



European Bank  
for Reconstruction and Development

# ANNUAL REVIEW 2018





## THE YEAR IN FOCUS

# About the EBRD

Across three continents – from central Europe to the Western Balkans, the southern and eastern Mediterranean and Central Asia – the EBRD invests in changing people's lives. We finance projects that strengthen the private sector in economies undergoing transition to a well-functioning market system. Our investment decisions are guided by six 'transition qualities', which focus on making economies competitive, well governed, green, inclusive, resilient and integrated. We operate in places on the path to becoming stronger and more sustainable, democratic, open-market economies.

Working from its London headquarters and network of 37 Resident Offices, the Bank invests in commercial projects that deliver a market-based financial return while having a measurable economic, social or environmental impact. We work with private clients of all sizes, including small businesses, which constitute the backbone of many economies in the EBRD regions. We also finance municipal entities and publicly owned companies, often in support of essential infrastructure and services for people. The Bank invests in well-structured, financially robust projects, both directly and through financial intermediaries such as local banks and investment funds. Our principal financing instruments are loans, equity investments and guarantees.

The EBRD supports the transition process by combining investment with close policy dialogue with local and central governments, regulators, financial institutions, and representatives of civil society, as well as by providing technical assistance and advisory services using funds donated by governments and institutions. Donor funds play a vital role in ensuring the success of these activities and act as a catalyst or enabler for our investment. Moreover, donors finance seven multilateral funds, managed by the EBRD, to increase nuclear safety in the economies where we invest.



This document is a summary of our activities in 2018. Visit [ar-ebd.com](http://ar-ebd.com) and [www.ebrd.com](http://www.ebrd.com) for details of our projects and the people who benefit from them.







# President's Message

The year 2018 was a challenging one but the EBRD nevertheless laid strong foundations for the next stage of its development and the delivery of impact in the regions where we operate. The Bank continued to create impressive transition impact, combining high levels of investment with vital support for economic reform.

Despite significant uncertainty in a number of economies, the EBRD signed 395 projects and invested €9.5 billion. Of that financing, 36 per cent was in the green economy. This demonstrates that we are well on the way to meeting our green investment target of 40 per cent by the end of 2020.

At the EBRD, we ultimately measure success by the impact that our projects, technical assistance and policy dialogue create, rather than by the amount we invest. During 2018, we delivered four wind farms and nine solar power plants in Turkey and made our first investments in Lebanon and in the West Bank and Gaza. We resumed major investment in Uzbekistan, supported smart grid development in Bosnia and Herzegovina and took an equity stake in a Moldovan bank to stabilise the financial sector. We also increased our lending in local currencies and financing for women entrepreneurs, as well as delivering a wide variety of legal reform projects. These are just a few among a whole range of activities of which we can be justly proud.

A strong sign of our effectiveness is that we continue to extend our international shareholder base, adding further weight to our work and more potential sources of mobilised finance for our projects. In 2018 India became the EBRD's 69th shareholder and San Marino will soon become our 70th. As a result, EBRD shareholders currently represent 60 per cent of the world's population and 80 per cent of its GDP.

The Bank is now setting itself even more ambitious goals to bring lasting change in the regions where we invest. In 2018, we agreed a plan with shareholders that will see the EBRD increase the quality and quantity of its investments, leading to stronger market economies with more robust private sectors.

This marks the first stage of our efforts to expand investments in line with the mandate agreed by our governors at last year's Annual Meeting in Jordan: that is, to do even more with our available capital. Step changes like these are crucial if the international community is to meet the Sustainable Development Goals that it has pledged to achieve by 2030.

In many ways, 2019 promises to be a landmark year. We will begin implementing our new strategy for the energy sector, which aims to increase investment in renewable energy sources and rules out financing for coal. Our country strategies will start featuring enhanced statements on compliance. And I look forward to the launch of our revised good governance policies at our Annual Meeting in Sarajevo.

Without doubt, a highlight of 2019 will be the expected completion of work to make the site of the Chernobyl nuclear accident safe. This milestone will reflect decades of unswerving commitment by the EBRD and its partners to nuclear safety – and will be a testament to how the international community can overcome immense challenges when its members unite in a common goal.



A handwritten signature in black ink, reading "Suma Chakrabarti". The signature is fluid and cursive, with the first name "Suma" and last name "Chakrabarti" clearly distinguishable.

Suma Chakrabarti  
President, European Bank for Reconstruction and Development



## WHERE WE INVEST

# EBRD Annual Bank Investment<sup>1</sup> by economy and by region, 2018 (€ million)

### Central Europe and the Baltic states

Map ref.	Economy	2014	2015	2016	2017	2018	Cumulative to end-2018	Active portfolio
01	Croatia	298	198	311	124	171	3,788	947
02	Estonia	40	48	1	3	54	652	128
03	Hungary	6	79	127	118	124	3,103	644
04	Latvia	4	61	3	3	42	693	192
05	Lithuania	32	8	2	85	141	859	270
06	Poland	594	647	776	659	556	9,431	2,834
07	Slovak Republic	62	87	165	108	101	2,443	468
08	Slovenia	35	77	53	59	77	1,056	328
	<b>Total</b>	<b>1,068</b>	<b>1,204</b>	<b>1,438</b>	<b>1,159</b>	<b>1,267</b>	<b>23,248<sup>2</sup></b>	<b>5,884</b>

