European Bank
for Reconstruction and Development

Impact Report 2024





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President's foreword

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The EBRD was founded in 1991 with a clear goal: to promote economic transition through private-sector development.

For almost 35 years, the Bank has strived to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative.

Over time, the way we design our projects and develop our activities has evolved, responding to more complex needs in our countries of operation. In parallel, we have developed tools to measure our impact, while keeping our private-sector focus.

Among our shareholders, there are growing expectations on all multilateral development banks to contribute to addressing global and regional challenges with a view to scaling up impact significantly.

In this context, monitoring and explaining our actual impact has become even more critical. I believe it is essential for the EBRD to do more to explain and communicate our actions. Measuring and understanding our impact is also a prerequisite for amplifying it.

This is the aim of our first *Impact Report*. It sets out our activities and impact in the sectors where we invest – such as in renewables to strengthen energy security and foster green transition, in small and medium-sized enterprises to enhance resilience, with larger corporates to enhance competitiveness, and in key infrastructure, including through public-private partnerships.

A particular area where the EBRD has scaled up its impact has been in Ukraine, where the Bank is a committed and steadfast partner. Since the start of Russia's war on Ukraine in 2022, the Bank has supported resilience and livelihoods in the real economy, deploying €2.4 billion in 2024 alone.

As this report shows, the EBRD's impact goes beyond individual projects. Through a combination of investment and policy work at country and regional level, the Bank sets in motion systemic change in the 36 economies where it invests.

This *Impact Report* is published at a pivotal time: the EBRD will begin investments in sub-Saharan Africa and Iraq for the first time in the near future, and we are finalising our next five-year strategy – the Strategic and Capital Framework for 2026-30.

This report – which we plan to publish annually – is designed to deliver a first assessment of the Bank's impact and provides a starting point for further improvements in reporting in the years ahead, so we are accountable to our stakeholders for our impact.

Our *Impact Report* will be a living reference and, as the Bank focuses even more on achieving systemic impact in the future, improved impact measurement and monitoring systems will play a vital part in this effort.

I would like to thank our partners and shareholders, the businesses that we work with, the civil society organisations who collaborate with us and our staff for helping shape our past and define our future as we continue to "invest in changing lives".

Odile Renaud-Basso
EBRD President
May 2025

EBRD activities and projected results in 2024

EBRD activities in 2024

Number of projects[a]
584

Annual investment[b]
€16.6bn

Share of investments supporting green projects
58%

Amount deployed in Ukraine
€2.4bn

Bonds issued with EBRD participation
€19bn

Trade finance transactions facilitated[c]
1,813
worth a total of **€4.7bn**

Total finance mobilised[d]
€26.8bn

Finance mobilised directly by the EBRD[e]
€4.8bn

Donor funds committed
€1.6bn

a. Number of projects to which the EBRD made commitments during the year. Does not include projects in the West Bank and Gaza, which are included in subsequent figures on and analysis of impact and results.

b. Annual Bank Investment (ABI): The volume of commitments made by the Bank during the year. It includes: (i) new commitments (less any amount cancelled or syndicated within the year); (ii) restructured commitments; and (iii) trade finance (Trade Facilitation Programme) amounts issued during the year and outstanding at year end.

c. Under the EBRD's Trade Facilitation Programme, the Bank provides guarantees to international commercial banks, thereby covering the political and commercial payment risk of transactions undertaken by partner banks in the EBRD region. The EBRD also extends short-term loans to selected partner banks and factoring companies to fund trade-related advances to local companies for pre-shipment and post-shipment finance, as well as other financing necessary for the performance of foreign trade contracts and domestic and international factoring operations. As part of the programme, our partner banks are better able to provide trade financing to their clients, giving entrepreneurs across the EBRD region the support they need to import and export.

d. The sum of annual mobilised investment (AMI) and private indirect mobilisation (PIM) in a given year. Multilateral development banks (MDBs) define PIM as financing from private entities provided in connection with a specific activity for which an MDB is providing financing, where no MDB is playing an active or direct role that leads to the commitment of the private entity's finance. This amount includes many instances where the EBRD was instrumental in the underlying transaction, but the structure of the project did not allow it to evidence the qualification of the mobilised amount as direct mobilisation.

e. Annual mobilised investment (AMI): The volume of commitments from entities other than the EBRD made available to Bank clients explicitly as a result of the Bank's direct involvement.

