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COVER NOTE

From:	Jyrki Katainen, Vice-President of the European Commission
date of receipt:	3 February 2015
To:	Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union
Subject:	2013 Annual Report of the EU Governor of the EBRD to the European Parliament

Delegations will find attached the 2013 Annual Report of the EU Governor of the EBRD to the European Parliament.

Ref. Ares(2015)423370 - 03/02/2015

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Brussels, 2.2.2015

Subject: 2013 Annual Report of the EU Governor of the European Bank for Reconstruction and Development (EBRD) to the European Parliament and Council

Dear Mr Welle, Dear Mr Corsepius,

Decisions No 1219/2011/EU of 16 November 2011 and No 602/2012/EU of 4 July 2012 of the European Parliament and of the Council state that the Governor of the EBRD for the Union shall report annually to the European Parliament on the activities of the EBRD in the context of promoting the Union's objectives.

In accordance with these decisions, and in my capacity as EU Governor of the EBRD, I transmit to the European Parliament and, for information, to the Council the attached report on EBRD's activities during 2013.

Yours sincerely,

Jyrki Katainen

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Encl: 2013 Annual Report of the EU Governor of the EBRD to the European Parliament

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2013 Annual Report of the EU Governor of the EBRD to the European Parliament

Table of Contents:

1. Introduction

The European Bank for Reconstruction and Development (EBRD) was established in 1990 following the collapse of communist regimes in Europe and the Soviet Union. Its mandate is to "*foster transition towards open market-oriented economies and to promote private and entrepreneurial initiative*" across Central and Eastern Europe, Central Asia and, most recently, the Southern and Eastern Mediterranean (SEMED) region. In 2013 EBRD operated in 34 countries across these regions supporting projects that could not be fully financed by the market, primarily in the private sector.[1]

This report responds to decisions No 1219/2011/EU of 16 November 2011 and No 602/2012/EU of 4 July 2012 of the European Parliament and of the Council which state that the Governor of the EBRD for the Union shall report annually "on the use of capital, on measures to ensure transparency of operations of the EBRD through financial intermediaries, on how the EBRD has contributed to the Union's objectives, on risk-taking and effectiveness in leveraging additional financing from the private sector, and on cooperation between the European Investment Bank and the EBRD outside the Union" and "also report on the EBRD's activities and operations in the Southern and Eastern Mediterranean". As regards the reporting on promotion of the EU's objectives a particular regard should be on the EU's external action as laid down in Article 21 of the Treaty on the European Union, on the Europe 2020 Strategy for growth and jobs and on the significant increase of the transfer of renewable energy and energy-efficient technologies.

This is the second annual report on EBRD's activities in the context of promoting the Union's objectives. Information on the governance of the Bank and how the EU is represented can be found in the 2012 report[2] (no change occurred in the EU representation to the EBRD in 2013).

2. Contribution to EU policy objectives

As a multilateral International Finance Institution, the EBRD is accountable to both its EU and non-EU shareholders and therefore acts in accordance with its own unique governance, regulatory and policy framework.

However, the EBRD generally applies and promotes EU standards and policy requirements, not only in EU countries of operations but also in non-EU recipient countries, where the Bank's projects and policy dialogue aim at meeting or approximating to EU requirements as far as possible. Not all EBRD projects are able to meet EU standards from the outset, mainly due to affordability constraints and the often significant transition gaps. In this instance, the Board of Directors must agree to derogate from the relevant EBRD policy.

Either way, the EBRD contributes to a number of the EU's external objectives as outlined in Article 21 of the Treaty of the EU. In particular, the EBRD delivers technical and financial support which helps promote **sustainable economic, social and environmental development, integration of countries into the world economy**, and **promotion of multilateral and good global governance.** By only engaging in countries that are committed

[1] Since then, Cyprus became an EBRD Country of Operations in May 2014.
[2] http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52013DC0927

4

to the principles of multiparty democracy, pluralism and market economies, the Bank also contributes to the aim of fostering **democracy and the rule of law**.

In promoting its mandate of fostering transition towards market-oriented economies, the EBRD promotes private and entrepreneurial initiatives by helping countries implement **structural and sectoral (economic, social, environmental) reforms** with a view to help them modernise and become **fully integrated into the global economy**. Annex 1 sets out examples of EBRD projects in 2013.