#### Sector distribution of ABI (%)

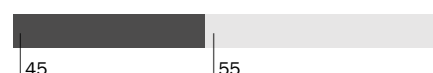


#### Private sector share of portfolio (%)



### South-eastern Europe

09	Albania	119	10	178	22	284	1,285	655
10	Bosnia and Herzegovina	68	138	199	128	195	2,257	1,065
11	Bulgaria	83	82	621	140	185	3,886	1,073
12	FYR Macedonia <sup>3</sup>	252	158	19	49	164	1,845	792
13	Kosovo	37	56	47	80	52	362	269
14	Montenegro	75	99	6	33	30	569	346
15	Romania	592	260	201	546	443	8,322	1,868
16	Serbia	453	478	304	382	396	5,065	2,204
	<b>Total</b>	<b>1,679</b>	<b>1,282</b>	<b>1,576</b>	<b>1,381</b>	<b>1,749</b>	<b>23,590</b>	<b>8,272</b>



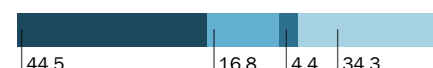
### Eastern Europe and the Caucasus

17	Armenia	114	138	63	64	70	1,241	310
18	Azerbaijan	238	269	63	456	304	3,231	1,415
19	Belarus	242	53	124	163	360	2,377	693
20	Georgia	214	116	248	271	267	3,287	859
21	Moldova	105	98	86	131	23	1,254	528
22	Ukraine	1,210	997	581	740	543	13,140	3,779
	<b>Total</b>	<b>2,124</b>	<b>1,671</b>	<b>1,166</b>	<b>1,825</b>	<b>1,567</b>	<b>24,531</b>	<b>7,583</b>



### Central Asia

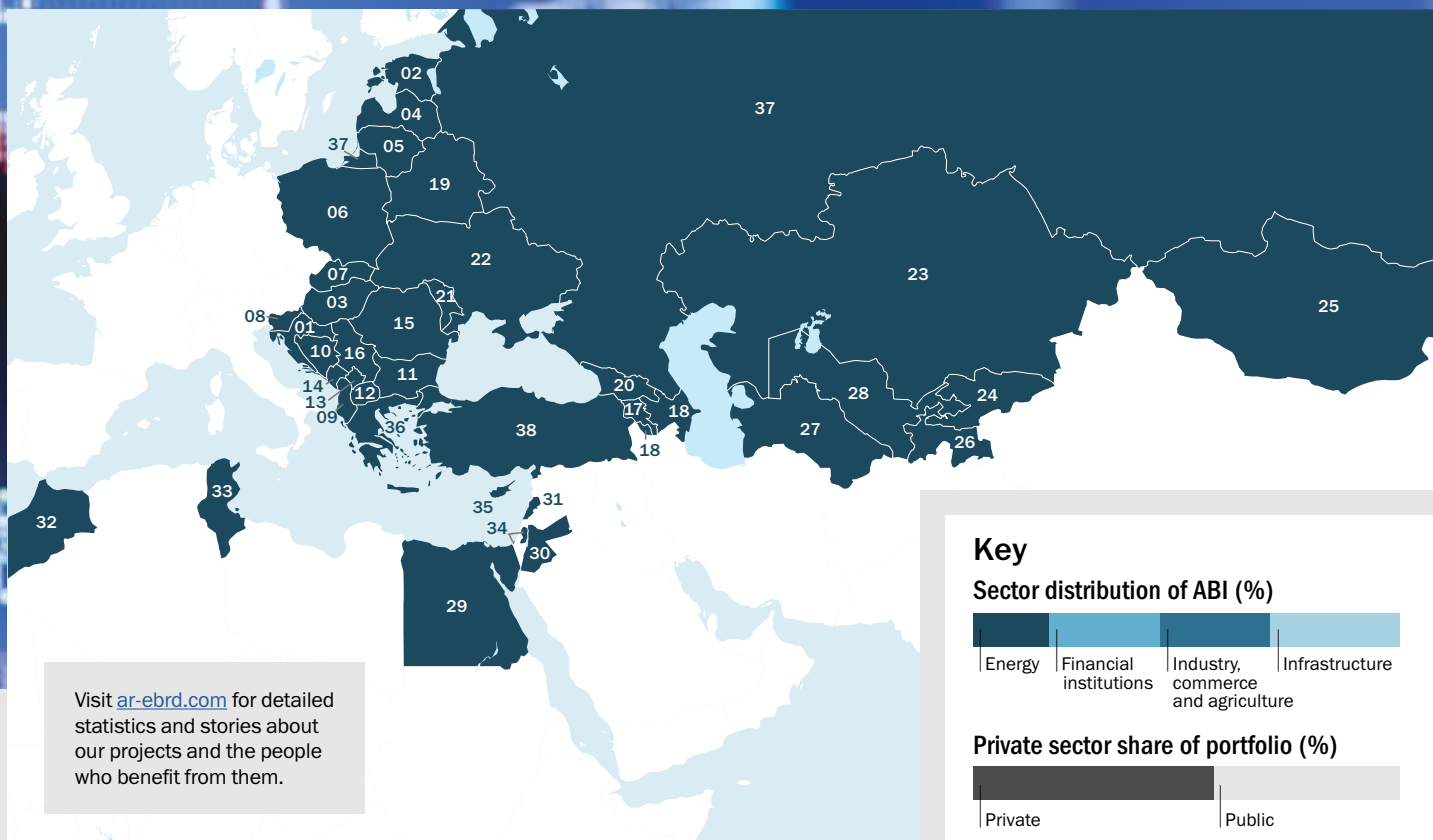
23	Kazakhstan	576	709	1,051	586	472	7,676	2,371
24	Kyrgyz Republic	35	48	111	33	38	730	184
25	Mongolia	117	467	152	149	96	1,622	797
26	Tajikistan	62	166	45	57	54	665	391
27	Turkmenistan	12	12	9	29	11	272	53
28	Uzbekistan	0	0	0	69	397	1,311	473
	<b>Total</b>	<b>803</b>	<b>1,402</b>	<b>1,369</b>	<b>923</b>	<b>1,067</b>	<b>12,276</b>	<b>4,270</b>



