Annual Review 2023

European Bank
for Reconstruction and Development

About the EBRD

The European Bank for Reconstruction and Development (EBRD) promotes the development of sustainable, private sector-led economies in central and eastern Europe, Central Asia and North Africa. The Bank helps them to address 21st-century challenges and lends support to improve the lives and environments of citizens across society.

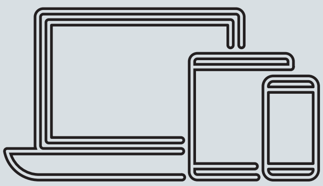
Through investment, policy reform and advisory projects, the EBRD works to make economies more competitive, well governed, green, inclusive, resilient and integrated. These “transition qualities” best equip countries for a prosperous and equitable future for all.

The Bank’s goals are closely aligned with those of the United Nations 2030 Agenda for Sustainable Development, which aims to deliver economic, social and environmental progress.

The EBRD invests in projects that cannot be funded solely by the private sector, but which follow sound banking principles. It works mainly with private clients, though it also finances public entities that deliver essential infrastructure, goods and services.

It partners with donors that provide funding for advisory and technical assistance projects crucial to the success of Bank investments.[1]

The EBRD is owned by 73 shareholder governments, the European Union and the European Investment Bank. It operates from headquarters in London, with a network of Resident Offices and satellite offices across the EBRD regions.

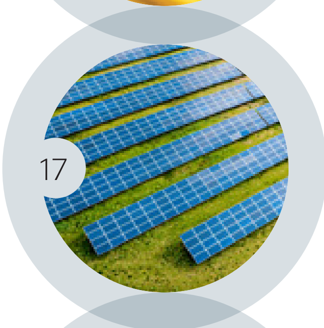


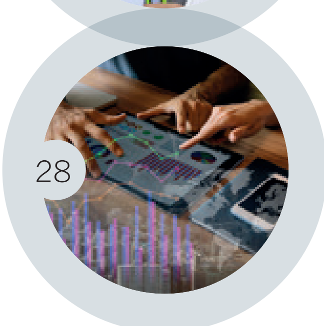
This document is a summary of our activities in 2023.

Visit **www.ebrd.com** for details of our projects and more on the places and people who benefit from them.

1 More information on donors’ crucial contribution to the EBRD’s work can be found at https://www.ebrd.com/who-we-are/our-donors.html.

Contents





President's **message**

Against a backdrop of conflict and geopolitical instability, 2023 proved a momentous year in the EBRD's history.

Our shareholders backed the Bank with a €4 billion capital increase to continue our vital work in Ukraine, both now and in the future, while remaining a partner of choice for all our countries of operation. The shareholders also approved our expansion into new markets in sub-Saharan Africa and Iraq, for which we are now actively preparing.

It was a year in which our services were never more in demand and the Bank's distinctive offering – of investment, coupled with transformative policy and advisory action – remained relevant and capable of adapting to changing circumstances.

Though we achieved record business volumes and met key targets, we are by no means complacent. We faced a demanding set of challenges: geopolitical upheaval, conflict and suffering in Ukraine and the Middle East, and severe natural disasters in several of our countries. Evidence of the climate emergency continued to confront us in every region where we work. Economic growth remained subdued in many countries amid the instability and the impact on emerging markets of tight monetary policies. It remains our job, therefore, to stay focused on delivering in all of our economies and to make sure we work efficiently and with agility, using the resources we now have at hand thanks to our internal transformation agenda.

I was determined that in 2023 we would maintain the level of support we had provided to Ukraine in the wake of the Russian invasion in February 2022. With €2.1 billion of financing last year, after €1.7 billion in 2022, we greatly exceeded our goal of deploying a total of €3 billion over 2022-23. Moreover, with the Governors voting for a paid-in capital increase in December, we now have the tools to maintain a significant level of investment in wartime and to scale it up in a future reconstruction phase. The year ended with little sign of a swift conclusion to the conflict, so there was no let-up in our work to restore and maintain Ukraine's electricity supplies, to keep the trains running, support food supplies, help the postal service to keep letters and parcels flowing, and assist many other clients in the private sector or at municipal level.

Indeed, there was much to be done in all of our regions. Our crisis response was needed once again when Türkiye and Morocco were struck by terrible earthquakes. We made significant investments, coupled with policy support, in Egypt, where the economy remains under pressure. High levels of investment in Poland will support the decarbonisation of the economy, and we saw continued progress in some of our Central Asian markets.

Samarkand, Uzbekistan was the venue for our Annual Meeting in May 2023 – a wonderful location for a hugely successful event. Back home in London, the visit of King Charles III to formally open our new headquarters gave us a chance to demonstrate how we are becoming greener internally, as well as mitigating climate change externally.

From the start of 2023, all new EBRD activities were aligned with the goals of the Paris Agreement on climate change and the Bank maintained its pioneering role in driving private-sector finance towards climate action. Our Green Economy Transition (GET) finance hit a new record of €6.5 billion, accounting for 50 per cent of the Bank's annual investment.

We finished 2023 with a clear view of what was required for the year ahead. I thank our Governors for their support and pay tribute to our staff, who work tirelessly on the ground and in headquarters. We know what is needed from us, and we pledge to accelerate our delivery and to contribute even further to making the EBRD an active partner in the multilateral development bank system.

Odile Renaud-Basso
EBRD President
April 2024

Introduction

Boosting impact with record investment and a drive for greater effectiveness

The EBRD unveiled historic decisions in 2023 that will strengthen and expand its reach and boost its long-term impact, all while continuing to provide rapid and comprehensive support for Ukraine during the second year of Russia's war on the country.

The Bank secured the support of its shareholders for a €4 billion increase in paid-in capital that will allow it to continue investing at high levels in Ukraine throughout the war and into a subsequent long period of reconstruction.

It also took steps to extend EBRD operations into sub-Saharan Africa and Iraq from 2025.

Further progress was made on its key strategic objectives, addressing the challenges of climate change, promoting inclusive development and accelerating the digital rollout.

At the same time, the Bank continued to streamline its own processes to ensure maximum effectiveness in helping the economies it serves to achieve their own development ambitions.

EBRD investment in 2023

In 2023, the EBRD's own investments hit a new record of €13.1 billion, up €58 million from the previous year. The Bank financed an unprecedented 464 individual projects, up from 431 in 2022.

Total mobilisation – the overall amount of investment the Bank directly mobilised and indirectly unlocked from private sources – in 2023 was €26.2 billion, including direct mobilisation of €2.8 billion.

The EBRD made a net profit of €2.1 billion in 2023, making it the third most profitable year in the Bank's history. This followed a net loss of €1.1 billion in 2022 that was primarily driven by the impact of Russia's war on Ukraine.

Green economy financing amounted to 50 per cent of the Bank's total annual investment volume.

Trade finance made another significant contribution to the EBRD's support for its regions in 2023, with the Bank delivering 1,916 trade deals under the Trade Facilitation Programme worth a record €4.2 billion turnover, up from €3.6 billion in 2022.

The Bank mobilised nearly €1.6 billion in donor funds, including unfunded guarantees, over €409 million of which was signed for Ukraine. The European Union (EU) provided nearly half of the donor resources, in addition to significant contributions from others including Canada, the Netherlands, Norway and Spain.

Ukraine

In Ukraine, the Bank deployed €2.1 billion in 2023, bringing the total finance deployed in the two years since the start of the war to €3.8 billion. The Bank was therefore able to make an immediate difference to people's lives and equip businesses to meet the current challenges and those of the future.

The EBRD's €4 billion increase in paid-in capital – just the third such increase in its 32-year history – will allow the Bank to invest €1.5 billion a year in Ukraine during wartime and to boost its annual investment in the country to up to €3 billion in the future for reconstruction.

Expansion to sub-Saharan Africa and Iraq

After a change to the EBRD's statutes, agreed at the 2023 Annual Meeting in Samarkand, Uzbekistan, momentum gathered behind a gradual expansion of EBRD operations into sub-Saharan Africa and Iraq. EBRD shareholders concurred that the Bank could start investing in six sub-Saharan African countries – Benin, Côte d'Ivoire, Ghana, Kenya, Nigeria and Senegal – and Iraq from 2025.

Türkiye and Morocco

Following deadly earthquakes in Türkiye and Morocco in 2023 the Bank sprang into action with a response plan. Türkiye was provided with emergency and reconstruction financing of €1.5 billion over two years, while Morocco was allocated an earthquake relief and livelihood preservation programme of €250 million over 2023-25.

West Bank and Gaza

The EBRD demonstrated its commitment to supporting the private sector in the West Bank and Gaza, providing a loan of €8.2 million to Pharmacare, a pharmaceutical company, based in Ramallah. It was the EBRD's first transaction with a Palestinian corporate client.

Transformation

As global challenges mounted in 2023, the EBRD continued to deliver on a commitment to shareholders to transform and modernise its processes, and work as effectively and efficiently as possible so as to maximise its impact on economic performance and quality of life in the EBRD regions.

At the heart of this transformation are steps to invest in the IT estate and to modernise, by investing in core client business processes and systems. This will create the right environment to innovate for the future.

But the EBRD does not act alone; it works in lockstep with partner development banks. For example, at the World Bank Group/International Monetary Fund meeting in Marrakech in October, the heads of multilateral development banks (MDBs) pledged to strengthen their collaboration and align individual actions to make a greater impact. They also vowed to explore further ways of expanding their lending capacity.

The EBRD **in numbers**

Number of projects in 2023:
464

Annual Bank Investment (ABI):
€**13.1** billion

Private sector percentage of ABI:
80%

Private-sector volume of ABI:
€**10.5** billion

Portfolio of operations, including undisbursed commitments:
€**55.9** billion[2]

Gross annual disbursements:
€**9.8** billion

Trade deals worth €4.2 billion completed under the TFP
1,916

Financing provided to partner financial institutions in support of on-lending to micro, small and medium-size enterprises
€**1.15** billion

Financing provided to partner financial institutions in support of on-lending to women-led enterprises:
€**213** million

Number of advisory projects initiated in 2023 under the Small Business Initiative:
2,060

2 This figure includes outstanding portfolio operations in countries where the Bank is not making new investments (Belarus, Cyprus and Russia).

