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ANNEX 1

ANNEX

2012 Annual Report of the EU Governor of the EBRD to the European Parliament

to the

Communication from the Commission

Communication from Vice-President Rehn in agreement with the President

2012 Annual Report of the EU Governor of the EBRD to the European Parliament

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1. <u>Introduction</u>

This report responds to decisions of the European Parliament and of the Council 1219/2011/EU of 16 November 2011 and 602/2012/EU of 4 July 2012 which introduce a new requirement for the EU Governor of the EBRD to report annually to the European Parliament on: "*…the promotion of the Union's objectives with particular regard to the Union's external action as laid down in Article 21 of the Treaty on European Union, the Europe 2020 Strategy, and the significant increase of the transfer of renewable energy and energy-efficient technologies, … the use of capital, on measures to ensure transparency of operations of the EBRD through financial intermediaries, … 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 to "*…also report on the EBRD's activities and operations in the Southern and Eastern Mediterranean*".

1.1. Background on EBRD

The 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 region. The Bank currently operates in 34 countries across these regions and supports projects that cannot be fully financed by the market, primarily in the private sector.

The Bank's membership compiles 64 countries, the EU and the EIB. Collectively the European Union and its Member States represent around 64% of the Bank's shareholding capital. Board Directors representing these constituencies meet regularly to coordinate their views on the Bank's projects, policies and strategies. This does not always lead to unified positions, however, as Directors representing EU Member States vote as independent shareholders and reflect the priorities of their respective authorities.

As at end 2012, the EU Chair's share in the EBRD authorised capital amounted to 3.04% (€900m out of a total capital of €30bn), of which just over 20% is paid-in (€188m for the EU) with the rest being callable capital (€712m for the EU, which represents a contingent liability for the EU budget).

All 66 shareholders are represented on the EBRD Board of Governors. The EU representative is appointed by the Commission and is presently Mr Olli Rehn, Vice-President for Economic and Monetary Affairs. An Alternate Governor is also appointed by the Commission, presently Mr Marco Buti, Director General of DG ECFIN.

Governors elect the 23-member Board of Directors for a (renewable) term of 3 years. 15 of these Board Directorships are for EU Member States, the EU and the EIB. Each Director appoints an Alternate with the power to act for him/her when he/she is not present. The Board Director for the European Union is currently Mr Vassili Lelakis (DG ECFIN) and his Alternate is Mr Peter Basch (DG ECFIN).

In expressing the official views and positions of the EU Chair, the EU Director takes into account the views of all Commission Services concerned, the European External Action

Service, and other relevant EU bodies, as well as the majority view of Board Directors representing EU Member States.

1.2. Transparency of Operations

The Bank publicises 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 (for web links, see Annex 3).

The **Public Information Policy** (PIP) establishes what the EBRD needs to do in terms of public consultation and disclosure of information. In 2012, the Bank conducted public consultation on 9 country strategies and 1 sector strategy, published Project Summary Documents on 158 private sector projects, made Environmental and Social Impact Assessments on all environment category "A" rated projects, and posted accountability and governance information as required. The Bank also responded to all requests for information with 1 appeal against a refusal decision.

A key tool in the EBRD's accountability mechanism is its **Project Complaint Mechanism**, (PCM) which reviews complaints where the Bank may have failed to adhere to applicable policies in approving a particular project, and affords the affected community the opportunity to obtain Bank assistance in a problem-solving initiative with the project sponsor.

In 2012, the EBRD had over 1,900 **civil society organisations** (CSOs) registered with the Bank and over 400 CSOs participated in thematic meetings with Bank staff. The Civil Society Programme is the flagship event of the Bank's engagement with civil society and takes place alongside the EBRD Annual Meeting and Business Forum. It provides a high-level platform for dialogue between civil society representatives and the EBRD President, the Board of Directors, senior management and Bank staff.

2. <u>2012 Results</u>

2.1. Financial

The Bank continued to experience good financial health in 2012 with a strong capital position (reflected in its triple-A rating, with a stable outlook), high levels of liquidity, and continued strong support from its shareholders.