<sup>1</sup> Annual Bank Investment (ABI) is the volume of commitments made by the Bank during the year. This includes: (i) new commitments (less any amount cancelled or syndicated within the year); (ii) restructured commitments; and (iii) amounts issued under the Trade Facilitation Programme (TFP) during the year and outstanding at year-end.

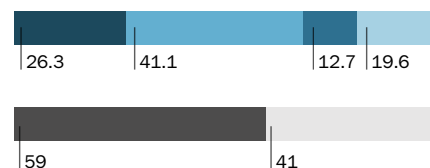
<sup>2</sup> This figure includes investments totalling €1,222 million made in the Czech Republic before 2008.

<sup>3</sup> Following notification in February 2019 from the Ministry of Foreign Affairs of the Republic of North Macedonia, in future editions of the *Annual Review* the country will be named North Macedonia.



#### Southern and eastern Mediterranean<sup>4</sup>

Map ref.	Economy	2014	2015	2016	2017	2018	Cumulative to end-2018	Active portfolio
29	Egypt	593	780	744	1,413	1,148	4,754	3,516
30	Jordan	138	163	403	158	296	1,326	1,053
31	Lebanon	N/A	N/A	N/A	N/A	244	238	234
32	Morocco	225	431	158	292	198	1,759	1,012
33	Tunisia	114	82	61	324	100	747	594
<b>Total</b>		<b>1,070</b>	<b>1,456</b>	<b>1,367</b>	<b>2,187</b>	<b>1,985</b>	<b>8,825</b>	<b>6,409</b>



N/A = not applicable

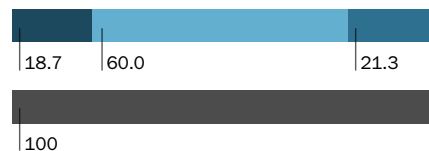
#### Cyprus

Map ref.	Economy	2014	2015	2016	2017	2018	Cumulative to end-2018	Active portfolio
35	Cyprus	108	33	64	41	64	364	208



#### Greece

Map ref.	Economy	2014	2015	2016	2017	2018	Cumulative to end-2018	Active portfolio
36	Greece	N/A	320	485	614	846	2,397	1,617



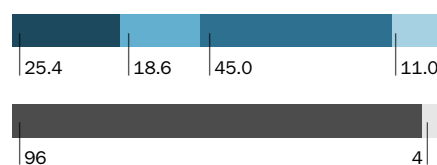
#### Russia<sup>5</sup>

Map ref.	Economy	2014	2015	2016	2017	2018	Cumulative to end-2018	Active portfolio
37	Russia	108	106	0.5	0.1	0.2	24,347	1,960



#### Turkey

Map ref.	Economy	2014	2015	2016	2017	2018	Cumulative to end-2018	Active portfolio
38	Turkey	1,394	1,904	1,925	1,540	1,001	11,055	7,063



<sup>4</sup> This table does not include investments in the West Bank and Gaza (map ref. 34), which began in 2018 and are financed through a trust fund. For 2018, these investments totalled €12.6 million.

<sup>5</sup> In accordance with the 2014 guidance from a majority of Directors not to engage in new business in Russia, the Bank made no investments in new projects there during 2018.



## THE EBRD IN NUMBERS 2018

+ **395**

NUMBER OF  
PROJECTS

+ **€9.5**

**BILLION**  
ANNUAL BANK  
INVESTMENT

+ **€7.2**

**BILLION**  
GROSS ANNUAL  
DISBURSEMENTS

+ **73%**

PRIVATE SECTOR  
PERCENTAGE  
OF ABI

## Green Economy Transition

The EBRD helps economies to achieve the emission reductions pledged at the 2015 United Nations climate conference. Under our Green Economy Transition (GET) approach, we promote investment in energy efficiency and renewable energy, as well as in water and materials efficiency and climate resilience. The Bank participated in discussions at the UN Climate Change Conference, Poland, and reported on the progress of its green financing and policy dialogue. GET activities in 2018 include:

+ **€3.3**

**BILLION**  
TOTAL INVESTMENT IN  
THE GREEN ECONOMY

+ **36%**

GET ACTIVITIES AS A  
PERCENTAGE OF ABI

+ **€0.3**

**BILLION**  
FINANCE FOR ADAPTATION  
TO THE EFFECTS OF CLIMATE  
CHANGE

+ **35**

NUMBER OF CLIMATE  
RESILIENCE INVESTMENTS

Details of the EBRD's support for the UN Sustainable Development Goals are available in the *Sustainability Report 2018*, at [sr-ebrd.com](http://sr-ebrd.com).

