THE EBRD & DONORS

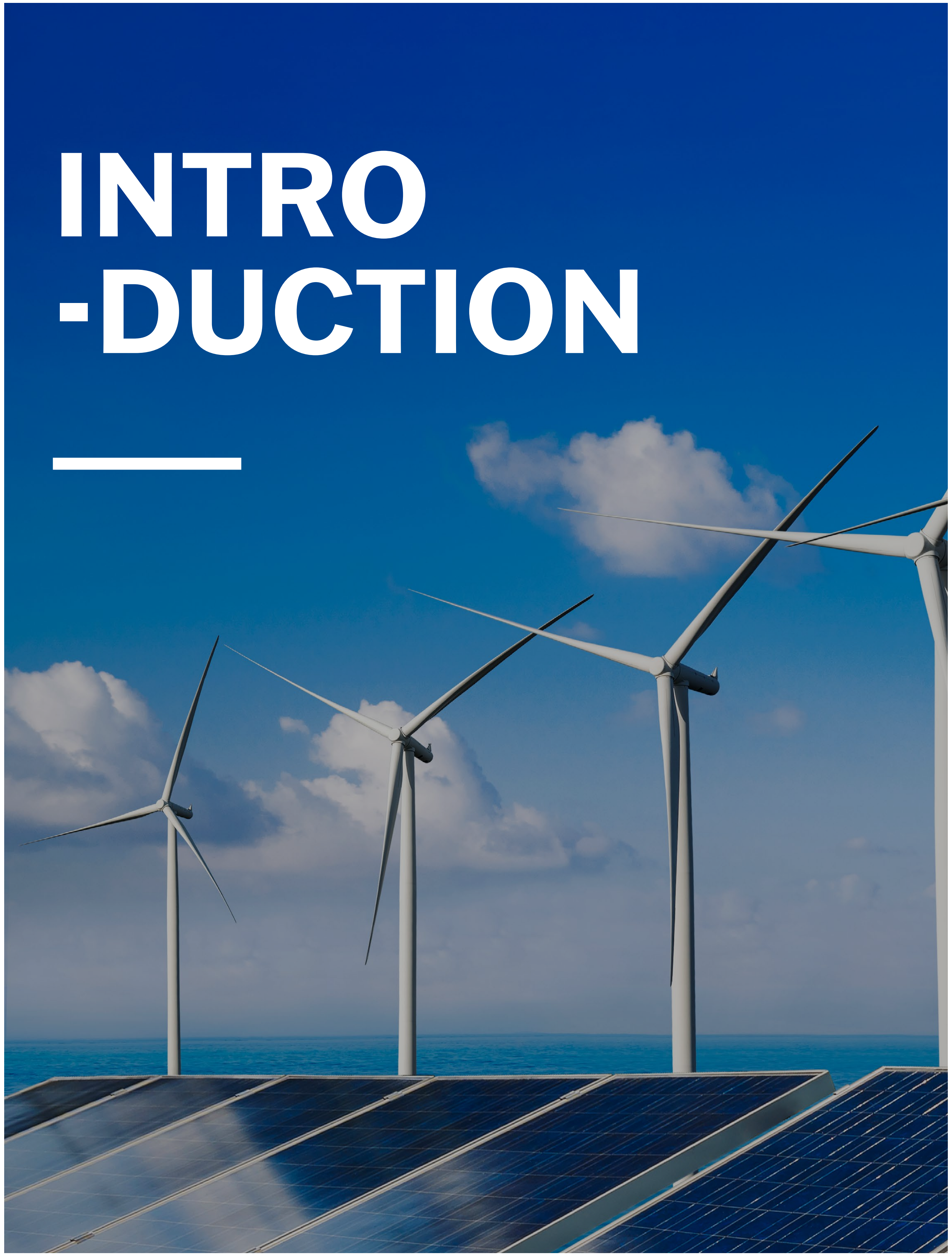
2023 Report – Highlights

European Bank
for Reconstruction and Development

PREPARED BY

EBRD Donor Partnerships
CONNECTING THE BANK & DONORS

INTRO -DUCTION



The European Bank for Reconstruction and Development (EBRD) produces a comprehensive report each year (**The EBRD & Donors**) which details its work with donor partners, including an analysis of the role of donor funds in EBRD operations, how those funds have been used, and the results they have achieved. This is a brief overview of the most recent such report highlighting key figures such as fund inflows, use of funds, and results achieved.

Following the widespread economic shock and devastating impact of the start of the War on Ukraine in 2022, 2023 was a year of adapting to new realities and adopting resilient models in the face of continued challenging macroeconomic conditions in the European Bank for Reconstruction and Development (EBRD) regions. At the same time, the Bank had to contend with a series of emerging crises throughout the year, amid a global backdrop of increasing geopolitical tensions and polarisation. This led to the coining of the term 'Polycrisis' at the World Bank and International Monetary Fund (IMF) Annual Meetings in October 2023.

The Russian war on Ukraine remained prominent in 2023, perpetuating extensive devastation within the country and exerting lasting repercussions on its neighbouring nations and the global community. This inevitably impacted the EBRD's economies of operation, placing continued pressure on the global economic landscape, particularly in the sectors of energy and food security, while the Bank pursued its active support and investments in Ukraine.

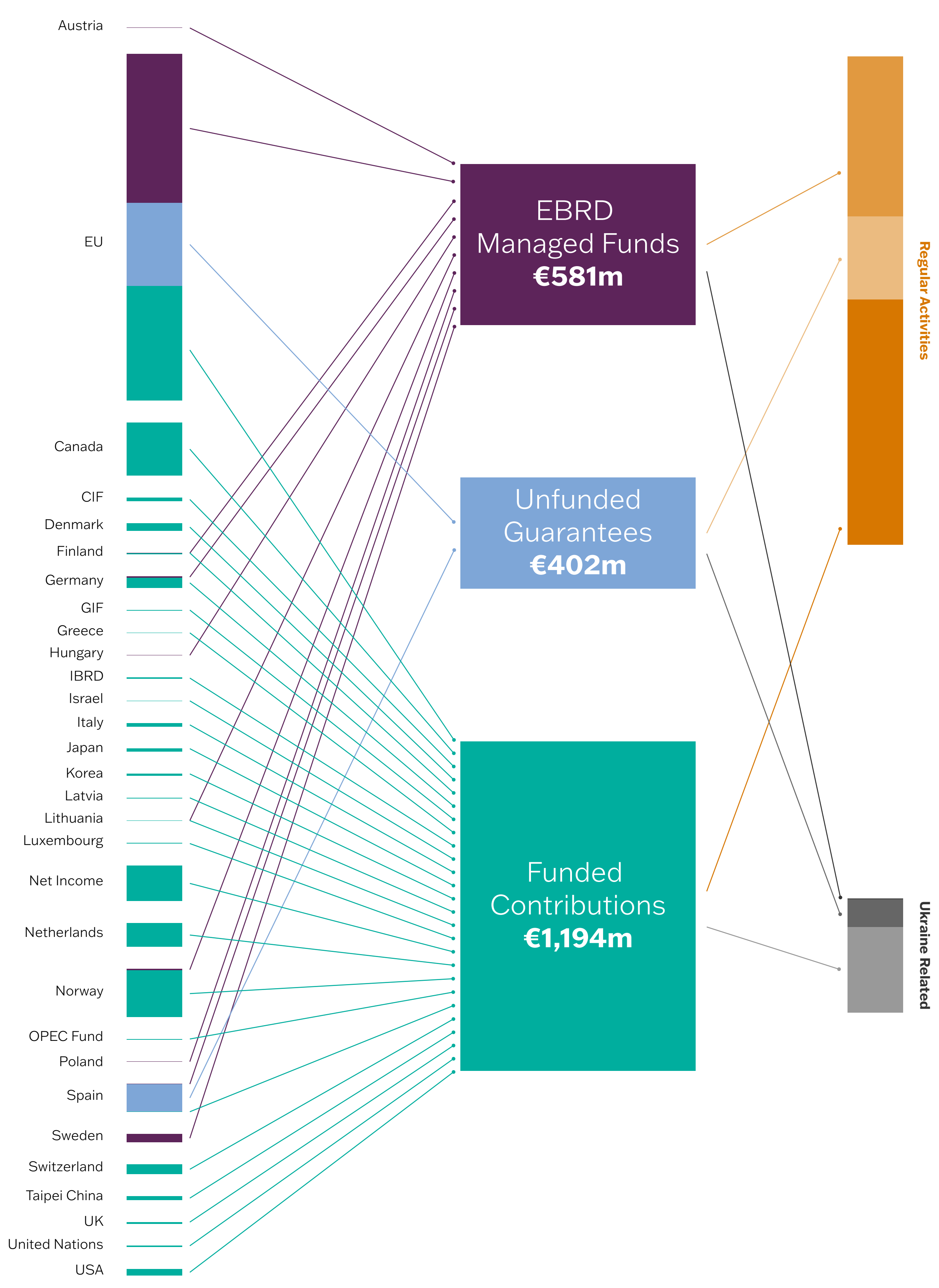
Other crises emerged in 2023, with the disastrous earthquakes in Türkiye and Morocco and the crisis in Armenia with the displacement of thousands of people in a short space of time. The conflict in Gaza arose and while the Bank is currently not operating in this territory, it has heavily affected the Bank's operations in the West Bank where it is managing Trust Funds.

Against this tumultuous global background, EBRD demonstrated remarkable resilience by growing its investment operations in the face of adversity. Reaching new heights in 2023, the Bank signed a **record-breaking €13.13bn**, with 50% of this volume invested in green projects, and more than 40% of projects having a gender component. Furthermore, the Bank's initial commitment to deploy **€3bn of funds to Ukraine, was achieved by end 2023 with more than €4bn now deployed in the country** (as of March 2024). Upon the outbreak of war, EBRD was the first multilateral development bank (MDB) to take on-balance sheet risk by investing in Ukraine despite the active conflict, remaining one of the most active financial and reform partners also in 2023.

KEY ACHIEVEMENTS

- In 2023, the EBRD raised **€1.59bn** of new concessional resources. These resources are secured for EBRD's use only and provided through a wide range of financial instruments – including both funded and unfunded. €1.47bn was raised from donors, while €128m was allocated from the Bank's Net Income Allocation (NIA).
- A **further €581m was raised** for EBRD-managed funds European Western Balkans Joint Fund (EWBJF), Eastern Europe Energy Efficiency and Environment Partnership (E5P), Blue Mediterranean Partnership (BMP) fund), which exist as a shared pool of resources that EBRD manages, but other international financial institutions (IFIs) can use.
- The Ukraine Crisis Response Package has received **€1.6bn** in cumulative contributions since it began in 2022, with donors pledging **€400m in 2023** alone.
- Total utilisation of concessional resources in 2023 amounted to **€1.19bn**. A significant proportion, **€506m**, was used to support the Bank's activities in Ukraine.
- By end 2023, the Bank managed an active donor funds portfolio worth **over €5bn**. 51% of the Bank's active investment projects benefited from donor funds support, demonstrating its importance for the Bank's operations.

Chart 1: Total Inflows of Concessional Resources in 2023



OTHER HIGHLIGHTS

In addition to the support evident in the amount of resources raised and deployed during the year, the EBRD engaged in many significant initiatives and partnerships with donors in 2023.

- The German Federal Ministry for Economic Affairs and Climate Action (BMWK) and the EBRD joined forces to enhance private-sector finance through the Climate Syndication Platform (CSP) with **€30m** in first-loss risk cover and technical assistance from Germany's International Climate Initiative (IKI). This represents a growing trend within the Bank, in deploying concessional resources for private sector mobilisation.

- Additionally, the EBRD held a pledging session for its new BMP, set up to advance the blue economy in the Mediterranean and the Red Sea, at the Conference of Parties (COP)28, and its accreditation renewal with the Green Climate Fund (GCF) highlighted its commitment to international cooperation on the green agenda. During the International Women's Week in March, the Bank also held its first donor assembly for the newly started multi-donor fund to promote its work on gender equality and inclusion with the new Action for Equality of Opportunity and Gender (A4EG).

- The EBRD's network of donors expanded in 2023, including a new technical cooperation (TC) agreement with the Organisation of the Petroleum Exporting Countries (OPEC) Fund for International Development and the reinstatement of donor relationships with Latvia, Lithuania and Israel, demonstrating a commitment to diverse perspectives and effective donor representation.

  As part of its continuing partnership with the European Union (EU), EBRD launched a programme of investments and advisory initiatives as an InvestEU Implementing Partner in 2023. The programme enables the Bank to finance the most ambitious of its clients in EU Member States, especially with their green transition ambitions, while making unfunded guarantees a new instrument used in bulk. With different products having different multipliers, there is an **expected €752m** of guarantees and **over €60m** of advisory funds to enable **over €3bn** of investments over the lifetime of the programme.

- 2023 was also a year of internal reforms as the Bank pursued an ambitious organisation-wide transformational plan of its processes and systems. Key steps were launched to foster a better and more efficient end-to-end operating model for the Bank's donor funded business as part of this reform drive.

As time progresses and new crises emerge, it underscores the EBRD's resilience in the face of challenges. The year 2023 symbolises such a period, characterised by both trials and successes, during which the Bank consistently demonstrated its commitment to international cooperation.