Operational results 2019-23

	2023	2022	2021	2020	2019
Number of projects[3]	**464**	431	413	411	452
Annual Bank Investment[4] **(€ million)**	**13,129**	13,071	10,446	10,995	10,092
Annual mobilised investment[5] **(€ million)** *of which private direct mobilisation*[6]	**2,819** **1,499**	1,746 803	1,750 908	1,240 411	1,262 460
Private indirect mobilisation[7] **(€ million)**	**23,400**	12,957	16,613	9,324	11,663
Total mobilisation[8] **(€ million)**	**26,220**	14,703	18,363	10,564	12,925

Financial results 2019-23

€ million	2023	2022	2021	2020	2019
Net profit/(loss)	**2,098**	(1,117)	2,502	290	1,432
Transfers of net income approved by the Board of Governors	**(23)**	(123)	(80)	(115)	(117)
Net profit/(loss) after transfers of net income approved by the Board of Governors	**2,075**	(1,240)	2,422	175	1,315
Paid-in capital	**6,218**	6,217	6,217	6,217	6,217
Reserves and retained earnings	**16,050**	13,119	14,128	11,674	11,613
Total members' equity	**22,268**	19,336	20,345	17,891	17,830

For more details on the EBRD's financial results, see the *Financial Report 2023*.

3 The number of projects to which the EBRD made commitments in the year.

4 Annual Bank Investment (ABI) is the volume of commitments made by the Bank during the year. This includes: (i) new commitments (less any amount cancelled or syndicated within the year); (ii) restructured commitments; and (iii) amounts issued under the TFP during the year and outstanding at year end.

5 Annual mobilised investment (AMI) is the volume of commitments from entities other than the EBRD made available to the client due to the Bank's direct involvement.

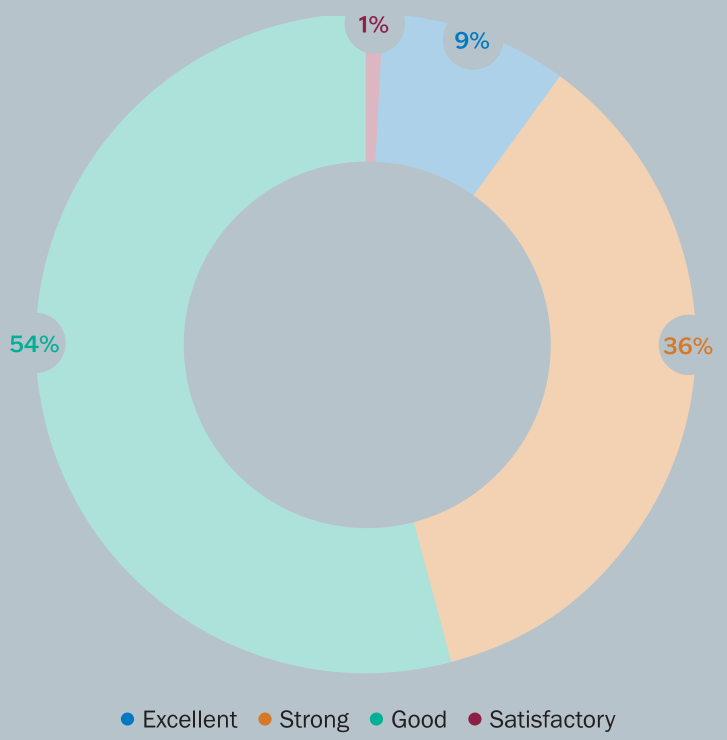
6 Financing from a private entity on commercial terms due to the Bank's active involvement.

7 MDBs define private indirect mobilisation (PIM) as financing from private entities provided in connection with a specific activity for which an MDB is providing financing and where no MDB is playing an active or direct role that leads to the commitment of the private entities' finance. This amount includes many instances where the EBRD was instrumental in the underlying transaction, but the structure of the project did not permit the mobilised amount to qualify as direct mobilisation.

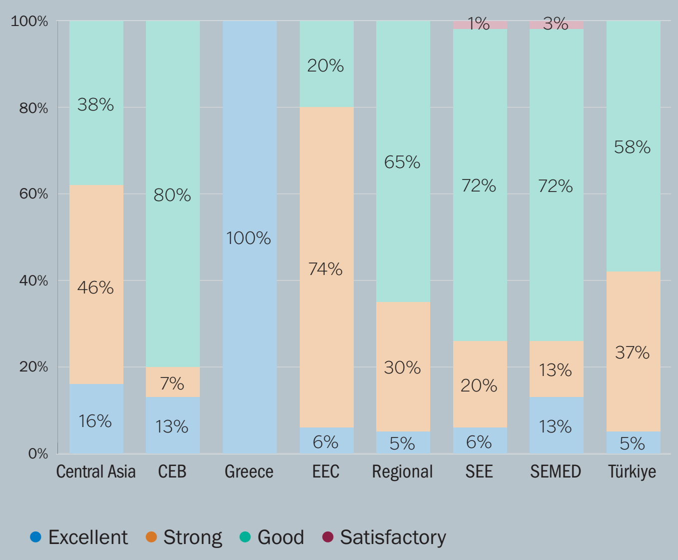
8 Total mobilisation is defined as the sum of AMI and PIM in a given year.

Potential transition impact of new project signings

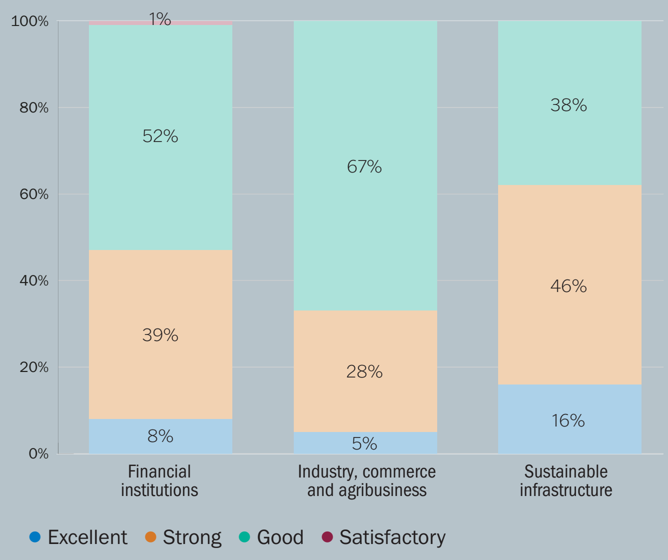
Potential transition impact of new project signings in 2023[9]



Potential transition impact of new project signings in 2023, by region



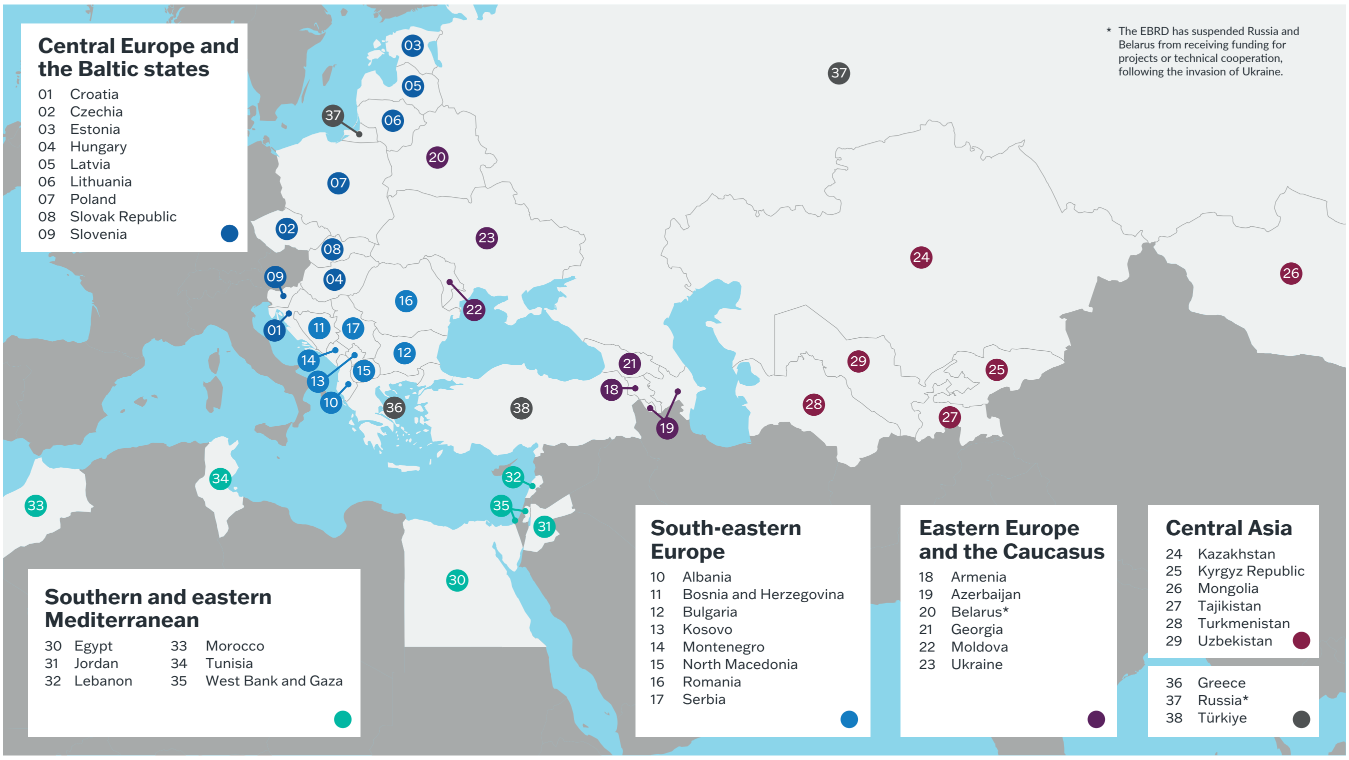
Potential transition impact of new project signings in 2023, by sector



9 The EBRD gives each project an Expected Transition Impact (ETI) rating. ETI reflects the project's potential to create transition impact and the risk that it might not achieve that potential, on a scale from 1 to 100. The rating is based on the underlying objectives of the project, which are structured around the Bank's six transition qualities, the local context and compliance with strategic goals. In 2023, a revised conversion metric was used to translate ETI numerical scores into categories of transition impact potential: satisfactory, good, strong and excellent.

Where we invest

EBRD Annual Bank Investment by economy and region, 2023 (€ million)



Visit **www.ebrd.com** for more details of our projects and the people who benefit from them.