+ **7.12**

**MILLION TONNES**  
ESTIMATED ANNUAL  
REDUCTION IN CO<sub>2</sub>  
EMISSIONS

+ **€0.9**

**BILLION**  
FINANCE FOR PROJECTS  
WITH AN ENVIRONMENTAL  
BENEFIT OTHER THAN  
CLIMATE CHANGE  
MITIGATION OR  
ADAPTATION

+ **48**

NUMBER OF INVESTMENTS  
SUPPORTING WOMEN,  
YOUNG PEOPLE OR PEOPLE  
IN LESS-DEVELOPED  
REGIONS

+ **18**

**MILLION PEOPLE**  
BENEFITING FROM  
IMPROVED DISTRICT  
HEATING, WASTE AND  
WATER SERVICES



+ **€52**

**MILLION**

PROVIDED TO PARTNER FINANCIAL INSTITUTIONS  
TO SUPPORT WOMEN-LED ENTERPRISES

+ **14**

**MILLION**

SUBSCRIBERS SERVED BY EBRD-FINANCED  
COMMUNICATION COMPANIES

## Operational results 2014-18

	2018	2017	2016	2015	2014
Number of projects <sup>6</sup>	395	412	378	381	377
Annual Bank Investment (€ million)	9,547	9,670	9,390	9,378	8,853
Annual mobilised investment <sup>7</sup> (€ million)	1,467	1,054	1,693	2,336	1,177
of which private direct mobilisation	1,059	669	1,401	2,138	1,014
Total project value <sup>8</sup> (€ million)	32,570	38,439	25,470	30,303	20,796

## Financial results 2014-18

€ million	2018	2017	2016	2015	2014
Net profit/(loss) before transfers of net income approved by the Board of Governors	340	772	992	802	(568)
Transfers of net income approved by the Board of Governors	(130)	(180)	(181)	(360)	(155)
Net profit/(loss) after transfers of net income approved by the Board of Governors	210	592	811	442	(723)
Realised profit before impairment <sup>9</sup>	606	634	649	949	927
Paid-in capital	6,215	6,211	6,207	6,202	6,202
Reserves and retained earnings	10,068	9,961	9,351	8,504	7,947
Total members' equity	16,283	16,172	15,558	14,706	14,149

For more information on the EBRD's financial results, refer to the *Financial Report 2018*.

## Potential transition impact of new project signings

For information about the transition impact of EBRD projects signed in 2018, visit [ar-ebrd.com](http://ar-ebrd.com)

<sup>6</sup> The number of projects to which the EBRD made commitments in the year.

<sup>7</sup> Annual mobilised investment is the volume of commitments from entities other than the Bank made available to the client due to the Bank's direct involvement in mobilising external financing during the year.

<sup>8</sup> Total project value is the total amount of finance provided to a project, including both EBRD and non-EBRD finance, and is reported in the year in which the project first signs. EBRD financing may be committed over more than one year, with Annual Bank Investment reflecting EBRD finance by year of commitment (see footnote 1). The amount of finance to be provided by non-EBRD parties is reported in the year the project first signs.

<sup>9</sup> Realised profit before impairment is before unrealised fair value adjustments to share investments, provisions, loan write-offs, other unrealised amounts and transfers of net income.



## OUR TRANSITION QUALITIES

The EBRD exists to promote the transition to a market economy through investment, technical assistance initiatives and policy dialogue. We believe that a sustainable, well-functioning market economy must be competitive, well governed, green, inclusive, resilient and integrated. All Bank projects seek to foster one or more of these six transition qualities.

## Competitive

Helping economies to be more competitive lies at the heart of the EBRD mission. Bank projects promote market structures that support innovation, ensure competition between firms, build the capacity of companies to generate value and foster a business environment that incentivises commercially sound decision-making.



### INVESTING IN THE WEST BANK AND GAZA

A US\$ 5 million loan (€4.4 million equivalent) to Cairo Amman Bank Palestine will increase access to finance for micro, small and medium-sized enterprises in the West Bank and Gaza. These businesses make up 95 per cent of the local economy and are vital for employment and growth.

### POLISH BIOTECH LEADER RAISES GROWTH FUNDS

Mabion will use the private sale of shares to finance the expansion of its production capacity and the development and commercialisation of a drug that has the potential to treat various cancers and rheumatoid arthritis. The Bank purchased a 4.92 per cent stake in the biotechnology company for PLN 61.4 million (€14.3 million equivalent).



### FINANCING BOOST FOR UZBEK PRIVATE SECTOR

A loan worth the local currency equivalent of €4.4 million will fund a credit line for small businesses by the privately owned DAVR Bank. By improving access to finance for SMEs, the project will foster the development of a strong, competitive private sector in Uzbekistan. DAVR Bank will receive technical assistance supported by South Korea.

### KOSOVO TELECOMS FIRM TAKES ON COMPETITORS

Kujtesa, an independent provider of cable TV, broadband and other internet services in Kosovo, will use a €12 million loan to finance its ambitious expansion plans. The financing will encourage competition in the telecommunications sector by supporting a challenger to the country's biggest companies.







## Well governed

Improving governance and increasing transparency are vital in order for economies in the EBRD regions to attract foreign capital and compete effectively on the world stage. Through investment and policy dialogue, the Bank enhances the quality of state and private institutions and helps them to work well together.

