transition journey. In general, activity becomes more sophisticated and specialised as an economy advances in transition and with the experience gained able to be used to support transition in less advanced economies.

Over the SCF period, the Bank will seek to increase the proportion of its investment and policy activities in countries that are less advanced in transition, including the Early Transition Countries, Southern and Eastern Mediterranean countries and the Western Balkans. In countries more advanced in transition, the scope for the Bank to identify market segments in which it can achieve transition impact together with sound banking and additionality tends to reduce over time.

The principle of graduation as set out in the *A Policy on Graduation of EBRD Operations* is reaffirmed for the SCF period. The decision to pursue graduation lies with each country of operations. In order to strengthen the support available to any graduating country, the Bank will put in place an enhanced approach for implementing the Graduation Policy. An update on graduation based on a revised Post-Graduation Operational Approach, will be provided for further guidance by Governors at the time of the review of implementation of the SCF.

<u>*Geographic Reach*</u>

The Bank's transition mandate and business model have proved effective in a variety of contexts. During the SCF period, the Bank will consider expanding its geographic reach, subject to the approval by the Board of Governors.

The last significant expansion of the EBRD's geographical mandate was in 2011 with the inclusion of the countries of the southern and eastern Mediterranean (SEMED) region. **Within this geographic scope**, three countries have not yet become countries of operations. In the event of an application from a country within this geographic scope, the Bank would conduct in-depth work to allow Governors to make a decision. Algeria's request to become the latest member of the Bank has been approved and it has applied to become a country of operations.

The Bank has explored the possibility of expanding its operations beyond its current geographic scope in the SCF period. Any expansion **beyond the current geographic scope** will need to consider important initial guidelines, including complementing other development partners and the financial, resource and governance implications for the Bank itself. The Bank affirms continued strategic interest in a limited and incremental expansion to sub-Saharan Africa and Iraq during the SCF period. Governors will consider an update on this issue at the time of the review of the implementation of the SCF, reflecting guidance to be provided at the 2021 Annual Meeting.

Partnering for Impact

The EBRD will sustain focused coordination with other actors through the SCF period to deliver transition impact and support its countries of operations. Working with and through other institutions, including other MDBs, bilateral development finance institutions, the European Union and other donors, will enable the Bank to multiply its impact, focus on its strengths and exchange learning with others.

The crisis has reinforced the importance of institutions combining their different strengths effectively. Collaboration at the operational, policy and institutional/information exchange levels helps the development finance system operate effectively. Cooperation will take place through co-financing, policy coordination and mutual lesson learning. During the SCF period, the Bank will play its full part to strengthen complementarity and reflect the conclusions of discussions within the G20 and European Union to strengthen the effectiveness of the international development finance system.

Implementing the SCF

The SCF is very ambitious and the EBRD will need the means to deliver. The Bank will require significant additional financial and human resources in addition to identifying opportunities for efficiencies and possible reallocations. Modernising the Bank is crucial to attracting and retaining talent, increasing efficiency and productivity, minimising operational risks and ultimately to delivering value and impact to shareholders and clients. Investment in the Bank's capabilities will be scrutinised and approved by the Board of Directors in the annual budgetary process.

Delivering the Bank’s mission and commitment to support its countries of operations in uncertain times requires taking more risk. Throughout the SCF period, the Bank will manage risk effectively at the project and portfolio level to maintain its strong financial position and triple-A credit rating whilst delivering high transition impact.

To support delivery of the SCF, the Bank will strengthen its people planning and organisational design and invest in a sustained effort to enhance its outdated IT capacity and build a new digitally enabled operating platform fit for the Bank’s future operations.

The Bank has embarked on a programme of strengthening its approach to monitoring, learning and evaluation to improve continuously its performance and impact. The Bank’s approach to results measurement and management has been improving since 2016. In the SCF period, the Bank will take forward the conclusions of the Independent External Evaluation of EBRD’s Evaluation System to establish the systems and culture to capture and analyse data, to communicate the Bank’s impact and to support continuous learning.

The Bank will establish a capital buffer within its planning framework for the SCF period. In order to support the Bank’s response to the Covid-19 crisis, the Board of Directors considers all the Bank’s capital capacity accessible until the review of implementation of the SCF.

The Bank in 2025 – Strategic Aspirations

Based on the strategic directions of the SCF, by 2025, the Bank will have:

- Provided timely and effective support to countries of operations to preserve and accelerate transition in the context of the economic crisis caused by the Covid-19 pandemic.
- Demonstrably focused its efforts on supporting those of its countries of operations less advanced in transition, including the Early Transition Countries[1] (ETCs), SEMED and the Western Balkans, through enhanced investment and policy activity.
- Reinforced its private sector focus by ensuring that more than three-quarters of the Bank's total investment in the SCF period is in the private sector.
- Directly supported progress towards green, low-carbon economies through higher levels of investment in the Green Economy Transition.
- Promoted equality of opportunity for disadvantaged groups and deepened the mainstreaming of gender considerations in projects through strengthened capacity for investment and policy engagement.
- Launched comprehensive and coherent activities to help countries of operations leverage the digital transition as an enabler of transition across all sectors.
- Successfully begun operations in new countries of operations within the Bank's existing region, such as Algeria, subject to the approval of Governors.
- If approved by the Board of Governors, taken steps to begin operations in a limited number of countries beyond the Bank's current geographic region.
- Strengthened support for any country that chooses to graduate from the use of the Bank's resources through an enhanced Post-Graduation Operational Approach.
- Increased the levels of private capital it mobilises for countries of operations through a widened and deepened scope of activities.
- Achieved greater transition impact by further integrating policy engagement and investment activity and reinforced its ability to measure its effectiveness
- Strengthened its overall results framework, knowledge management and the use of evaluation findings to improve the design and impact of operations.
- Enabled cost effective delivery of the SCF through investment in staffing, skills, processes, systems and IT upgrades, as well as increased efficiency and reallocation.

The priorities will be implemented through future annual SIPs with continued efforts to manage both existing projects and new commitments to pursue transition impact whilst balancing, at the portfolio level, risks, returns and costs to ensure financial sustainability.

[1] Armenia, Azerbaijan, Belarus, Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan and Uzbekistan.

REPORT OF THE BOARD OF DIRECTORS TO THE BOARD OF GOVERNORS

2019 NET INCOME ALLOCATION

1. Introduction

This Report presents proposals for allocation of the Bank's 2019 net income.

The paper is structured as follows:

- Section 2 describes the governance process for net income allocations provided in accordance with Article 36.1 of the Agreement Establishing the Bank (the "EBRD Agreement"), as well as the principles approved by the Board of Directors within the 'Framework for Net Income Allocation Proposals'. The principles, together with a qualitative and quantitative framework, support the development of net income allocation proposals by Management;
- Section 3 assesses this governance framework against the Bank's current financial position;
- Section 4 sets out the proposed allocation of the 2019 net income; and
- Section 5 notes the implications of the proposals on the Net Income Allocation Framework.

2. Governance considerations

Decisions regarding the allocation of net income and reserves are made in accordance with Article 36.1 of the EBRD Agreement which provides that:

> "The Board of Governors shall determine **at least annually** what part of the Bank's net income, after making provisions for reserves and, if necessary, against possible losses … , shall be allocated to surplus or other purposes and what part, if any, shall be distributed. … No such allocation, and no distribution, shall be made until the general reserve amounts to at least ten (10) per cent of the authorised capital stock."

For these purposes, the Bank's accumulated net income or 'general reserve' is interpreted as the level of unrestricted general reserves[1]. These reserves exclude the Special Reserve, Loan Loss Reserve and also prudently exclude any unrealised gains on equity and loan investments, but are reduced by unrealised losses below cost on individual equity and loan investments. As such, the net income in the year for the purposes of allocation pursuant to Article 36.1 of the EBRD Agreement, or change in unrestricted general reserves will differ from net profit reported in the Bank's financial statements.

[1] See the 'Review of the Statutory and Prudential Limits Policy'.