The EBRD delivered an Annual Business Volume (ABV) of €8.9bn through 393 individual projects and 72 outstanding balances under the 2012 Trade Facilitation Programme. This includes 6 commitments for €181m funded in the Southern and Eastern Mediterranean (SEMED) region. These projects ***leveraged additional financing*** of €17.4bn during 2012 (€20.8bn in 2011) with the Bank directly mobilising €1.2bn of syndicated loans (€1.0bn in 2011). The Bank's portfolio of investment operations rose to €37.5bn by end 2012 (an 8% increase on 2011).

Net profits of €1bn were recorded in 2012 (€173m in 2011) mainly due to the change in unrealised equity fair values, which, given the volatility of equity markets, is likely to vary significantly going forward. This meant that EBRD reserves increased from €7.0bn in 2011 to €7.8bn at end 2012.

The Bank raised €6.3bn of long-term funding in 2012 under its annual borrowing programme, with an average maturity of 4.1 years. The bonds were issued in 12 currencies, with US dollar issuance accounting for 60% of the total.

Operational and financial results, as well as the geographic breakdown of the Bank's actions, can be found in Annex 1.

2.2. Transition Impact

The EBRD makes an annual assessment of transition progress and remaining challenges across 15 sectors in all EBRD countries of operations. This assessment of "transition gaps" is done in terms of changes to market structure or market-supporting institutions necessary to bring them up to the standards of the most advanced market economies.

In 2012, progress in democratic reform in some parts of the EBRD region was strong, while elsewhere reforms stagnated. Reform progress was most pronounced in countries starting out on the democratic path, such as **Egypt** and **Tunisia**, although there was a degree of turbulence and the transition process is likely to remain uneven for all countries in the SEMED region. Countries in the **Western Balkans** region remained on the democratic reform track, supported by the process of EU integration and by intensified regional cooperation, although populism and inter-ethnic tensions continue to hamper the democratic consolidation process. **Armenia**, **Georgia**, and **Moldova** strengthened their democratic credentials with free and fair elections and the formation of reform-minded governments, and the **Kyrgyz Republic** and **Mongolia** also made further democratic gains.

Elsewhere in the EBRD region democratic reforms were more mixed. In **Russia**, advances on certain democratic reforms and more open presidential elections in March 2012 were in part offset by other measures taken by the authorities. In **Ukraine**, the significant progress made in the preceding years was dented by the selective application of justice and pressure on independent media. Democratic progress in most other **CIS countries** was at best slow, and concerns regarding widespread corruption, weak adherence to the rule of law, and human rights violations were noted. The Bank continued to be seriously concerned about the lack of democratic reform progress in **Belarus** and **Turkmenistan** and continued to employ a calibrated strategic approach to operations, focusing on private sector projects and progress against well-defined political and economic benchmarks.

Work on introducing **economic inclusion** into the transition system began in 2012 and in 2013 the Bank added gender inequality, rural and urban disparities and youth issues as three additional dimensions.

2.3. 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 or hedges against them (e.g. exit routes, disbursement controls, covenants, guarantors etc.). EBRD investments are priced at market rates to reflect an appropriate risk-reward balance (whilst also ensuring the EBRD does not “crowd out” the private sector).

Some defaults are to be expected, but the EBRD seeks to reduce such losses as much as possible and provisions against them in order to maintain a sound capital basis. EBRD **impaired loans** stood at a very low 3.4% of Debt Operating Assets as at end 2012 (€676m).

Other risks (that all market player face) include **operational risks** (e.g. mistakes, fraud etc.), **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).

2.4. Geographic Expansion

In 2011, the EBRD had begun phasing-in operations in the **Southern and Eastern Mediterranean** (SEMED) region through donor-funded Cooperation Funds for project preparation, etc. In 2012, however, a sufficient number of EBRD shareholders had ratified changes to Article 18 of the Agreement Establishing the Bank (AEB) to allow potential recipient country status to be awarded to Egypt, Jordan, Morocco and Tunisia. This enabled the Bank to begin delivering a wide range of investment operations in the new region through a dedicated Investment Special Fund from November onwards (see Annex 2). It was widely expected that these countries would become fully fledged recipient countries in 2013-14.