### INCREASING TRANSPARENCY IN MOLDOVA'S BANKING SECTOR

The EBRD joined forces with two private equity firms to buy a 41.09 per cent stake in Moldova Agroindbank, the country's largest commercial bank. As well as modernising the bank's operations, the new shareholders will introduce high standards of corporate governance, thereby helping to make the Moldovan banking sector more transparent.

### ENHANCED DISCLOSURE FOR TURKISH LISTED COMPANIES

The Capital Markets Board, which supervises financial markets in Turkey, adopted regulatory instruments to ensure higher-quality disclosure by listed companies. The EBRD's legal experts contributed to the development of these instruments, which will also give the Board a more active role in monitoring issuers' compliance with the country's Corporate Governance Principles.

### ROAD OPERATOR IMPROVES GOVERNANCE

An €86 million loan will boost transport links in FYR Macedonia<sup>3</sup> by helping to finance the upgrade of more than 400 km of national and regional roads. Guided by EBRD policy dialogue, the project features measures to strengthen the financial and operational sustainability of the country's national road company.

## Inclusive

In order for growth to be sustainable over the long term, previously under-served social groups require access to economic opportunities such as jobs, training and financing. The EBRD fosters the inclusion of women, young adults and people living in economically less-developed regions.

### KAZAKH MINING AND ENERGY INDUSTRY TACKLES GENDER DISPARITY

Two mining companies and an oil and gas producer will use EBRD loans to address barriers that women face seeking work in Kazakhstan's extractive industries. The Bakyrchik Mining Venture, a gold-mining concern, Voskhod Chromium and KazPetrol will also promote youth inclusion, as well as making operational and environmental improvements. The EBRD has allocated up to US\$ 1 billion (€873 million equivalent) for energy and natural resource projects in Kazakhstan that foster inclusion.

### CROATIAN RESORT CHAIN PROMOTES INCLUSIVE TOURISM

An €18.25 million loan to Sunce Koncern, part of a syndicated loan of €73 million, will help the Croatian tourism company to restructure its balance sheet and finance future investment. The project, signed under the EBRD Inclusive Tourism Framework for the Eastern Mediterranean, features donor-funded initiatives to boost employment for young people and women.

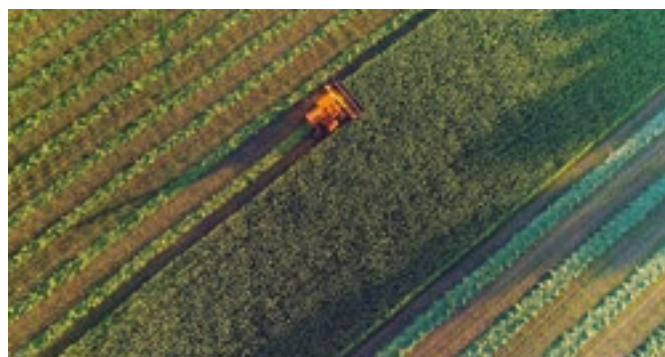




## OUR TRANSITION QUALITIES

### Green

The EBRD invests in climate finance and in projects that promote resource efficiency and resilience to the effects of global warming. Under its GET approach, the Bank seeks to increase the volume of its green financing to 40 per cent of ABI by 2020.



#### GREEN CITIES FIGHT CLIMATE CHANGE

Cities account for 75 per cent of worldwide greenhouse gas (GHG) emissions. EBRD Green Cities, a programme that supports sustainable urban planning and investment, is central to Bank efforts to curb climate change. Under the initiative in 2018, the EBRD invested €265 million in 10 projects which together are expected to reduce GHG emissions by 319,000 tonnes annually. Donors help to fund the action plans that are the centrepiece of EBRD Green Cities and other aspects of the programme.

#### RENEWABLE ENERGY GAINS MOMENTUM IN TURKEY

A financing package worth up to US\$ 102 million (€89 million equivalent) will support the construction of four wind farms and nine solar power plants by the renewable energy arm of the Turkish conglomerate Akfen Holding. Together these will have a generation capacity of 327 MW – the largest addition to Turkey's renewable power sector financed in a single transaction.



#### FIRST EQUITY INVESTMENT IN ORGANIC FOOD

An €8.9 million investment in Auga Group, a Lithuanian company that grows, processes and sells organic food, will help the firm to increase its efficiency and expand into dairy and poultry farming and the production of more profitable, ready-to-buy packaged foods. Auga Group will also invest in innovative green technologies, including the construction of a biogas production plant.

#### EGYPTIAN OIL REFINERY SHRINKS CARBON FOOTPRINT

The Suez Oil Processing Company will use a US\$ 200 million (€174.6 million equivalent) loan to invest in major energy efficiency improvements at its refinery in northern Egypt. These should cut emissions by 297,000 tonnes of CO<sub>2</sub> equivalent, save 305,000 MWh of energy annually and reduce water usage.





## Integrated

EBRD investment and policy dialogue foster improvements to energy, information technology and transport networks. They help to develop internal markets, encourage cross-border trade and investment and support harmonisation with international norms. Well-integrated economies are better at engaging in commerce and generating growth and jobs.

### €500 MILLION LOAN FOR TRANS ADRIATIC PIPELINE

The EBRD is helping to finance the construction of an 878 km gas pipeline between the Greek-Turkish border and southern Italy. It will form part of the Southern Gas Corridor, which will facilitate gas exports from the Caspian region and strengthen the resilience of the energy sector in south-eastern Europe.