2.1. EBRD Strategies & Policies

In 2013 EBRD adopted the following new strategies and initiatives:

- A new **Energy Sector Strategy**, replacing the 2006 policy. The new strategy encompasses the Bank's focus on structural reform, reinforces EBRD's growing support for renewable energy and focuses on energy efficiency as the overarching priority. During its development, the EU chair was instrumental in ensuring that EU energy sector priorities were integrated into the Bank's lending policy under the new strategy.

- A new **Transport Sector Strategy** which sets out the rationale and objectives for the Bank's involvement in the sector, and which is broadly reflective of the EU's own concerns and priorities. The strategy includes strong references to key EU Directives and standards throughout, and stresses the importance of close coordination with other IFIs in this sector, in particular with the EIB.

- A revised policy on the **Domiciliation of EBRD Clients**. The revised policy focuses on enhanced due diligence and places more emphasis on assessing the sound business reasons for projects involving entities in third jurisdictions. This is designed to ensure that the Bank can obtain a reasonable level of assurance that the structure is not set up or used for the purpose of tax evasion, money laundering or terrorism financing.

- A new **Strategic Gender Initiative**, which sets out how the Bank promotes women's socioeconomic empowerment, equality of opportunity and participation in the labour market, as part of ongoing efforts to mainstream gender objectives in the Bank's work. As a result of the newly created initiative, the EBRD signed 5 investments with a gender focus or component in 2013.

- A new **Small Business Initiative** aimed at maximising the impact of the Bank's work in support of small businesses, a goal that is fully in line with the EU's broader policy objectives. Around one third of EBRD resources are employed in helping SMEs, especially in early transition countries. At the request of the EU chair, the initiative clearly outlines how the Bank intends to work with the EU and other IFIs active in this sector.

Finally, in 2013 the EBRD made strong progress in implementing Phase Three of its **Sustainable Energy Initiative** (SEI) – now in its second year. SEI investments reached €2.4bn in 2013, financing 154 sustainable energy projects and accounting for 28 percent of total Bank investment. Furthermore, the Bank broadened the scope of this initiative in 2013 by approving the **Sustainable Resource Initiative** (SRI), which is aimed at promoting the efficient use of materials and water. SRI projects initiated in 2013 are expected to deliver 0.5m tonnes of waste reductions and 11m cubic metres of water savings.

2.2. Country Strategies

In 2013, EBRD prepared new 3-year Country Strategies for Belarus, Bosnia and Herzegovina, Croatia, FYR Macedonia, Georgia, Kazakhstan, Kosovo[3], Mongolia, Montenegro and Poland. Restructuring of the private sector, stronger regional integration and more efficient sustainable use of resources were identified as key objectives in a number of the strategies, while economic diversification was the main focus for Kazakhstan and Mongolia. Eight of these nine new Country Strategies will guide the Bank's activities in EU member, candidate and potential candidate or neighbourhood countries. The Bank will continue its close cooperation with the EU in the implementation of these strategies to maximise transition impact.

2.3. Europe 2020 Strategy for Growth and Jobs

The main focus of EBRD transactions is to promote systemic economic transition rather than growth. However, as transition is often an enabler of growth, EBRD investments impact on a country's prospects and implicitly on job creation and poverty reduction as well. In this context, the EBRD is contributing to the key ambitions set out in the EU 2020 Growth Strategy, including *smart* growth through investments in the "knowledge economy" and innovation; *sustainable* growth through investments in energy efficiency and low carbon projects; and *inclusive* growth with an impact on gender inequality, rural-urban disparities and youth exclusion. The Bank's focus on these areas was enhanced in 2013, as illustrated by the policy developments outlined in section 2.1 above and the examples of EBRD transanctions in Annex 1. For example, in the Information and Communication Technologies (ICT) sector the Bank invested €307m through 9 operations in 2013, versus €213m 2012. In addition, during 2013 preparatory work took place for the launch of an EBRD Knowledge Based Initiative in 2014, which will facilitate the scaling up of the Bank's activities in ICT and innovation financing.

2.4. EBRD in Southern and Eastern Mediterranean

Following the 2012 ratification of changes to the Articles Establishing the Bank to allow potential recipient country status to be awarded to Egypt, Jordan, Morocco and Tunisia, Jordan, Morocco and Tunisia became EBRD recipient countries in November 2013. Egypt continues to have a potential country of operations status which is expected to be reviewed in 2014. In the meantime EBRD is investing in Egypt through the EBRD SEMED Investment Special Fund, a special fund created to enable financing of projects within the region until such time as they become full countries of operation (see Table 1).