After significant discussion, EBRD Governors voted in November 2012 in favour of **Kosovo** becoming a member of the EBRD, making it the Bank's 66th member and 30th country of operations. The resolution that was approved stressed that the decision was without prejudice to the positions of the EBRD's individual members on the status of Kosovo.

2.5. New President

At the Annual Meeting in London in May 2012, Sir Suma Chakrabarti of the UK won the first ever contested election for EBRD President and replaced Thomas Mirow in July. On his arrival, the new President initiated a process of "modernisation" in the Bank which was designed to change the way that it operates internally and to "maximise efficiency and deploy investment, policy dialogue, technical cooperation and leadership to the greatest effect".

3. Contribution to Promote the Union's Objectives (see project examples in annex 2)

As a multilateral International Finance Institution (IFI), 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 gap. 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 help 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 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.***

3.1. EBRD Strategies & Policies

In 2012 a new **Mining Operations Policy** was approved which sets out the Bank's aims and principles for promoting responsible mining in line with best international standards as regards environmental, health, safety and social aspects (coal usage and fossil fuel extraction is covered by the Energy Strategy which is up for consultation in 2013). This policy was firmly grounded in the relevant EU Directives and related environmental standards, with numerous references to EU normative and legal standards in this area.

A third phase of the EBRD's **Sustainable Energy Initiative** (SEI) for the period 2012-2014 was agreed in 2012 in order to continue the successful work of promoting economic competitiveness and growth based on energy efficiency and a low-carbon foundation. Some €2.3bn of annual business volume in 2012 is directly related to SEI activity and contributes to the Bank's target of having 20% of investments with a sustainable energy element. SEI phase 3 will further develop energy efficiency and climate change mitigation activities whilst also increasing its focus on adaptation. It aims to reach €4.5-6.5bn of financing, with a target carbon emission reduction of 26-32m tonnes of Co2. At the request of the EU Chair, phase 3 will further harmonise and coordinate with climate plans of other IFIs.

A key growth area for the Bank is ***renewable energy*** financing. Since 2006, the Bank has made 57 investments comprising wind, solar, biomass, and hydropower projects, as well as contributions to renewable energy funds. Taken together, the Bank invested over €2bn in projects with a total value of over €5bn leveraging over €3bn of investments from the public and private sectors.

In 2012, a new five-year **Municipal and Environmental Infrastructure Strategy (MEI)** that based on EU environmental standards was adopted. The MEI sector has high relevance for many of the poorest EBRD recipient countries, and because of the high transition challenges is seen as a core part of Bank business. Funding from EU blending facilities is frequent in this area.

3.2. Country Strategies

In 2012, EBRD prepared new 3-year Country Strategies for Albania, Armenia, Estonia, Lithuania, Romania, Russia, the Slovak Republic, Tajikistan and Turkey.

In view of **Turkey** being on the FATF (Financial Action Task Force) list for countries with Anti-Money Laundering/Counter-Terrorism Financing legislative deficiencies in 2012, the EU Chair was instrumental in ensuring that the Bank undertakes extra due diligence for all projects involving Turkish sponsors.

Country Strategies for **Estonia, Lithuania and the Slovak Republic** reflected their advanced transition status and set out clear paths towards their graduation from the Bank. Stressing the role of the EBRD in helping the **Romanian** authorities to better absorb EU structural and cohesion funds was taken on board for the Romania strategy.

Significant negotiations went into the **Russian** Strategy, given it represents more than a third of EBRD's business. The EU Director successfully argued for appropriate language as regards Russia's need to comply with international trade rules in view of its WTO membership. In light of the number of on-going trade disputes between the EU and Russia, it was considered vital to send a strong signal to both the Russian authorities and to EBRD that it should avoid supporting projects that run counter to agreed trade rules, and that Russia must make more efforts to integrate into the global economy and further market reforms.