### CAIRO METRO UPGRADE TO BENEFIT MILLIONS

A €205 million loan will help finance urgently needed improvements to Line 1, which is the backbone of the Cairo Metro and serves 500 million passengers a year. As well as increasing capacity and cutting congestion, the project will help to create valuable on-the-job training opportunities for young people.

### GREEK ENERGY EXCHANGE HELPS MARKET INTEGRATION

The establishment of the Hellenic Energy Exchange, which the EBRD supported by purchasing a 20 per cent stake in the trading platform, is central to Greece's adoption of the EU target model for energy markets. The exchange will stimulate domestic competition and pave the way for greater regional integration by facilitating market coupling with the country's neighbours.



## Resilient

EBRD projects boost resilience by fostering a strong financial sector, macroeconomic stability, energy and food security and economic diversification. Promoting the use of local currencies and the development of capital markets also helps countries to resist shocks and avoid excessive volatility.

### BANK SIGNS FIRST PROJECT IN LEBANON

An equity investment in Bank Audi will strengthen the capital base of a key player in the financial sector of Lebanon, the SEMED region and Turkey. The EBRD also provided a US\$ 90 million (€79 million equivalent) loan, complemented by US\$ 10 million (€9 million equivalent) in donor funding from Taipei China, for on-lending to Bank Audi customers for environmentally friendly projects.

### PORT OF TALLINN LISTING FORTIFIES CAPITAL MARKET

The acquisition of a 3.6 per cent shareholding in Estonia's biggest port authority will contribute to local capital market development and the resilience of the economy. The Port of Tallinn listing was the largest on the NASDAQ Tallinn Stock Exchange in a decade. EBRD policy dialogue supports the company's adoption of a corporate governance action plan.







## OUR SECTORS

The EBRD engages in investment, policy dialogue and donor-funded technical assistance work in the energy, financial, corporate and infrastructure sectors. As well as providing debt financing, the Bank makes direct and indirect equity investments in companies: in 2018, the EBRD provided €848 million of equity. The Bank signed 115 loan or bond projects in local currencies during the year, in keeping with its commitment to fostering economic resilience.

## Energy

Projects in the natural resources and power and utilities sector are crucial to the economic development of the EBRD regions and help countries to improve their energy efficiency and resilience to climate change. Enhancing energy security, corporate governance and socially responsible growth are important areas of focus for the sector.

+ **1.95**  
**MILLION TONNES**  
ANNUAL REDUCTION  
IN CO<sub>2</sub> EMISSIONS

+ **0.9**  
**GIGAWATT PER YEAR**  
OF RENEWABLE ENERGY  
GENERATION CAPACITY  
FINANCED

### BRIGHTER DAYS FOR SOLAR POWER IN KAZAKHSTAN

Five new solar power plants with a combined generation capacity of 241 MW will reduce CO<sub>2</sub> emissions in Kazakhstan by a total of 288,800 tonnes annually. The EBRD invested the equivalent of KZT €128 million in the projects, two of which benefited from donor co-financing provided by the Green Climate Fund (GCF). Two others were co-financed by the multi-donor Clean Technology Fund.

### TAJK HYDROPOWER ADAPTS TO CLIMATE CHANGE

The EBRD is funding the completion of rehabilitation work at the Qairokkum hydropower plant to make it more resilient to the effects of global warming, such as melting glaciers. The Bank is contributing to a US\$ 88 million (€77 million equivalent) investment alongside the GCF, which finances low-emission and climate-resilient projects in less advanced economies.

### SMART GRID GROWS IN BOSNIA AND HERZEGOVINA

A loan of €15 million, up to half of which will be funded by Taipei China, will finance power network and substation reconstruction as well as smart meter installation in Republika Srpska. The investment will help to reduce power losses, improve security of supply and facilitate the connection of renewable energy.





## Financial institutions

A stable and efficient financial sector provides the investment that the wider economy needs in order to grow. The EBRD aims to foster strong, diversified, integrated and inclusive financial systems by using innovative products and supporting sector reform. It increasingly helps financial institutions to stimulate green investment.

+ **1,740**  
TRADE DEALS COMPLETED  
UNDER THE TRADE  
FACILITATION PROGRAMME

+ **0.48**  
MILLION TONNES  
ANNUAL REDUCTION  
IN CO<sub>2</sub> EMISSIONS

### MOROCCAN WOMEN GET FINANCING FOR BUSINESS GOALS

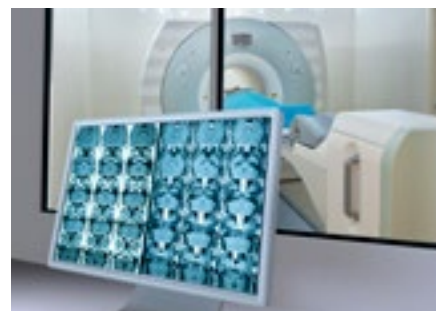
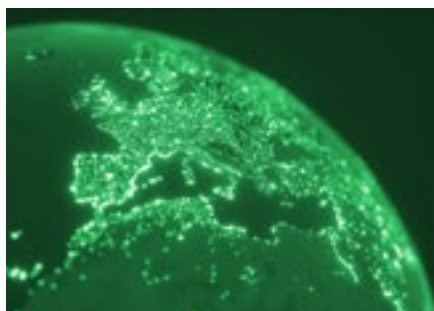
Under the Women in Business programme, the EBRD is extending the local currency equivalent of €35 million to two banks in Morocco for on-lending to women-led SMEs. EU funds support advisory services for women entrepreneurs and consultancy services and risk-sharing instruments for partner banks as part of the initiative.