Central Europe and the Baltic states (CEB)

Map ref.	Economy	2023	2022	2021	2020	2019	Cumulative to end 2023	Active portfolio
01	Croatia	306	297	176	151	123	4,702	1,104
02	Czechia	223	111	8	0	0	1,551	371
03	Estonia	38	74	56	126	36	935	248
04	Hungary	70	215	63	84	63	3,577	716
05	Latvia	135	76	113	21	85	1,106	405
06	Lithuania	150	208	125	116	64	1,532	685
07	Poland	1,301	990	598	789	833	13,983	4,658
08	Slovak Republic	133	114	86	59	145	2,983	632
09	Slovenia	78	265	40	65	118	1,563	588
	Total	**2,435**	**2,350**	**1,266**	**1,412**	**1,467**	**31,932**[10]	**9,407**

Private-sector share of the CEB portfolio: 92%

Sectoral distribution of CEB Annual Bank Investment (ABI): 34% | 47% | 19%

- Financial institutions
- Industry, commerce and agribusiness
- Sustainable infrastructure

CEB annual mobilised investment (AMI):
€464 million (2022: €211 million)

South-eastern Europe (SEE)

Map ref.	Economy	2023	2022	2021	2020	2019	Cumulative to end 2023	Active portfolio
10	Albania	146	154	201	194	148	1,987	1,005
11	Bosnia and Herzegovina	218	120	140	187	315	3,165	1,316
12	Bulgaria	117	103	247	103	38	4,507	898
13	Kosovo	81	91	50	36	118	679	380
14	Montenegro	80	23	22	160	38	805	359
15	North Macedonia	259	252	134	61	160	2,748	1,215
16	Romania	658	709	546	340	372	10,882	2,821
17	Serbia	846	648	499	679	517	8,873	2,866
	Total	**2,405**	**2,099**	**1,839**	**1,760**	**1,705**	**33,646**	**10,860**

Private-sector share of the SEE portfolio: 53%

Sectoral distribution of SEE ABI: 37% | 18% | 45%

- Financial institutions
- Industry, commerce and agribusiness
- Sustainable infrastructure

SEE AMI:
€484 million (2022: €356 million)

10 This figure includes investments made in Czechia before 2008.

Eastern Europe and the Caucasus (EEC)

Map ref.	Economy	2023	2022	2021	2020	2019	Cumulative to end 2023	Active portfolio
18	Armenia	71	117	175	158	118	2,018	344
19	Azerbaijan	156	86	34	17	17	3,624	897
20	Belarus[11]	0	0	17	212	391	2,796	275
21	Georgia	202	218	295	618	296	4,996	1,098
22	Moldova	287	525	106	117	111	2,280	1,219
23	Ukraine	1,419	1,460	1,065	812	1,125	19,346	5,160
	Total	**2,135**	**2,405**	**1,693**	**1,933**	**2,058**	**35,060**	**8,992**

Private-sector share of the EEC portfolio:

40%

EEC AMI:
€649 million (2022: €212 million)

Sectoral distribution of EEC ABI:

33% | 36% | 31%

- Financial institutions
- Industry, commerce and agribusiness
- Sustainable infrastructure

Central Asia (CA)

Map ref.	Economy	2023	2022	2021	2020	2019	Cumulative to end 2023	Active portfolio
24	Kazakhstan	254	480	558	403	685	9,808	2,703
26	Kyrgyz Republic	100	41	31	22	46	948	232
26	Mongolia	143	108	37	144	98	2,243	896
27	Tajikistan	21	21	56	131	18	898	480
28	Turkmenistan	0	2	8	20	11	324	24
29	Uzbekistan	702	839	607	429	517	4,286	2,379
	Total	**1,220**	**1,490**	**1,298**	**1,150**	**1,376**	**18,507**	**6,713**

Private-sector share of the Central Asian portfolio:

51%

Central Asian AMI:
€487 million (2022: €180 million)

Sectoral distribution of Central Asia ABI:[12]

38% | 9% | 52%

- Financial institutions
- Industry, commerce and agribusiness
- Sustainable infrastructure

Southern and eastern Mediterranean (SEMED)[13]

Map ref.	Economy	2023	2022	2021	2020	2019	Cumulative to end 2023	Active portfolio
30	Egypt	1,261	1,343	1,005	1,046	1,214	11,369	4,868
31	Jordan	62	141	168	73	87	1,959	1,016
32	Lebanon	8	5	6	28	164	846	176
33	Morocco	391	528	211	742	204	4,425	1,939
34	Tunisia	213	387	120	242	177	2,167	1,130
	Total	**1,935**	**2,404**	**1,510**	**2,131**	**1,847**	**20,766**	**9,128**

Private-sector share of the SEMED portfolio:

53%

SEMED AMI:
€306 million (2022: €384 million)

Sectoral distribution of SEMED ABI:

67% | 17% | 16%

- Financial institutions
- Industry, commerce and agribusiness
- Sustainable infrastructure

Greece

Map ref.	Economy	2023	2022	2021	2020	2019	Cumulative to end 2023	Active portfolio
36	Greece	519	687	838	797	571	7,352	2,260

Private-sector share of the Greek portfolio:

100%

Greek AMI:
€225 million (2022: €42 million)

Sectoral distribution of Greece ABI:

72% | 28%

- Financial institutions
- Industry, commerce and agribusiness
- Sustainable infrastructure

Russia[14]

Map ref.	Economy	2023	2022	2021	2020	2019	Cumulative to end 2023	Active portfolio
37	Russia	0	0	0	0	0	24,242	748

Private-sector share of the Russian portfolio:

83%

Sector distribution of Russian ABI:

n/a

Türkiye

Map ref.	Economy	2023	2022	2021	2020	2019	Cumulative to end 2023	Active portfolio
38	Türkiye	2,480	1,634	2,002	1,675	1,002	19,126	7,578

Private-sector share of the Turkish portfolio:

86%

Turkish AMI:
€205 million (2022: €362 million)

Sectoral distribution of Turkish ABI:

51% | 21% | 28%

- Financial institutions
- Industry, commerce and agribusiness
- Sustainable infrastructure

11 In April 2022, the EBRD Board of Governors decided to suspend Belarus' access to Bank resources in response to the invasion of Ukraine. The Bank has closed its offices in Minsk. Belarus continues to be a shareholder of the Bank.

12 Due to rounding, these figures do not add up to 100 per cent.

13 This table does not include investments in the West Bank and Gaza (map reference 35), which began in 2018 and are financed through a trust fund. For 2023, these investments totalled €10 million.

14 The Bank has made no new investments in Russia since 2014. In April 2022, the EBRD Board of Governors decided to suspend Russia's access to Bank resources in response to the invasion of Ukraine. The Bank has closed its offices in Moscow. Russia remains a shareholder of the EBRD.

EBRD transformation drive in full swing as challenges mount

The EBRD threw its weight behind an ambitious transformation programme in 2023 to safeguard its ability to efficiently and effectively address the challenges that continue to mount across its regions.

As Russia's devastating war on Ukraine persisted for a second year and as natural disasters inflicted death and destruction on EBRD economies, demands on the Bank increased dramatically.

More broadly, the world faced what MDBs termed a global "polycrisis", which slowed progress on achieving the Sustainable Development Goals (SDGs) by 2030. Development banks, including the EBRD, had to do more to remain on a path of sustainable, inclusive development.

Responding to this challenge, the EBRD committed to making internal changes to ensure it was making best use of its resources.

To this end, in 2023, the Bank embarked on a transformation process, the seeds of which had been sown in 2020, with a commitment to modernise the EBRD in a way that guaranteed an appropriate level of investment in IT and which set out to simplify and digitalise its core business processes. Once fully established, this foundational activity will enable the Bank to be creative and innovative in developing the solutions it needs to face future challenges.

The process developed over the course of 2022 with the creation of a Transformation Office, led by a Chief Transformation Officer at Vice President level. The core aim is to make the EBRD the development partner of choice for clients, donors and all stakeholders, as well as an employer of choice, thereby ensuring that the Bank continues to deliver as its strategic priorities evolve.

Having completed a significant investment programme in moving to new headquarters towards the end of 2022, the EBRD's transformation maintained the momentum in 2023.

In line with its digitalisation drive, the Bank completed the rollout of Microsoft 365 across all offices and launched a Bank-wide learning management system. Work started in earnest to create transformation business cases for the EBRD's human resources, finance and donor teams, with all of these areas set to benefit from a new funding-approved enterprise resource planning platform.

In parallel to the major digitalisation initiatives, 2023 saw multiple business-led improvements, including a push to simplify the project origination and preparation process.

The EBRD's effectiveness drive was not undertaken in isolation. In 2023, all major development banks responded to a call from G20 leaders for an international development finance system that put "better, bigger and more effective MDBs" at the centre of solutions to global challenges.

At the 2023 Annual Meetings of the World Bank Group and International Monetary Fund in Morocco, the heads of MDBs pledged to strengthen their collaboration and individual actions to make a greater impact and said they would continue to explore ways to expand their lending capacity.

Path clear for EBRD expansion to sub-Saharan Africa and Iraq

At the EBRD's 2023 Annual Meeting in Uzbekistan, the Board of Governors approved amendments to Article 1 of the Bank's statutes that will give the green light to limited and incremental expansion of EBRD operations to sub-Saharan African countries and Iraq.

The Governors' resolution also folded Iraq into the Bank's southern and eastern Mediterranean (SEMED) region.

The decision reflected the growing links between the Bank's current countries of operation and sub-Saharan Africa and Iraq, and the potential to develop the private sector in those economies, while complementing and cooperating with other development institutions already active in those regions.

The EBRD will be able to invest in up to six sub-Saharan African countries from 2025. Preparatory analysis undertaken by the Bank shows that its mandate and business model would fit most appropriately with Benin, Côte d'Ivoire, Ghana, Kenya, Nigeria and Senegal, should they wish to apply. The six countries were formally notified of the Governors' decision.

By the end of 2023, the Governors had approved the membership applications of Benin and Côte d'Ivoire and the Bank had received applications from Ghana and Senegal. Discussions with Kenya and Nigeria were ongoing.

Iraq became the 74th shareholder of the EBRD in November 2023.

As a shareholder, Iraq can apply to become a recipient of EBRD finance and policy support.

Any application for recipient country status will be reviewed by the Bank's shareholders in a separate process once the relevant amendments to the EBRD's statutes enter into force and on completion of the membership process of any candidate country.