HOW AND WHY WE WORK WITH DONORS

The EBRD has benefited greatly from engagement with donors and has consistently utilised donor-funded resources since its inception in 1991. The Bank works with an extensive network of donors, consisting of shareholder member countries, the European Union, multilateral climate funds, other multilateral organisations, as well as private sector and philanthropies. Donor funds are deployed as either Technical Cooperation or Concessional finance, these resources are vital to the Bank's investment programming.

Technical Cooperation (TC)

Concessional finance

Concessional resources at EBRD

In addition to EBRD's ordinary capital resources, concessional resources are an integral part of the Bank's business model. These resources are funded by either external donors or through the Bank's annual NIA process. Concessional resources are deployed as either co-investments alongside an investment project (i.e. concessional finance) or as TC projects, which can either be attached to an investment project or standalone.

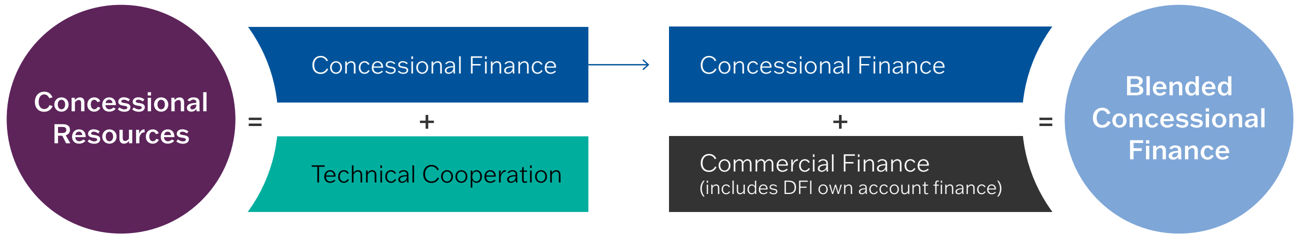
Blended Concessional Finance (BCF) refers to investment projects, where concessional finance is deployed alongside EBRD's ordinary capital. The blending refers to the combination of EBRD's capital, which is deployed on market/commercial terms, with the donor or net income-funded concessional capital. EBRD adheres to the Development Financial Institution (DFI) Working Group definition of BCF, in which TC finance is excluded.

BCF transactions may include additional mobilised private commercial capital. The ability to use concessional resources to crowd-in further private capital into the Bank's operations carries important potential which the Bank is increasingly exploring.

Concessional finance can take the form of various products or financial instruments, such as grants, concessional loans, or guarantees (funded or unfunded). Concessional finance in the form of concessional loans or guarantees are typically reimbursed to the donor. The Bank is consistently looking to deploy concessional finance in more innovative structures.

TC projects cover a wide range of activities, including – but not limited – to project preparation, policy dialogue and business advisory services. TC activities are vital for ensuring EBRD has a steady pipeline of investment projects by strengthening client capacity and offering assistance in the preparation and implementation of projects. Standalone TC activities in the form of advisory services are used to help clients promote internal reforms and expand their businesses. Policy dialogue addresses more upstream issues, such as legal and regulatory reforms, thereby creating an enabling environment to allow transition impact across EBRD's economies.

Chart 2: How Concessional Resources are used at EBRD



Inflows of Concessional Resources

During 2023, the Bank raised **€1,468m** of donor funds, indicating a 30% decrease from the amount mobilised from donors in 2022. This relative decrease is aligned to the policy stipulations which accompany the recent General Capital Increase, which commit to gradually phasing out the utilisation of donor funded guarantees in Ukraine. More specifically, out of the total donor support, **€1,066m** was in the form of funded contributions, with the remaining amount of **€402m** in the form of unfunded guarantees. Looking at a slightly longer time period, donor support grew significantly first in 2021 with the €500m contribution under the Greek Recovery and Resilience Facility (RRF) and support to tackle the Covid pandemic. A further substantial increase occurred in 2022 due to donors' active support of the Bank's response to the war on Ukraine and large contributions from the EU in the form of unfunded guarantees for a broad range of economies where the Bank operates. Thus, during the last two years there was consistently high support for both the Bank's regular and Ukraine-related activities.

Apart from donor contributions, an additional source of concessional resources are allocations of net income to the Shareholders Special Fund (SSF) and the West Bank and Gaza (WB&G) Trust fund. During 2023 the Board of Governors **approved €128m** of allocations to these two funds, €20m of which is allocated to activities in Ukraine.

In addition to EBRD secured funding, the Bank raised **€581m in contributions** towards three EBRD-managed multi-donor/multi-partner funds: the Western Balkans Investment Fund (WBIF), E5P and the newly established multi-partner BMP (launched in 2023). These contributions are significant, aligning with the record inflows of 2022, notably dominated by a substantial contribution towards the WBIF from the EU, signifying the commencement of a new programming period.

In 2023, Sweden contributed €29m to the EBRD-managed funds, retaining its position as the primary donor to the E5P fund. While EBRD may benefit from some of these resources, the exact amount cannot be estimated at this time.

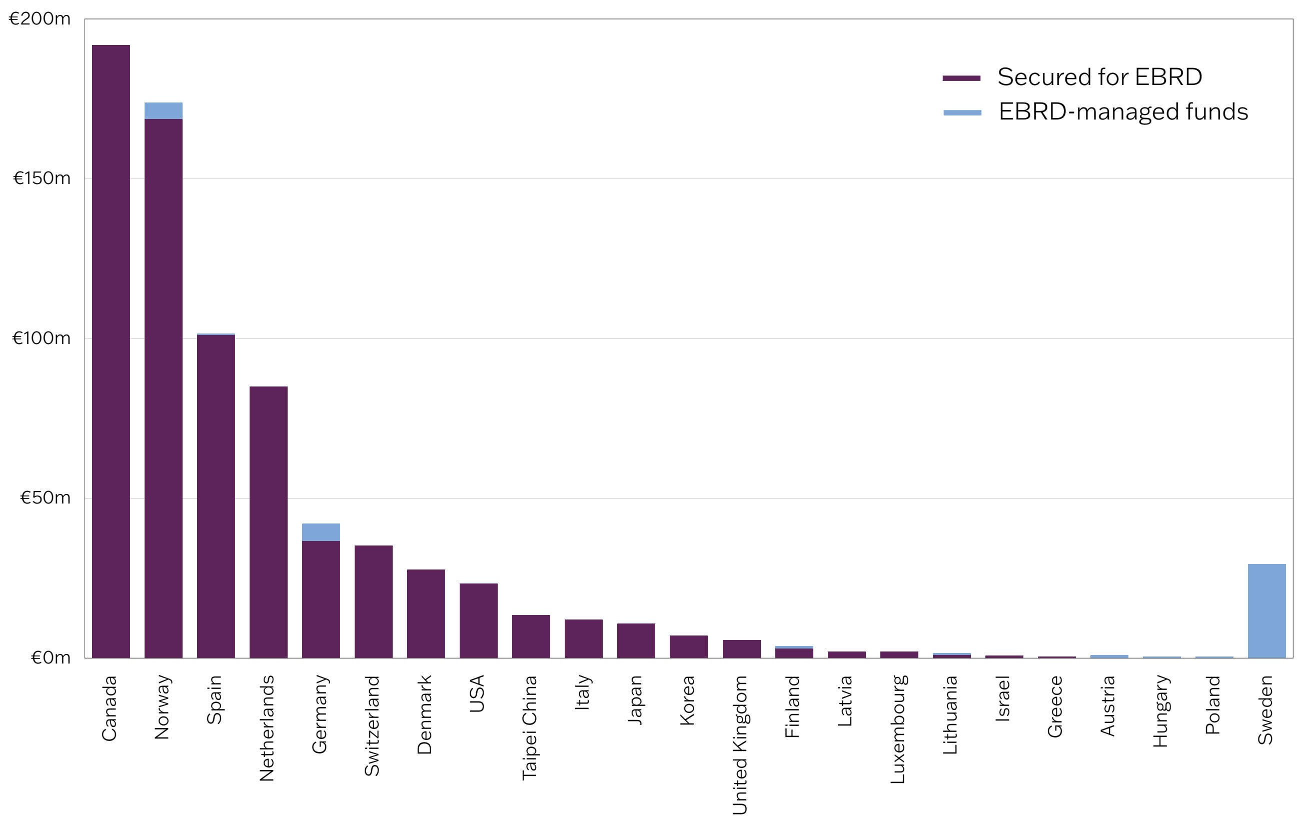
In 2023, as in the previous year, the EU continued to hold its position as the largest donor, contributing **€715m in funds secured for EBRD**. Additionally, the EU contributed **€538m of funds**, to be managed by the Bank. Inflows from the global climate funds in 2023 were lower than in the last few years due to the typical fluctuation in fund mobilisation from these donors.

Bilateral donors also made significant contributions in 2023, including Canada with a contribution of €192m to the High Impact Partnership on Climate Action (HIPCA), Norway (€169m), Spain (€101m) and the Netherlands (€85m), with a primary focus on supporting Ukraine and Moldova. The distribution of all bilateral contributions is set out in the Chart 4.

Chart 3: Composition of Concessional Resource Inflows in 2023 (€m)

Funded Contributions from Donors	1,066
Unfunded Contributions from Donors	402
Net Income Allocation	128
Total Secured Concessional Resources Raised	**1,596**
EBRD managed funds	581

Chart 4: Distribution of Concessional Resources Inflows from Bilateral Donors



Deployment of Concessional Resources

In 2023, the utilisation of concessional resources remained largely consistent with that observed in 2022, amounting to **€1,190m**. The utilisation of concessional resources for the second consecutive year at high levels, compared to previous years up to 2021, can be attributed to the heightened need for concessional resources in the Eastern Europe and Caucasus region, particularly in Ukraine, which continues to be adversely affected by the ongoing conflict. Further details regarding the Bank's response to the war on Ukraine are provided in the subsequent chapter.

Another notable trend in the deployment of concessional resources is the increased volume allocated to the EU region over the past two years. One driving force behind this increase is the deployment of concessional loans under Greece's Recovery and Resilience Plan. Two years ago, €103m in concessional loans were earmarked under this facility, with an additional €25m earmarked last year. Additionally, the earmarking of TC grants (€27m) under the InvestEU programme has contributed to this observed rise.

The elevated level of concessional resources earmarked for the Western Balkans can largely be attributed to the increased allocation of capital expenditure grants from the WBIF. These funds are crucial for financing several ongoing large-scale transport infrastructure projects in the region. Türkiye's increase in concessional resources is primarily driven by the growing number of concessional loans provided by climate investment funds over the past year.

Out of the **€1,190m** of concessional resources utilised in 2023, **€238m (or 20%)** was utilised as grants for TC activities, while the remainder was deployed in the form of co-investment instruments. A wide range of instruments were used such as Capital Expenditure (capex) Grants for Investments, incentive grants, funded and unfunded risk-sharing instruments, as well as concessional loans and equity.