### MAJOR BOOST FOR GREEN BOND SECTOR

The EBRD committed US\$ 68.5 million (€60 million equivalent) to Amundi Planet – Emerging Green One, a green bond fund dedicated to emerging markets. The International Finance Corporation and the European Investment Bank also participated in the fund, which will invest in bonds issued by financial institutions and support climate and environmental projects.

### TRADE FINANCE KEEPS KYRGYZ BUSINESS BOOMING

The Trade Facilitation Programme guaranteed the payment of letters of credit issued by Demir Kyrgyz International Bank (DKIB) for the import of state-of-the-art scanning equipment by local healthcare company URFA. Donor financing from the EBRD Small Business Impact Fund helped DKIB to mitigate the risk.







## OUR SECTORS

# Industry, commerce and agribusiness

The EBRD invests in the agribusiness, information and communication technologies, manufacturing and services and property and tourism sectors. It uses loans, bonds, equity investments, participation in equity funds and policy dialogue to support clients. Projects in this sector encourage competition and economic diversification and are an important means of fostering an inclusive and sustainable economy.

+ **5,500**

BENEFICIARIES OF EBRD  
AGRIBUSINESS ADVISORY  
SERVICES

+ **0.72**

MILLION TONNES  
ANNUAL REDUCTION  
IN CO<sub>2</sub> EMISSIONS

### BANK BACKS DYNAMIC TURKISH RETAILER

By purchasing a stake in Şok Marketler, a fast-growing discount grocer, the EBRD supported one of the biggest listings in recent years on Borsa İstanbul and showed its confidence in the country's capital markets. Şok will use the US\$ 82 million (€71.6 million equivalent) investment to strengthen its capital structure and pursue further growth.

### GREEK MULTINATIONAL INVESTS IN UKRAINE

Sarantis, a leading Greek producer of cosmetic, health and household goods, purchased Ergopack, a Ukrainian maker of disposable consumer wares, with the help of a €25 million EBRD loan. As well as facilitating Sarantis's growth plans, the project brings much-needed foreign direct investment to Ukraine's corporate sector.

### PRIVATE EQUITY PROMOTES GROWTH IN CENTRAL AND EASTERN EUROPE

The EBRD committed €80 million to the Mid Europa Fund V, a private equity fund with a focus on investments across central and eastern Europe. The fund, which has a target size of €800 million, will strengthen the corporate sector in this region by providing private equity capital available to support growing mid-market companies.







## Infrastructure

Working with public and private clients, the EBRD invests in better transport networks and municipal and environmental services. In addition to improving the quality of life of millions of people across the Bank's regions, these projects help to make economies more competitive, sustainable and integrated, leading to increased growth and job creation.

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**+ 0.97**  
**MILLION TONNES**  
ANNUAL REDUCTION  
IN CO<sub>2</sub> EMISSIONS

---

**+ 8**  
TRANSPORT PROJECTS  
WITH A FOCUS ON  
IMPROVING GOVERNANCE

### BELGRADE AIRPORT TO BECOME REGIONAL HUB

Acting alongside other lenders, the EBRD contributed a loan of up to €72 million and arranged a €110 million syndicated loan to support the €1 billion acquisition and upgrade of Nikola Tesla Airport by VINCI Airport Serbia. This is the first large-scale infrastructure concession under a public-private partnership structure in Serbia.

### FIGHTING POLLUTION IN THE NILE DELTA

Around six million people will benefit from improvements to solid waste management in the vicinity of the heavily polluted Kitchener Drain, an agricultural drain in northern Egypt. The project, which benefits from €168 million in joint EBRD-EU financing, will also rehabilitate the infrastructure of the drain in order to improve public health.

### UKRAINE RAILWAYS REVAMPS ROLLING STOCK AND GOVERNANCE

Ukraine's national rail company will use a US\$ 150 million (€130 million equivalent) loan to purchase rolling stock that will enable it to reduce annual CO<sub>2</sub> emissions by 80,000 tonnes. Supported by EBRD policy dialogue, the firm will implement a corporate governance action plan and introduce anti-corruption measures, making it a benchmark for other state-owned enterprises in Ukraine.





## OUR STORIES

### PRIVATE EQUITY HELPS FILL FINANCING GAP FOR BALTIC INFRASTRUCTURE

A €20 million investment in the BaltCap Infrastructure Fund will support infrastructure projects in Estonia, Latvia and Lithuania, including those featuring climate change mitigation or resource efficiency components. The investment will help address the scarcity of equity funding for infrastructure in these countries while also championing green considerations in the private sector.



### NEW FUNDS TO ADDRESS URANIUM MINING LEGACY

The international community pledged €17 million in additional funds to help finance work aimed at reducing the risk of radiation from disused uranium-mining sites in the Kyrgyz Republic, Tajikistan and Uzbekistan. The funding was pledged at an event hosted by the EBRD, which manages the Environmental Remediation Account for Central Asia. Work at four sites will start in 2019.



### BANK LAUNCHES FIRST HEALTH BOND

The EBRD raised PLN 317 million (€75 million equivalent) to help finance projects in the hospital and pharmaceutical sectors by issuing a health bond. Japanese firm Dai-ichi Life Insurance was the sole investor in the 10-year bond, which will support investments aimed at widening access to quality health services across the EBRD regions.