Preparing long-term support for Ukraine

In 2023, the EBRD took a major step towards securing the capital it needed to support Ukraine for the duration of the Russian-led war and into the period of reconstruction.

EBRD shareholders agreed to a €4 billion increase in paid-in capital, giving the Bank the financial strength to carry on backing Ukraine into 2024 and beyond.

The move is a robust response to the conflict, which has lasted longer than expected, and readies the Bank for a period of recovery and reconstruction likely to cost hundreds of billions of euros.

Bolstered by the additional capital, the EBRD will be able to continue providing Ukraine with a sustained level of annual investment of around €1.5 billion during wartime and up to €3 billion per year to finance reconstruction.

By the end of 2023 the EBRD had more than honoured its commitment to invest €3 billion in Ukraine in the two years since the conflict began in February 2022, deploying €3.8 billion over the period and €2.1 billion in 2023 alone.

As in 2022, EBRD financing in Ukraine in 2023 targeted both the public and private sectors, with a continued focus on core priorities: energy security, vital infrastructure, food security, private-sector resilience and trade facilitation.

Bank investment included new financing, grants and the repurposing of previously undisbursed commitments, with loans for working capital and capital expenditure, as well as trade finance and credit-enhancement instruments to underwrite new risk.

In the public sector, the EBRD worked to enhance Ukraine's key export sector, helping to keep open major transport links to the EU. The work included €200 million in financing for Ukraine railways, a €182 million loan for upgrades to the Lviv to Rava-Ruska road, and extensive technical assistance for the optimisation of transport logistics, all in line with the European Solidarity Lanes initiative.

The EBRD agreed a number of important energy security deals for Ukraine, including a €200 million loan to gas utility Naftogaz to build up strategic gas reserves, and a €150 million loan to electricity company Ukrenergo to support the continued functioning of the power transmission infrastructure and uninterrupted operations of electricity generators.

Overall, in 2023, the EBRD funnelled more than €600 million into the country's private sector, enhancing its resilience. It finalised 49 projects in various sectors, including loans to small and medium-sized enterprises (SMEs).

Preparing long-term support for Ukraine

Financing for food security in Ukraine in 2023 totalled €577 million, including direct financing from the EBRD as well as via the banking system.

The EBRD concluded 11 transactions with local partner financial institutions worth a total €217.5 million, aiming to encourage up to €660 million in new lending by partners, thanks to the Bank's Resilience and Livelihood Guarantees, an unfunded portfolio risk-sharing instrument.

Critically, the EBRD continued to support a steady flow of essential goods and services to Ukraine through the Trade Facilitation Programme (TFP) with local banks, with total turnover of €472 million for the year.

In 2023, donors provided approximately €400 million in concessional resources to be deployed in Ukraine, in addition to the approximately €1.2 billion provided in 2022.

A key priority remained the development of human capital, both during the war and in a future period of reconstruction. The EBRD assisted employers in reintegrating war veterans back into the workplace, while also helping to address skills-related gaps and promote the inclusion of refugees in neighbouring countries.

The Bank continued its work on derisking tools in Ukraine, including an insurance facility for maritime vessels and inland cargo transportation.

The EBRD also continued to engage in policy reform in critical areas such as corporate governance, anti-corruption measures, energy security and energy efficiency.

These reforms are administered through the Ukraine Recovery and Reform Architecture (URA) programme, an initiative deployed by the Bank and the EU to foster home-grown reforms within Ukraine. Under this programme the EBRD also provided support to Ukraine for its journey towards EU membership.

URA experts assisted the government with analysis and coordination, including on the question of implementing the country's EU accession commitments. The government has tasked the Reform Delivery Office of the URA with helping the Secretariat of the Multi-Agency Donor Coordination Platform to coordinate international economic and financial assistance for Ukraine.

Case studies

Upgrading Ukraine's railway links to the EU, maintaining vital services for all

A €200 million financing package for Ukraine Railways is upgrading rail links to the EU and maintaining the flow of vital services to people and businesses. EBRD funding, guaranteed by donors, will rehabilitate key railway corridors on the EU borders and finance rolling-stock procurement to increase capacity in the face of continued stresses caused by Russia's invasion.

Expanded rail terminal near Poland boosts grain and containerised cargo capacity

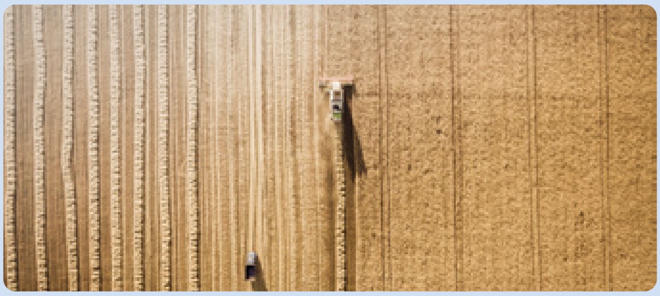
A loan to Ukrainian agribusiness firm Agrosem will finance the expansion of a rail terminal near the Ukrainian-Polish border, increasing the capacity for grain and containerised cargo and improving the country's transport links to the EU. The project will also help Agrosem maintain the productive capacity of its employees. It includes a technical-cooperation component to address staff resilience, including mental health issues.

Case studies

Strengthening Ukraine's crucial edible oils sector, helping to maintain exports

The provision of working capital to leading Ukrainian agribusiness company MHP ensured the company could buy in sunflower seeds to produce oil for export, a key plank of Ukraine's economy. The EBRD financing helped maintain the livelihoods of MHP employees and of oilseed suppliers in Ukraine.

Helping a key Ukrainian agribusiness group weather the storms of war



With the provision of essential capex and working capital to key Ukrainian agro-industrial holding Astarta, the EBRD made sure the company could sustain its operations and maintain production volumes and export levels, underpinning food security and the availability of commodities despite problems caused by Russia's invasion.

New EBRD guarantees for partner financial institutions support continued lending to firms

The EBRD continued its cooperation with ProCredit Bank Ukraine, supporting its lending to critical industries to help maintain jobs and strengthen private-sector resilience during the war. A €7.5 million guarantee to back up to 50 per cent of the risk on €30 million of new financing was the latest in a series of such transactions with ProCredit and other banks, bringing the total cumulative volume of EBRD-enabled financing delivered under similar financial-sector guarantees to €883 million at the end of 2023.

Supporting the integration of Ukrainian war veterans back into the workplace

EBRD investments in two of Ukraine's biggest employers, agribusiness firm MHP and oil and gas group Naftogaz, included technical support to integrate veterans back into the workplace, providing jobs for former or existing employees, as well as for new recruits, returning from the conflict. The programme also provided support to family members and co-workers.

Helping Dnipro deal with the influx of refugees as war persists

A €25 million loan to Dnipro aims to help the Ukrainian city deal with the impact of the war, especially the inflow of internally displaced persons fleeing the conflict. The delivery of emergency liquidity is guaranteeing that vital municipal infrastructure continues to function.

Responding to the catastrophic earthquakes in Türkiye

The EBRD rapidly turned its attention to the devastating earthquakes that struck south-eastern Türkiye on 6 February 2023.

The impact was immense, leaving more than 50,000 people dead and twice as many injured, inflicting damage on more than half a million buildings and seriously impairing energy and communications infrastructure. At least 4 million people were displaced.

SMEs were particularly badly affected, as staff perished or moved to safer areas.

The epicentre of the quakes was near the border with Syria, which also suffered major damage and loss of life. The affected Turkish region had already been facing major challenges: one of the least developed areas of the country, it was host to 1.7 million refugees escaping the Syrian war.

After the earthquake struck, the EBRD drew up a four-pronged response plan to provide Türkiye with emergency and reconstruction financing of €1.5 billion over two years.

The first and central plank of the plan was a disaster response framework that dedicated €600 million in credit lines through partner banks to both companies and individuals directly affected by the disaster, as well as to firms participating in disaster recovery activities.

Under the €600 million framework, disbursement to partner banks was quickly arranged, including €131 million to Isbank, €84 million to DenizBank and €176 million in equal tranches to Akbank, QNB Finansbank and Yapi Kredi.

The second tier of support includes financing for the reconstruction of sustainable infrastructure in the affected cities, building on the Bank's strong track record of cooperating with local authorities in Adana, Gaziantep, Hatay and Mersin.

Another focus is liquidity for the railway network. Financing gaps had arisen due to a loss of revenue after the railway operated free of charge in the affected region; a rise in operating costs from the transport of aid, rescue teams and vital equipment; and the urgent need to repair damaged infrastructure.

The Bank's infrastructural support goes hand in hand with an ambitious policy agenda aimed at maximising the positive impact of new construction projects and creating more liveable cities by promoting best environmental, social and governance standards.

Third, the EBRD provided working capital and capex facilities to affected private-sector companies, which allowed them to continue operating and help maintain the livelihoods of their employees.

In so doing, the Bank is encouraging companies to acquire new and green technologies and adopt a digital approach. It is helping them to rebuild local value chains and address weaknesses in human capital through skills and workforce development.

Fourth, the EBRD has sought to help SMEs affected by the earthquake, which were unable to resume operations after the initial impact.

The Bank's Advice for Small Businesses programme is helping these companies to reconstruct damaged buildings, production assets and infrastructure, blending its traditional know-how and advisory offering with reconstruction grants that will cover 85 per cent of the reconstruction and repair costs, to a maximum of €60,000.

Across all Turkish sectors in 2023, the EBRD delivered a record €2.48 billion to 48 projects, a sharp increase on the €1.63 billion provided the previous year.

Launching an earthquake response for Morocco

The 8 September 2023 earthquake was Morocco's most powerful in more than a century and the deadliest since 1960, causing the loss of more than 3,000 lives. Tens of thousands of buildings were damaged or destroyed. There was significant damage to local health infrastructure and many schools.

The EBRD reacted rapidly alongside partners including the European Investment Bank and the EU and, by late October, had unveiled an initial €250 million earthquake relief and livelihoods preservation programme for 2023-25.

The Bank sought to support both immediate relief and reconstruction efforts while underpinning the government's work to accelerate the development of the affected region.

The EBRD placed a strong focus on supporting inclusive regional development.

The response includes lending to affected individuals and micro, small and medium-sized enterprises (MSMEs) through partner financial institutions (PFIs), liquidity support for infrastructure and municipalities, and advisory and reconstruction grants for SMEs.