[3] This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

3. 2013 Results

3.1. Operational results

In 2013 EBRD saw a small decline on the level of investments relative to 2012, delivering an **Annual Business Volume of €8.5bn** (versus €8.9bn in 2012) through 392 individual projects and 72 outstanding balances under the Trade Facilitation Programme.

Across its projects EBRD **leveraged additional financing** of €13.5bn during 2013 (€17.4bn in 2012) with the Bank directly mobilising €0.8bn of syndicated loans (€1.2bn in 2012). The Bank's portfolio of investment operations increased marginally to €37.8bn by end 2013 (a 1% increase on 2012).

In terms of geographical coverage **Russia** continued to be EBRD's main country of operations in terms of annual business volume, albeit with a lower share than in 2012 (approx. 20% versus approx. 30% in 2012). The lower business volume in 2013 was due to the challenging environment for EBRD business in the country, with slowing growth, clients being more cautious about capital investment, and high liquidity in the domestic banking market. For 2014, the scale of EBRD's operations in Russia will be influenced by the position of EU shareholders in the context of the relevant EU sanctions. EBRD activities in **Central Asia** also appeared to be declining in 2013 (from approximately 10% in 2012 to 6% in 2013). However this was due to atypical high volume of operations in Mongolia during 2012.

In contrast, in **Central Europe and Baltic states** the share of EBRD's activities relative to 2012 increased, driven mainly by increased business volume in Hungary. Similarly, with 2013 being the first full year of EBRD operations in the **SEMED** region, the Bank increased its volume of investments in the region to €449m in 21 projects, representing approximately 5% of its annual business volume (versus 2% in 2012).

Table 1: EBRD Annual Business volume – €m

Region/Country	2012	2013	Cumulative 1991-2013
Central Europe and the Baltic states	**1,215**	**1,607**	**17,422**
Croatia	210	288	3,037
Czech Republic[4]	0	0	1,137
Estonia	4	23	566
Hungary	75	200	2,863
Latvia	4	23	598
Lithuania	37	32	672
Poland	672	756	6,849
Slovak Republic	185	237	2,024
Slovenia	28	48	813
South-eastern Europe	**1,522**	**1,648**	**17,206**
Albania	69	138	870
Bosnia and Herzegovina	125	208	1,682
Bulgaria	246	197	2,858
FYR Macedonia	157	74	1,159
Kosovo[5,6]	5	22	88

[4] Since 2008 the EBRD has not made any new investments in the Czech Republic.
[5] Kosovo became an EBRD recipient country on 17 December 2012.

Montenegro	39	78	401
Romania	612	508	6,618
Serbia	269	424	3,530
Eastern Europe and the Caucasus	**1,500**	**1,509**	**15,327**
Armenia	94	49	662
Azerbaijan	83	163	1,717
Belarus	185	255	1,305
Georgia	103	116	1,835
Moldova	102	128	862
Ukraine	934	798	8,946
Russia	**2,582**	**1,816**	**24,759**
Central Asia	**871**	**549**	**7,438**
Kazakhstan	374	328	4,916
Kyrgyz Republic	16	134	548
Mongolia	419	64	754
Tajikistan	46	14	299
Turkmenistan	14	8	180
Uzbekistan	2	N/A	741
Turkey	**1,049**	**920**	**3,496**
SEMED	**181**	**449**	**629**
Egypt	10	151	161
Jordan	123	60	183
Morocco	23	168	191
Tunisia	25	69	94
TOTAL	**8,498**	**8,920**	**84,757**

3.2. Risk Taking

In order to deliver on its transition mandate, the EBRD is designed to take higher risks than its private sector counterparts. However, it aims to do so in a measured and open way. Management informs and consults with the Board of Directors on a regular basis, mainly through its Quarterly Risk Reports but also on a case-by-case basis.

The EBRD aims to reduce the risks in its **Treasury book** as much as possible by maintaining high liquidity and short-term investments in the highest quality vehicles. These operations are conducted under delegated authority from the Board with strict rules in place that are reviewed annually.

The **Banking portfolio** on the other hand is designed to take far higher risks by making medium to long term investments that are often tailored or unique products and therefore highly illiquid. However, the EBRD seeks to identify, measure and structure these risks in a way that reduces them or hedges against them. EBRD investments are priced at market rates to reflect an appropriate risk-reward balance (while also ensuring the EBRD does not "crowd out" the private sector).