Within the context of all country strategy documents, the EU Chair negotiated a set of standard procedures for the handling of derogations from EU environmental requirements at project level that would require clear justifications and concrete complementary actions.

3.3. Special Action for Greece

Following a request for support and collaboration from the Greek authorities in August 2012, the EBRD set up a Task Force to explore how it could support growth in Greece and the region through cross-border infrastructure investments, trade integration and regional business development involving Greek subsidiaries present throughout South Eastern Europe. After a number of exploratory high-level meetings with the Greek authorities, Greek business partners, the European Commission's relevant services and it Task Force for Greece, as well as with the EIB, the EBRD helped the EIB to establish a trade facilitation programme for Greece and preparations were made for launching a new €711m financing package for 9 Greek bank subsidiaries in Bulgaria, Romania and Serbia to reduce their reliance on their Greek parents. The Bank also supported a significant number of projects involving Greek corporates in South Eastern Europe.

3.4. Europe 2020

The main focus of EBRD transactions is to promote systemic economic transition rather than growth. As transition is often an enabler of growth, EBRD investments do impact on a country's prospects and implicitly on job creation and poverty reduction as well. An illustration of this is the Bank's work to support SMEs through the provision of credit lines and technical support in business management. In 2012, some 1,500 SME projects were carried out. 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.

4. Inter-Institutional Cooperation

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.

4.1. EC-EBRD-EIB Tripartite MoU

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 MoU that was signed in March 2011 (revised in November 2012 to reflect expansion to the SEMED region). The MoU set up a Contact Group to foster a culture of regular exchange and the joint identification of co-financing opportunities based on each partner's comparative advantages. 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.

4.2. EU Platform for Blending in External Cooperation

During 2012, the EBRD participated in a Group of Experts which resulted in the Commission establishing a new EU Platform for Blending in External Cooperation (EUBEC), which was launched on 14 December. Its aim was to deepen EU engagement with a range of financial institutions and leverage their extensive technical expertise and comparative advantages in order to coordinate and improve the impact and efficiency of EU external actions. Technical work has started on an analysis of blending mechanisms, including best practices, governance structures and how to measure and monitor results.

4.3. IFI Partnerships

In November 2012, the EIB, the World Bank Group and EBRD, agreed a second **Joint IFI-Action Plan** aimed at supporting economic recovery and growth in Central and South Eastern Europe, with a financial package of over €30bn (as well as policy advice) for the years 2013-2014 (called "Vienna II" as it is modelled on the 2009-2010 "Vienna Initiative" Action Plan). This was a direct response to the continuing impact of Eurozone problems on the economies of emerging Europe and aims to boost growth in the region by supporting private and public sector initiatives, including infrastructure, corporate investment and the financial sector. The EBRD will focus its support on the Western and Eastern Balkans, the Baltics, and Central European countries and expects to invest up to €4bn in loans, equity and trade financing which will be underpinned by policy dialogue aimed at economic restructuring, diversification, and enhancing corporate governance.

The **Deauville Partnership** was launched by the G8 during the Deauville Summit in May 2011. It looks to coordinate the G8's policy response (political, financial and trade) to the Arab Spring (including the mobilisation of IFI and non-G8 bilateral donors) with the aim of supporting transition to sustainable and inclusive growth. The extension of the EBRD mandate to the SEMED region was identified as a key component of the finance pillar.

4.4. Donor support:

Grants from donors are crucial in addressing transition challenges in the EBRD's countries of operations (see Annex 2). In 2012, grant funds supported programmes and initiatives across almost all parts of the EBRD activities, amounting to €177m from more than 30 bilateral donors, multi-donor funds and multilateral facilities. On average, grant funds finance 500 Technical Cooperation (TC) assignments and 60 non-TC grants operations per year. Moreover, donor support has been critical to expanding the Bank's impact in Early Transition Countries and laying the foundations for success in the SEMED region.