Chart 5: Utilisation of Concessional Resources, 2017-2023

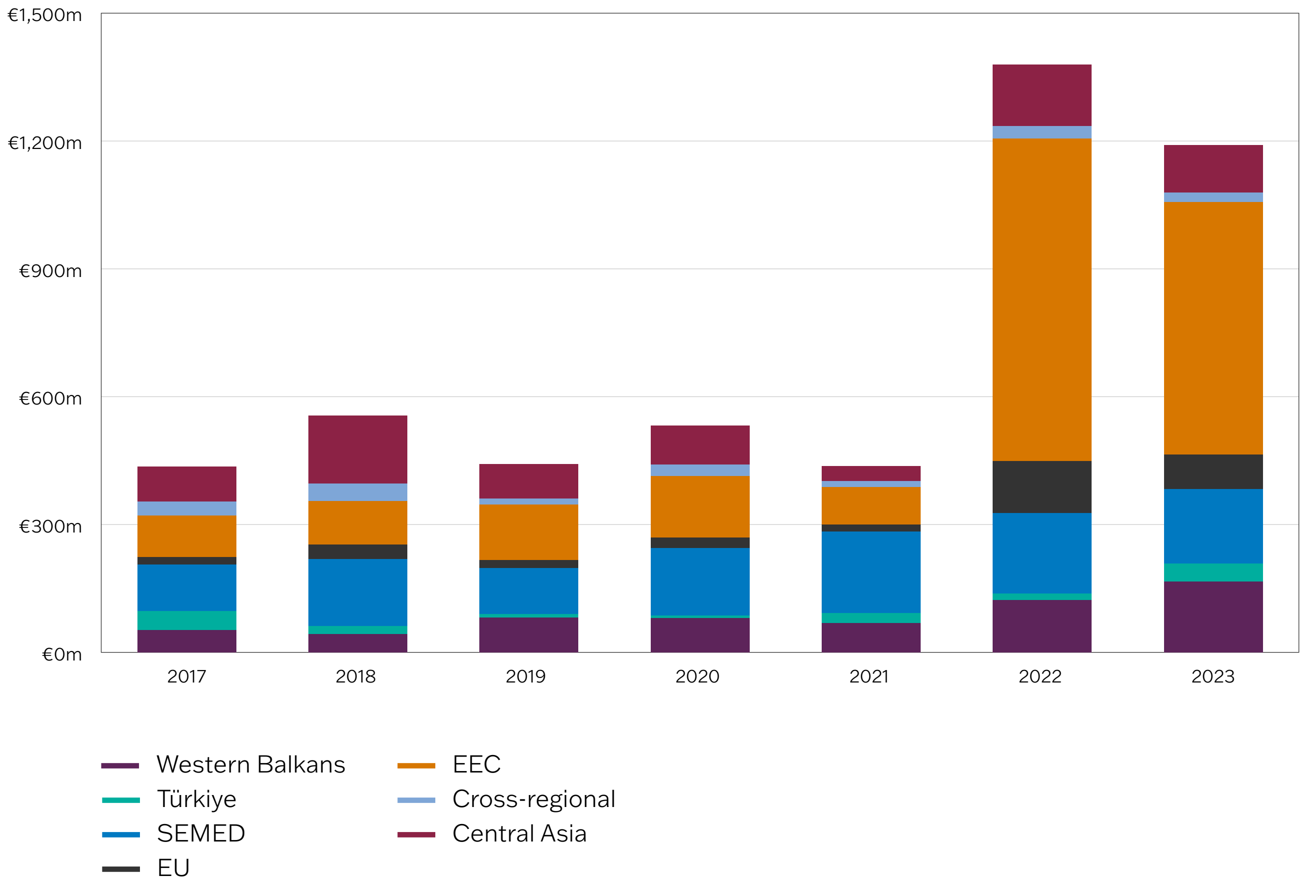
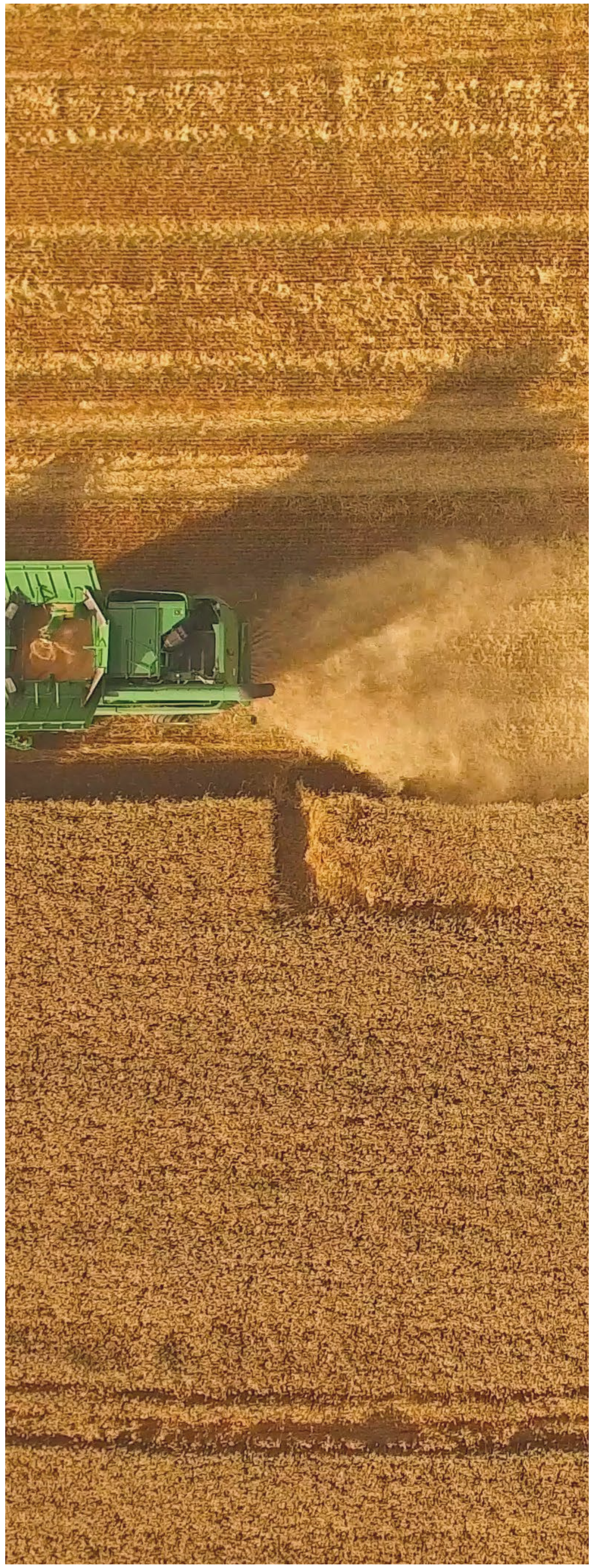


Chart 6: Utilisation of Concessional Resources in 2023 by Instrument Type

Instrument Type		€m
Co-Investment Instruments	Capex	440
	Incentives	32
	Concessional loans	182
	Funded risk-sharing	274
	Equity	9
	Unfunded risk-sharing	16
TC	Non-transactional	175
	Transactional	63
Total		**1,190**



Overall Portfolio Analysis

As of the end of 2023, the active concessional resources portfolio[1] amounted to **over €5.3bn** indicating an **increase of 30% from 2022**. On the other hand, the portfolio of the EBRD at the end of 2023 stood at over €55bn across 2,333 active operations. It is estimated that 1,186 **(51%) of these active operations at some point benefited from concessional resources**, either through TC grants or co-investment instruments. The ratio continued its upward trend after dropping to 41% at the end of 2020, increasing to 49% in 2021, remaining at that level in 2022, and reaching 51% at the end of 2023.

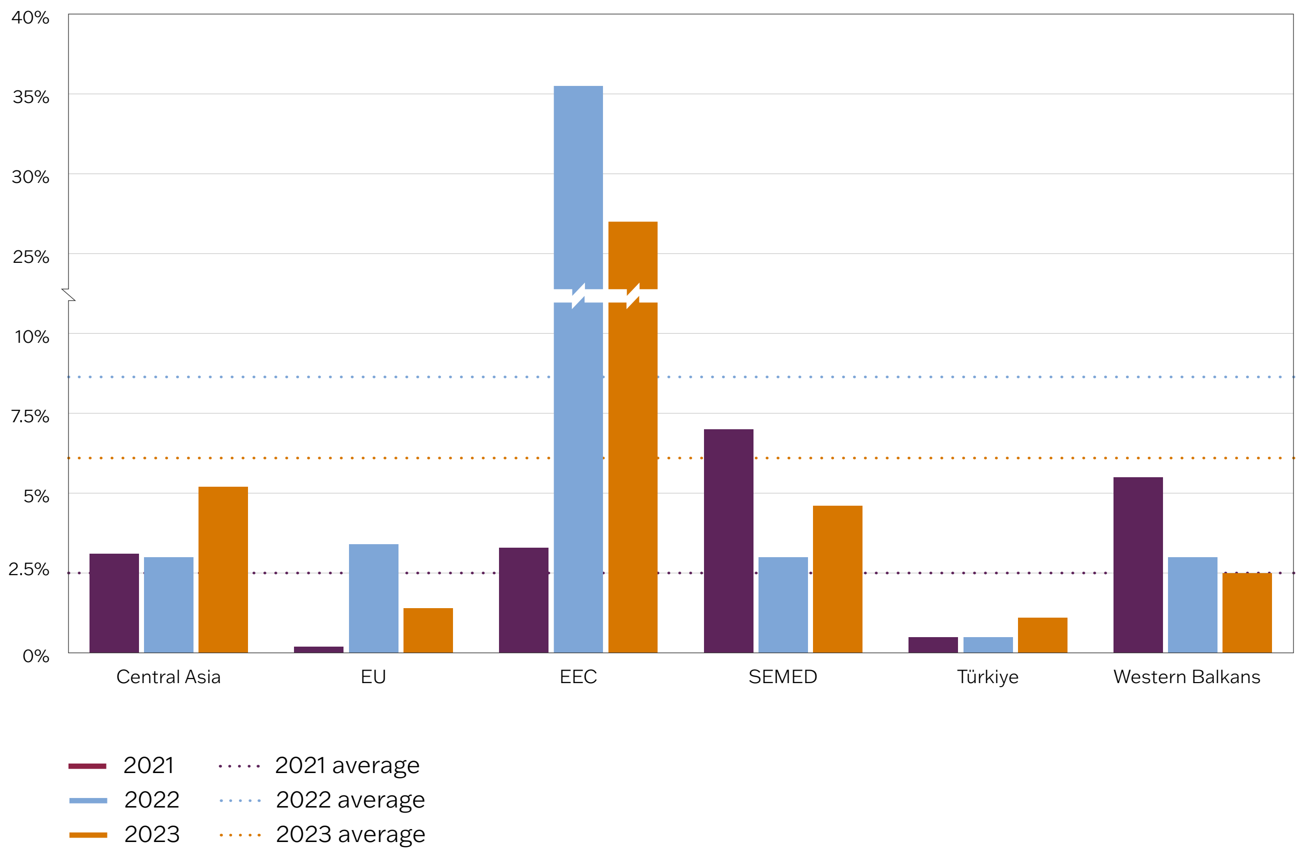
The disbursement rate[2], reflecting the usage of funds in the form of grants (TC grants, incentive grants, capex grants), stood at **53%** for 2023, representing an increase of 3 percentage points from the previous year. This is broadly in line with the disbursement rates of recent years. It is important to note that this rate reflects a range of projects across the Bank's portfolio, from TC activities (52%) to incentive grants typically paid upon project completion (44%), to multi-year capex grant financing with extended delivery periods (58%).

Concessional Finance to Annual Bank Investment (ABI) Ratio

In addition to presenting the absolute volume of concessional finance deployed during the year, it is important to consider another key metric: the ratio of this concessional finance alongside the Bank's own account financing.

In 2023, the EBRD had an **ABI of €13.1bn**, supported by €0.8bn concessional co-investments, resulting in an overall ratio of 6%[3]. A breakdown of this ratio by region reveals several notable observations.

Chart 7: Ratio of Co-Investment Instruments to ABI over the Last Three Years



1. The portfolio of active donor funds refers to the concessional resources that have been earmarked for ongoing EBRD projects and are not yet closed or ready to close at the end of the year (or at any other point in time) or unfunded guarantees. The amount specified in the text excludes earmarks designated for other IFIs and donor funds associated with portfolio guarantees, which are not included in the cumulative earmark report.
2. The annual disbursement rate represents the cumulative volume of earmarks disbursed, as a percentage of the entire active concessional resources portfolio at year end. All open/active co-investment and TC earmarks are included, with the exception of risk-sharing instruments, and concessional equity and loans. Risk-sharing instruments are excluded from this analysis as they disburse only in case of certain conditions. Meanwhile, due to limitations of existing data systems it is not possible to ascertain disbursement of loan and equity earmarks.
3. This analysis was calculated using client signings data, rather than earmark data. ABI figures are reported by signings, at the FAC ID level, therefore it is necessary to also use this datapoint for the accompanying concessional co-investments.

CRISIS RESPONSES (UKRAINE & OTHERS)

The War on Ukraine continued to affect the Bank's operations significantly in the country and in neighbouring economies where the Bank operates, with more destruction, disruption and devastation as the Russian war moved into its second year. As was the case in 2022, EBRD's ongoing Crisis Response Package in Ukraine required significant donor support and the Bank continued to rely on the generosity of its many donors. This chapter provides an overview on concessional resources raised and deployed for Ukraine in 2023. It is followed by a review of major donor-funded sectors and thematic areas in Ukraine.

Additionally in 2023, EBRD was faced with a new wave of crises which emerged across its regions, ranging from the earthquakes in Türkiye and Morocco to the escalation of conflict in the Caucasus and Southern and Eastern Mediterranean (SEMED). Due to the distinct nature of each crisis, the Bank provided a variety of responses with the help of donors. A broad overview is provided of these activities.

Concessional Resources Raised for Ukraine

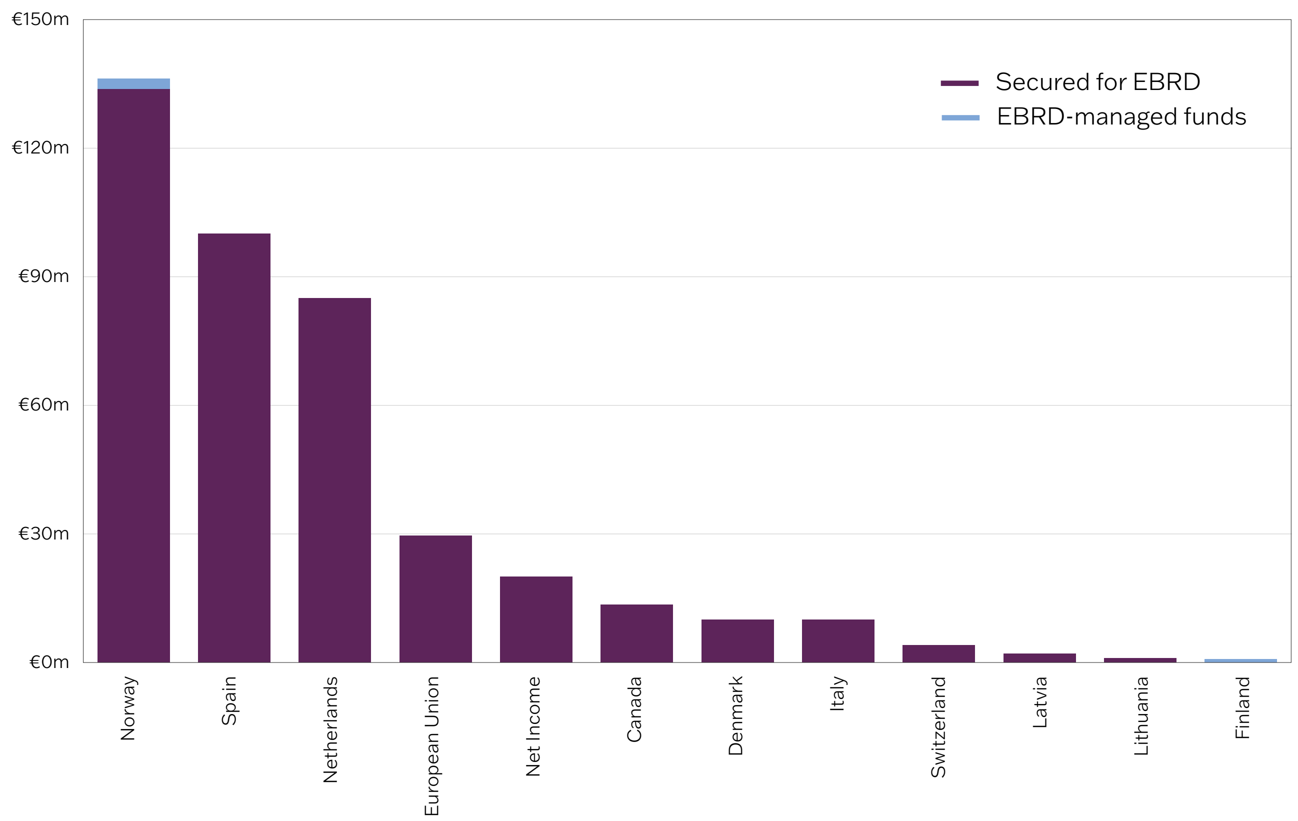
The EBRD's swift response to the full-scale invasion of Ukraine in February 2022 intensified its relations with donors, rapidly growing more complex, with innovative instruments being deployed to tackle the challenges quickly. Cooperation between the EBRD and donors to support Ukraine continued during the second year of the war. Throughout the year, the **Bank raised €389m of new concessional resources from 10 donors**. An additional €20m was allocated to the Ukraine budget line of the SSF.