To support longer-term inclusive development, the EBRD will seek to encourage PFIs to increase access to finance in the affected region and promote human capital development.

It is backing steps to rebuild a resilient tourism sector and agricultural value chains, improve key municipal and regional infrastructure and diversify the economy through investment and advisory services.

It will also seek to alleviate liquidity pressures on national power, water, road and housing entities through liquidity facilities aimed at helping the authorities and state-owned enterprises free up financial resources where needed for emergency operations.

In the SME sector, the EBRD's response includes technical assistance to complement the Bank's Women in Business and Youth in Business credit lines through PFIs, advisory services for the assessment of SMEs' reconstruction needs, and grants to SMEs for the reconstruction of damaged buildings, production assets and infrastructure.

Another focus is training, re-skilling and mentoring on business change, continuity, resilience and risk mitigation.

Dealing with the legacy of Soviet-era uranium mining in Central Asia

Nuclear safety remained high on the EBRD's agenda in 2023, with a number of projects to address the legacy of contamination and pollution from Soviet-era uranium production in Central Asia.

The Bank has long worked on nuclear safety concerns, including the decommissioning of old nuclear power plants in eastern Europe, the management of radioactive waste and the remediation of contaminated sites.

Perhaps most notably it set up and managed the Chernobyl Shelter Fund that helped Ukraine make the site of the plant's destroyed reactor 4 stable and environmentally safe following a devastating explosion in 1986.

The Environmental Remediation Account (ERA), set up by the EU in 2015 and managed by the EBRD, is being used to clean up seven priority sites of uranium contamination in three Central Asian countries: Mailuu-Suu, Min-Kush and Shekaftar in the Kyrgyz Republic; Degmay and Istiklol in Tajikistan; and Charkesar and Yangiabad in Uzbekistan.

This crucial work will help stabilise the economic outlook for large parts of Central Asia, boosting opportunities for businesses and tourism and helping to improve quality of life for millions of people.

Already by the end of 2022, the Kyrgyz sites of Min-Kush and Shekaftar had been fully remediated on schedule and below budget, with the support of the ERA which is funded by the EU, as well as contributions from Belgium, Lithuania, Norway, Spain, Switzerland and the United States of America.

In 2023, backed by funding of €23 million, the largest ERA grant to date, work began on the third Kyrgyz site of Mailuu-Suu, one of the largest and most heavily contaminated uranium legacy areas in the region. The aim was to prevent toxic waste from entering the Fergana Valley – the predominant agricultural hub of Central Asia and home to more than 15 million people.

In the same year, work began in Uzbekistan to close mine entrances, demolish derelict facilities used for uranium ore processing and re-cultivate waste rock areas at mines in Yangiabad, an area with high levels of seismic risk, and Charkesar, a village with approximately 3,500 inhabitants.

Supporting the transition to a green, low-carbon economy

Total investment in the Green Economy Transition (GET) in 2023:

€6.5 billion[15]

GET activities as a percentage of 2023 ABI:

50%

Finance in 2023 for climate mitigation:

€6.2 billion

Finance in 2023 for climate adaptation:

€372 million

Finance for other environmental activities during the year:

€918 million

Galvanising private-sector finance in pursuit of climate-finance goals

The EBRD maintained its pioneering role in driving private-sector finance towards climate action in 2023. It used a business model that combines investment with policy support to mobilise the funding needed to help close a huge global gap in climate finance.

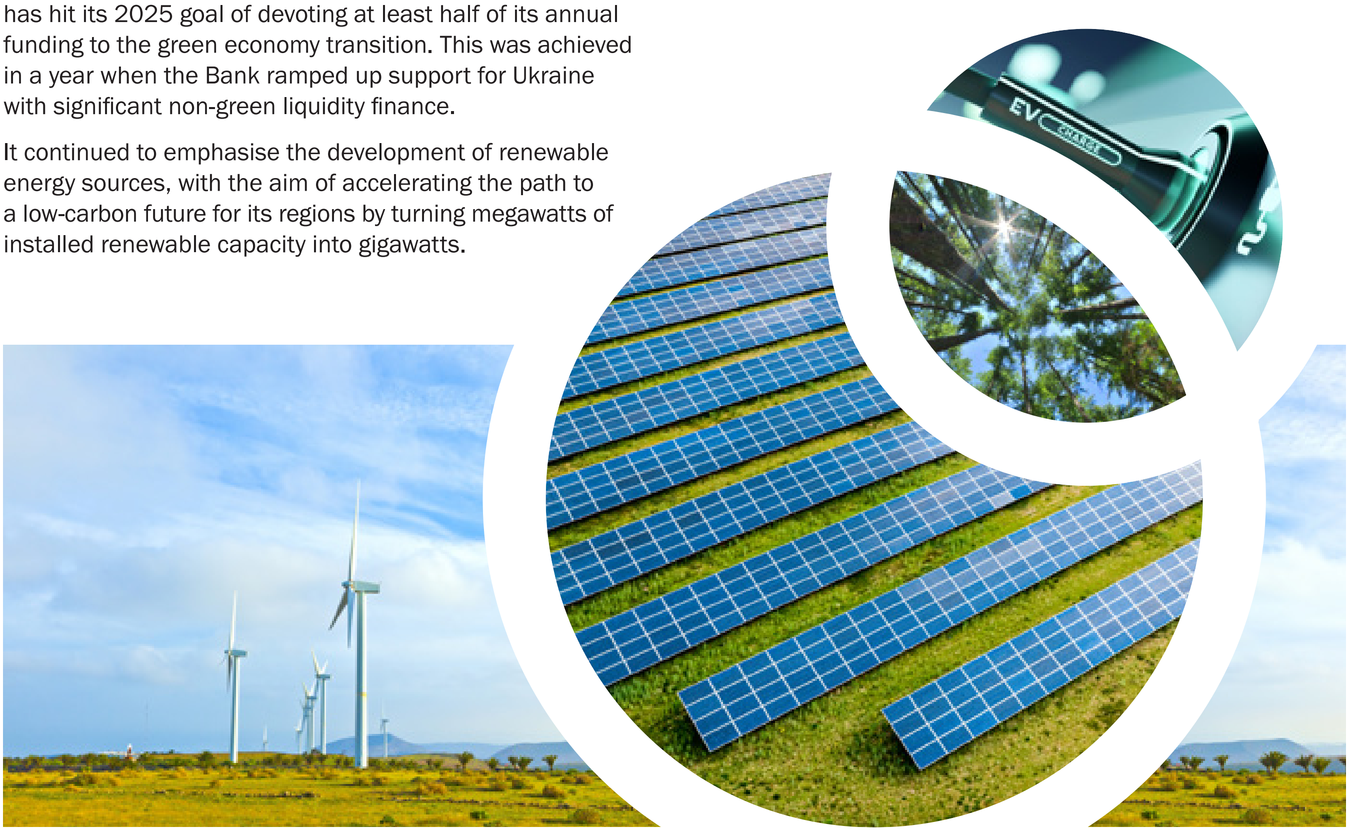
The Bank focused strongly on supporting the development of "country sector platforms" to create the kind of regulatory backdrops against which climate finance and technical assistance can be most effective.

The key driver remained support for systemic transformation, as economies in the EBRD regions moved towards their own specific climate goals.

The Bank's GET finance hit a new record of €6.5 billion for the year. It mobilised a further €1.67 billion from other investors for green projects.

GET financing accounted for 50 per cent of total EBRD investment in 2023, the third time in a row that the Bank has hit its 2025 goal of devoting at least half of its annual funding to the green economy transition. This was achieved in a year when the Bank ramped up support for Ukraine with significant non-green liquidity finance.

It continued to emphasise the development of renewable energy sources, with the aim of accelerating the path to a low-carbon future for its regions by turning megawatts of installed renewable capacity into gigawatts.



15 The numbers for mitigation, adaptation and other environmental activities add up to more than €6.5 billion as some projects have multiple benefits.

Scaling up renewables was a primary focus of the Bank's new Energy Sector Strategy that was published at the end of the year. The strategy also underlined the need to deliver resilient, efficient and inclusive energy systems that are adapted to climate change, increase energy efficiency and promote an inclusive and just transition.

The year was a milestone in the EBRD's climate finance journey. All of the EBRD's activities from the start of 2023 were aligned with the goals of the 2015 Paris Agreement on climate change, and the Bank made further progress on Paris alignment during the year.

A "holistic" platform response to climate challenge

In 2023 the EBRD advanced its "country sector platform" approach, aiming to maximise its impact by blending country ownership of climate programmes with a combination of finance and policy support, as well as concessional funding and technical assistance.

The standout example of this approach is the Bank's role in the donor-supported[16] energy pillar of Egypt's Nexus on Water, Food and Energy (NWFE), an ambitious plan unveiled in 2022 to develop new renewable capacity and retire inefficient oil- and gas-fuelled power capacity.

In April 2023 the EBRD launched its first project under the NWFE, an EBRD/Green Climate Fund loan for Africa's largest wind farm, a new plant in Egypt's Gulf of Suez area, which is expected to reduce CO_2 emissions by around 1 million tonnes per year.

The EBRD is also mobilising technical assistance – including a just transition approach and a decommissioning master plan – for the permanent closure of twelve thermal power plants, and an action plan to develop green supply chains.

In addition, it will seek technical support and funding under the NWFE for grid strengthening and support for Egypt in achieving the targets in its updated Nationally Determined Contribution, the country's commitments under the 2015 Paris Agreement on climate change.

Building on its experience with the NWFE, the EBRD announced its support for North Macedonia's just transition investment platform, launched at the COP28 climate conference in Dubai in December 2023.

Financing for renewable energy:
€**1.6** billion

Financing for energy efficiency: :
€**3.4** billion

Renewable energy capacity that the EBRD, in 2023, committed to financing:
5,117 MW

Expected annual reduction in CO_2 emissions as a result of EBRD investments in 2023:
10.71 million tonnes

Estimated GET annual mobilisation:
€**1.67** billion

Honing the Paris alignment process

Once all new EBRD activities had become Paris aligned from the start of 2023, the Bank continued to use the enabling framework to encourage its partners and their clients to map their own Paris-alignment journeys.

In December 2022, Jordan's Bank al-Etihad became the first EBRD partner bank to sign up to making a transition plan as part of the EBRD's Paris alignment approach. Other banks followed suit in 2023 and, by the end of the year, seven clients had signed agreements on transition plans that followed the EBRD's Paris alignment methodology.