Grant contributions by donor (€m)

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

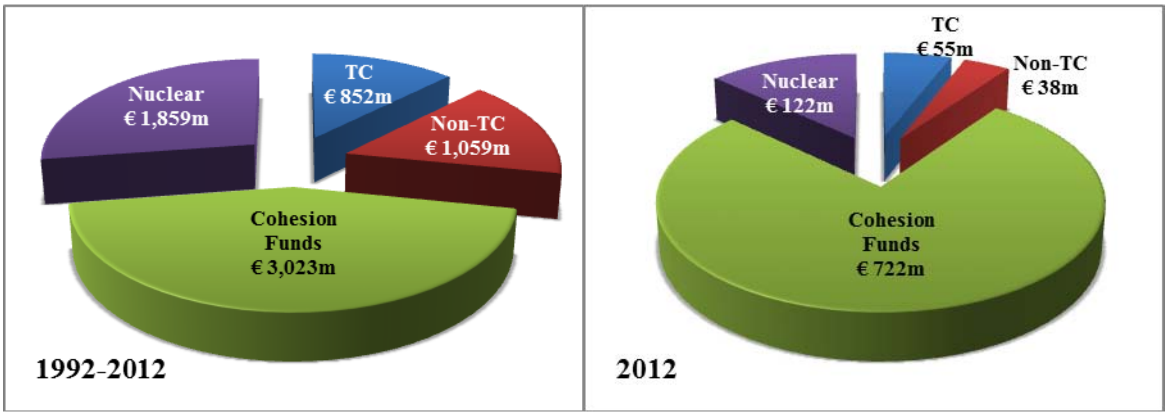
The Commission is by far the Bank's most important TC and non-TC donor, contributing over a third of donor funding in support of EBRD projects, with more than half of all donor funds in 2012 (€92m). EU grant funds cover all the Bank's countries and sectors. In recent years, EU funds have increasingly 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 2012, EBRD secured €25.7m from NIF, €17m from IFCA, and €35.2m from the WBIF. In addition, EBRD mobilised €21.5m from the **Instrument for Pre-Accession Assistance** for projects in Albania and Bosnia & Herzegovina.

The Bank's projects in EU member states also benefit from significant funding from **Structural and Cohesion Funds**. While these contributions vary over the years, some €3bn has benefitted EBRD projects since 1992.

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: the Nuclear Safety Account, the Chernobyl Shelter Fund, three international decommissioning support funds, and the Nuclear Window of the Northern Dimension Environmental Partnership.

Moreover, the Commission is the lead co-financier of a number of EBRD-managed multi-donor trust funds like the Northern Dimension Environmental Partnership (€84m) and the Eastern Europe Energy Efficiency and Environmental Partnership (E5P) programme (€40m), which aim to promote energy efficiency investments and improve the environment and nuclear safety in Russia, Belarus and Ukraine.

Figures 1 & 2: EU donor funding



The Bank's annual Donor Report provides further information, including details of measures introduced by the Bank following the completion of the Grant Co-Financing Strategic Review in 2012. The first comprehensive overhaul of the Bank's grants management systems since 1995, this Review has introduced reforms to respond to a growing and more complex grants portfolio.

4.5. EBRD Operational Coordination Office in Brussels

From early on in his tenure, EBRD President Chakrabarti aimed to show that that he sees the EU-EBRD relationship as an important and strategic one. In 2012 he committed to explore ways of strengthening this, most notably through the opening of an EBRD Operational Coordination Office in Brussels (OCOB). This Office aims to foster closer operational relations rather than governance or shareholder issues.