Furthermore, the Bank mobilised €3m to EBRD-managed multi-partner funds open also to other international partners, and €2m of existing concessional resources were repurposed for subsequent deployment in Ukraine. Since the start of the war, the Bank has secured more than €1.6bn of concessional resources from 20 donors to be deployed solely in Ukraine.

Norway, primarily focused on energy security, emerged as the largest donor for Ukraine in 2023, contributing **€134m to the Crisis Response Special Fund** (CRSF) designated for deployment in Ukraine. Additionally, Norway allocated €35m to the CRSF for operations in Moldova, which is not included in the aggregate for Ukraine in this chapter.

Furthermore, **Spain pledged €100m** in unfunded guarantees, while the **Netherlands provided an additional €85m** in funded risk-sharing instruments. The distribution of sources of new concessional resources contributed during 2023 is illustrated in the chart below.

Chart 8: Distribution of Concessional Resources Inflows by Source



Utilisation of Concessional Resources in Ukraine

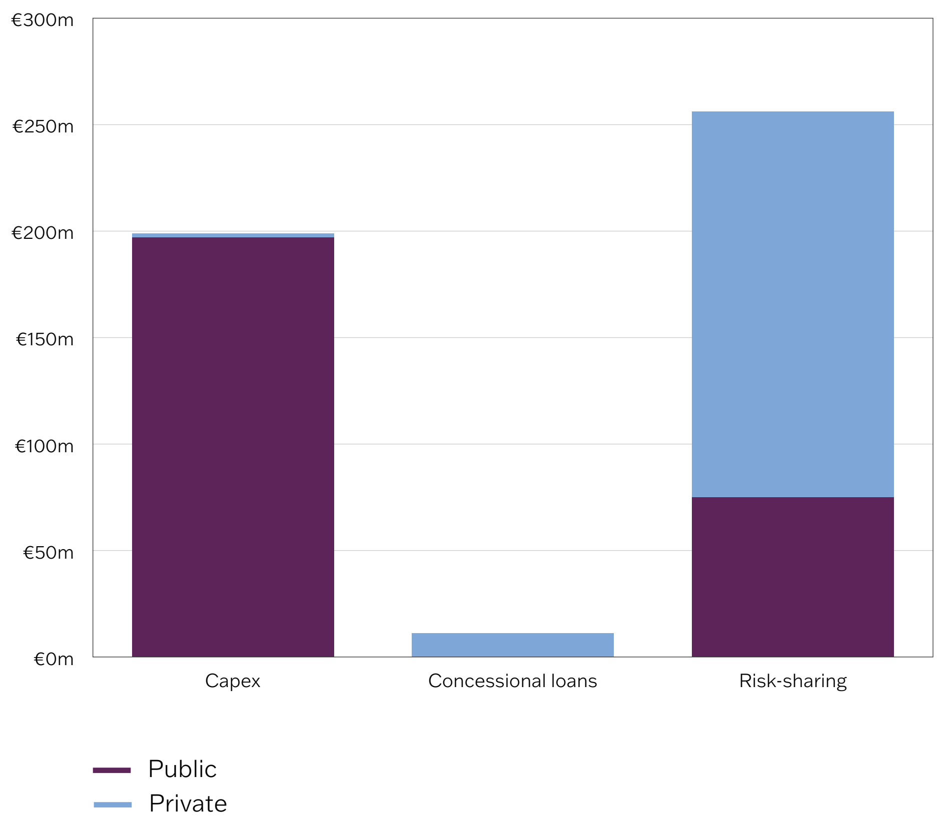
In 2023, the EBRD utilised €506m of concessional resources in Ukraine. This exceeds the amount of newly secured support in the year and points to the Bank's ability to turn new support swiftly into projects to tackle numerous urgent needs in the country in a short space of time.

Out of **€40m of TC grants** that were utilised, 10% were allocated to implement or enhance various EBRD projects, including trolleybus projects in several Ukrainian cities, energy and transport infrastructure projects, among others. Meanwhile, 90% of TC grants supported standalone projects and were allocated to address activities such as supporting small businesses, assisting war veterans re-enter the job market, or implementing critical reforms via the Ukraine Reform Architecture Programme (URA). The scope of the projects and the predominance of non-transactional TC assignments made Well-Governed (57%) and Competitive (31%) Transition Qualities (TQs) the main focus among TC activities in Ukraine in 2023.

Among co-investment instruments, resources were directed towards supporting public sector projects, largely driven by the immediate need to restore energy security in the country. Consequently, almost all of the grants utilised in Ukraine and the entire **€75m of risk-sharing instruments** deployed in the public sector were allocated to address this issue. Conversely, risk-sharing instruments deployed in the private sector were utilised to help close the funding gap for a broad range of both financial and non-financial corporations in Ukraine, mostly under the Resilience and Livelihood Guarantee (RLG) Framework.

Similar to last year, about 90% of co-investment instruments were directed towards addressing the Resilience TQ (94%), temporarily overshadowing all other qualities as a result of the ongoing war. This allocation reflects the urgent need to bolster the resilience of Ukraine's economy and infrastructure amidst the challenging circumstances.

Chart 9: Utilisation of Concessional Finance in Ukraine in 2023 by Instrument Type and Portfolio Class



OVERVIEW OF EBRD'S ACTIVITIES IN UKRAINE

EBRD is Ukraine's biggest institutional investor and has substantially raised its investments in the country after the start of the Russian war on 2022. Throughout 2022-23, EBRD deployed a total of **€3.8bn**, with an impressive **€2.1bn in 2023 alone**, following the €1.7bn in 2022. By the end of February 2024, the Bank had deployed over €4bn in the country, significantly over-reaching its target of €3bn for the two preceding years.

To coordinate the Bank's increased support to Ukraine more seamlessly, the Ukraine Hub, a cross-departmental unit, was set up in September 2023 to lead on a range of management, strategic and operational topics with a focus on the activities of donor-supported projects in Ukraine, as well as matters related to the Ukraine Multi-Agency Donor Coordination Platform (MDCP) for the Ukraine secretariat hosted by the European Commission.

On 19 December 2023, the Governors of the EBRD approved a resolution to increase the Bank's paid-in capital by €4bn. The capital increase, which brings the Bank's capital base to €34bn, will take effect on 31 December 2024.

The additional capital from shareholders will be used to provide significant and sustained investment for Ukraine's real economy, both in wartime and in reconstruction, and will help support the EBRD's priorities in all economies where it operates. It is expected that the capital increase will reduce the Bank's reliance on donor-backed risk-sharing support, with the Bank ready to assume more risk and in line with its normal practice, with some exceptions.

Going forward, the EBRD expects a gradual evolution from addressing emergency liquidity needs to investment financing, with a continued strong focus on the private sector. The prominent role in policy engagement, both as a safeguard in the presence of competitiveness issues, as well as to address structural issues through long-term reform, will remain integral to the Bank's future support.

ENERGY SECURITY

Ukraine's energy sector suffered significant destruction in 2023. EBRD's support ensured continued provision of vital energy services to the most affected people and businesses. The Bank signed a €200m loan with Naftogaz to help the company build up strategic gas reserves in the second winter heating season since the start of the war. The loan was supported by a combination of donor guarantees for a total amount of €75m: a €53.6m guarantee extended by Norway and €21.4m guarantee provided by the Netherlands.

VITAL TRANSPORT AND MUNICIPAL INFRASTRUCTURE

Numerous cities and municipal facilities have been badly affected by the war with destroyed infrastructure and multiple impediments to the provision of basic public services to local populations. To ensure continued transport and logistics services, EBRD extended an emergency loan of €200m to Ukrainian Railways, supported by a joint €100m guarantee from the US (€60m) and the Netherlands (€40m), through CRSF contributions.

AGRICULTURE AND FOOD SECURITY

Agribusiness is a key sector in the country, with an estimated 40% of Ukraine's export revenues coming from the agri-food sector and 17% of employment before the war. In addition, the importance of Ukraine's role as the breadbasket of Europe cannot be overstated, with many countries depending on its exports. Boosting agricultural production and securing the agricultural value chain in Ukraine is thus critical to ensuring food security, in the country and beyond.

TRADE FINANCE

The closure of international trade finance available to local banks and companies coincided with much more limited access to working capital finance locally. To facilitate trade flows and keep open the channels of commerce, especially for essential goods and strategic exports, the EBRD has been expanding its Trade Facilitation Programme (TFP) to be accessible to a larger number of Ukrainian banks.

PRIVATE SECTOR RESILIENCE

Through providing short-term and long-term support to the private sector, EBRD financing has ensured resilience of its corporate clients and preservation of jobs and livelihoods in the regions these companies operate in. The Bank has been rolling out a range of support instruments through grants and first-loss risk-sharing facilities to help Small and Medium Enterprises (SMEs) with issues such as business relocation, supply chain integration, start-up seed grants and capacity building.

GOVERNANCE

The Bank's policy engagement is primarily funded via the Ukraine Multi-Donor Account (MDA) to which Latvia is the newest donor with a contribution of €2m. Additionally, the EU has provided a new parallel contribution of €5m, aligned with the priorities and work of the Ukraine MDA.

The Bank has been continuing its focus on emergency assistance to government ministries, primarily on supporting the resilience of the economy through the URA, the Business Ombudsman Council and many other interventions.

NUCLEAR SAFETY

The Bank has a long history of collaboration on nuclear safety and decommissioning at the Chornobyl Nuclear Power Plant in Ukraine, with the programme valued at over €3bn representing the world's largest-ever international collaboration on nuclear safety.

The Chernobyl site remains one of the world's most vulnerable nuclear facilities and the Russian invasion of Ukraine created new and unexpected radiological and nuclear safety risks. The Bank, through the International Chernobyl Cooperation Account (ICCA), is working to restore safe and secure working conditions in Chernobyl where Russian forces destroyed vital infrastructure and looted or destroyed safety-relevant equipment. The first projects are underway to re-establish essential site infrastructure. The Bank has also prepared a longer-term strategy in close collaboration with the European Commission and the International Atomic Energy Agency to establish a pathway for safety and decommissioning.

HUMAN CAPITAL RESILIENCE

Forced displacement has separated millions of Ukrainians from their homes, workplaces and support networks, currently encompassing some 5.9m refugees abroad alongside 3.7m internally displaced within Ukraine. Total employment has shrunk by an estimated 15%, removing 2.4m jobs from the economy since Feb 2022, resulting in companies struggling to recruit people across a broad range of sectors and occupations. The unemployment rate meanwhile rose to 21% by the end of 2023, representing more than double the pre-war level.

To help address these challenges, the Bank has placed a large focus on Human Capital Resilience in 2023. The unprecedented losses of human capital that Ukraine has been experiencing is acutely felt by EBRD client companies across the country. As a result, they are seeking the Bank's continuous and active engagement to help restore their workforce capacity; establish effective new training and reintegration pathways for staff; and facilitate recruitment and productivity enhancements towards their operations.

WAR RISK INSURANCE INITIATIVES

The lack of reliable insurance against war-related risks is a material drag on the economic activity in Ukraine. In response, EBRD is supporting the Ukrainian government, in cooperation with international underwriters and state-owned banks, on an innovative facility to provide the necessary insurance of marine cargo transactions at affordable costs.

With respect to short-term and mobile assets, such as in-land cargo, the EBRD is developing the Ukraine Recovery and Reconstruction Guarantee Facility (URGF), which seeks to leverage tested risk transfer mechanisms from the insurance industry. Over time, this structure aims to scale up in volume and scope, crowding in global private reinsurers. Donor support will play a key part in establishing these schemes and discussions have been held with donors in 2023, with the prospect of a launch of activities in 2024.