In addition to compliance with Article 36.1, any net income allocation proposals are also assessed under the 'Framework for Net Income Allocation Proposals' which sets out principles to guide Management in formulating proposals for net income allocations. This Framework reflects the importance of considering the potential impact of net income allocations on the Bank's financial sustainability and ability to deliver its strategic objectives, as well as on the perception of the Bank by rating agencies and bondholders.

The 'Framework' consists of the following three key principles:

1. The magnitude and composition of any net income allocation must preserve the financial position and standing of the Bank, including maintaining capital adequacy above the limits acceptable for a 'triple A' institution (assessed in the Capital Adequacy Policy), and not endangering the implementation of the Strategic and Capital Framework 2016-2020 (SCF) through Strategy Implementation Plans (SIPs).
2. Overall net income allocations need to be consistent in the medium term with the Bank retaining a significant majority of its net income within the capital base to support the Bank's strategic objectives and mitigate against potential losses.
3. Net income allocations need to be prioritised based on their link to the operational activity and business model of the Bank and their potential to deliver transition impact. In particular, priority will be given to allocations that support the Bank's medium term directions and strategic orientations as set out in the SCF.

In addition, within the Framework document there is a specific framework for the implementation of the principles that includes qualitative and quantitative elements to be balanced when developing net income allocation proposals during the period to 2020 (the SCF 2016-2020 period). Reflecting the implementation of both the first and second principles above, this includes **the expectation that on a rolling three year basis at least 75% of the Bank's growth in members' equity [2] should be retained in reserves**. Recognising the volatility in the Bank's financial results, this should be prudently planned over any given three year SIP period and ultimately over the SCF 2016-2020 period.

Any decisions regarding the allocation of the Bank's net income are made by the Board of Governors under Article 36.1 of the EBRD Agreement. The Framework provides guidance to Management for formulating initial net income allocation proposals subsequently submitted for review and approval by the Board of Directors, prior to being forwarded to the Board of Governors for their consideration.

3. Growth in reserves

In 2019, growth in members' equity was €1.66 billion, which comprises net profit of €1.43 billion [3] and €0.23 billion of other comprehensive income and other reserve movements.

In accordance with Article 36.1

[2] Adjusted for prior year's net income allocation, paid-in capital received and changes to accounting policy (if any).

[3] This is net profit before net income allocation of €117 million paid in 2019, but related to 2018 Net Income Allocation. The Bank's financial results are presented in the 'Annual Financial Report for the Year Ended 31 December 2019'.

Based on the Bank's authorised share capital of €30 billion, the 10% threshold under Article 36.1 of the EBRD Agreement is equivalent to €3.0 billion. At the end of 2019, the unrestricted general reserves was €9.1 billion (2018: €8.0 billion), which is €6.1 billion above the 10% threshold. The Bank therefore has sufficient reserves to make net income allocation to 'other purposes'.

4. Proposed allocation of 2019 net income

It is proposed to allocate a total of €115 million from Bank's 2019 net income to other purposes as follows:

- €100 million to the EBRD Shareholder Special Fund (SSF), and
- €15 million to the EBRD Trust Fund for West Bank and Gaza (WB&G) to finance the Bank's operational activities in WB&G.

The balance of the Bank's net income for 2019 will be allocated to surplus (retained in ordinary capital resources).

4.1 Allocation to the EBRD Shareholder Special Fund

It is proposed that €100 million is allocated to the EBRD Shareholder Special Fund (SSF). This allocation would allow funding of the first year of a new multi-year SSF Work Plan, the proposal for which would be presented to the Board in Q4 2020.

The minimum share of this net income allocation directed to support ODA countries is 95%, which is an increase of 5% from the level agreed for the allocation of net income at the 2019 Annual Meeting (Resolution No.221). This is to reflect the Bank's continued wish to focus its SSF resources even further on those countries facing higher transition challenges.

SSF is an effective funding tool, which allows the Bank to respond more efficiently and flexibly to the transition challenges in its region by providing grant resources to support operational activities and policy dialogue. This support has been balanced appropriately according to the needs of different countries and regions using a Board-approved allocation model, and it is intended that the SSF will maintain flexibility in its allocations in future, so that this balance can continue to be achieved and SSF can respond effectively to unforeseen challenges. The introduction of a two-year plan for 2019-2020 has enabled the Bank to plan and propose multi-year programmes where appropriate, avoid the potential sub-optimal use of SSF funds and the processing rush at the end of the year, and deploy SSF funding quickly to cover unexpected funding needs. Given the experience to date, it is the Bank's intention to continue managing SSF within a multi-year Work Plan in 2021 and beyond.

Starting in the second quarter of 2020, and in response to the anticipated needs of clients in light of the impact of the Covid-19 pandemic on countries of operations, funds in the SSF account were redirected to support the Bank's Solidarity Package. New savings were identified to bolster SSF capacity in case of additional crisis-related needs, and an altered approval procedure was put in place to ensure that SSF funds are used to support essential investment and policy projects. At this stage, it appears that the SSF has adequate resources to meet anticipated needs in 2020. Any funds not utilised under the current Work Plan, as well as reflows from project cancellations or closures, will be used to support a multi-year Work Plan for 2021 and beyond.

The needs for 2021, a period in which we expect countries will still be in either crisis response or recovery mode, are still uncertain. As with previous Net Income Allocation requests, the timing of the decision by Governors on NIA is not aligned with the Bank's business planning and budget cycle, and therefore does not allow to draw on the work we do each year to estimate overall grant and concessional finance needs. This is presented in Q4 in the SIP and in greater detail as part of the Funding Outlook exercise. The request for replenishment of the core SSF – normally submitted in March/April for a May Board of Governors decision – is traditionally made on the basis of an 'orientation' and historic utilisation data. The orientation of an annual replenishment of €100 million for the core SSF has been in place since 2015. In the last three Work Plans of the SSF, utilisation has ranged between 98% and 100%, based on funds committed to projects approved by Management or the Board.

Although it is not possible at this stage to complete a bottom up analysis for reasons noted above, it is expected that demand for core SSF funds by the Bank's operational teams will be equal to or greater than in previous years. This is true for the following reasons:

- 2021 will be the first year of the GET 2.1 approach, which envisions an even higher concentration of climate and environmental projects. These tend to require grant and/or concessional co-financing.
- After an initial focus on resilience and liquidity support to existing clients, the Bank's crisis response and recovery support will likely shift to more vital infrastructure support including investments in basic public infrastructure, key public utilities, and sub-sovereign municipal projects. Such investments are typically accompanied by significant grant funding, to address affordability constraints and access to expertise.
- Policy work and capacity building requirements have been growing and are expected to continue, both as part of the Bank's business as usual and in connection with Covid-19 crisis response and recovery. The same is true for addressing economic inequalities where the Bank's ambition to step up its work to tackle economic and financial inclusion typically come with higher calls on grant funding.
- Access to additional support from the Bank's bilateral donors will be heavily dependent on the impact of COVID-19 on national budgets and overall development aid. Furthermore, bilateral donor funds may be diverted towards humanitarian aid (in the cases of Lebanon and COVID-19 first and foremost) and other sectors less related to the Bank's work.
- A shift towards use of unfunded or reimbursable financial instruments by some donors makes the SSF an even more important source of flexible, grant-based support for project preparation, implementation and policy work.

The amount of €100 million allocated to the SSF will be transferred into the SSF in two tranches as follows:

- a first one of 50% in January 2021, and
- a second one of 50% once 50% of the new multi-year SSF Work Plan has been committed to projects.

4.2 Allocation to the EBRD Trust Fund for West Bank and Gaza

It is proposed that €15 million be allocated as required funding to the West Bank and Gaza (WB&G) EBRD Trust Fund for operational activities in West Bank and Gaza as outlined below. This represents the fourth allocation since the establishment of the Trust Fund and approval of the EBRD engagement in West Bank and Gaza in May 2017. The proposed additional allocation of €15 million would bring cumulative allocations to €85 million[4].