5. Annex 1 – EBRD Results

5.1. Operational results 2008-12

	2012	2011	2010	2009	2008	Cumulative 1991-2012
Number of projects	393	380	386	311	302	3,644
Annual business volume (€ million)	8,920	9,051	9,009	7,861	5,087	78,916
Non-EBRD finance (€ million)	17,372	20,802	13,174	10,353	8,372	155,644
Total project value[1]	24,871	29,479	22,039	18,087	12,889	235,387

5.2. Financial results 2008-12

€ million	2012	2011	2010	2009	2008
Realised profit for the year Before impairment[2]	1,006	866	927	849	849
Net (loss)/profit for 2012 Before transfers of net income approved by Governors	1,020	173	1,377	(746)	(602)
Transfers of net income Approved by Governors	(190)	–	(150)	(165)	(115)
Net (loss)/profit for 2012 After transfers of net income approved by Governors	830	–	1,227	(911)	(717)
Paid-in capital	6,202	6,199	6,197	5,198	5,198
Reserves & retained earnings	7,808	6,974	6,780	6,317	6,552
Total members' equity	14,010	13,173	12,977	11,515	11,750

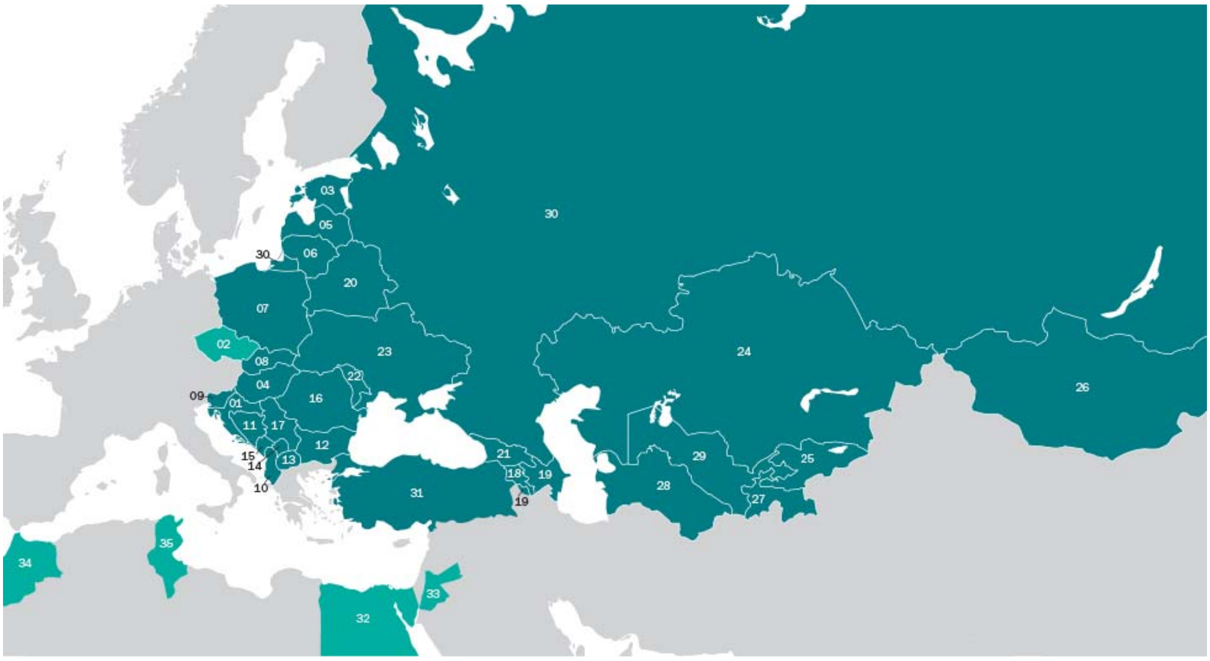
[1] "Total project value" is the total amount of finance provided to a project, including both EBRD and non-EBRD finance, and is reported in the year in which the project first signs. EBRD financing may be committed over more than one year with "annual business volume" reflecting EBRD finance by year of commitment. The amount of finance to be provided by non-EBRD parties is reported in the year the project first signs.

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

5.3. Geographic Results

The tables below set out the EBRD's Annual Business Volume in € millions by region and by country.