COORDINATED RESPONSE

EBRD recognises that to provide the best support to Ukraine, its work must directly support government plans and be well aligned with other international actors. A well-coordinated and coherent international effort in support of Ukraine is essential to maximise efficiency and effectiveness in such a complex and uncertain environment and to avoid duplication.

The EBRD is an active participant in the Ukraine MDCP, including as a member of the steering committee of the MDCP. Even prior to the formation of the MDCP, the EBRD and other key IFIs formed an 'operational coordination group' shortly following the invasion of Ukraine to meet regularly at senior-official level to discuss economic assessments, align messages and share operational plans.

EBRD'S RESPONSE TO OTHER CRISES

2023 saw multiple crises, nature or man-made, unfold in EBRD's economies where the Bank operates. The Bank is committed to help countries address these challenges and 'build back better', in line with its mandate and unique offer.

Below sets out the context and EBRD's actions in support of the following crises across its regions: **Türkiye**, **Armenia**, **Morocco** and **West Bank & Gaza**.

Türkiye Earthquake Response

In February 6, 2023, a series of devastating earthquakes struck southern and central Turkiye as well as northern and western Syria, resulting in extensive destruction and claiming over 50,000 lives across the region. In response, the EBRD announced a €1.5bn earthquake relief package for 2023-2024, structured around three key pillars:

- Financial sector support – with €600m credit lines for companies and individuals
- Infrastructure rehabilitation – municipalities and railways
- Reconstruction of SMEs, supply chains & corporate assistance - with working capital and capex facilities for the private sector

With over €800m already invested, the Bank focused on providing reconstruction grants to vital local enterprises, alongside advisory and financial services.

The Bank is programming resources from the Shareholder Special fund (SSF)) towards the response programme as well as engaging the Turkiye-EBRD bilateral fund for further support. Through the Bank's Sustainable Infrastructure Fund (SIF), additional funding will be accessible via TC support and limited Capex grants, further aiding the reconstruction efforts in the municipal infrastructure sectors.

Armenia

Following the escalation of hostilities on 19-20 September 2023, close to 102,000 ethnic Armenians arrived in Armenia in less than a week. This comprises approximately 3% of the country's population. The influx of refugees poses important challenges for Armenia, including, but not limited to, access to municipal services (water, waste management, transport), healthcare services, education, housing, and broader social and economic inclusion.

The Bank has put together the Armenia Refugee Response Plan, designed by analysing EBRD's core strengths and guided by EBRD's Equality of Opportunity Strategy and Country Strategy.

EBRD is in constant contact with the government and other IFIs to ensure the efficiency of the Bank's work, find potential synergies and avoid duplications. The Bank will draw on SSF resources to help realise the Response Plan and is also exploring donor interest in supporting this ambitious agenda.

Morocco Earthquake Response

On 9 September 2023 an earthquake hit the Moroccan Atlas Mountains, the deadliest since the 1960s. The Al-Haouz province, which bore the brunt of the earthquake, has the lowest Gross Domestic Product (GDP) per capita in Morocco (High Commission for Planning (HCP), 2021) and while it accounts for ca. 12% of the population, it only accounts for ca 6% of Morocco's total loan and deposit amounts. This disaster amplified the inequalities the population of the area has long been experiencing.

The EBRD is helping Morocco to rebuild its economy in the regions that were hit with an initial response package of up to €250m until 2025.

The response comprises two key phases that were designed to promote sustainable recovery and inclusive regional development. The initial phase will focus on earthquake relief, preservation of livelihoods and initial reconstruction. This includes enabling lending to affected individuals and MSMEs through partner financial and microfinance institutions.

EBRD's Women in Business programme works with these institutions in support of the reconstruction of the affected areas through technical cooperation packages, which help to deliver capacity-building and advisory services to women-led MSMEs to support their know-how and entrepreneurial skills development. The WiB programme also includes incentives valued at €3.5m from the European Commission.

In addition, the Bank will deploy the SSF to support the affected regions and plans to extend loans of at least €20m to locally present PFIs accompanied by a €6m first loss cover with an exclusive focus on the earthquake affected regions.

West Bank and Gaza

Following the events of 7 October 2023 EBRD re-iterated its commitment to continue operations in the West Bank, emphasising its private sector-focused mandate and the strict integrity procedures the Bank has in place. The Bank has also remained in close contact with existing and potential clients, as well as other IFIs and DFIs, to assess private sector needs and has responded promptly with the provision of additional liquidity and private sector support.

In December 2023 the EBRD Board of Governors approved a new €20m allocation into the WB&G Net income Allocation Trust Fund (NIATF) to enable the Bank to continue delivering its important work in WB&G. The Bank also signed a €12.8m agreement with the EU in December 2023 under the 'Sustainable Growth4All Programme' to support MSMEs' access to finance and green loans, in addition to a €3m guarantee for PFIs participating in the 'SEMED Financial Inclusion Programme to the West Bank and Gaza.

The pipeline of projects for EBRD in WB&G is in excess of €40m for 2024-2025. This includes ongoing support for SMEs and anticipated expansion of the Green Economic Finance Facility (GEFF) to the region, which is critical for energy security as well as cleaner energy. Additional donor support, via the WB&G Multi-Donor Trust Fund, will be required to make that possible.

RESULTS ACHIEVED TOGETHER

This chapter provides a high-level perspective of the results the Bank and donors achieved together towards the EBRD's transition objectives, using grants, loans or risk-sharing instruments, including NIA resources. In addition to select aggregate results, a variety of project examples are referenced that have yielded results from short-term interventions or delivered against important interim results on longer-term engagements to illustrate the type of interventions and contributions that donor-funded projects make.

The contributions at a high level are significant as evidenced by 51% of the Bank's 2023 transactions being supported by concessional resources and nearly all of the non-transactional advisory projects, such as for improving the investment climate and enabling investments, only being possible through donor support. Importantly, funding provided by donors has played a critical role in the Bank's response to multiple and successive crises: Covid-19, the war on Ukraine, earthquakes in Morocco and Türkiye, the Armenia crisis, and the effect on the Bank's operations in the West Bank due to the conflict in Gaza where the Bank is not currently operating.

These challenges and the escalating impact of climate change have also served to underscore the crucial and increasing role of BCF at the Bank. BCF has been a central tool in the EBRD's investment operations throughout 2023. Blending the Bank's own capital alongside concessional co-investments from donors can address bankability constraints to enable investments that would have not otherwise materialised, while also maximising the transition impact of investments. However, use of concessional finance must be carefully calibrated to minimise the risk of crowding out private finance.

In fact, leveraging finite donor resources to mobilise greater volumes of private capital has become central to EBRD's BCF approach with recent examples including:

- The CSP, developed in partnership with Germany's Climate Syndication Platform that aims to leverage €30m in FLRC guarantees and technical assistance to mobilise up to €225m of climate co-financing from institutional investors over the next eight years.
- The EU, EBRD and ILX (impact fund manager) announced a partnership for the use of EFSD+ guarantees to help mobilising private sector capital. ILX will benefit from a €60m EFSD+ guarantee, supporting up to €300m in co-investments and enables ILX to facilitate co-financing by Dutch and other European pension funds of up to €300m over the next three years under EFSD+ programmes.

The above are examples of how BCF is vital for supporting both the building of sustainable markets and achieving of the SDGs. The following sections contain results outside crisis responses presented around the Bank's six TQs. Strategic and Capital Framework (SCF) themes of supporting the transition to a green, low-carbon economy, promoting equality of opportunity, and economic governance are primarily reflected under the Green, Inclusive and Well-Governed TQs. These themes are, to varying degrees, cross-cutting and can be found in any of the TQs. Where relevant, the report highlights the SCF theme of accelerating the digital transition. The Bank has also been making efforts to link its results to SDGs, as indicated at the start of each section.

GREEN

The EBRD's substantive efforts and investments towards its green transition quality demonstrate the Bank's commitment to a more sustainable future. EBRD's green development model rests on an all-encompassing principle that guarantees the adoption of sustainable models in all donor-financed activities. In addition to technical assistance, donor funds are used to provide guarantees and concessional finance in green investments to lower barriers for early movers and to enable green investments to scale to further contribute to a green, low carbon economy. Donor resources supported 28% of the Bank's investments targeting this TQ.

Chart 10: Total GET results on course to be delivered from EBRD investments in 2023 and the proportion of which supported by donor funds and the SSF

PRIMARY ENERGY SAVED (GJ/YEAR)	RENEWABLE ENERGY CAPACITY INSTALLED (MW)	CO2 EMISSIONS REDUCED (KT/Y)
18,738,773 Donor-funded GET investments	**734** Donor-funded GET investments	**2,890** Donor-funded GET investments
62,250,622 All GET investments	**5,117** All GET investments	**10,710** All GET investments
30% Donor-funded GET	**14%** Donor-funded GET	**27%** Donor-funded GET
Saved equivalent to **44%** of annual primary energy consumption of Latvia.	Installed 5,117 MW, equivalent to **41%** of renewable energy capacity in Denmark.	Reduced **10,710,000 t/y**, equivalent to the annual CO_2 emissions of Tajikistan in 2022

BCF in Renewables

BCF has been instrumental in promoting renewable energy uptake, particularly in developing markets. However, as certain technologies mature, the need for concessional finance diminishes. The EBRD emphasises reallocating concessional finance towards pioneering investments in emerging technologies and riskier ventures in frontier markets, rather than mature markets.

Restructuring concessional finance towards more catalytic mechanisms, such as subordinated debt, holds the promise of attracting more private capital and supporting sustainable development in the long term. Recognising the evolving landscape in the renewable energy space, the EBRD is committed to optimising the use of concessional finance in renewable energy projects.

The EBRD in 2023 has remained steadfast in supporting economies where the Bank operates to combat climate crisis while securing additional financial support Ukraine. Importantly, the Bank fulfilled its commitment to align its operations with the objectives of the Paris Agreement, and as of 2023, all investments underwent screening for alignment with associated mitigation and adaptation goals.

In 2023, the Bank's commitment to green economy financing reached €6.5bn, constituting 49.8% of its total business volume. EBRD donors and the SSF provided almost €2.2bn – over 33% of investments – in direct support. This included grants for TC activities, and concessional co-investments for blended finance. In 2023 the EBRD enabled 129 blended finance transactions for green investments. Donor funds and the SSF are expected to pave the way for a yearly reduction of over 2,890 kilotonnes (kt) of carbon emissions and save more than 18 million gigajoules (GJ) of primary energy annually, with an additional expected outcome of installing a total renewable energy capacity of 734 megawatts (MW). The results recorded a slight decrease, but remain in line with 2022 outcomes.

The Bank's flagship Green Cities programme has expanded to nearly 60 cities, with participating municipalities developing Green City Action Plans (GCAPs). With approximately €5bn in total funding, including €406.6m from donor sources, the programme has supported municipalities in implementing sustainable infrastructure projects. In 2023 alone, the Bank signed an additional 20 projects under the Green Cities programme, bringing the total investment in sustainable infrastructure to €2.7bn and resulting in an annual reduction of 4,635 tonnes of CO2 emissions.

The EBRD's climate and sustainability commitment is further promoted by the GEFF. The GEFF enables its network of 196 PFIs to establish credit lines to support businesses and homeowners that invest in high-performing green technologies. Since the launch of this facility, and with the support of donors, the EBRD has distributed over €6.5bn – avoiding more than 10 million tonnes of CO2 emissions per year.

In 2023 further investments in renewable energy projects were seen across the Bank's regions. In Albania, the EBRD has been a key promoter of solar and wind power through its Renewable Energy Programme. Since 2020, Albania has awarded 240MW of solar energy, 222.48MW of onshore wind, and expects to award a further 300MW of solar power through the EBRD's programme. This brings the total capacity supported by the EBRD to over 460MW, which reflects about 20% of the country's current total generation capacity and boosted the sector's competitiveness.

Lastly, the EBRD is actively building the capacity of civil society in economies where the Bank operates to promote residential energy efficiency. The Bank cooperates with international climate finance partners such as the Global Environmental Facility (GEF), Climate Investment Funds, and the Green Climate Fund (GCF), all of which engage with civil society through a participatory approach to promote the Green Economy Transition (GET) through providing access to green finance.

SUCCESS STORY

Modernisation of Transport Operations in Yerevan

Donor funds supported the Armenian city of Yerevan to improve and modernise transport operations through the deployment of 87 modern low-floor, compressed natural gas buses. The €5m grant project was financed as part of EBRD's commitment to a green and sustainable transition in the economies where the Bank invests. The vehicles were set to improve the service for the city's one million inhabitants by increasing the reliability, safety and efficiency of public transport, while benefiting the environment by reducing emissions. The low floor design of the vehicles was designed to enable easy access for people with mobility issues, as well as parents with pushchairs. The project includes a comprehensive component for institutional development that encompasses a restructuring plan for the public transport services in the city, and a gender strategy that aims to promote women's employment in a male-dominated sector.

- **8 routes** were established across the city.
- All **87 buses** have been delivered
- The average ridership for September recorded **55,166 passengers** on working days and **32,155** on weekends.

Following project closeout, the initiative was complemented by a post-signing technical assistance. This includes the implementation of a new bus network and a corporate development programme to support Yerevan with the monitoring of bus operations, and preparation of the new network. The project is expected to start during the first half of 2024.