Country-level programmes for partner financial institutions in Morocco and Armenia were launched, as were five technical cooperation projects to help PFIs strengthen their climate risk management processes and corporate climate governance.

Through its Corporate Climate Governance Facility, launched in 2022, the EBRD provides advisory services to clients who commit to strengthening their corporate climate governance, transition planning and disclosure practices.

Local partner banks are key to helping the Bank deliver its work on the ground, and the EBRD continued to promote the zero-carbon agenda through them in 2023. EBRD green finance provided via the banking system, including Green Economy Financing Facilities (GEFFs), rose to €2.4 billion from €2.2 billion in 2022.

16 The NWFE energy pillar receives international support in the form of grants and concessional finance from a consortium of partners, such as the European Commission, the United States of America, the United Kingdom, Germany, France, the Netherlands and Denmark, as well as donors to the EBRD's High-Impact Partnership on Climate Action (Austria, Finland, the Netherlands, Spain, Switzerland, the TaiwanICDF and the United Kingdom).

One standout transaction in the renewables sector was the EBRD's financing of a 1.1 GW offshore windfarm in Poland, which was not only the Bank's first offshore wind investment, but also the first offshore wind facility in Poland and a major step forward for the whole Baltic region.

The EBRD also increased its support for auction processes to help achieve more competitive renewables pricing, with key projects in Central Asia and the Western Balkans.

Stepping up support for Green Cities

The Bank continued to roll out its Green Cities programme in 2023, signing 20 projects. This brought the total invested in sustainable infrastructure under the programme to €2.7 billion since 2016 and an expected annual reduction in CO_2 emissions of 4,635 tonnes, equivalent to taking over 1 million internal combustion-engine cars off the road each year. Sixty cities are now part of the programme.

Breaking new green ground on capital markets

Capital markets played an increasing role in delivering the green agenda. An EBRD investment in a sustainability-linked bond issue by Croatia's largest utility was the first such bond issued by a local municipality or public-sector company in the country.

The Bank also supported the development of green capital market products in Egypt by investing in a bond issued indirectly by the New Urban Communities Authority, which is developing new, modern cities.

Protecting biodiversity and nature

As the decline in biodiversity continued to pose significant risks to the economies and livelihoods of people in the EBRD regions, the Bank reinforced its support for the Kunming-Montreal Global Biodiversity Framework, agreed in December 2022 with the aim of halting and reversing biodiversity loss by the end of the decade.

At COP28 the EBRD launched its new approach to nature, building on a track record of identifying, minimising and mitigating biodiversity impacts in its projects.

Case studies

Landmark EBRD investment boosts Poland's renewable capacity

Poland expanded its renewables capacity with landmark EBRD financing for a 1.1 GW Baltic Power offshore windfarm, the first offshore wind facility in Poland and the EBRD's first offshore wind investment. The facility is expected to generate electricity equivalent to 4,000 GWh – some 2-3 per cent of Poland's current electricity generation – and to help avoid around 2.8 million tonnes of CO_2 emissions annually.

Breaking new ground with a wind project in Kazakhstan

The Bank supported a pioneering step in Kazakhstan's bid to become carbon neutral by 2060 by financing a 100 MW wind power plant, the first EBRD wind project rolled out under the country's renewables auction scheme. The investment includes a commitment to promote access to employment and green skills for women, and should result in annual CO_2 emission savings of around 212,000 tonnes.

Case studies

Fostering the circular economy in Türkiye with a pioneering epoxy resin facility

The Bank promoted the circular economy in Türkiye by financing chemical materials company Akkim's bid to develop the country's first greenfield epoxy resin production plant. The investment will reduce CO_2 output from the production process by using renewable feedstock rather than fossil resources.

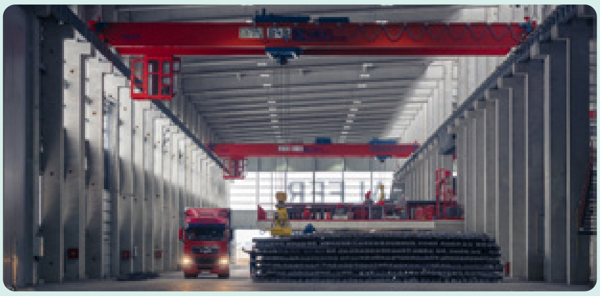
Advancing Uzbekistan's renewables agenda with finance for 1 GW of new capacity

The EBRD financed 1 GW of renewable energy in Uzbekistan in 2023, funding the construction of three solar power plants with a combined generation capacity of 900 MW and a 100 MW wind power plant in Nukus, western Uzbekistan. The Bank has partnered with the authorities to deliver 2,000 MW of wind power through competitive bidding processes.

Promoting green energy generation with finance for e-waste recycling in Poland

EBRD financing for Polish waste processor Elemental supported the development of a facility to recycle scrap and lithium-ion batteries from electronic vehicles and other devices such as smartphones and laptops. The proceeds will be used to finance solar photovoltaic (PV) panels with 37 MW of installed capacity, yielding environmental benefits.

Greener steel production in Serbia as mill modernises production processes



A capex loan to Serbian steel mill Metalfer will make the company more energy efficient by improving scrap processing and input, reducing heat dissipation and modernising the processing of semi-finished goods. The loan will also finance a solar PV mini-plant, producing up to 4 MW of renewable power for the company's own production needs.

Encouraging the circular economy in Azerbaijan

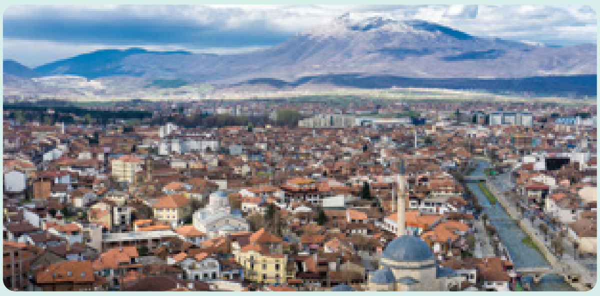
The EBRD gave a boost to Azerbaijan's circular economy with a loan to lead producer and exporter Az-Lead, which will finance an increase in the company's recycling and refining capacity and improve its lead recovery rates. The EU also supported the project, in line with its Circular Economy Action Plan.

Funding green investments by a Moroccan packaging firm

The EBRD promoted green investments by Moroccan packaging manufacturer Multisac with a €15 million loan that will finance the construction of a new green manufacturing plant and the introduction of reusable and recyclable flexible packaging films that have a low carbon footprint.

Case studies

Bank extends first sustainability-linked financing in the Western Balkans

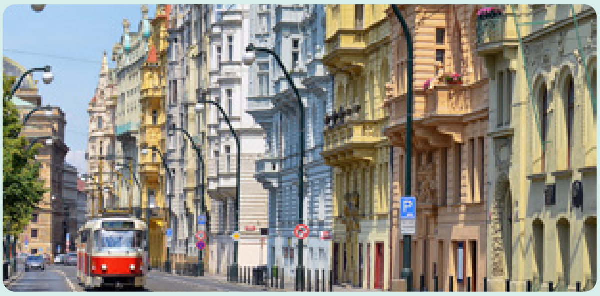


A loan to Kosovan bottled-water maker Uje Rugove was the EBRD's first sustainability-linked financing in the Western Balkans. The project helped Rugove expand its presence in its markets, while also setting ESG-linked objectives, including improvements in water use, reductions in waste and the adoption of gender and equal-opportunity goals.

Going solar at Montenegro's leading retail chain

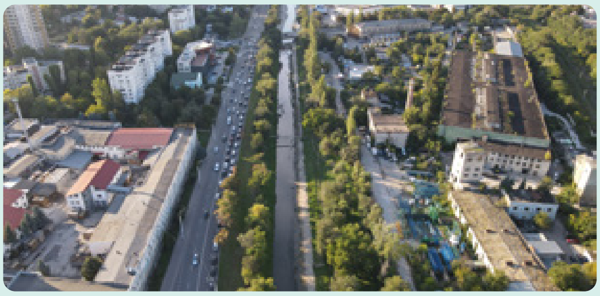
Montenegro's leading food retail chain, Voli, is combating climate change by switching to renewable energy sources, thanks to an EBRD loan to finance solar panels with up to 4 MW capacity and charging stations for electric vehicles at its facilities and logistics centres. Austria's DRIVE fund provided funding for the project's feasibility study.

Promoting energy-efficient residential housing in Czechia



A €110 million loan to Heimstaden Bostad, owner of the largest portfolio of private residential rental units in Czechia, will support energy efficiency improvements in the residential real-estate sector. Heimstaden also will join an initiative launched by the Bank and the Czech Green Building Council to help develop a national decarbonisation roadmap.

Reducing flood risk in Moldova's capital and cutting pollution

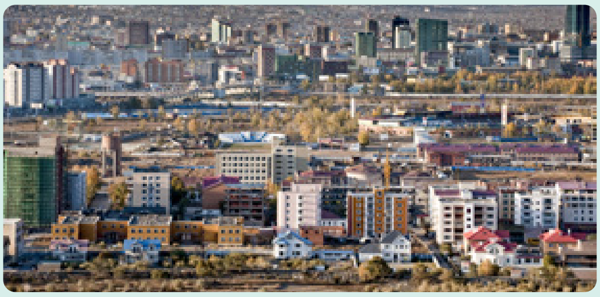


EBRD engagement in a €20 million financing package for the Moldovan capital city of Chisinau supported efforts to reduce the risk of flooding by the River Bic. Delivered as part of Chisinau's Green City Action Plan, it is the Bank's first project to implement a nature-based solution. It is also helping to cut pollution levels and make the river area more attractive.

Boosting solar capacity in Croatia with the first EBRD investment under InvestEU

With financing to build 30 MW of solar capacity, the EBRD launched its inaugural project under the InvestEU programme and its first solar photovoltaic investment in Croatia. The risks associated with the transaction's market-based electricity offtake (that is, outside any renewable energy support scheme) will be mitigated by the involvement of InvestEU, which provides guarantees to support investment in projects that meet EU objectives.

Providing affordable green housing in Ulaanbaatar



A US$ 20 million loan (€18 million) in Mongolia is being used to finance the design and construction of around 70 low-carbon and climate-resilient housing units in the capital city of Ulaanbaatar. The project is addressing the city's key environmental challenges of poor air quality, water quality and climate change impact, as identified by its Green City Action Plan.