5.3.1. Map of where the EBRD Operates



01 Croatia	13 FYR Macedonia	25 Kyrgyz Republic
02 Czech Republic	14 Kosovo	26 Mongolia
03 Estonia	15 Montenegro	27 Tajikistan
04 Hungary	16 Romania	28 Turkmenistan
05 Latvia	17 Serbia	29 Uzbekistan
06 Lithuania	18 Armenia	30 Russia
07 Poland	19 Azerbaijan	31 Turkey
08 Slovak Republic	20 Belarus	32 Egypt
09 Slovenia	21 Georgia	33 Jordan
10 Albania	22 Moldova	34 Morocco
11 Bosnia & Herzegovina	23 Ukraine	
12 Bulgaria	24 Kazakhstan	

5.3.2. Central Europe and the Baltic states

Country	2012	2011	Cumulative 1991-2012
Croatia	210	158	2,749
Czech Republic[3]	0	0	1,137
Estonia	4	20	543
Hungary	75	124	2,663
Latvia	4	19	575
Lithuania	37	2	640
Poland	672	891	6,093
Slovak Republic	185	68	1,787
Slovenia	28	103	765
Total	**1,215**	**1,385**	**16,952**

5.3.3. South-eastern Europe

Country	2012	2011	Cumulative 1991-2012
Albania	69	96	732
Bosnia and Herzegovina	125	94	1,474
Bulgaria	246	92	2,661
FYR Macedonia	157	220	1,085
Kosovo[4]	5	n/a	66
Montenegro	39	43	323
Romania	612	449	6,110
Serbia	269	533	3,106
Total	**1,522**	**1,527**	**15,557**

5.3.4. Eastern Europe and the Caucasus

Country	2012	2011	Cumulative 1991-2012
Armenia	94	93	613
Azerbaijan	83	289	1,554
Belarus	185	194	1,049
Georgia	103	187	1,719
Moldova	102	69	733
Ukraine	934	1,019	8,148
Total	**1,500**	**1,851**	**13,817**

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

5.3.5. Russia

Country	2012	2011	Cumulative 1991-2012
Russia	2,582	2,928	22,943
Total	**2,582**	**2,928**	**22,943**

5.3.6. Central Asia

Country	2012	2011	Cumulative 1991-2012
Kazakhstan	374	289	4,588
Kyrgyz Republic	16	66	414
Mongolia	419	62	690
Tajikistan	46	28	285
Turkmenistan	14	23	172
Uzbekistan	2	3	741
Total	**871**	**470**	**6,891**

5.3.7. Turkey

Country	2012	2011	Cumulative 2009-12
Turkey	1,049	890	2,576
Total	**1,049**	**890**	**2,576**

5.3.8. Southern and Eastern Mediterranean

Country	2012	2011	Cumulative
Egypt	10	n/a	10
Jordan	123	n/a	123
Morocco	23	n/a	23
Tunisia	25	n/a	25
Total	**181**	n/a	**181**

6. Annex 2 – Project Examples

6.1. Morocco Rural Electrification

EBRD launched its first investments in Morocco in September 2012. Since then, it has financed new projects for an amount of some €180m with a focus on SMEs, basic infrastructure and food businesses. With funding from the SEMED Multi-Donor Account, to which the EU has provided some €20m, preparatory work has also been carried out for a major investment in Morocco's energy infrastructure targeting remote villages and rural populations which have previously had little or no reliable access to electricity. A new €60m loan has now been offered to the Office National de l'Electricite et de l'Eau Potable and will help millions of Moroccans connect to the electricity grid and provide equal opportunities for up to 40,000 people across the country. Moreover, these efforts will also help Morocco reduce its dependency on energy imports and promote sustainability while contributing towards the Government's aim to bring rural electrification rates from 97-100%s. The loan also finances a pilot smart metering programme, which will be essential for the deployment of decentralised generation from renewable energy, for example through solar photovoltaic panels on roofs.