RESILIENT

Donors and the SSF support the Bank's vital work in assisting markets and companies to develop capabilities to resist shocks, and to develop balance and sustainability in financial and economic structures. Importantly, this entails financial system stability and includes areas such as food security and energy sector resilience. The ongoing war on Ukraine has highlighted the particular importance of this TQ and the crucial role donors play. Donor resources supported 90% of the Bank's investments in Ukraine in 2023 to address this quality and 87% included vital risk-sharing instruments.

37% of the Bank's investments

in 2023 supporting this TQ were associated with donor funds and 19% had a risk-sharing instrument[4]

65% of the Bank's local currency investments

in 2023 were associated with donor funds

86% increase in sovereign debt trading

in Egypt as a result the donor-funded project on consolidation of the sovereign debt market

2x increase in the corporate bond market

in Georgia thanks to the Capital Markets Support Programme

Local Currency Programme

The Bank's local currency investments help ensure that borrowers are insulated from adverse foreign currency fluctuations. They also contribute to the development of local capital markets, supporting improved access to finance that in turn creates more resilient economies. Donor funds played a pivotal role in the Bank's ability to undertake this work in 2023. Out of the 96 local currency investments, in the Bank's 2023 ABI, 62 (65%) were associated with donor funds.

4. Other TQs may have also been addressed in the same investments.

UPDATE ON LAST YEAR'S SUCCESS STORY:

Benefiting from donor and SSF funding, EBRD completed the Capital Markets Support Programme in Georgia that was highlighted in the 2022 Annual Donor Report. This project entailed capacity building with the National Bank of Georgia and of local corporates and grants to co-finance companies' security issuance-related expenses. Since last year, a further nine companies successfully placed securities on the local capital market, bringing the total to 11 companies, with five being first-time issuers. The programme contributed to a total bond issuance volume of over €250m (GEL 700m), more than doubling the outstanding size of the corporate bond market. Seven issuances for €150m received grant support for their fees, allowing these companies to finance their growth and expansion plans. Notably, the programme facilitated the issuance of green and social bonds for the first time. The Bank invested about $14m in the first issuance – a green bond issued by local renewables company. The programme's emphasis on sustainable investments has ushered in a new era of responsible financing in the country.

Well-functioning public capital markets boost economic growth and create jobs and wealth for economies. Donor and SSF funds have played an important role in promoting such aims, whether in building knowledge, creating legal frameworks, or supporting institutional development.

STRENGTHENING THE INVESTMENT CLIMATE

As a result of extensive policy dialogue over several years with donor support, Morgan Stanley Capital International (MSCI) Emerging Market Index, one of the leading index providers, agreed to a significant change in the rating methodology with the result that the Baltic States will now be evaluated as a single market. These are the first markets in Europe to be classified under this methodology and the change is aimed to increase the investor flow to the region. Additionally, the positive move provides a powerful demonstration to other EBRD regions looking to improve the functioning of their markets. The Bank is currently investigating how this can be implemented in other regions following requests already received from different governments.

Thanks to a donor-supported project with the Central Bank of Azerbaijan, the regulation for IFI bond issuance was finalised and approved in 2023. This development was eagerly awaited by EBRD and other IFIs, and EBRD's Treasury is planning to issue local currency bonds under the new framework in due course once remaining procedural issues are cleared.

PROVIDING LEARNING OPPORTUNITIES

The SSF-funded project '**Regional: Design, Implementation and Management of a capacity building programme delivered through a digital training solution**' has been running in Morocco since November 2022. The programme was expanded to Egypt, Uzbekistan and Armenia in 2023 with more countries expected in 2024. By the end of 2023, 605 learners – mostly from stock exchanges, security exchanges, ministries of finance, and private and state banks – improved their knowledge on topics on a variety of financial, risk management and capital markets-related matters, learning and obtaining certifications. Of the learners, 40% are female, and 57% of learners hold junior and mid-level positions.

The Bank partnered with the Association of Certified Anti-Money Laundering Specialists to provide a course on Certified Anti-Money Laundering to EBRD's partner banks and the regulators in Egypt, Jordan, Lebanon, Morocco and Tunisia. Supported by SSF funds, in total 90 licences were provided. Participants will gain knowledge about the risks and methods of money laundering and terrorist financing, along with strategies to mitigate such risks. Moreover, they will master compliance standards adapted for anti-money laundering and combating the financing of terrorism, as well as how to conduct and support the investigation process.

SUCCESS STORY

Consolidation of the sovereign debt market in Egypt and expansion of secondary market liquidity

Thanks to donor support, this EBRD project has successfully facilitated the consolidation of the Egyptian sovereign debt market and has activated secondary market trading for treasury bills at the Egyptian Exchange (EGX). Since September 2023 the previously fragmented treasury bills and government bonds have been seamlessly traded, settled and safekept within a unified marketplace, all governed by standardised rules. This integration has resulted in notable improvements, with significant increases in trading volumes observed with T-bills trading volume surging by 86% year-on-year in Q4 2023.

The revitalisation of secondary market trading is poised to offer valuable pricing data that will contribute to the yield curve. Once published, the yield curve will serve as a crucial pricing benchmark for various financial instruments and foster the development of new products within the market.

By eliminating market frictions and streamlining operations, the reform has fostered the emergence of a larger and more liquid pool of sovereign debt and sets the stage for future market infrastructure development, including the establishment of a trading link with international markets through Euroclear/Clearstream. This could potentially lead to a reduction in sovereign debt borrowing costs for the government as such links will enhance international investors' access to the debt market.

These reforms not only benefit market participants by improving liquidity and pricing transparency but also contribute to Egypt's broader economic development objectives.

INCLUSIVE

An inclusive economy ensures that anyone – regardless of their gender, place of birth, socio-economic background, or other circumstances – has both access and opportunities to grow within a country's economic landscape. Higher levels of inclusion have proven both to lead and be a strong indicator of stable and wealthy societies. In EBRD's context, a just transition cannot be reached in the absence of social inclusion. Within this frame, 2023 was an important year for the Bank's promotion of equality principles across the EBRD's regions of operation, with the first year of implementation of the 'Promotion of Gender Equality' and the expanded 'Equality of Opportunity' strategies.

Below are selected results for G&I initiatives supported by donor funds and the SSF in 2023.

44% of gender SMART investments totalling **€4bn** in spending

34% increase in inclusive operations compared to 2022

1st donor assembly of the new 'Action for Equality and Gender Multi-Donor Fund'

The A4EG fund is expected to create **4,286 jobs** for women, youth and minorities by 2025, of which 583 were already established

8 government/industry **reforms** catalysed through the Bank's policy support

5,644 women, youth and minorities **upskilled through training**

The total investment volume towards the inclusive TQ amounted to over €4bn in 2023 with 44% of all EBRD investments categorised as Gender SMART, therefore, outperforming the Bank's 30% target for 2023. The outcome is an improvement on last year's results, a leap of 7%, which proves the Bank's commitment to further advancing the TQ. In addition, there was a 34% increase in inclusive operations – registering 141 operations in 2023 from 105 in 2022. The substantial increase in inclusive projects is driven by the scale up of inclusive approaches across sectors, and the integration of measures to strengthen human capital resilience and preserve livelihoods as part of the Bank's response to the war on Ukraine and the response to the earthquakes in eastern Türkiye and Morocco. All Resilience and Livelihoods Framework (RLF) projects in Ukraine have been inclusive so far. In Türkiye and Morocco, all the financial sector earthquake response projects (seven facilities to date) are inclusive.

The A4EG Multi-Donor Fund was officially launched in late 2022 and started operating in March 2023, with the goal of advancing inclusion. This fund strategically targets projects across 5 countries so far: Ukraine (29%), of the total fund Uzbekistan (32%), Georgia (22%), Mongolia (8%), and Kazakhstan with 9% of total funding. Based on current available funding, 4,286 employment opportunities will be established, 1,500 people will increase their access services. The fund will equally enable reforms to advance equality of opportunity. The scope of impact is set to increase as more funds are raised.

In 2023, the EBRD boosted its commitment to empowering women entrepreneurs with the WiB programme surpassing the €1bn mark in total funding. Over €210m was invested in WiB initiatives, with notable enhancements including the introduction of digital components in Central Asia and Morocco. The Youth in Business (YiB) programme, which aims to provide financial support but also essential advisory to facilitate the growth of youth-led enterprises, also saw significant expansion into Central Asia and allocated €44m to support young MSMEs.

Lastly, the EBRD's dedication to supporting women business owners was further demonstrated through the launching of a new €5m policy programme aimed at removing barriers hindering women's entrepreneurship. In 2023, 50% of the volume invested in the WiB and YiB programmes together was supported by concessional resources, and 78% of total transactions were backed by donors and SSF funding.

SUCCESS STORY

Mobilisation of the Private Sector for Ukrainian Refugee Integration in Croatia

Russia's war on Ukraine has triggered the biggest displacement of people in Europe since the Second World War. Many refugees moved to Croatia, which posed a challenge to the Croatian business community as they struggled to uptake the refugee workforce. With the support of donor funds, EBRD partnered with two Croatia-based civil society organisations – SVOJA Association and SOLIDARNA Foundation – to engage jointly with the Croatian private sector to support the economic integration of Ukrainian refugees and foster opportunities for Croatia's labour market to absorb the workforce.

In 2023 the initiative directly benefited more than 2,112 Ukrainian refugees across Croatia through employment and self-employment support. Furthermore, the initiative provided Croatian language courses to more than 200 displaced Ukrainians, thus increasing their chances of successful employment and community integration. The project's online employment resources and events accumulated more than 46,602 views online.

Most importantly, this initiative generated meaningful partnerships with the public and private sectors. With project support, 13 institutional and private sector stakeholders (including business associations) became official partners of the SVOJA Association.

Through these partnerships, **460 Ukrainian refugees secured employment across Croatia**, particularly in the retail, hospitality, and information technology (IT) sectors.

This project showcases how inter-sectoral collaboration between the public/private sectors, civil society and international development partners can enable powerful cross-sector synergies – broadening opportunities and competitiveness for the private sector and the labour market, as well as promoting the economic integration and social cohesion of vulnerable populations.

INTEGRATED

The linking of national economies to global markets through infrastructure development, trade promotion and access to productive resources underpins Integrated as a TQ. Integration strives to enable productive economies following a multifaceted approach, through advisory services to break down barriers to entry, drive the implementation of modern technologies, facilitate trade and improve procurement, while investing in key basic infrastructure development in parallel. The relevance of this development dimension has intensified in light of recent crises – Covid-19 and international conflict – making cross-boundary infrastructure and trade support critical for the sustainment of communities facing adversity. Donor resources supported 12% of the Bank's investments in 2023 targeting this TQ[5].

Chart 11: A Selection of Achieved Results for Active Donor-funded Projects in 2023

26%
enterprises grew their exports with total of **€1.9bn in additional exports** following EBRD's business support services

4.7m
people benefited from access to improved infrastructure, **equivalent to total inhabitants of the city of Rome**

202km
of improved quality of roads/rail **equivalent to the distance between Vienna and Budapest**

6
legal/policy improvements leveraged on procurement, environmental and sustainability issues, **introduction and implementation of new technology**.

3.34m m^3/y
total of water saved though donor funds out of 6.25m m^3/y of total saving **equivalent to 3.75% of annual fresh withdrawals in Montenegro.**

5. Other TQs may have also been addressed in the same investments.

Support from donors and SSF plays a critical role in facilitating integrated projects within the transport sector. Specifically, donor support assists clients in project preparation, covering aspects such as feasibility studies, due diligence reports, advance procurement and support for PPPs. Donor-funded project implementation support ensures clients' adherence to EBRD's policies and procedures, as well as aiding in the development and execution of environmental and social action plans. Thematic guidance contributes to the formulation of Corporate Development Plans, the creation of Sustainable Urban Mobility Plans, benchmarking, and asset management reviews. Capacity-building activities in this domain encompass assistance with international procurement certification and initiatives focused on road safety.

Donor support via the SIF has played a key role in promoting Integration in EBRD's countries of operation in recent years. Between 2021 and 2023, there were 40 new projects approved, totalling €11,374,954, with €4.1m allocated to 14 projects in the first quarter of 2023 across Armenia, Azerbaijan, Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan and Uzbekistan. Early project results are already showing meaningful contributions to change for people and the environment. Expected results include 3.5 million households being expected to benefit from sustainable infrastructure projects. In addition, a CO2 reduction of 237,000 tonnes a year and 15.5m cubic meters of water saved are expected.

In Georgia, for example, the EBRD continues its engagement in the public transport sector, with a sovereign loan for the Tbilisi Metro Modernisation Project in line with the city's GCAP. The project is expected to offer safe, reliable and environment-friendly transportation for up to 450,000 passengers daily and reduce over 13,000 tonnes of CO2 emissions per year.

LEGAL FRAMEWORK

Through the provision of expert advice, the EBRD supported North Macedonia in introducing and adhering to new or enhanced standards following the World Trade Organization (WTO) Government Procurement Agreement (GPA)'s accession terms. This pivotal decision set the stage for North Macedonia to join the WTO as a member under the GPA umbrella, contingent upon completing the internal ratification process and depositing the instrument of accession, which culminated in October 2023 when the country celebrated its official entry as the 49th WTO GPA Party and the 5th among the EBRD economies. Supported by EBRD's advisory services, the Government of North Macedonia ratified the WTO GPA, defining regulatory standards and expanding international trade market access to public procurement contracts within the country. This accession to the GPA not only unlocks fresh business prospects for the country but also facilitates international trade for goods, services and construction projects funded from the state budget of WTO GPA Parties.