Case studies

Reducing CO_2 emissions by supporting Africa's largest wind farm

An EBRD/Green Climate Fund loan provided finance for Africa's largest wind farm, a new plant in Egypt's Gulf of Suez area, which is expected to reduce CO_2 emissions by around 1 million tonnes per year. It was the first project to be conducted under Egypt's NWFE, a major Egyptian policy initiative developed in tandem with the EBRD.

Improving Kyrgyz energy security and climate resilience with hydropower plant modernisation

EBRD financing to modernise the 7.6 MW Lebedinovskaya hydropower plant in the Kyrgyz Republic will improve the country's energy security and strengthen its resilience to climate change. While supporting the mitigation of hydrology risks, the project is also helping to develop a regulatory framework for the renewable energy sector.

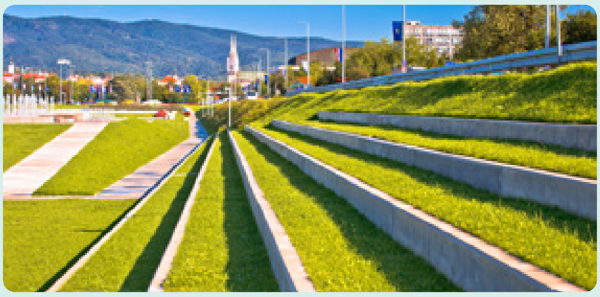
EBRD lends €10 million to advance energy efficiency improvements in Lithuania

A new EBRD loan to the Lithuanian Public Investment Development Agency (VIPA) is financing major renovations of multi-apartment buildings, increasing building efficiency and improving energy efficiency in a country that has come under significant pressure from rising energy and consumer prices on the back of Russia's invasion of Ukraine.

Cutting GHG emissions by investing in Polish renewables developer R.Power

The EBRD's €75 million participation in a capital increase by fast-growing privately owned Polish renewables developer R.Power will support the company's deployment of renewable energy capacity and help it achieve a 1 GWp solar PV operating portfolio across the EU within the next two years, creating significant savings in greenhouse gas (GHG) emissions.

Breaking new ground with a sustainability-linked bond in Croatia



The EBRD invested in a sustainability-linked bond issued by Croatia's largest utility, the first such bond issued by a local municipality or public-sector company in the country. Sustainability-linked bonds oblige issuers to achieve specific sustainability performance targets, which in the case of Zagrebacki Holding will lead to improved municipal waste management and increased use of renewable energy in the Croatian capital.

Improving the quality of drinking water in Morocco

A €12 million local-currency loan to the Guelmim-Oued Noun region of Morocco is financing investments to improve drinking water supply in rural areas and to upgrade four existing wastewater treatment plants. A trigger investment initiating the region's participation in the EBRD Green Cities programme, the transaction is also the EBRD's first municipal loan to a region in Morocco.

Promoting equality of opportunity

Geopolitical challenges and natural disasters boost demand for the EBRD's inclusive support

With natural disasters and geopolitical crises becoming ever more persistent and intense, the EBRD's work to protect human capital and promote gender equality and economic inclusion has never been more important. The Bank was quick to respond to the immediate threat to livelihoods and the economic well-being of affected societies.

With Russia's war on Ukraine in its second year, a strong focus remained on addressing the human impact of military aggression.

And after devastating earthquakes in Türkiye and Morocco, the Bank placed a priority on supporting human capital, as well as on helping individuals and companies deal with the consequences of catastrophe.

The Bank stepped up to the challenge of making sure that finance and support were available to the women, men and children of its regions, both in economies facing acute challenges and all other economies where it invests.

The EBRD continued to deliver projects under its Strategy for the Promotion of Gender Equality 2021-25 and its Equality of Opportunity Strategy 2021-25, inclusion being one of the three pillars of its Strategic and Capital Framework (alongside promoting the green economy and digital acceleration).

Total number of projects in 2023 with an inclusive goal and/or gender additionality:

245

Gender SMART[17] projects in 2023:

204

Gender SMART operations as a percentage of total number of projects signed in 2023:

44%

Number of investment operations in 2023 with an inclusive objective:

141

17 "Gender SMART" is a process to enable the systematic integration of gender into EBRD projects.

The Bank posted a record 44 per cent share of Gender SMART investments in 2023, up from 37 per cent in 2022, significantly exceeding its 30 per cent target.

It also saw a record number of investments promoting equality of opportunity, at 141 versus 105 in 2022, taking the share to 30 per cent of all annual operations.

The Bank continues to provide financing to women entrepreneurs through the Women in Business (WiB) programme, with total funding exceeding €1 billion for the first time.

More than €210 million was invested through WiB in 2023 and key changes were made to existing initiatives. For example, in Morocco, additional funding was made available to support women affected by the Al Haouz earthquake, while in Central Asia a digital component was added to encourage women to invest in transformative technologies.

The Youth in Business programme continued to expand, launching in Central Asia in December 2023 after a successful rollout in the Western Balkans, Morocco and Egypt in 2022. It aims to increase access to finance, know-how and non-financial business development skills for MSMEs led or owned by young people under the age of 35.

The EBRD provided an additional €44 million under the programme during the year, helping to alleviate the barriers to finance experienced by young entrepreneurs.

Of note in 2023 was a new initiative, announced at the World Bank Group/IMF meetings in Marrakech, to remove barriers facing women who want to start a new business or expand their existing firm.

The Women Entrepreneurs Finance Initiative, which supports women business owners, provided US$ 5 million (€4.5 million) to the EBRD to launch a new policy programme for women.

Another key trend in 2023 was the further integration of inclusion into the EBRD's green objectives.

Ensuring a just transition was also a key part of the Bank's work with Egypt on the NWFE. Just transition is just one element of the EBRD's wider programme to integrate inclusion and gender factors more deeply into the path to a low-carbon economy. It includes developing green skills for all, promoting resilience and new skills standards, expanding networks and opportunities for women and improving energy-efficiency capabilities.

In 2023, the Bank started rolling out projects under the EBRD's Gender Equality in Climate Action tool, launched at the COP27 climate conference in Sharm el-Sheikh, Egypt, in 2022.

Delivering inclusive support to regions in crisis

As the war on Ukraine continued, the EBRD focused on providing immediate support to threatened livelihoods, while also helping to build resilience within the country so it could face future challenges more effectively.

Finance continued to flow to municipalities, ensuring the delivery of essential services (especially to cities dealing with refugees fleeing conflict), and to private companies, including agribusiness firms, to maintain food supplies.

The Bank provided specific help to reintegrate Ukrainians back into the workplace, finding positions for demobilised soldiers including those with disabilities and psychological injuries, as well as others displaced internally or acutely affected by the war. More than 1.4 million people of working age had been mobilised into Ukraine's armed forces as at October 2023. The number of war veterans has reached 800,000 to date and is forecast to increase to between 3 million and 5 million by the end of the war.

As in Ukraine, the EBRD's efforts in the wake of the earthquakes in Türkiye and Morocco addressed the human consequences of disaster, with a response that aimed to support relief, recovery and reconstruction.




Case studies

Turkish agribusiness loan combines gender equality with climate action

A loan to Turkish food producer Yayla Agro financed a shift to greener energy and the purchase of energy-efficient equipment. Yayla was also the EBRD's first agribusiness client in Türkiye to apply the Bank's Gender Equality in Climate Action tool, using the project to introduce a skills programme targeting a higher share of women in blue-collar occupations and gender parity in training.

Enabling SME lending in underserved Uzbek regions and fostering financial inclusion

A loan of up to US$ 25 million (€23 million) to Uzbekistan's Sanoat Qurilish Bank is supporting the bank's funding base and enabling an expansion of local-currency lending to SMEs in underserved regions of the country, promoting further financial inclusion for entrepreneurs in hard-to-reach areas. The new facility will help to close a lending gap that is particularly pronounced for firms outside the capital city, Tashkent.

Supporting reskilling as Serbia shifts to wind and solar power

Financing for Serbian utility EPS helped the company cope with a surge in imported electricity prices. The project includes the development of a decarbonisation action plan, with a strategy for phasing out coal and stepping up the shift to wind and solar power. It builds in opportunities for re-skilling a workforce affected by the green economy transition.

Biomass plant in Türkiye promotes jobs for women, cuts CO_2 emissions

Financing for renewable energy group Mav Elektrik to fund the Arikcayiri biomass power plant – the first such plant in Türkiye to be fuelled by poultry waste – is supporting women's access to employment in a male-dominated sector by introducing equal-opportunity policies and practices, while boosting renewable energy capacity and cutting CO_2 emissions.

Loan to renewables group promoting jobs for women and young people in Türkiye

A financing package for key Turkish renewables group Borusan EnBW Enerji will support the country's green agenda by promoting investment in sustainable energy sources. It will also enhance access to renewable energy skills and employment opportunities for women and young people by improving the school-to-work transition of prospective renewable-energy specialists and technicians.

New green trolley buses for Vilnius promote inclusion agenda

EBRD financing for the purchase of electric trolley buses in Vilnius promoted a shift to cleaner transportation in the Lithuanian capital. The new vehicles also offer improved access to passengers with low mobility, including the elderly and people with disabilities and care responsibilities. The project provides for training to promote equal opportunities in skills and employment.

Case studies

Investment in Kazakh bond promotes low-carbon agenda and job opportunities

Financing from an EBRD investment in a local-currency bond issued by Kazak grid operator KEGOC will reduce power transmission losses, improve grid efficiency and scale up the use of renewables. The project introduces a new, replicable and nationally accredited training programme to equip young people with digital skills needed by the power sector.

Turkish snack firm to cut gas emissions and provide opportunities for women

A sustainability-linked loan to Turkish snack company Ulker will help reduce GHG emissions in the company's own operations and supply chain, and boost its water-use efficiency and waste recycling rate. Ulker is also working to increase the representation of women across its operations and to support women's career development within the company.

Turkish retail giant DeFacto steps up recruitment, training of disabled workers

Turkish retail group DeFacto will use the funds from an EBRD investment to transform its human resources in response to the recruitment and training needs of workers with disabilities. DeFacto is aiming to increase its share of workers with disabilities to 5 per cent across its operations. The investment will also promote gender equality practices within the company.

Supporting energy security, building new skills in North Macedonia

A loan to North Macedonia's public electricity utility, ESM, bolstered energy security, providing working capital and finance for ESM's electricity imports. ESM is providing opportunities for young workers through an accredited training programme that enables them to gain market-relevant skills in areas such as electricity trading and project management, easing the just transition to a low-carbon economy.