Operational work has been effective with approved investments and technical cooperation assignments of around €47 million as at August 2020, one investment of around €2.6 million expected to be approved in September 2020 and a pipeline, that has already been developed, of €11 million as at August 2020. However, given that the Trust Fund is ultimately managed on the basis of existing funding, the pipeline will be managed without pre-judging the outcome of future net income allocations. The current available headroom for the Trust Fund is around €12.4 million, out of which €11 million in projects expected to be submitted by the end of 2020, leaving only €1.5 million until the next proposed contribution for any additions in pipeline for investments and technical cooperation. In addition, contributions from the West Bank and Gaza Multi Donor Trust Fund will play a supporting role in financing transactional and non-transactional TCs, policy dialogue and similar initiatives. The Multi Donor Fund was activated in the first quarter of 2019. Two donors; DFID and The Dutch Government, have pledged €3.7 million over the coming period, in which, €1.4 million has been contributed and €1.2 million has been approved for projects.

Funding or 'capital' within the Trust Fund needs to be managed very prudently with funds set aside for expenses and contingency and for 100% of the Fund's commitments (investments and grants). As such, the mechanism is very constraining in its use of capital, in contrast to the Bank which can leverage its funds.

5. Implications on the Net Income Allocation Framework

When assessing net income allocations to 'other purposes', decisions are based on the financial results of the previous year, albeit they are generally accounted for as a reduction to reserves and therefore overall members' equity in the year that they are decided.

4 An initial €30 million allocation was made at the 2017 Annual Meeting (Resolution No.203), followed by €20 million allocation at the 2018 Annual Meeting and another €20 million allocation at the 2019 Annual Meeting.

In total, the Bank's 2020 financial statements are expected to record aggregate transfers of net income approved by the Board of Governors of €115 million, shown as a reduction to members' equity.

The proposed allocations in 2020 are equal to 7% of actual capital growth in 2019. Based on a rolling three year average, the cumulative allocations from capital represent 13% of capital growth compared to the 'Net Income Allocation Framework' threshold of 25%.

Table 1 summarises the proposed allocations from the Bank's capital compared to actual capital growth.

Table 1: Overview of overall Net income allocations to 'other purposes' applied to the Bank's current financial position

The year that the profits are recognised:	**2017**	**2018**	**2019**
Growth in capital for NIA framework purposes	**790**	**273**	**1,662**
The year of NIA decision/ when the actual allocation is accounted for:	**2018**	**2019**	**2020**
SSF Work Plan	95	95	100
Sub-account SSF: Support to refugee hosting countries	15	0	0
Total Shareholder Special Fund	**110**	**95**	**100**
EBRD Trust Fund for West Bank and Gaza	**20**	**20**	**15**
Community Special Fund	**-**	**2**	**-**
Total allocation (reserve reduction to be reflected in):	**130**	**117**	**115**
Implications on NIA framework:			
Net income allocation as proportion of net profit	17%	34%	8%
Net income allocation as proportion of capital growth	16%	43%	7%
3 year average	**19%**	**23%**	**13%**

As at 31 December 2019, Capital Adequacy Policy (CAP) utilisation was 66% (2018[5]: 67%) at reported rates, compared to a prudential threshold of 90%; and statutory capital utilisation was 76% (2018: 73%), compared to the 92% threshold.

The impact of the proposed allocations of €115 million would not materially increase the Bank's capital utilisation from current levels.

6. Draft Resolution

The draft Resolution* proposed for adoption by the Board of Governors is attached.

[5] Restated following the 2019 Review of the Capital Adequacy Policy. Reported CAP utilisation at 2018 year end was 73%.

* The text of Resolution No. 234 as adopted by the Board of Governors is reproduced on page 213

REPORT OF THE BOARD OF DIRECTORS
TO THE BOARD OF GOVERNORS

MEMBERSHIP OF IRAQ

The Government of the Republic of Iraq ("Iraq") has requested that Iraq become a member country of the EBRD. Letters of 30 April 2018 and 4 February 2019 were received from the Ministry of Finance, as well as a letter of 8 November 2019 from the Embassy of Iraq in the United Kingdom concerning this request.

In this context, the Board of Directors has noted:

- That, as a non-European country, which is a member of the International Monetary Fund, Iraq is eligible for membership of the EBRD under Article 3.1(i) of the Agreement Establishing the Bank; and
- That Iraq understands that, on becoming a member of the EBRD, it will be bound by the provisions of the Agreement Establishing the Bank, and the obligations thereunder.

Accordingly, the Board of Directors recommends that the Board of Governors approve that Iraq be admitted to membership of the Bank on the terms set out in the attached draft Resolution*. As required by the provisions of Article 3.2 of the Agreement Establishing the Bank, the decision of the Board of Governors shall be taken by an affirmative vote of not less than two-thirds of the Governors, representing not less than three-fourths of the total voting power of the members.

* The text of Resolution No. 235 as adopted by the Board of Governors is reproduced on page 150

RESOLUTIONS ADOPTED
SINCE THE TWENTY-EIGHTH ANNUAL MEETING

RESOLUTION NO. 222

RULES FOR THE ELECTION OF THE PRESIDENT

THE BOARD OF GOVERNORS

Having considered and being in agreement with the recommendations set forth in the Report of the Board of Directors to the Board of Governors on Amendments to the Rules for the Election of the President

RESOLVES

To approve the Rules for the Election of the President attached to this Resolution.

(Adopted 2 December 2019)

RULES FOR THE ELECTION OF THE PRESIDENT

Nominations

1. The Chair of the Board of Governors shall invite Governors to submit nominations for candidates for President in a letter of invitation issued by the Secretary General on the Chair's behalf. The letter of invitation should allow for a nomination period of at least sixty (60) calendar days and should be issued in sufficient time to allow for nominations to be received by the Secretary General no later than thirty (30) calendar days prior to the date on which the election is scheduled to take place.

2. A Governor may nominate no more than one candidate, who shall have agreed to be nominated. Any nominated candidate must: (i) be a national of an EBRD member country as of the date of nomination; (ii) have appropriate qualifications and experience for the role; (iii) be an individual of high standing and good reputation; and, (iv) if elected, comply with the highest standards of integrity and ethical conduct in accordance with the Bank's Code of Conduct. Governors shall refrain from nominating a person who has served for two terms or is serving a second term as President.

3. Nominations shall be made by sending the nomination letter (attached in Annex A) and enclosing the candidate's Curriculum Vitae (CV). The nomination letter and CV should be completed in one of the four working languages of the Bank and should be submitted to the Secretary General within the period specified in the letter of invitation for nominations.

4. All candidates should also submit to the Secretary General a written statement on their vision for the Bank. Written statements should be completed in one of the four working languages of the Bank and should be submitted to the Secretary General within the specified nomination period.

Timing of Elections

5. The Election of the President shall normally be held at the Annual Meeting of the Board of Governors closest to the end of term of the serving President. However, the Board of Governors may also call an extraordinary meeting for the Election of the President prior to the end of term of the serving President or in the event that the office of the President becomes vacant for any reason.

Election Process

6. Upon receipt of each nomination, the Secretary General, on behalf of the Chair of the Board of Governors, will circulate to Governors the nomination letter received, as well as, the CV of the candidate. The nomination letter(s) and CV(s) will be translated into the other working languages of the Bank. The name and the CV of each nominated candidate will also be made publicly available.

7. Following the end of the prescribed period for submissions of nominations, the complete list of all nominations, together with the nomination letters, CVs and written statements of the candidates will be circulated to Governors, except for those of candidates who may have withdrawn from the Election process, pursuant to Section 14 of these Rules, prior to the end of the prescribed nomination period.

8. Two hearings shall be conducted prior to the Election to allow for interviews with each candidate. The first hearing shall be held no less than fifteen (15) calendar days prior to the Election. It shall be chaired by the Chair of the Board Steering Group and attended by members of the Board of Directors, meeting in Executive Session format. The second hearing shall be held no less than one (1) calendar day prior to the Election. It shall be chaired by the Chair of the Board of Governors and attended by no more than one representative of each member of the Bank (namely the Governor or some other person appointed by the Governor for the purpose). The representative of each member may be accompanied by one other person, who shall not participate in the interview process except where he/she replaces the representative. Members of the Board of Directors and their Alternates shall be admitted. Each Governor shall notify the Secretary General whether the Governor will attend the hearing, or, in the absence of the Governor, the Governor's representative and accompanying other person. The Secretary General, on behalf of the Chair of the Board of Governors, shall arrange the timing and modalities of such interviews.