[6] This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

EBRD seeks to reduce default losses as much as possible and provisions against them in order to maintain a sound capital basis. Other risks (that all market participants face) include **operational risks** (e.g. mistakes or fraud), **reputation risks** linked to the integrity of current and potential clients, and **systemic risks** (e.g. failure of a key Western bank or a major policy change by the US Federal Reserve).

3.3. Financial Results

The Bank continued to experience good financial health in 2013 with a robust capital position, high levels of liquidity, and continued strong support from its shareholders. The capital strength of the EBRD was reflected in its **triple-A rating**, with a stable outlook, which all three major rating agencies reaffirmed in 2013.

In 2013, **net profits** of €1bn were recorded, unchanged from 2012. This meant that EBRD reserves increased from €7.8bn at end 2012 to €8.7bn at end 2013.

EBRD impaired loans and distressed restructured loans remained low relative to the average portfolio risk rating, amounting to 3.3% and 1.5% of operating assets as at end 2013 respectively. Net write-offs amounted to €12m in 2013.

The Bank raised €6.5bn of long-term funding in 2013 under its annual borrowing programme, with an average maturity of 5.1 years. The bonds were issued in 14 currencies (12 in 2012), with US dollar issuance accounting for 71% of the total (60% in 2012).

During 2013 the EBRD Board of Governors also approved €90m of net income to be allocated to the EBRD Shareholder Special Fund[7]. Of this allocation, €65m was attributable to EBRD ordinary operations, with the remaining €25m transferred from net income allocated to the SEMED Investment Special Fund (see section 2.4).

3.4. Transition Impact

The EBRD makes an annual assessment of **transition progress** and remaining challenges across 16 sectors in all its countries of operations. The assessment sets out necessary changes to market structure or market-supporting institutions to bring transition countries up to the standards of the most advanced market economies. In 2013, EBRD extended its transition assessment methodology to incorporate economic inclusion (e.g. in terms gender or place of birth) into its assessment of structural transition gaps.

Overall, in 2013 there was more progress than backtracking. While deeper reforms to different corporate sectors were mostly absent, there was particularly notable progress in the financial sector, with upgrades in non-banking sectors such as capital markets, insurance and private equity. The energy sector emerged as one of the toughest policy areas due to political interference and reform reversals, while significant reform challenges remained in the infrastructure sectors, due to their links to tariff reforms and the need for deep restructuring of large state-owned companies.

[7] The Shareholder Special Fund (SSF), established in 2008, is a fund endowed by the resources of the net income of the EBRD. The Fund's key mandate is to complement existing donor funding operations through technical cooperation, investment grants, incentive payments and equity participation.

3.5. Transparency

The EBRD aims to achieve the highest standards of governance, integrity and transparency in the conduct of its business whilst remaining in line with the Bank's confidentiality obligations.

The Bank publishes a **series of public annual reports** to inform interested parties of its activities and how it has fostered transparency in its operations. These include an Annual Report, an Annual Financial Report, a Transition Report, a Sustainability Report and a Donor Report.

A key tool in the EBRD's accountability mechanism is its **Project Complaint Mechanism**, which reviews complaints where the Bank may have failed to adhere to applicable policies in approving a particular project, and provides the affected community the opportunity to obtain Bank assistance in a problem-solving initiative with the project sponsor. Parallel to that, the **Public Information Policy** establishes what the EBRD needs to do in terms of public consultation and disclosure of information.

In 2013, the Bank conducted public consultations on 12 country strategies and 2 sector strategies, published Project Summary Documents on 132 private sector projects, made Environmental and Social Impact Assessments on all environment category "A" rated projects, and posted accountability and governance information as required. In addition, in 2013 the Bank consulted on the simultaneous reviews of its Public Information Policy itself (last updated in 2011), the Rules and Procedures for the Project Complaint Mechanism (2009) and the Environmental and Social Policy (2008).

Furthermore, in 2013 the Bank had as part of EBRD's engagement with civil society over 2,300 registered **civil society organisations** (CSOs). Over 530 CSOs participated in 45 thematic meetings with Bank staff, while 107 CSOs from 31 countries attended the Civil Society Programme, a high-level platform for dialogue between civil society representatives and the EBRD President, the Board of Directors, senior management and Bank staff.