In addition, donor funding has been crucial for furthering PPP agreements, which are vital for infrastructure development in economies where the Bank operates, both in helping create the legal framework for their structuring as well as facilitating realisation at project level.

In Montenegro, the EBRD led a PPP training and policy advisory papers which in tandem enabled enhanced knowledge and understanding of PPP concepts, principles and best practices within the Ministry of Finance and Investment Agency officials, and a commitment to explore future PPP solutions in their infrastructure projects.

TRADE FACILITATION PROGRAMME (TFP)

TFP promotes foreign trade to, from and within EBRD regions, which are in part made possible with SSF and WB&G NIATF support. Overall, TFP supported 1,916 transactions totalling €4.16bn in 2023 involving over 130 issuing banks in 27 economies, while in 2022, 1,768 transactions with a turnover of €3.6bn involving 91 issuing banks in 29 countries was reported. Notably in 2023 there were 402 transactions in Early Transition Countries (ETC) and 260 in GET areas and seven new Issuing Banks from various regions joined the programme. Thanks to donor support, the TFP provided training to over 1,700 bankers in 2023, covering trade finance topics through workshops, conferences, online learning and advisory services. This included major events like the TFP Information Session and the TFP Banking Forum, as well as workshops on trade finance, factoring and compliance. Online education and advisory services were also emphasised to enhance partner banks' trade finance operations, accelerate the digital transition of their trade finance business and enable them to offer a wide range of trade finance products to their clients.

SUCCESS STORY

Osh Water Project Phase II

This project underscores the vital importance of revitalizing water and wastewater infrastructure in the Kyrgyz Republic. The project was implemented following the successful close-out of the Osh Water project Phase I, further solidifying the EBRD's commitment to modernising the water infrastructure and expand water metering initiatives in the Republic.

Funded by a combination of loans and donor funded grants, the project targets the urgent need to rehabilitate wastewater management, improve water supply services, and install household water meters in three micro-districts within Osh city. The intervention aims to improve the long-term wellbeing of the communities living in the districts and enable sustainable development in the country.

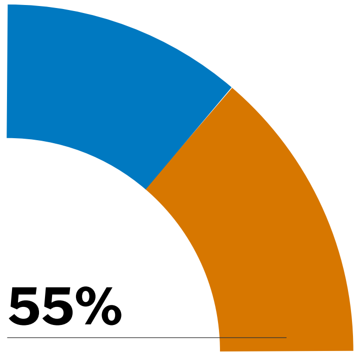
Physical implementation commenced in Q3 2017 and completed in Q3 2023 with the following results:

- The wastewater treatment plant is fully operational. **The level of treatment is close to 95-98% and complies with EU standards**.
- Two energy-efficient pump stations were fully constructed, and both are operational.
- 47% energy savings achieved on one pump and 20% on another pump. Overall, 1.6m kilowatts an hour (KwH)/year were saved. That is the equivalent energy to heat more than an average of **100 households per year**.
- Average **water consumption decreased by 17.6%** in districts where water meters (a total of 10,000) have been installed.
- Approximately **50,000 people are benefiting from the improved infrastructure**.
- A water price increase from 5.31 to 10.31 of the local currency unit per m^3 ensured cost recovery within affordability limits and the long-term sustainability of the treatment plan.

COMPETITIVE

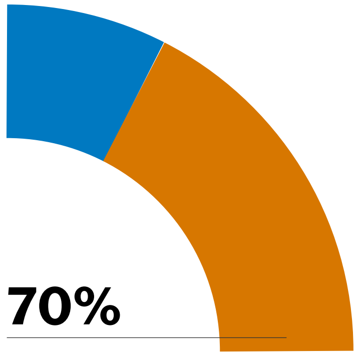
Competition is a pivotal force to ensure the vitality and diversity of a strong market economy while fostering innovation and transformative changes. The EBRD's approach to competition as a catalyser of robust markets is tangibly applied through the adoption of various tools and resources, such as donor-supported co-investment grants, guarantees, technical cooperation, incentive grants and concessional loans.

Key results reported from Advice for Small Businesses (ASB) 2023



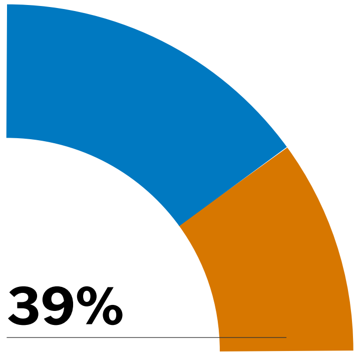
55%

of supported enterprises increased employment (net jobs created: 57,895)



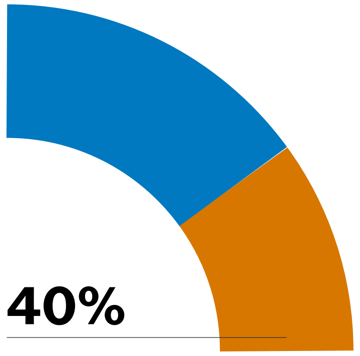
70%

of supported enterprises increased turnover



39%

median productivity increase registered by supported SMEs, with an additional turnover of **€3.43m**



40%

of advisory clients independently used a consultant again within 12 months after a supported project, understanding the strategic value it would bring to their business

Supporting SMEs is central to the Bank's efforts to achieve impact within the competitive Transition Qualities framework. SMEs are the cornerstone of EBRD's economies, playing a vital role in job creation and sustaining livelihoods. SMEs are promoted through a variety of financial instruments such as loans and risk-sharing schemes facilitated via partner banks or via direct financing, as well as through grants aimed at bolstering advisory services, policy initiatives and capacity-building efforts. Last year the bank raised €79m in support of SMEs. This, combined with prior funding, supported over 2,000 SMEs receiving tailored advisory support, and over 8,000 receiving training and mentorship, etc. in 2023.

Also in 2023 the EBRD's support to SMEs focused on three main outcomes:

- **Improvement of business standards** – with 25 projects providing support towards the goal
- **Delivery of operational or strategic changes** – 30 projects
- **Enhancement of innovation and technology** – with 20 projects supporting tech R&D and adoption.

In Bosnia, EBRD promoted digital innovation in metal processing by supporting HST CNC Technik Ltd with a strategic investment in the DMG Mori milling machine. Thanks to the investment, the company not only enhanced its operations but also championed sustainability, meeting EU directives and reducing CO2 emissions.

The EBRD continued its support in SEMED, with over €2bn of investments in the region, of which 93% were in the private sector. The financing was channelled through 42 projects and multiple trade facilitation lines, and 45% of the projects were gender-inclusive. In Beirut, Lebanon, the EBRD launched the 'Innovation Programme' which fosters collaboration between SMEs and academia, thereby strengthening the competitiveness of Lebanese businesses through innovation. Throughout 2023 the programme placed a strong emphasis on facilitating collaboration between academia and industry, as evidenced by the signing of 43 research and development vouchers for initial research and development. Looking ahead, the programme will expand to include the commercialisation and scaling up of beneficiary SMEs' innovations.

In Central Asia, the Agrifood NEXUS Programme further expanded EBRD's sustainability endeavours. With transactions signed and investments made, the programme aimed to mitigate water stress, reduce emissions and fortify agricultural resilience. Through a tapestry of investment and support, agribusiness companies embraced sustainability, paving the way for a greener, more prosperous future.

SUCCESS STORY

Go Digital pilot in Bosnia and Herzegovina

Numbers and results at a glance:

- **74% of assessed sub-projects** supported digitalisation and automation investments.
- **61% of assessed sub-projects** met EBRD's GET eligibility criteria.
- Enabled substantial energy savings and reduction in CO2 emissions, equivalent to providing **electricity to 361 households** and **taking 399 cars off the road** annually.

Thanks to donor support, the EBRD spearheaded the Go Digital programme in Bosnia and Herzegovina. The initiative aimed at bolstering the competitiveness of companies, especially SMEs, through technological advancements and improved operational efficiencies. The programme, implemented in collaboration with local and international partners, focuses on two main windows: **Access to Finance** and **Access to Know-how**.

Since its inception in 2022 the Go Digital in Bosnia and Herzegovina programme has made significant advancements. Five credit lines totalling €40m have been signed with PFIs, supported by €6m in grant funds for investment incentives to SMEs. An additional €2.49m in donor support further boosted the programme's impact.

The on-lending activities facilitated by PFIs have successfully achieved a fast disbursement of credit lines to SMEs indicating an advanced pace of implementation. The programme is also suggesting a shift in the Bosnian market. SMEs appear eager to implement digital and automation improvements to incentivise efficiency. Moreover, the programme has played a significant role in promoting Bosnia and Herzegovina's green transition, with more than half of assessed projects meeting the EBRD's GET eligibility criteria. As of the end of the reporting period, the Go Digital programme has enabled substantial energy savings and reduction in CO2 emissions, equivalent to providing electricity to 361 households and taking 399 cars off the road annually.

Building on its success, the EBRD plans to expand the Go Digital programme to the Western Balkans region, offering specialised financing for digitalisation, automation, and competitiveness for SMEs. This initiative aligns with the region's aspirations for EU integration and economic growth.

The Go Digital programme in Bosnia and Herzegovina stands as a testament to the EBRD's commitment to fostering innovation, sustainable development and economic resilience in partner countries. Through targeted investments and advisory services, the programme is driving positive change and empowering SMEs to thrive in the digital age.

WELL-GOVERNED

Policy, legal and regulatory reform are crucial for supporting corporate level governance and economic governance at national and subnational levels. The quality of governance, as highlighted in the SCF, is a key determinant of differences in economic performance between and within countries. These areas collectively contribute to improving the business climate and to mitigating the impact of crises faced by being better able to support economic activity. In 2023 donors and SSF continued to play a crucial role in supporting this TQ.

53% of the Bank's 2023 investments

addressing this TQ were supported with donor resources,[6] signifying the important role they play for this transition quality.

28 CGAPs

for Bank clients were at various stages of execution during 2023.

$400,000 in turnover generated

for farmers in the Kyrgyz Republic in sugar sales via a mobile app trading platform that was developed.

INVESTMENT CLIMATE

At the forefront of investment climate work is the public-private dialogue activities of EBRD's 11 Investment Councils in Albania, Armenia, Georgia, Kosovo, the Kyrgyz Republic, Moldova, Montenegro, Tajikistan, Tunisia, Ukraine and Uzbekistan with selected results highlights as follows:

Armenia – Supporting reforms to help increase productivity, attract quality human capital and knowledge to the economy, putting Armenian companies closer to the global markets' value chains: Changes to the Civil Code on business registration and tax regime selection; changes in the Labour Code on Remote and Hybrid work regulations; enactment of various support mechanisms to attract state-of-art technologies to SMEs.

Georgia – Facilitating reforms to strengthen business-supporting institutions, increase transparency and reduce corruption of government services, leading to increasing investor confidence and boosting Foreign Direct Investment (FDI): Ministry of Finance launched a digital tax and customs methodology platform and parliament passed the Securitisation Law and the Public Procurement Law.

Montenegro – The government accepted the following proposals: (i) Introduction of gender quotas in large enterprises (aligned with EU acquis) and (ii) accepted the proposed programme for suppressing the grey economy and associated action plan as part of the country's programme of economic reforms for 2024-26.

Uzbekistan – Ninety issues for investors and businesses were discussed with action plans submitted to the government, some of which have been acted on. For example, $30m was saved for the water and beverage industry through extending the deadline for implementation of mandatory digital labelling of water and beverages.

Additionally, in **Moldova** the EBRD launched support to the Government of Moldova with the establishment of targeted Reform Support Teams (RSTs) in key government ministries to assist with reform agenda and policy actions to take advantage of the opportunities provided by the EU candidacy status. Twenty experts have been recruited and integrated within ministries to expedite essential reforms in the energy, infrastructure and state-owned enterprise sectors.

6. Other TQs may have also been addressed in the same investments.

DIGITALISATION SOLUTIONS

Digitalisation approaches to solutions is becoming increasingly mainstreamed within this TQ.

The investment climate was also the focus of SSF support for the Suez Canal Economic Zone in Egypt for establishing a One Stop Shop to transform and digitise the services provided to over 300 investors. To date, five key services – Construction Permits, Operating Licences, Industrial Registers, Practice Permits, Inspection and Control – were restructured, contributing to a 35% reduction in procedures for the services and a 52% decrease in the duration for their delivery. To ensure sustainable service provision and alignment with fees in neighbouring zones fees and service charges were increased by 110%.

SSF funding has made possible a project with the Bank's long-term client in the Kyrgyz Republic, Kaindy Kant, to support increased sugar production to meet domestic demand. To this end, a mobile application was developed under which a trading platform was launched that enables farmers to buy and sell agricultural products and services online. The platform has engaged nearly 60% of farmers (2,000 of 3,450) and has successfully completed 47 sale transactions for over 519,00kg of sugar, generating a turnover equal to the equivalent of $400,000.

The Bank with donor support helped to advance dispute resolution in Moldova by contributing to the improvement of the legal framework on arbitration while also improving access to mediation services. An e-registry and case management system was developed for mediators to support more efficient and accessible dispute resolution and the number of commercial cases settled through mediation since the project's start increased nearly five fold – from 223 in 2019 to 1,078 in 2023.