9. The Election of the President shall be held in a closed session of the Board of Governors, at which only Governors and Alternate Governors of the Bank, and members of the Board of Directors and their Alternates shall be admitted. The serving President, even if he/she is not seeking re-election, shall not attend this closed session.

10. Elections shall be carried out on the date of the Election by successive rounds of balloting until one candidate is elected by a vote of a majority of the total number of Governors, representing not less than a majority of the total voting power of the members. All rounds of balloting shall take place by secret ballot. Where there are more than five (5) candidates at the time of the Election, a first round of balloting will be conducted, following which only the five (5) candidates with the highest number of votes shall proceed to the next rounds of balloting.

11. Where, in any round of balloting, no candidate attains the required majorities, the candidate who has received the least support (as defined below) shall be eliminated from the next round. The candidate with the least support shall be the one who has obtained the lowest sum of (i) the votes of Governors who voted for him/her, computed as a percentage of the total number of Governors, and (ii) the voting power of the Governors who voted for him/her, computed as a percentage of the total voting power of the members. Where two candidates have the same lowest score, both shall be eliminated from the next round. However, no candidate shall be eliminated in a round if such elimination would result in there being only one candidate in the next round, in which case all remaining candidates proceed to the next round.

12. Where there is only one candidate, an Election shall still be held. In the event that this candidate does not receive the votes of the majority of Governors representing not less than a majority of the total voting power of the members, new Elections for the President will be organised and conducted in accordance with these Rules, in which such candidate will not be eligible for nomination.

13. The Secretary General shall appoint members of staff to count the votes and shall supervise the counting process. The Secretary General shall limit the number of such staff to the minimum necessary. The Chief Evaluator, the General Counsel and the External Auditors, or their respective representative, shall observe the counting process. The results of each round shall be promptly announced to all Governors. The next round, if any, shall take place within a timeframe determined by the Chair of the Board of Governors, in consultation with the Secretary General. The ballots, using the Ballot Form provided by the Secretary General in the form attached in Annex B to these Rules, should be completed and must be handed to the person or persons designated by the Secretary General for the purpose and strictly within the

timeframe announced by the Secretary General. Late or spoiled ballots shall be treated as abstentions.

14. Candidates may withdraw at any time during the Election process, either in person or through a representative appointed by them. The appointment of such a representative must be notified by the candidate to the Secretary General in writing ahead of the holding of the Election and, in any event, before the first ballot. Withdrawal of a candidate must also be confirmed to the Secretary General in writing and shall be notified in writing to all Governors.

General Provisions

15. The Secretary General shall ensure the due conduct of the Election, including the implementation of these Rules. The Secretary General shall act independently, consulting with the General Counsel on questions relating to the interpretation of these Rules.

16. The Secretary General shall take measures to ensure that the confidentiality of the Election process is preserved and will require persons involved in the process to sign a Confidentiality Undertaking in the form as set out in Annex C of these Rules.

17. In the event that a situation arises that is not provided for in these Rules, and which is relevant to the outcome of the Election, the Chair of the Board of Governors, in consultation with the Secretary General and General Counsel, may put a proposal to the Board of Governors that addresses the situation. A decision on the proposal shall be taken by the Board of Governors in accordance with Article 29.2 of the Agreement Establishing the Bank, i.e. by a majority of the voting power of the members voting.

18. These Rules for Election of President may be amended or cancelled by the Board of Governors as and when the Board of Governors deems necessary, but not during the course of an Election process, which shall be understood to commence as of the time of sending an invitation for nominations and last until the election of a President.

19. These Rules for Election of the President shall enter into force on the date of their adoption by the Board of Governors and shall supersede any previous rules procedures and/or practice applied.

ANNEX A

Nomination Letter
[Letterhead of Governor]

[Name]
Secretary General
European Bank for Reconstruction and Development
[Address]

[date]

Dear Secretary General,

I hereby nominate [Name] as a candidate for the position of President of the European Bank for Reconstruction and Development in the forthcoming Election. A Curriculum Vitae for [Name] is enclosed.

I confirm that [Name] has agreed to be nominated, and that he/she meets the requirements as set out in Section 2 of the Rules for the Election of the President.

I confirm that [Name] will provide a written statement setting out his/her vision for the Bank within the specified nomination period, after which it will be disclosed along with the statements of other candidates.

I also confirm that [Name] has agreed that all personal and other information provided for the purpose of the Election and his/her participation in the Election, may be publicly disclosed, including the election results and voting percentages for each candidate.

Your sincerely

[Name]
EBRD Governor for [Member]

RESOLUTION NO. 223

AMENDMENTS TO THE RULES FOR THE REGULAR ELECTION OF DIRECTORS

THE BOARD OF GOVERNORS

Having considered and being in agreement with the recommendations set forth in the Report of the Board of Directors to the Board of Governors on Amendments to the *Rules for the Regular Election of Directors,* as adopted by the Board of Governors in Resolution No.85

RESOLVES

To approve the *Rules for the Regular Election of Directors* attached to this Resolution.

(Adopted 2 December 2019)

RULES FOR THE REGULAR ELECTION OF DIRECTORS

1. DEFINITIONS

In these Rules, unless the context shall otherwise require,

(a) "Agreement" means the Agreement Establishing the Bank.

(b) "Annual Meeting" means the Annual Meeting of the Board of Governors

(c) "Board" means the Board of Governors of the Bank.

(d) "Chairman" means the Chairman of the Board or a Vice Chairman acting as Chairman.

(e) "Governor" includes the Alternate Governor (or any temporary Alternate Governor, in the event of voting at the Annual meeting), when acting for the Governor.

(f) "Secretary" means the Secretary General of the Bank or any person acting for the Secretary General.

(g) "Election" means the regular triennial election of Directors pursuant to Article 26 and Annex B of the Agreement, as supplemented by these Rules.

(h) "Eligible vote(s)" means the total number of votes that can be cast on any ballot in the election of the Directors to be elected pursuant to the provisions of any Section of Annex B to the Agreement.

(i) "Teller(s)" means the staff members appointed by the Secretary General to supervise the Election, certify the validity of the ballots, count the votes and record and communicate to the Secretary General the results.

2. TIMING OF ELECTION

(a) With effect from the twenty-ninth Annual Meeting, each Election shall be held without a meeting at least 30 calendar days prior to every third Annual Meeting .

(b) The Board shall elect the Directors without a meeting pursuant to Section 10 of the Rules of Procedure of the Board.

(c) In the event that valid ballot forms are not received from at least two thirds of the Governors, representing not less than two thirds of the voting power, the Election will be carried out during the Annual Meeting immediately following such Election without a meeting.

3. BASIC RULES - ANNEX B

The provisions of Article 26 and Annex B to the Agreement shall apply to the conduct of the election, as supplemented by these Rules.

4. NOMINATION FORMS

(a) Any person nominated by one or more Governors entitled to vote in the Election shall be eligible for Election.

(b) Each nomination shall be made on a Nomination Form furnished by the Secretary, signed by the Governor or Governors making the nomination, and deposited with the Secretary.

(c) A Governor may nominate only one person. In making a nomination, a Governor also confirms that the individual nominated has the appropriate qualifications and experience of the role, is of high standing and good reputation and has agreed that, if elected, they will comply with the highest standards of integrity and ethical conduct.

(d) Nominations may be made until such date and time as determined by the Secretary, after consultation with the Board of Directors. The Secretary shall post and distribute a list of persons nominated, as soon as possible, following the close of nominations.

5. SUPERVISION OF THE ELECTION

The Secretary shall appoint such tellers and other assistants and take such other action as the Secretary deems necessary for the conduct of the Election.

6. BALLOT FORMS

One Ballot Form shall be furnished, before a ballot is taken, to each Governor entitled to vote. On any particular ballot only Ballot Forms distributed for that ballot shall be counted. If more than one ballot form is submitted, the last submitted ballot form prior to the deadline for voting shall be counted.