4. EBRD and International Financial Institutions

4.1. Cooperation with the Commission

Given the role of the EIB and EBRD in promoting European objectives and values in the EU and its Neighbourhood, the Commission actively promotes cooperation under the framework of an **EC-EIB-EBRD Tripartite Memorandum of Understanding** that was signed in March 2011 (revised in November 2012 to reflect expansion to the SEMED region). The MoU Contact Group fosters a culture of regular exchange and the joint identification of co-financing opportunities based on each partner's comparative advantages. The 2013 Contact Group focused on EBRD's and EIB's innovative financing tools for SMEs and municipalities, the outcomes of their respective energy policy reviews as well as issues related to Offshore Jurisdiction Policies.

A further MoU between the Commission, the European External Action Service, the EBRD and the EIB was signed on 13 December 2012. This addresses the identification of relevant investment projects in the framework of the EU-Russia Partnership for Modernisation.

In addition, the **EU Platform for Blending in External Cooperation** was launched in December 2012. Its aim is to deepen EU's engagement with a range of financial institutions in order to leverage their technical expertise and comparative advantages to increase the impact and efficiency of EU external actions. During 2013, the work of the platform included a review of existing blending mechanisms, the establishment of results measurement framework, the improvement of processes and the promotion of financial instruments.

4.2. Cooperation with International Financial Institutions

Beyond its investments and support for economic diversification, the EBRD increasingly plays a crucial role in promoting **Multilateral Cooperation and Good Global Governance**, in line with EU's broader external objectives. The Bank seeks to provide a voice for its region in international fora and works with governments and business leaders to promote good corporate governance and policy and legal reforms.

In November 2012, the EIB, the World Bank Group and EBRD, agreed a second **Joint IFI-Action Plan**, a direct response to the continuing impact of Euroarea problems on the economies of emerging Europe, aimed at supporting economic recovery and growth in Central and South Eastern Europe. By the end of July 2014, the three international financial institutions had already overtaken their target of over €30bn for the years 2013-2014, with joint financing of €33.6bn. with EBRD signing almost €5.5bn worth of projects, exceeding its total commitment of €4bn over this period.

EBRD also participates in the Luxembourg Group that was launched in 2000 as a forum for inter-institutional dialogue and collaboration between major donors active in the Middle East and North African region.

In order to enhance collaboration with EU institutions the EBRD also created in 2013 an External Policy Coordination team and opened an office in Brussels.

4.3. Wider cooperation

Wider partnerships are a crucial component of the EBRD's business model as they help the Bank execute its transition mandate, encourage innovation and set a model for sustainable growth. In particular, technical cooperation (TC) and other grant or concessional instruments (non-TC), can act as a catalyst for EBRD investments and support its activities on the ground, for example through supporting policy dialogue, project preparation and building a client's know-how and technical skills.

The Commission is by far the Bank's most important TC and non-TC donor, contributing over 37% of donor funding received over the past 5 years in support of EBRD projects across all countries and sectors. In 2013, the EU provided nearly a third of the EBRD donor funding (€114m). In recent years, EU funds have increasingly been channelled through regional facilities created to blend EU grants with investment financing from European financial institutions. These facilities include the **Neighbourhood Investment Facility** (NIF), the **Investment Facility for Central Asia** (IFCA) and the **Western Balkans Investment Framework** (WBIF). In 2013, EBRD secured €21.5m from IFCA, €31.8m from NIF and €20.0m from the WBIF.

Bank projects in EU member states also benefit from funding from **Structural and Cohesion Funds.** The Bank is also a key partner on **Nuclear Safety matters**, where it manages six nuclear safety funds on behalf of the European Union and 29 donor governments. A total of €180.3m was allocated to these funds in 2013.

In total, in 2013, EBRD received support of almost €349m in the form of TC and non-TC grants. TC grants were €142.5m supporting over 600 assignments. Infrastructure, sustainable energy and small businesses remained the main focus of donor activity, while there was a growth of initiatives with a strong element of policy dialogue (such as local currency and food security). Donor support also continued to be critical to expanding the Bank's impact in Early Transition Countries and in the SEMED region. The EBRD Annual Donor Report provides further details on the donor activities.