### FINANCING MONGOLIA'S LARGEST SOLAR POWER PLANT

A new 30 MW solar facility will reduce Mongolia's reliance on highly polluting, coal-fired combined heat and power plants. The EBRD led a US\$ 31.6 million (€27.6 million equivalent) debt financing package to finance the plant's construction and operation.







### NUCLEAR SAFETY MILESTONE IN NORTHERN RUSSIA

The completion of a shelter for the defuelling of the former service ship Lepse is a major contribution to efforts to reduce the radiation risk posed by the Soviet-era nuclear-powered fleet. The EBRD manages the Nuclear Window Support Fund of the Northern Dimension Environmental Partnership, which financed the €23 million shelter at the Nerpa shipyard near Murmansk.



### IMPROVING ESSENTIAL SERVICES IN UZBEKISTAN

The EBRD is investing €333 million in urgently needed improvements to water, heating and power services in Uzbekistan. The work will give nearly 900,000 people access to safe drinking water and reduce water shortages, thereby limiting the country's vulnerability to the impacts of climate change. Upgrades to district heating infrastructure in the capital Tashkent and to a power transmission system in central Uzbekistan will help to cut energy losses and CO<sub>2</sub> emissions.



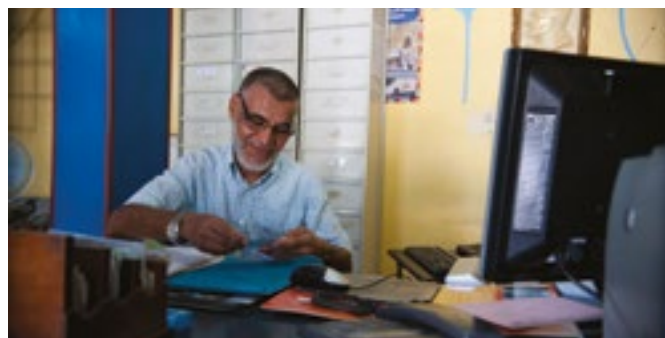
### GREEN REVOLUTION FOR GREEK TELECOMMUNICATIONS COMPANY

An investment in a bond issue by OTE Group will help to finance major energy efficiency improvements to the telecommunications operator's real estate portfolio, reducing annual CO<sub>2</sub> emissions by 23,000 tonnes. By supporting the issuance of a sizable bond, the project also increases the post-crisis resilience of financial markets in Greece.



### EGYPTIAN TECH FIRM ATTRACTS VENTURE CAPITAL

Basharsoft, the company behind online recruitment platforms Wuzzuf and Forasna, raised US\$ 6 million (€5.2 million equivalent) in second-round funding led by the EBRD's Venture Capital Investment Programme, which targets innovative, high-growth SMEs. The company will use the financing to pursue growth, with a view to helping one million people a year find new jobs.







## OUR STORIES

### ROMANIAN GAS PIPELINE BOLSTERS ENERGY LINKS

A loan of RON 278 million (€60 million equivalent) will support the construction of 478 km of gas pipeline in Romania. This will form part of the so-called BRUA gas corridor connecting Romania with Bulgaria, Hungary and Austria, which aims to make European gas markets more integrated and increase their energy security.



### HELPING JORDAN COPE WITH THE REFUGEE CRISIS

Since 2011, the amount of solid waste processed by the Jordanian capital Amman has increased by nearly 50 per cent, mostly due to the arrival of large numbers of Syrian refugees. In 2018 the EBRD invested €6.2 million in two projects aimed at improving solid waste services in Amman and donors provided €10.2 million of additional financing for these projects.



### BUILDING A SMARTER AND KINDER AGRIBUSINESS INDUSTRY

In 2018, donor-funded advisory projects assisted agribusiness clients in 16 countries. Examples included training for grain, dairy, meat and horticultural producers in the Caucasus, Central Asia and Ukraine on accessing new markets; improving the quality of olive oil produced in SEMED economies; and fostering the use of geographical indication labels in Turkey and the Western Balkans. Another important area of focus was raising animal welfare standards.



### SERBIAN RAIL FIRM STRENGTHENS CORPORATE GOVERNANCE

Srbija Voz, the national rail service operator for passengers, adopted a corporate governance action plan that EBRD legal experts helped to draft. The plan aims to improve the company's transparency, for example by enhancing its internal control function, and should serve as a model for other state-owned enterprises in the Serbian railway sector.





# Glossary

<b>ABI</b>	Annual Bank Investment (see footnote 1)
<b>The Bank, the EBRD</b>	The European Bank for Reconstruction and Development
<b>GET</b>	Green Economy Transition
<b>SEMED</b>	Southern and eastern Mediterranean
<b>SMEs</b>	Small and medium-sized enterprises

Note: Terms and names used in this report to refer to geographical or other territories, political and economic groupings and units, do not constitute and should not be construed as constituting an express or implied position, endorsement, acceptance or expression of opinion by the European Bank for Reconstruction and Development or its members concerning the status of any country, territory, grouping and unit, or delimitation of its borders, or sovereignty.

## Exchange rates

Non-euro currencies have been converted, where appropriate, into euros on the base of the exchange rates current on 31 December 2018. (Approximate euro exchange rate: US\$ 1.15.)

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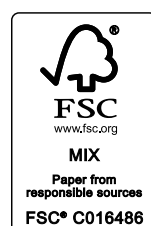
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