7. BALLOTING

Each ballot shall be taken as follows:

(a) Governors shall submit their completed Ballot Forms to the Secretary within the timeframes prescribed by the Secretary for that purpose. When a ballot is completed, the Secretary shall cause the Ballot Forms to be counted and shall announce the names of the persons elected as soon as practicable after the tellers have certified the tally of the ballots. If a further ballot is necessary, the Secretary shall announce the names of the nominees to be voted on and the members whose Governors are eligible to vote.

(b) If the tellers shall be of the opinion that any particular ballot is not properly executed, they shall, if possible, afford the Governor concerned an opportunity to correct it before certifying the tally of the results; and such ballot, if so corrected, shall be deemed to be valid.

8. ANNOUNCEMENT OF RESULT

After the tellers shall have certified the tally of the last ballot, the Secretary shall issue a statement setting forth the result of the Election.

9. COMMENCEMENT OF TERM OF OFFICE

The term of office of the newly elected Directors shall normally commence on 1 July of the year of the Election.

10. GENERAL

Any question arising in connection with the conduct of the Election shall be resolved by the tellers, subject to appeal, at the request of any Governor, to the Chairman and from him to the Board. Whenever possible, any such questions shall be put without identifying the members or Governors concerned.

RESOLUTION NO. 224

PLACE OF THE 2021 ANNUAL MEETING

THE BOARD OF GOVERNORS

Having considered and being in agreement with the recommendations set forth in the Report of the Board of Directors to the Board of Governors on the Place of the 2021 Annual Meeting of the Board of Governors;

RESOLVES THAT

The 2021 Annual Meeting of the Board of Governors of the European Bank for Reconstruction and Development shall be held in Yerevan, Armenia.

(Adopted 31 January 2020)

RESOLUTION NO. 225

REMUNERATION OF THE PRESIDENT

THE BOARD OF GOVERNORS

Having considered and being in agreement with the recommendations set forth in the Report of the Board of Directors concerning the Remuneration of the President to be elected at the 2020 Annual Meeting.

RESOLVES THAT

1. The President's gross annual salary be £380,206.

2. The President's gross annual salary shall be adjusted on 1 April of each subsequent year by reference to UK CPI of the preceding August, unless an alternative recommendation is approved by the Board of Governors prior to 1 April of the year in which the adjustment should take effect.

3. The President shall be entitled to benefits on the same basis as staff. Should the new President be eligible for benefits applicable to individuals appointed on Internationally Hired Status (IHS), no phasing-down will apply during the course of the four year term.

4. The President shall be entitled to: the use of a chauffeured car; reimbursement of travelling expenses for a partner when accompanying the President on official travel; and a termination allowance equivalent to one year of gross salary, on the same conditions as those currently provided.

(Adopted 7 February 2020)

RESOLUTION NO. 226

2020 REVIEW OF THE REMUNERATION OF DIRECTORS AND ALTERNATE DIRECTORS

THE BOARD OF GOVERNORS

Having considered and being in agreement with the recommendations set forth in the Report of the *Committee on the Remuneration of Directors and Alternate Directors*

RESOLVES THAT

The gross annual salaries of Directors be increased by 1.7 per cent, and that as from April 2020 the EBRD gross salary of a Director be changed to £160,832 and the gross salary of an Alternate Director be changed to £133,491.

A review of the structural level of remuneration of Directors and Alternate Directors is to be made every three years, prior to the regular election of Directors.

In years between triennial structural reviews, in the absence of an alternative recommendation being approved by the Board of Governors, the salary of Directors and Alternate Directors shall be increased by the UK CPI (Consumer Price Index) percent change of August of the preceding year, or by such other index as may be used by the Bank as the primary reference for budget and staff remuneration.

(Adopted 7 February 2020)

RESOLUTION NO. 227

ELECTION OF THE PRESIDENT: POSTPONEMENT OF ELECTION DATE

THE BOARD OF GOVERNORS

In light of the global Coronavirus pandemic preventing the 2020 Annual Meeting of the Board of Governors from taking place on 12-14 May 2020;

Given that the Election of the President of the EBRD was due to take place at this Annual Meeting in May 2020;

In accordance with the Rules for the Election of the President, approved by the Board of Governors on 2 December 2019 as Resolution No.222, and pursuant to the powers and obligations set out in Section 17 of those Rules; and

Having considered the proposal set forth by the Chair of the Board of Governors in her letter dated 10 April 2020 following consultation with the Secretary General and the General Counsel;

RESOLVES THAT

1. The nomination period for candidates, which started on 12 February 2020 and concluded on 13 April 2020, remains unchanged; and

2. The date of the election of the President be postponed to the autumn 2020, with a proposal for a new date to be submitted in accordance with Section 17 of the Rules for the Election of the President once current uncertainties have been dispelled.

(Adopted 8 May 2020)

RESOLUTION NO. 228

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR 2019

THE BOARD OF GOVERNORS

Having reviewed the Independent Auditors' Reports on the Financial Statements of the Bank for 2019 and the Special Funds' Financial Statements 2019

RESOLVES THAT:

The audited Financial Statements are approved.

(Adopted 29 May 2020)

RESOLUTION NO. 229

ANNUAL MEETING CYCLE 2021-2023

THE BOARD OF GOVERNORS

RESOLVES THAT:

The Thirtieth Annual Meeting of the Board of Governors of the European Bank for Reconstruction and Development, which is to be held in Yerevan, Armenia, take place on 19 and 20 May 2021;

The 2022 Annual Meeting take place in Morocco;

The 2023 Annual Meeting take place in Uzbekistan; and

The authority to determine the precise dates of the 2022 and 2023 Annual Meetings be delegated to the Board of Directors.

(Adopted 29 May 2020)

RESOLUTION NO. 230

DATE FOR THE 2020 ELECTION OF THE PRESIDENT

THE BOARD OF GOVERNORS

Having considered the proposal set forth by the Chair of the Board of Governors in her letter dated 13 May 2020 following consultation with the Secretary General and the General Counsel;

RESOLVES THAT

The election of the President be held together with the Annual Meeting on 7 and 8 October 2020.

(Adopted 12 June 2020)

RESOLUTION NO. 231

MEMBERSHIP OF ALGERIA

WHEREAS:

The People's Democratic Republic of Algeria has applied for membership of the EBRD;

As a non-European country which is a member of the International Monetary Fund, the People's Democratic Republic of Algeria is eligible for membership of the Bank in accordance with Article 3, paragraph 1, of the Agreement Establishing the Bank;

The proposed capital subscription by the People's Democratic Republic of Algeria is permissible under the provisions of Article 5, paragraph 2, of the Agreement;

Shares for the proposed capital subscription can be made available from the existing capital stock of the Bank; and

The Board of Directors, in a Report submitted to the Board of Governors, has recommended that the People's Democratic Republic of Algeria be admitted to membership of the Bank.

NOW THEREFORE THE BOARD OF GOVERNORS RESOLVES:

That the People's Democratic Republic of Algeria be admitted to membership of the Bank as a non-European country member on the following terms and conditions:

Subscription to Capital Stock

1. The People's Democratic Republic of Algeria shall subscribe to 203 shares of the capital stock of the Bank as follows: (i) 37 shares are paid-in; and (ii) 166 shares are callable.

Payment for Paid-in Shares

2. The People's Democratic Republic of Algeria shall make payment for its paid-in shares in the amount of EUR 370,000, which shall be due or payable on or before 31 May 2021, or such later date as the Board of Directors may determine.

Conditions Precedent to Membership

3. The People's Democratic Republic of Algeria shall become a member of the Bank only if on or before 31 May 2021, or such later date as the Board of Directors may determine, the following conditions precedent to membership shall have been satisfied:

   (i) The People's Democratic Republic of Algeria shall have deposited with the Bank an **Instrument of Accession** stating that it accepts, in accordance with its law, the Agreement Establishing the Bank and all the terms and conditions of membership set forth in this Resolution, and that all necessary steps have been taken to enable it to carry out its obligations under the Agreement Establishing the Bank and this Resolution;
   (ii) The People's Democratic Republic of Algeria shall have deposited with the Bank an **Instrument of Subscription** stating that Algeria subscribes to the paid in and callable shares of the capital stock of the Bank allocated to it pursuant to section 1 above;
   (iii) The People's Democratic Republic of Algeria shall have furnished to the Bank evidence in the form of a **legal opinion**, satisfactory to the Bank, that the Instruments referred to in (i) and (ii) above have been duly executed and deposited in accordance with its law; and
   (iv) The People's Democratic Republic of Algeria shall have **paid all amounts due** in respect of the paid-in shares to which it has subscribed.