CORPORATE GOVERNANCE

This area has been a critical mainstay of projects in the Well-Governed area. Selected highlights:

- Thanks to donor support, the Macedonian Stock Exchange (MSE) published its first-ever monitoring report on the implementation of the Corporate Governance code. Both the code and the monitoring report were developed as part of the EBRD-run project – where previously one company had to comply with the new code, now 28 do. The project is expected to lead to greater investor confidence in the capital markets due to increased public disclosure of information that will help assess issuers' risks and opportunities, and help to understand better how they aim to deal with the key challenges such as integration of ESG considerations and the green transition agenda.
- SSF funds supported Moldova's state-owned energy trader, EnergoCom, to develop a CGAP, which was instrumental for supporting the Bank's eventual €300m investment in the company to safeguard energy security. Implementation has led to the strengthening of procurement and internal control functions and, as of January, accounting practices have improved as key business lines are now separated in its financial statements.

Besides corporate governance, advisory projects as part of the Bank investments in 2023 targeted the implementation of tariff reforms and corporate climate governance.

SUCCESS STORY

Application and Integration of Artificial Intelligence in Customs Formalities in Georgia

In Georgia, over 500 customs officers are responsible for manually filling in and processing thousands of import and export declarations each day, utilising thousands of person-hours. Numbers are expected to increase significantly as international trade volumes grow year-on-year in line with current global trade flow and supply chain diversification trends. To help the country address these trends, donor funding supported EBRD's engagement with the Georgian Revenue Service to identify and implement appropriate software solutions. This will further automate Georgia's customs declarations processes through artificial intelligence, with the aim of significantly reducing the time needed for export clearance, improving the ease of trade and exporting for businesses.

Work on the system has been finalised and is operational. If a customs operator originally required an average of 35 minutes to process a single export declaration, the implementation of the automated system reduced that time to 3.5 minutes per declaration, enabling higher volumes and officers to be tasked with more value-added activities. Robots deal entirely with 3.5% of export declarations and do 80% of the work of 95% of the declarations; the remainder is covered by customs employees. Overall, processing times have significantly fallen by more than half.

COMMUNICATIONS AND VISIBILITY

HIGHLIGHTS

- **Over 200 press releases,** nearly half of the total EBRD annual press releases, mentioned donor support.
- The press releases were translated into languages including Albanian, Arabic, French, Greek, Kazakh, Lithuanian, Macedonian, Russian, Serbian, Tajik, Turkish and Ukrainian, reaching local and international media through over **5,000 journalists globally**.
- **Over 30 donor-related feature stories** were published on **ebrd.com** and distributed to over **2,000 subscribers**.
- **65 donor-related videos** were produced, in local languages and English.
- Among the most viewed donor videos were:
  - **Boosting green skills** and female participation in the Science, Technology, Engineering and Mathematics (STEM) field in Uzbekistan, developed by the EBRD donor support from Japan and the TaiwanBusiness-EBRD Technical Cooperation Fund. The video had **over 1.2m views globally**.
  - **Supporting Ulaanbaatar** with a US$ 9.7m loan, complemented by more than €4.9m in grants from the EU, to improve the city's waste management. Funds from Japan and Korea also backed the project. The video **reached 1 million views worldwide**.
  - **Helping taxis get greener** and more inclusive in Tajikistan, supported by the GEF. The video **reached 500k views**.
- An average of **three donor posts are published daily** across all social media platforms.
- Tagging and engaging in dialogue with donors across five social media platforms with almost **400,000 influential followers** (an increase of nearly 11.36% from 2022).

Annex 1. Abbreviations and acronyms

ABI	Annual Bank Investment
ASB	Advice for Small Businesses
A4EG	Action for Equality and Gender Fund
BCF	Blended Concessional Finance
BMCI	Banque Marocaine Pour Le Commerce Et L'industrie
BMP	Blue Mediterranean Partnership
BMWK	Germany's Federal Ministry for Economic Affairs and Climate Action
Capex	Capital Expenditure Grants for Investments
CIF	The Climate Investment Funds
CGAP	Corporate Governance Action Plan
CNG	Compressed Natural Gas
COP	Conference of the Parties
CO2	Carbon Dioxide
CRSF	Crisis Response Special Fund
CSP	Climate Syndication Programme
CTF	Clean Technology Fund
DFI	Development Finance Institution
DN	Donor Network
DWH	Data Warehouse
EBRD	European Bank for Reconstruction and Development
EEC	Eastern Europe and the Caucasus
EFSD+	European Fund for Sustainable Development Plus
EGX	Egyptian Exchange
EIB	European Investment Bank
EQR	Equity Residential
ESG	Environmental, social and governance
ESIF	European Structural and Investment Funds
ETC	Early Transition Country
EU	European Union
EWBJF	European Western Balkans Joint Fund
E5P	Eastern Europe Energy Efficiency and Environment Partnership
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FI	Financial Institution
FLRC	First-Loss Risk Cover
GCAP	Green City Action Plan
GCF	Green Climate Fund
GCI	General Capital Increase
GDP	Gross Domestic Product
GEF	Global Environment Facility
GEFF	Green Economy Financing Facility
GET	Green Economy Transition
GIF	The Global Infrastructure Facility
GIIN	Global Impact Investing Network
GJ	Gigajoule
GPA	Government Procurement Agreement
G&I	Gender and Inclusion
G7	Group of Seven
HCP	High Commission for Planning
HIPCA	High Impact Partnership on Climate Action
HQ	Headquarters
HR	Human Resources
IBRD	International Bank for Reconstruction and Development
ICCA	International Chernobyl Cooperation Account
IFI	International Finance Institution
IKI	International Climate Initiative
IMF	International Monetary Fund
KwH	kilowatt hour
MDA	Multi-Donor Account
MDB	Multilateral Development Bank
MDCP	Multi-Agency Donor Coordination Platform
MIGA	Multilateral Investment Guarantee Agency
MR3	Municipal Refugee Resilience Framework
MSCI	Morgan Stanley Capital International
MSE	Macedonian Stock Exchange
MSME	Micro, Small and Medium-Sized Enterprise
MW	Megawatt
MYIP	Multi-Year Investment Plan
NIA	Net Income Allocation
NIATF	Net Income Allocation Trust Fund
NWFE	Nexus on Water, Food and Energy
ODA	Official Development Assistance
OECD	The Organisation for Economic Co-operation and Development
OPEC	Organisation of Petroleum Exporting Countries
PFI	Partner Financial Institution
PPP	Public Private Partnership
PF4SD	Private Finance for Sustainable Development
RACI	Responsible, Accountable, Consulted and Informed
RDO	Recovery and Reform Delivery Office
RLG	Resilience and Livelihoods Guarantee
RLF	Resilience and Livelihoods Framework
RO	Resident Office
RSTs	Reform Support Teams
RRF	Recovery and Resilience Facility
SBIF	Small Business Impact fund
SCF	Strategic and Capital Framework
SDGs	(UN) Sustainable Development Goals
SEMED	Southern and Eastern Mediterranean Countries
SIF	Sustainable Infrastructure Fund
SIG	Sustainable Infrastructure Group
SME	Small and Medium -Sized Enterprise
SOB	State-Owned Bank
SOE	State-Owned Enterprise
SSF	Shareholder Special Fund
STEM	Science, Technology, Engineering and Mathematics
TC	Technical Cooperation
TFP	Trade Facilitation Programme
TOSSD	Total Official Support for Sustainable Development
TQs	Transition Qualities
UAT	User Acceptance Test
Ukraine MDA	Ukraine Stabilisation and Sustainable Growth Multi-Donor Account
UNDP	United Nations Development Programme
URA	Ukraine Reform Architecture Programme
URGF	Ukraine Recovery and Reconstruction Guarantee Facility
US	United States
WB&G	West Bank & Gaza
WBIF	Western Balkans Investment Fund
WiB	Women in Business
WTO	World Trade Organization
YiB	Youth in Business

Annex 2. Glossary of terms

Annual Bank Investment	ABI is defined as the volume of commitments made by the Bank during the year.
Blended Concessional Finance (DFI Working Group Definition)	Combining concessional finance from donors or third parties alongside DFI's normal own account finance and/or commercial finance from other investors, to develop private sector markets, address the SDGs and mobilise private resources. This definition considers EBRD's own account finance to be commercial capital. Only concessional co-investments are considered as concessional capital, while Technical Cooperation is excluded.
Blended Concessional Finance (The Organisation for Economic Co-operation and Development (OECD) Definition)	Blended finance is the strategic use of development finance for mobilisation of additional finance towards sustainable development in developing countries. This definition has a broader interpretation of concessional capital and can include EBRD's and other DFIs own account finance as well as Technical Cooperation.
Capital expenditure (Capex) grant	Donor funds used to reduce the capital costs (or capex) of a project. Used to acquire or upgrade physical assets such as property, industrial buildings, infrastructure, equipment, hardware and software. Provided on a non-reimbursable basis.
General Capital Increase	At the 2023 Annual General Meeting, the Board of Governors approved a paid-in capital increase of €4bn. The purpose of the capital increase is to strengthen the Bank as a whole by enabling it to provide exceptional support to Ukraine, while pursuing full implementation of its current strategic directions within all its economies where the Bank operates. A general capital increase strengthens the Bank significantly both financially and as a tangible and substantial demonstration of the value which shareholders attach to the Bank's work.
Concessional Loans	Debt instruments provided on a concessional basis; that is, on terms substantially more generous than market loans either through below-market interest rates, extended grace periods or tenors, or a combination of these. Provided on a reimbursable basis.
Disbursement Rate	The annual disbursement rate represents the cumulative volume of earmarks disbursed, as a percentage of the entire active concessional resources portfolio at year end. All open/active co-investment and TC earmarks are included, with the exception of risk-sharing instruments, and concessional equity and loans. Risk-sharing instruments are excluded from this analysis as they disburse only in case of certain conditions. Meanwhile, due to limitations of data systems it is not possible to ascertain disbursement of loan and equity earmarks.
Concessional Co-investment Products/Instruments	Resources provided by donors or through NIA, deployed as direct co-financing to support an EBRD investment transaction, either on a reimbursable or non-reimbursable basis.
Cooperation Accounts	Cooperation Accounts are established in accordance with Article 20(viii) of the Agreement Establishing the Bank. EBRD may conclude agreements of cooperation with any public or private entity and may establish and administer bi-lateral and multi-donor cooperation accounts (e.g. SBIF, E5P).
Earmark	An earmark signifies donor approval of the use of their funds for a specific programme/project. Each earmark has a financial limit. Contracts are raised against earmarks.
Equity	A stock or any other security representing an ownership interest. Equity is concessional if the equity provider agrees to accept a lower return for the risk undertaken or buys the equity at a less favourable price than commercial investors.
Fund	A structure to manage concessional resources, can be created in three types: **1)** Cooperation fund accounts; **2)** Special Funds (including the SSF); **3)** Trust Funds. All structures are listed in the Donor Manual.
Funding Agreement	A document signed between the donor and the EBRD which sets out the terms and conditions and legal requirements for the receipt and use of donor funds. It includes Contribution Agreements to Special Funds and Agreements of Cooperation for Cooperation Funds.
Guarantee	Donor-provided guarantees can be on a funded or unfunded (i.e., unfunded guarantees) basis and are used to provide credit protection for lending or risk-sharing operations to a diverse range of clients. Guarantees can be used as a risk coverage to protect EBRD's own exposure, either as first-loss or pari passu. The EBRD also provides guarantees as a product to its clients.
Incentives Grants	Grants provided to incentivise a client or sub-borrower to make an investment. These represent payments to the beneficiary that are made following evidence of compliance with agreed terms. Provided on a non-reimbursable basis.
Operation Teams	Banking and Policy Teams responsible for donor-funded projects and programmes (or bank funded TC programmes).
Risk-sharing instruments	Concessional resources used to provide credit protection to the borrower or to mitigate EBRD's risk exposure to the borrower, includes guarantees and other products such as local currency subsidies.
Special Funds	Special Funds are established in accordance with Article 18 of the Agreement Establishing the Bank and are administered under the terms of the rules and regulations for each such Special Fund. The Bank acts as manager and administrator of the Special Funds for which it receives management and cost recovery fees (e.g. SSF, GCF).
Technical Cooperation	An activity to procure expertise to support the preparation and/or implementation of a transactional or a non-transactional project such as, but not limited to, project due diligence and feasibility studies, policy dialogue, institution building, capacity building or training, legal and regulatory reform, research and analysis and other forms of assistance.
Transactional/Non-Transactional TC	TCs are considered transactional when they include pre- and/or post-signing activities which directly support a related investment operation. The intention of transactional TCs is to strengthen the design (including feasibility assessment) of an investment operation and/or support its implementation, thereby bolstering the investment's transition impact. Non-transactional TCs include activities which do not directly support an investment or do so only indirectly by enhancing the wider environment for transition. Typically, such TC projects would target activities in the sphere of policy dialogue, legal and regulatory reforms, research and capacity building.
Transition Qualities	Article 1 of the Agreement Establishing the Bank spelled out that 'the purpose of the EBRD shall be to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative'. In 2016, the EBRD developed an approach to tracking progress in transition. The methodology assesses developments along six qualities of a sustainable market economy: competitive, well-governed, green, inclusive, resilient and integrated.
Trust Funds	Pursuant to Article 29.3 of the Agreement Establishing the Bank, EBRD has established two Trust Funds to allow it to operate in WB&G.

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