6.2. Trade Facilitation Programme

EBRD's long-running Trade Facilitation Programme TFP is a first-hand example of the Bank's efforts to help countries open up, trade and integrate into the global economy. In 2012, the TFP financed 1,870 trade transactions with 75 banks across 16 countries worth over €1.1bn. The Bank's e-learning school in trade finance also continued apace in 2012 and has now trained over 500 students since its start (2010), helping to transfer much needed skills to bank staff in the management of various trade finance instruments for the benefit of local importers and exporters.

6.3. Oyu Tolgoi Gold & Copper Mine Project

Following long discussions during 2012, the EBRD Board Directors approved a €400m investment contribution for an overall €19.7bn development of the Oyu Tolgoi copper and gold deposit in the South Gobi region of Mongolia by Rio Tinto. In providing this loan, the EU Chair (with support from other Directors) ensured the EBRD took (and would continue to take) proper account of the project's environmental risks, including those expressed by CSOs. This would include regular monitoring and an annual report to Directors on environmental and social audit results. EBRD President Sir Suma Chakrabarti has given this project his strong personal backing, which forms part of the largest ever FDI into Mongolia and the Oyu Tolgoi mine (once operational) is predicted to amount to about one third of Mongolian GDP.

6.4. Energy Efficiency in the Balkans

Countries in the Western Balkans are 2.5 times more energy intense than the EU average, mainly due to a dilapidated infrastructure and the inefficient use and distribution of energy. One of the EBRD priorities across the region is to reduce this gap. Through its Western Balkans Sustainable Energy Financing Facility (WeBSEFF), the Bank provides credit lines totalling €60m to local partner banks for on-lending to local businesses. Technical cooperation to advise on suitable projects is funded through the multi-donor European Western Balkans Joint Fund, alongside incentive payments to borrowing companies from the EU's Western Balkans Investment Framework. This support has allowed an entrepreneur who produces plum jam to fuel a new biomass boiler system for their factory with plum stones thanks to a €150,000 loan from one of EBRD's local partner banks, thus enabling this company to cut its energy use (and also costs) significantly.

6.5. Modernising Chisinau's Urban Transport

Trolleybuses have been the mainstay of public transport in Chisinau since Soviet times but due to their poor state of repair, their numbers have been decreasing. In 2012, the EBRD extended a €5m loan to the municipality to buy 102 new, more energy efficient vehicles together with maintenance equipment. The new vehicles produce zero carbon emissions and the usage has already increased by up to 30%. The investment was been co-financed with a €5m loan from the EIB and €3m grant from the EU's Neighbourhood Investment Facility, and forms part of a comprehensive plan to radically improve circulation in Moldova's capital while contributing towards a healthier environment and a more efficient transport system.

6.6. Nuclear – supporting Chernobyl

The EU is by far the largest contributor to the EBRD's nuclear safety funds. Since the start of operations, the EU has extended more than €1.8bn in support to enhance nuclear safety in EBRD's region, including support to the Chernobyl Shelter Fund, and the NDEP Nuclear window. EU has also helped finance the decommissioning of nuclear power plant units in Lithuania (Ignalina), the Slovak Republic (Bohunice) and Bulgaria (Kozloduy).

The Chernobyl shelter Fund was set up by the G7 in 1997 to make the accident site into a safe and secure site. To date the fund has received some €900m of which the EU has contributed one third. Administered by the EBRD, funds are used to construct a more than 100m tall safe confinement which will cover the remains of the old reactor building and shelter. EU funds have also been provided for the creation of an Interim Spent Fuel Storage Facility.

7. Annex 3 – Website Links

EBRD Annual Report:
http://www.ebrd.com/pages/research/publications/flagships/annual.shtml

EBRD Annual Financial Report:
http://www.ebrd.com/pages/research/publications/flagships/financial.shtml

EBRD Transition Report:
http://www.ebrd.com/pages/research/publications/flagships/transition.shtml

EBRD Public Information Policy:
http://www.ebrd.com/pages/about/policies/pip.shtml

Project Complaints Mechanism:
http://www.ebrd.com/pages/project/pcm/register.shtml.
Includes details of all complaints and available reports.

Civil Society Engagement:
www.ebrd.com/pages/about/workwith/civil.shtml.