Effective Date of Membership

4. The People's Democratic Republic of Algeria shall become a member of the Bank on the date on which the Secretary General of the Bank certifies in writing that the conditions precedent to membership specified in paragraph 3 of this Resolution have been satisfied.

(Adopted 10 July 2020)

RESOLUTION NO. 232

AMENDMENTS TO THE RULES FOR THE ELECTION OF THE PRESIDENT AND TERM OF THE NEW PRESIDENT

THE BOARD OF GOVERNORS

Having considered and being in agreement with the recommendations set forth in the Report of the Board of Directors to the Board of Governors on Amendments to the Rules for the Election of the President and Term of the New President

RESOLVES THAT

The Election process that commenced on 12 February 2020 under the Rules for the Election of the President adopted through Resolution No. 222 is hereby ended.

The amended Rules for the Election of the President attached to this Resolution are hereby adopted, and a new Election process is deemed to start on the day of the adoption of this Resolution.

In keeping with Resolution No. 227 of the Board of Governors, the new Election process will proceed with the candidates for President nominated during the nomination period that started on 12 February 2020 and concluded on 13 April 2020. Accordingly, the process for nominations of candidates for President that has been followed under the Rules for the Election of the President adopted through Resolution No. 222 is deemed to satisfy the requirements of Sections 1 to 4 of the amended Rules for the Election of the President attached to this Resolution. No further nominations of candidates for President shall be submitted.

The person elected in accordance with the amended Rules for the Election of the President shall serve for a term of four years commencing on a date to be mutually agreed upon by the President-elect and the Chair of the Board of Governors.

The Chair of the Board of Governors is hereby authorised to execute a contract of service between the Bank and the person elected as President on terms and conditions which shall be similar to those applicable to the predecessor President.

(Adopted 1 September 2020)

RESOLUTIONS ADOPTED AT THE TWENTY-NINTH ANNUAL MEETING

RESOLUTION NO. 233

STRATEGIC AND CAPITAL FRAMEWORK 2021-2025

THE BOARD OF GOVERNORS:

Noting the unprecedented challenges posed by the Covid-19 crisis and the uncertainty of the regional and global economic outlook;

Welcoming the positive role played by the Bank in the rapid response to the Covid-19 crisis and the continuing demand for the Bank's investment, policy expertise and business model;

Recognising the strong role the Bank can play, within its transition mandate, to build a resilient and sustainable future by preserving and accelerating the transition towards sustainable market economies in its countries of operations committed to and applying the principles of multiparty democracy, pluralism and market economics;

Acknowledging the contribution the Bank can make to supporting its countries of operations' efforts to tackle climate change and environmental issues, promote equality of opportunity and make progress on the Sustainable Development Goals;

Noting further that Article 5.3 of the Agreement Establishing the Bank specifies that "the Board of Governors shall at intervals of not more than five (5) years review the capital stock of the Bank", and that previous such reviews took place in 1996, 2001, 2006, 2010 and 2015; and

Having considered the report of the Board of Directors to the Board of Governors "Strategic and Capital Framework 2021-2025" (the "Report");

RESOLVES THAT:

The Bank will foster the transition towards open market-oriented economies and promote private and entrepreneurial initiative during the 2021-2025 period, guided by the strategic orientations outlined in the Report and within the set control parameters;

The Bank's projected capital stock is appropriate for the 2021-2025 period.

(Adopted 7 October 2020)

RESOLUTION NO. 234

2019 NET INCOME ALLOCATION

THE BOARD OF GOVERNORS

Having considered and being in agreement with the 'Report of the Board of Directors to the Board of Governors: 2019 Net Income Allocation Proposals' (the "Report");

Having noted from the Report that the Board of Directors recommends that, after making provisions for reserves and, if necessary, against possible losses under Article 17 of the Agreement Establishing the EBRD (the "EBRD Agreement"), a portion of the Bank's net income for 2019 should be allocated to other purposes, and a portion should be allocated to surplus;

Acknowledging that the net income allocation proposals are made within the framework of a set of principles approved by the Board of Directors that aim to balance the demands on the Bank's net income with the importance of the Bank retaining capital to support financial sustainability and to pursue its strategic objectives;

Recognising that the impact of the Bank's operational activity on the transition process in its countries of operations has been substantial and that it was achieved with the aid of technical assistance and other support;

Further recognising the importance of the EBRD Shareholder Special Fund in supporting the Bank's strategic priorities;

Further acknowledging the importance of the Bank's engagement to the West Bank and Gaza, a net income allocation to the EBRD Trust Fund for West Bank and Gaza is necessary in order to provide the resources required for financing operations and activities of the Bank in West Bank and Gaza;

RESOLVES THAT:

1. In accordance with Article 36.1 of the EBRD Agreement, a net income allocation for other purposes from the Bank's net income for 2019 and after making provisions for reserves, and, if necessary, against possible losses under Article 17 of the EBRD Agreement, shall be made as follows:

(a) An amount of EUR 100 million shall be allocated as a contribution to the EBRD Shareholder Special Fund. From this amount allocated to the EBRD Shareholder Special Fund and any returns, recoveries, reflows, reimbursements, and income deriving from such allocated amount, not less than 95% shall be used to support ODA countries;

(b) An amount of EUR 15 million shall be allocated as a contribution to the EBRD Trust Fund for West Bank and Gaza;

(c) The balance of the Bank's net income for 2019 shall be allocated to surplus.

(Adopted 7 October 2020)

RESOLUTION NO. 235

MEMBERSHIP OF IRAQ

WHEREAS:

The Republic of Iraq has applied for membership of the EBRD;

As a non-European country which is a member of the International Monetary Fund, the Republic of Iraq is eligible for membership of the Bank in accordance with Article 3, paragraph 1, of the Agreement Establishing the Bank;

The proposed capital subscription by the Republic of Iraq is permissible under the provisions of Article 5, paragraph 2, of the Agreement;

Shares for the proposed capital subscription can be made available from the existing capital stock of the Bank; and

The Board of Directors, in a Report submitted to the Board of Governors, has recommended that the Republic of Iraq be admitted to membership of the Bank.

NOW THEREFORE THE BOARD OF GOVERNORS RESOLVES:

That the Republic of Iraq be admitted to membership of the Bank as a non-European country member on the following terms and conditions:

Subscription to Capital Stock

1. The Republic of Iraq shall subscribe to 203 shares of the capital stock of the Bank as follows: (i) 37 shares are paid-in; and (ii) 166 shares are callable.

Payment for Paid-in Shares

2. The Republic of Iraq shall make payment for its paid-in shares in the amount of EUR 370,000, which shall be due or payable on or before 31 May 2021, or such later date as the Board of Directors may determine.

Conditions Precedent to Membership

3. The Republic of Iraq shall become a member of the Bank only if on or before 31 May 2021, or such later date as the Board of Directors may determine, the following conditions precedent to membership shall have been satisfied:

(i) The Republic of Iraq shall have deposited with the Bank an Instrument of Accession stating that it accepts, in accordance with its law, the Agreement Establishing the Bank and all the terms and conditions of membership set forth in this Resolution, and that all necessary steps have been taken to enable it to carry out its obligations under the Agreement Establishing the Bank and this Resolution;

(ii) The Republic if Iraq shall have deposited with the Bank an Instrument of Subscription stating that Iraq subscribes to the paid in and callable shares of the capital stock of the Bank allocated to it pursuant to section 1 above;

(iii) The Republic of Iraq shall have furnished to the Bank evidence in the form of a legal opinion, satisfactory to the Bank, that the Instruments referred to in (i) and (ii) above have been duly executed and deposited in accordance with its law; and

(iv) The Republic of Iraq shall have paid all amounts due in respect of the paid-in shares to which it has subscribed.