Table 2: Grant contributions by donor (€m)

Donor	2008	2009	2010	2011	2012	2013
Bilateral	55.8	75.7	78.4	240.2	62.3	118.8
EU	37.7	103.9	58.8	133.1	92.2	114.1
Multilateral	0.4	0.2	77.5	60.6	22.5	112.5
Other	0.4	1.6	-	-	0.2	3.3
SSF	115.0	30.0	150.0	-	-	90.0
SEMED	-	-	-	20.0	-	-
Total	**209.3**	**211.4**	**364.7**	**453.9**	**177.2**	**438.7**

5. Annex 1 – Project Examples

5.1 Paving the way for better roads in Moldova

Moldova's once neglected road network is improving and exporters can now more easily transport goods to markets abroad, thanks to the EBRD, the EU's NIF and the EIB. Various investments totalling €670m (the most recent signed in 2013) will help upgrade over 830 km of key roads in the country. Over the last two years, the export volume to the EU – the country's biggest trading market – has increased by more than 20 per cent. This is expected to continue to grow with the establishment of a Deep and Comprehensive Free Trade Area. In addition to businesses thousands of Moldovan citizens will benefit from better and safer roads.

5.2 More reliable water supply in Yerevan

The EBRD, the EU and the EIB are helping to ensure a reliable water supply for the citizens of Yerevan, Armenia's capital city. The EU's NIF provided grant funds of €5.5m, while the EBRD and the EIB provided loans of over €5m each to Yerevan Djur CJSC, the operator of the water infrastructure in the city. The project supports upgrades to those parts of Yerevan's water network that are in poor condition, with the ultimate goal of improving supply and reducing water losses. Furthermore, Yerevan Djur CJSC will install new water meters for households which are expected to lower the company's operational costs and improve tariff collection.

5.3 Saving energy in the Kyrgyz Republic

A US$20m EBRD credit line to local partner banks, signed in 2013, aims to boost energy efficiency in the Kyrgyz Republic by making financing available for energy efficiency improvements in households and private enterprises. The EU's Investment Facility for Central Asia (IFCA) supports the EBRD's Kyrgyz Sustainable Energy Financing Facility (KyrSEFF) with funding for technical assistance and grants. The Facility will help private households to install new windows, insulate walls, roofs and floors, and to introduce efficient boilers, biomass-fuelled heaters or solar water systems in their homes. In the commercial sector, energy efficient investments are expected to cover the purchase of new production machinery, enhance production processes or retrofit company buildings. To help companies identify the most suitable energy savings, IFCA funding helped finance a team of international and local KyrSEFF engineers to provide companies with free advice.

5.4 Nurturing small businesses in Egypt

Accounting for more than 90% of the private sector, small and medium-sized businesses are a fundamental part of Egypt's economy. With EU funding, the EBRD stepped up its support for this sector by officially launching its Small Business Support (SBS) in the country in 2013. SBS connects companies with local consultants and international experts to provide them with the tools, skills and know-how to innovate, attract finance and become the next generation of business leaders. Following the success of the activities in Egypt, the EBRD has also recently begun SBS activities in Tunisia, again with funding support from the EU.

5.5 Improving energy security in Poland

The Polish economy is one of the most energy intensive in central and eastern Europe. EBRD's 12-year loan of PLN300m (equivalent to €75m) to Gaz-system SA, Poland's gas transmission system operator will help create the first liquefied gas terminal in Poland, and in the whole of the EBRD's region, improving energy security across central and eastern Europe.

6. Annex 2 – EBRD Operational and Financial results

6.1 Operational results

	2009	2010	2011	2012	2013	Cumulative 1991-2013
Number of projects	311	386	380	393	392	3,944
Annual business volume (€m)	7,861	9,009	9,051	8,920	8,498	84,757
Non-EBRD finance (€m)	10,353	13,174	20,802	17,372	13,488	168,283
Total project value[8]	18,087	22,039	29,479	24,871	20,527	253,349

6.2 Financial results

€ m	2009	2010	2011	Restated 2012	2013
Realised profit for the year Before impairment[9]	849	927	866	1,007	1,169
Net (loss)/profit Before transfers of net income approved by Governors	(746)	1,377	173	1,021	1,012
Transfers of net income Approved by Governors	(165)	(150)	–	(190)	(90)
Net (loss)/profit After transfers of net income approved by Governors	(911)	1,227	–	831	922
Paid-in capital	5,198	6,197	6,199	6,202	6,202
Reserves & retained earnings	6,317	6,780	6,974	7,748	8,674
Total members' equity	11,515	12,977	13,173	13,950	14,876

[8] "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 business volume" reflecting EBRD finance by year of commitment. The amount of finance to be provided by non-EBRD parties is reported in the year the project first signs.

[9] Realised profit is before unrealised fair value adjustments to share investments, provisions and other unrealised amounts.