Expanded electric vehicle rollout in Türkiye enhances gender equality

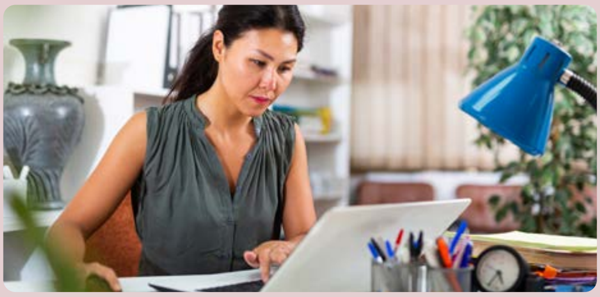
An EBRD loan to electricity distribution company Enerjisa Enerji helped finance the expansion of infrastructure for electric vehicle charging in Türkiye and the modernisation of the country's electricity network. Enerjisa also integrated gender considerations into its corporate governance practices and will deliver an outreach programme to increase the number of women with market-relevant climate-related skills in the sector.

A renewables loan to Turkish power producer creates job opportunities for young people

A loan to power producer Enerjisa Enerji Uretim financed the expansion of the company's wind portfolio. The company's projects will prevent the release of 52,000 tonnes of CO_2 emissions a year from Türkiye's power system. It is also promoting youth employment, working with local training institutions to help young people gain market-relevant skills in the sustainable energy sector.

Case studies

Supporting women entrepreneurs in Kazakhstan and promoting green investment



A US$ 35 million (€32 million) loan to Kazakhstan's leading microlender, KMF, promoted women's entrepreneurship and business activity by assisting with access to finance, know-how and technical advice. At least 10 per cent of the loans extended by KMF will promote lower energy consumption, encourage the greater use of renewables and help local businesses adopt green technologies.

Developing skills in Serbia's railway sector

An EBRD loan to Serbian state-owned railway passenger operator Serbia Voz will support the purchase of additional rolling stock and increase the efficiency of passenger services. It will also improve policy practices on skills development in the railway sector with a view to creating a workforce capable of tackling future professional challenges.

Pioneering waste management project in North Macedonia opens up skills opportunities

With the EBRD's backing, North Macedonia rolled out its first nationwide programme for solid waste management, introducing EU-compliant services for more than 1 million residents in five administrative regions. With donor support from Switzerland, Sweden and the Western Balkans Investment Framework (WBIF), the project includes the integration of inclusive procurement requirements, opening up skills and employment opportunities for underserved groups.

Delivering on our strategic priorities

Accelerating the digital transition

Number of projects in 2023 with a digital component:

47

Number of digital policy engagements:

47

Local advisory services to support the digital transformation of SMEs:

843

Delivering on digital transformation

The Bank stepped up delivery of projects to promote the digital agenda in 2023, building on its work since the launch of its publication, *Approach to accelerating the digital transition, 2021-25*.

A core pillar of the Bank's current five-year strategy, digital transformation is an increasingly important enabler of the EBRD's transition mandate.

To help meet this mandate the Bank deploys its full toolkit of investments, policy advice and advisory services to build and foster:

- the foundations of a sustainable and inclusive digital economy by promoting appropriate policies and regulation, access to connectivity through the creation of infrastructure, and a skilled workforce
- organisations' adaptation of digital services, assets, business processes and value chains
- innovation by promoting start-up-friendly ecosystems and meeting specific financing needs through debt financing and direct and indirect equity investments.

In 2023, the second year of implementing the digital approach, the Bank signed 47 investments with a digital component (compared with 36 in 2022), pursued 47 policy engagements (50 in 2022) and conducted some 843 local advisory services (851 in 2022) to support the digital transformation of SMEs.

Key initiatives in 2023 included the introduction of the:

- Business Digital Agility (BDA) framework to build a resilient network of digital instruments for the public and private sectors in Ukraine. This will help businesses get licences online and help SMEs migrate content to the cloud.
- Cybersecurity Resilience Programme, which aims to assess cyber-risks in EBRD investments and suggest appropriate mitigation actions; to support clients in implementing such measures; and to invest in the cybersecurity sector as a long-term guarantee for economic and social cyber-resilience. A key initial focus was Ukraine and other countries affected by the Russian invasion.
- Cities Digitalisation Initiative methodology – a holistic approach to identifying opportunities for investments in digital projects and capabilities in urban environments. The pilot for this initiative was conducted in the Turkish city of Izmir, where a map was developed to outline opportunities for greater urban digitalisation.
- Digital Value Chain Assessment Tool, which addresses the digitalisation of EBRD corporate clients and their ecosystem of suppliers and distributors. This interactive tool helps corporate clients and large SMEs in the Bank's portfolio to assess and bridge the gap of digitalisation within their supply chain.

A number of standout pilot projects in the adaptation area have the potential to be scaled up. These include:

- The EU-backed Go Digital programme in Bosnia and Herzegovina, which delivered €40 million to SMEs investing in the digitalisation of business processes in 2022 and 2023. Total financing available under the programme was extended by an additional €10 million in the third quarter of 2023 thanks to extra donor funds from the EU Delegation in Bosnia and Herzegovina. In 2024, the pilot will be replicated at the regional level via the Go Digital in the Western Balkans programme. Funds of €27.6 million have already been secured from the WBIF for €150 million of lending.
- A new digitalisation component of the WiB programme, which incorporates specific credit lines that the EBRD extends to PFIs. It aims to provide a financial incentive for women-led SME sub-borrowers to make proactive investments in digital technologies for their businesses.
- A Digital Technology Selector, modelled on the EBRD's Green Technology Selector, to be released in the first quarter of 2024. The new selector will support the digitalisation component of the Central Asian and Morocco WiB programmes, by listing locally available, eligible digital technologies to help women entrepreneurs in the digital transformation of their businesses.

Looking ahead

In 2024 the EBRD will launch a Digital Champions network, consisting of client-facing staff and other departments who will promote the EBRD's internal digital agenda.

Case studies

Promoting digital transition in the Baltic states with a boost for e-commerce

A €15 million investment in pan-Baltic e-commerce platform operator PHH Group increased the company's logistical capacity, promoting the region's digital transition. The project supports the growth of e-commerce, a market that remains underdeveloped in the Baltic region, despite a shift to online retailing during the Covid-19 pandemic.

Rolling out science parks and advancing the digital agenda in Serbia

An €80 million loan to Serbia is supporting the rollout of science and technology parks in Niš, Kruševac, Čačak and Belgrade, providing growth opportunities for an increasing number of innovative Serbian start-ups and technology companies. The Bank's policy support also extends to an existing park in Novi Sad, which is helping small businesses, researchers and students study digital trends and develop products in a new digital laboratory.

One-stop digital shopping for investors in Tunisia

The EBRD teamed up with the Tunisian authorities to improve the country's investment environment by launching a digital national investment platform. The new platform will provide fully automated digital services aimed at improving the investor experience, attracting foreign direct investment and creating jobs.

Further support for digital investment in the Suez Canal Economic Zone

The EBRD continued its support for a programme to digitalise the Suez Canal Economic Zone. This second phase of digitalisation aims to streamline administrative formalities and fast-track the management of investor services, delivering a more efficient and competitive business environment that will attract more international investors and create local job opportunities.

Case studies

Rolling out the Go Digital programme in Bosnia and Herzegovina

After launching its EU-backed Go Digital programme in Bosnia and Herzegovina in 2022, the EBRD teamed up with local banks to provide finance to Bosnian SMEs investing in the digitalisation of business processes. Within a year, the EBRD had signed deals worth €40 million with ProCredit Bank, Raiffeisen Bank, UniCredit Bank Mostar, Intesa SanPaolo Bank and Sparkasse Bank.

Furthering the digital agenda by backing a dynamic Croatian IT firm

The EBRD backed dynamic Croatian company Infinum with advisory services and a loan to support the firm's expansion plans in the digital services market. In addition to receiving a €10.8 million loan, Infinum joined the EBRD's prestigious Blue Ribbon programme, which helps promising regional SMEs grow and develop into market leaders.

Investment in Polish tech company Vodeno underpins growth in innovative services

An investment in Polish technology provider Vodeno is supporting the growth of the company's subsidiaries in the EBRD regions, developing innovative products and services currently unavailable in some EBRD economies and broadening access to digital skills among its growing workforce.

Acronyms

ABI	Annual Bank Investment (see footnote 4)
CA	Central Asia
CEB	central Europe and the Baltic states
EBRD	European Bank for Reconstruction and Development
EEC	eastern Europe and the Caucasus
ESG	environmental, social and governance
EU	European Union
GEFF	Green Economy Financing Facility
GET	Green Economy Transition
GW	gigawatt
MSMEs	micro, small and medium-sized enterprises
MW	megawatt
NWFE	Nexus on Water, Food and Energy (Egypt)
PV	photovoltaic
SCF	Strategic and Capital Framework
SDG	Sustainable Development Goal
SEE	south-eastern Europe
SEMED	southern and eastern Mediterranean
SMEs	small and medium-sized enterprises
TFP	Trade Facilitation Programme
URA	Ukraine Recovery and Reform Architecture
WiB	Women in Business

Exchange rates

Non-euro currencies have been converted, where appropriate, into euros based on the exchange rates current on 29 December 2023 (approximate euro exchange rate: US$ 1.1077).

Editorial, design and production: Gaëlle Alliot, Poilin Breathnach, Alessia Di Padova, Hannah Fenn, Katy Golder, Cathy Goudie, Dan Kelly, Bryan Whitford and Anthony Williams.

Photography: © EBRD, Gettyimages.

1660 *Annual Review 2023* (E/100)

Printed sustainably in the UK by Pureprint, a CarbonNeutral® company with FSC® chain of custody and an ISO 14001 certified environmental management system recycling over 99 per cent of all dry waste.

The *Annual Review 2023* is printed on Galerie Satin, an FSC® certified paper from responsible sources. This ensures that there is an audited chain of custody from the tree in the well-managed forest through to the finished document in the printing factory.

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C022913

We invest in changing lives

European Bank for Reconstruction and Development
Five Bank Street
London
E14 4BG
United Kingdom
Tel: +44 20 7338 6000

www.ebrd.com

Find us on:

@EBRD
ebrd_official
ebrdtv
ebrdhq
EBRD