Effective Date of Membership

4. The Republic of Iraq shall become a member of the Bank on the date on which the Secretary General of the Bank certifies in writing that the conditions precedent to membership specified in paragraph 3 of this Resolution have been satisfied.

(Adopted 7 October 2020)

OFFICERS OF THE BOARD OF GOVERNORS AND OF THE PROCEDURES COMMITTEE FOR 2019–2020 AND 2020–2021

OFFICERS OF THE BOARD OF GOVERNORS AND OF THE PROCEDURES COMMITTEE FOR 2019–2020 AND 2020–2021

2019–2020

Board of Governors

Chair	Spain
Vice Chairs	Lithuania, Romania

Procedures Committee

Members	Spain, Lithuania, Romania

2020–2021

Board of Governors

Chair	Ireland
Vice Chairs	Armenia, Uzbekistan

Procedures Committee

Members	Ireland, Armenia, Uzbekistan

MEMBERS OF DELEGATIONS*

*Information provided by Constituency Offices

MEMBERS OF DELEGATIONS

Albania

Mrs Anita Denaj
Minister of Economy & Finance
Ministry of Economy and Finance
Albania
Governor

Mrs Adela Xhemali
Deputy Minister
Ministry of Economy and Finance
Albania
Alternate Governor

Mrs Kesjana Halili Babayan
Director, Dept. of Public Debt and
Foreign Aid Coordination
Ministry of Economy and Finance
Albania
Temporary Alternate Governor

Armenia

Mr Avag Avanesyan
Deputy Minister of Economy
Goverment
Armenia
Alternate Governor

Mr Martin Galstyan
Governor
Central Bank of Armenia
Armenia
Delegate

Ms Aneta Babayan
Assistant to Vice Prime-Minister
The Government of the Republic of Armenia
Armenia
Delegate

Mr Aram Araratyan
Political Officer of the Embassy of Armenia
Government
United Kingdom
Temporary Alternate Governor

Australia

Mr Philip Lindsay
Alternate Director
EBRD
United Kingdom
Temporary Alternate Governor

Mr Christopher Wright
Senior Analyst
Australian Treasury
Australia
Delegate

Mr David Axiak
Manger
Australian Treasury
Australia
Delegate

Austria

Mr Harald Waiglein
Director General
Federal Ministry of Finance
Austria
Temporary Alternate Governor

Mrs Edith Frauwallner
Deputy Director General
Federal Ministry of Finance
Austria
Alternate Governor

Dr Elisabeth Gruber
Director of Department for
International Financial Institutions
Federal Ministry of Finance
Austria
Temporary Alternate Governor

Ms Christina Kölldorfer
Advisor in the Department for
International Financial Institutions
Federal Ministry of Finance
Austria
Delegate

Mr Leander Treppel
Director
EBRD
United Kingdom
Director

Ms Elisabeth Resch
Adviser to Board Director
EBRD
United Kingdom
Adviser to Board Director

Azerbaijan

Mr Mikayil Jabbarov
Minister of Economy
Ministry of Economy
Azerbaijan
Governor

Mr Rovshan Najaf
Deputy Minister
Ministry of Economy
Azerbaijan
Temporary Alternate Governor

Ms Inara Mustafayeva
Acting Director of Cooperation with International Organizations Department
Ministry of Economy
Azerbaijan
Delegate

Mrs Konul Aliyeva
Deputy Director, Dep-t for Cooperation with IFIs
Ministry of Economy
Azerbaijan
Delegate

Ms Mehriban Abbasli
Senior adviser
Ministry of Economy
Azerbaijan
Delegate

Belarus

Mr Dmitry Yaroshevich
Deputy Minister of Economy
Ministry of Economy of the Republic of Belarus
Belarus
Alternate Governor

Mr Maxim Yermalovich
Ambassador of Belarus to the United Kingdom
Embassy of Belarus in the United Kingdom
United Kingdom
Delegate

Ms Elena Boligatova
Head of Division of Cooperation with International Organisations
General Directorate of Foreign Economic Policy
Ministry of Economy of the Republic of Belarus
Belarus
Delegate

Mr Mikhail Metelsky
Counsellor
Embassy of Belarus in the United Kingdom
United Kingdom
Delegate

Belgium

Mr Ronald De Swert
Counsellor General
Ministry of Finance Belgium
Belgium
Temporary Alternate Governor

Mr Philippe Nizeyimana
Advisor
Treasury
Belgium
Delegate

Mr David Avarello
EBRD Board Director
EBRD
United Kingdom
Director

Mr Bruno Debergh
Adviser to Board Director
EBRD
United Kingdom
Adviser to Board Director

Bosnia And Herzegovina

Mr VjekoslavBevanda
Minister of Finance and Treasury
Ministry of Finance and Treasury of BiH
Bosnia And Herzegovina
Governor

Mr Dado Šarić
Head of Office
Ministry of Finance and Treasury of Bosnia and Herzegovina
Bosnia And Herzegovina
Temporary Alternate Governor

Bulgaria

Mr Kiril Ananiev
Minister of Finance
Minstry of Finance
Bulgaria
Governor

Mrs Marinela Petrova
Deputy Minister of Finance
Ministry of Finance
Bulgaria
Alternate Governor

Mrs Nadezhda Petrova
Head of the Cabinet of the Minister of Finance
Ministry of Finance
Bulgaria
Delegate

Mrs Karina Karaivanova
Board Director
EBRD
United Kingdom
Director

Canada

Ms Katharine Rechico
Assistant Deputy Minister ,Finance
Finance Canada
Canada
Temporary Alternate Governor

Ms Sarah Fountain Smith
Director
EBRD
United Kingdom
Director

Mr Philippe Hall
Director, Multilateral Institution
Finance Canada
Canada
Delegate

Mr Manuel Le Bris
Deputy Director - GAC
Global Affairs Canada
Canada
Delegate

Ms Sarah Tessier
Economist
Finance Canada
Canada
Delegate

Mr Savithri Wesche
Adviser
EBRD
United Kingdom
Adviser to Board Director

China

Mr Yulu Chen
Deputy Governor
The People's Bank of China
China
Alternate Governor

Mr Ming Ai
Deputy Director General of
International Department
The People's Bank of China
China
Temporary Alternate Governor

Mr Dong Tao
Director
The People's Bank of China
China
Delegate

Mr Qian Yu
Staff of International Department
The People's Bank of China
China
Delegate

Mrs Wencheng Xia
Staff of International Department
The People's Bank of China
China
Delegate

Mrs Hui Li
Advisor
EBRD
United Kingdom
Adviser to Board Director

Croatia

Mr Zdravko Marić
Deputy Prime Minister and Minister of Finance
Ministry of Finance of the Republic of Croatia
Croatia
Governor

Mr Stipe Župan
State Secretary
Ministry of Finance of the Republic of Croatia
Croatia
Alternate Governor

Ms Silvija Belajec
Head of Sector for EU and International Financial Relations Department
Ministry of Finance of the Republic of Croatia
Croatia
Temporary Alternate Governor

Ms Irina Obućina
Head of Service for Relations with International Financial Institutions
Ministry of Finance of the Republic of Croatia
Croatia
Delegate

Mr Goran Cvek
Senior Adviser Specialist
Ministry of Finance of the Republic of Croatia
Croatia
Delegate

Mr Domagoj Cipcic
Adviser to Board Director
EBRD
United Kingdom
Adviser to Board Director

Cyprus

Mr Constantinos Petrides
Minister of Finance
Ministry of Finance
Cyprus
Governor

Mr Kyriacos Kakouris
Director of Finance
Ministry of Finance
Cyprus
Temporary Alternate Governor

Mr George Panteli
Permanent Secretary
Ministry of Finance
Cyprus
Alternate Governor

Ms Marie Elena Komodromou
Financial Officer
Ministry of Finance
Cyprus
Delegate

Czech Republic

Ms Lenka Dupáková
Deputy Minister of Finance
Ministry of Finance of the Czech Republic
Czech Republic
Temporary Alternate Governor

Mrs Zuzana Matyášová
Director of International Relations Department
Ministry of Finance of the Czech Republic
Czech Republic
Temporary Alternate Governor

Miss Dagmar Silna
Adviser to Board Director
EBRD
United Kingdom
Temporary Alternate Governor

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Ministry of Finance of the Czech Republic
Czech Republic
Delegate

Mr Martin Kratochvíl
Desk Officer
Ministry of Finance of the Czech Republic
Czech Republic
Delegate

Denmark

Mr Steen Lohmann Poulsen
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Financial Affairs
Ministry of Industry, Business and Financial Affairs
Denmark
Temporary Alternate Governor

Mr Jens Lundsgaard
Alternate Director
EBRD
United Kingdom
Temporary Alternate Governor

Mr Thomas Tolstrup Jensen
Special Adviser
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Denmark
Delegate

Egypt

Dr Rania Al-Mashat
Minister of International Cooperation
Ministry of International Cooperation
Egypt
Governor

Dr Sherin Taha
Assistant Minister for Cooperation with IFIs and Economic Research
Ministry of International Cooperation
Egypt
Temporary Alternate Governor

Ms Malak Taher
Adviser
EBRD
United Kingdom
Adviser to Board Director

Mr Ahmed Abdelmoneim
Program Specialist
Ministry of International Cooperation
Egypt
Delegate

Ms Rula El-Kaliouby
Adviser for Strategic Communications
Ministry of International Cooperation
Egypt
Delegate

Mr Moataz Mansour
Economic Researcher
Ministry of International Cooperation
Egypt
Delegate

Estonia

Mr Martin Helme
Minister of Finance
Ministry of Finance
Estonia
Governor

Mr Veiko Tali
Secretary General
Ministry of Finance
Estonia
Alternate Governor

Mr Märten Ross
Deputy Secretary General
Ministry of Finance
Estonia
Temporary Alternate Governor

Mr Märt Kivine
Alternate Director
EBRD
United Kingdom
Temporary Alternate Governor

Mr Andres Kuningas
Head of EU and International Affairs Department
Ministry of Finance
Estonia
Delegate

European Investment Bank

Ms Lilyana Pavlova
Vice President
European Investment Bank
Luxembourg
Alternate Governor

Dr Gerhard Hütz
Director
EBRD
United Kingdom
Director

Ms Emilie Bois-Willaert
Head of Division
European Investment Bank
Luxembourg
Temporary Alternate Governor

Mr Jörn Thiessen
Senior Adviser and Liaison Officer
European Investment Bank
Luxembourg
Temporary Alternate Governor

Mr Alfredo Panarella
Alternate Director
EBRD
United Kingdom
Alternate Director

Ms Dorothea Hampel
Adviser to the Board Director
EBRD
United Kingdom
Adviser to Board Director

European Union

Mr Valdis Dombrovskis
Executive Vice-President
European Commission
Belgium
Governor

Mr Maarten Verwey
Director-General
European Commission
Belgium
Alternate Governor

Mr Jose Leandro
Board Director
European Commission
Belgium
Temporary Alternate Governor

Ms Sofja Ribkina
Member of Cabinet
European Commission
Belgium
Temporary Alternate Governor

Mr Peter Basch
Alternate Director
European Commission
Luxembourg
Alternate Director

Ms Styliani Matakidou Heinze
Policy Officer - Team Leader
European Commission
Luxembourg
Delegate

Mr Christopher Moore
Adviser to Board Director
EBRD
United Kingdom
Adviser to Board Director

Ms Ana Maria Cristina Fediuc
EU Adviser
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Adviser to Board Director

Ms Carmel O'Donovan
Executive Assistant to Board Director
EBRD
United Kingdom
Executive Assistant to Board Director

Finland

Ms Nina Vaskunlahti
Under-Secretary of State, External Economic Relations
Ministry of Foreign Affairs
Finland
Alternate Governor

Ms Kristina Sarjo
Director
Ministry of Finance
Finland
Temporary Alternate Governor

Mr Ilkka Raisanen
Alternate Director
EBRD
United Kingdom
Temporary Alternate Governor

Ms Anne af Ursin
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Finland
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Mr Joonas Haverinen
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Finland
Delegate

France

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Minister of Economy, Finance and Recovery
Ministry for the Economy, Finance and the Recovery
France
Governor

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Ministry for the Economy, Finance and the Recovery
France
Temporary Alternate Governor

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France
Temporary Alternate Governor

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France
Temporary Alternate Governor

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EBRD
United Kingdom
Temporary Alternate Governor

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EBRD
United Kingdom
Temporary Alternate Governor

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Georgia

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Ministry of Finance of Georgia
Georgia
Governor

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National Bank of Georgia
Georgia
Alternate Governor

Mr Nikoloz Gagua
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Ministry of Finance of Georgia
Georgia
Temporary Alternate Governor

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National Bank of Georgia
Georgia
Delegate

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National Bank of Georgia
Georgia
Delegate

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Georgia
Delegate

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EBRD
United Kingdom
Alternate Director

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Adviser to Board Director

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Ministry of Development and Investments
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Governor

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Greece
Alternate Governor

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EBRD
United Kingdom
Temporary Alternate Governor

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Hungary
Governor

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Temporary Alternate Governor

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Delegate

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India
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Montenegro
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New Zealand

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North Macedonia

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MINISTRY OF FINANCE
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Ministry of Public Finance
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State Committee on Investment and State Property Management of the Republic of Tajikistan
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Tajikistan
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Ministry of Economy, Finance and Investment Support
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United Kingdom
Governor

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H M Treasury
United Kingdom
Temporary Alternate Governor

Ms Veda Poon
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EBRD
United Kingdom
Temporary Alternate Governor

Mr Saidkamolkhon Burkhanov
Deputy Head of Department
Ministry of Investments and Foreign Trade
Uzbekistan
Delegate

Ms Sardor Rozukulov
Senior specialist
Ministry of Investments and Foreign Trade
Uzbekistan
Delegate

DIRECTORS AND ALTERNATE DIRECTORS

as at 7 October 2020

Directors	Alternates	Constituencies
David Avarello	Christophe Zeeb	Belgium/Luxembourg/Slovenia
György Barcza	Martina Kobilicová	Hungary/Slovak Republic/Czech Republic/ Croatia/Georgia
José Brito	Anthony Bartzokas	Portugal/Greece/San Marino/India
Eva Cassel	Märt Kivine	Sweden/Iceland/Estonia
KyooHong Cho	Philip Lindsay	Korea/Australia/New Zealand/Egypt
Peter Curwen	Mark Paskins	United Kingdom
Steven Dowd	Colin Mahoney	USA
Sarah Fountain Smith	Nathalie Dubé	Canada/Morocco/Jordan/Tunisia
Gerhard Hütz	Alfredo Panarella	European Investment Bank
Çağatay İmirgi	Lucian Isar	Turkey/Romania/Azerbaijan/Moldova/ Kyrgyz Republic
Karina Karaivanova	Wioletta Barwicka-Lofthouse	Bulgaria/Poland/Albania
José Leandro	Peter Basch	European Union
Felipe Martínez	Pablo Gasós	Spain/Mexico
Shinichi Nakabayashi	Masaya Otsuka	Japan
Manuela Nenna	Massimo Carnelos	Italy
Michael Offer	Brigitte Schwadorf-Ruckdeschel	Germany
William Roos	Vincent Pringault	France
Per Sanderud	Ilkka Räisänen	Norway/Finland/Latvia/Lebanon
Leander Treppel	–	Austria/Israel/Cyprus/Malta/Kazakhstan/ Bosnia & Herzegovina
Caspar Veldkamp	Jan Willem van den Wall Bake	Netherlands/China/Mongolia/ North Macedonia/Armenia
Sergey Verkashanskiy	Maria Smirnova	Russian Federation/Belarus/Tajikistan
Patrick Walsh	Jens Lundsgaard	Ireland/Denmark/Lithuania/Kosovo
Remigi Winzap	Artem Shevalev	Switzerland/Ukraine/Liechtenstein/ Turkmenistan/Serbia/ Montenegro/ Uzbekistan