New projects in 2024: projected results

Growth of more than €1.1 billion in loans to micro, small and medium-sized enterprises from partner financial institutions

180 firms and other entities improving business standards or governance[f]

Emissions reduction of 10.8 million tonnes/year in carbon dioxide equivalent, equivalent to taking 2.5 million petrol-powered cars off the road

73.1 million GJ/year in primary energy savings, equivalent to around 80 per cent of the total final energy consumption in Albania in 2023

16.6 million MWh/year of renewable electricity produced, equivalent to the total renewable energy generation in Uzbekistan and Serbia in 2022

10,000+ individuals improving skills after completing training

7 million individuals benefiting from new or improved municipal infrastructure[g]

4.1 million individuals benefiting from better digital coverage[h]

f. EBRD clients or their suppliers who improve at least one of: a) business standards (for example, quality standards, health and safety standards, licensing standards); b) inclusive or gender-responsive standards and policies (such as equal opportunity action plans, policies improving workforce diversity, policies preventing gender-based violence and harassment); c) corporate governance (for instance, implementing a corporate governance action plan, improving the structure and functioning of the Board, improving transparency and disclosure; d) corporate climate governance (for example, improving corporate climate governance strategy, risk management or reporting).

g. Municipal infrastructure and services beneficiaries include beneficiaries of new or improved flood protection, drinking water, wastewater treatment, solid waste management, public transport, district energy, and energy efficiency in buildings.

h. Refers to individuals benefiting from the presence or availability of new or improved network infrastructure, such as broadband, mobile networks or wireless hotspots, in a given area.

Delivering impact

Delivering impact

The EBRD is a multilateral development bank with a private-sector focus. The Bank was founded to harness the power of the private sector to help bring about economic transformation and lasting change in our diverse countries of operation. Over three-quarters of the EBRD's investments in 2024, and historically, have been directed to the private sector. When the Bank engages with sub-sovereign entities and state-owned enterprises, it focuses on improving their efficiency and corporate governance, promoting institutional and structural reforms that create a conducive environment for private-sector involvement while enhancing longer-term sustainability and service quality.

Impact is at the heart of everything the EBRD does. The Bank aims to achieve this by supporting the development of sustainable and well-functioning market economies led by the private sector and entrepreneurial initiative. We believe this is the most effective way of delivering positive socioeconomic outcomes and advancing prosperity for all in the long term, and it is what makes the EBRD different from other development finance institutions. The EBRD's focus is on generating systemic change – its investments and policy support are not just about financing individual projects but about their ability to support market reforms and stronger institutions, driving a broader economic transformation. Working across 36 economies on three continents, the EBRD's investments enhance the competitiveness of companies of all sizes, build the resilience and sustainability of financial institutions and infrastructure operators and help shape business-friendly institutional and policy environments through targeted reforms.

The EBRD's impact is felt even more during a crisis such as the war on Ukraine. As the biggest institutional investor in the country, the Bank stepped up its delivery as soon as the conflict began. This in turn helped incentivise flows of private capital and galvanise donor funding to support the Ukrainian economy and people.

The Bank's performance in 2024 was remarkable. Annual investment[1] reached a record €16.6 billion across 584 projects, rising by more than 25 per cent from 2023. In addition, our investments unlocked even more financing, taking the total amount mobilised in 2024 to €26.8 billion. With half of the EBRD's investments benefiting from donor support and grant finance, the Bank also committed €1.6 billion of donor funds last year, with recent growth driven predominantly by contributions from large European Union programmes and bilateral donors to support Ukraine. On average, projects in the Bank's portfolio are delivering 80 per cent of their targets within their envisaged timeframe.

This record-breaking year included many highlights. Beyond our work to support Ukraine, the Bank delivered impact in multiple ways. Much of this fell under the three themes prioritised by the EBRD's current core strategic aspirations[2] – the green transition, equality of opportunity and the digital transition. As the Bank draws up its new strategic aims for 2026-30, we will continue working to encourage flows of private capital to areas where its impact can be not just significant but self-sustaining.

Partnering with both the public and private sectors maximises the Bank's flexibility and reach. Projects combining infrastructure built by the private sector with strong public-sector governance typically hit targets on time, increase market confidence, inspire emulation and have greater impact. Similarly, tailoring inclusive and digital solutions to local contexts, especially in underserved or conflict-affected areas, produces multiplier effects that reinforce systemic change. Achieving this during the reconstruction of Ukraine will be particularly important.

1. Also referred to as Annual Bank Investment.
2. As detailed in our Strategic and Capital Framework (SCF) 2021-25, see EBRD (2020).

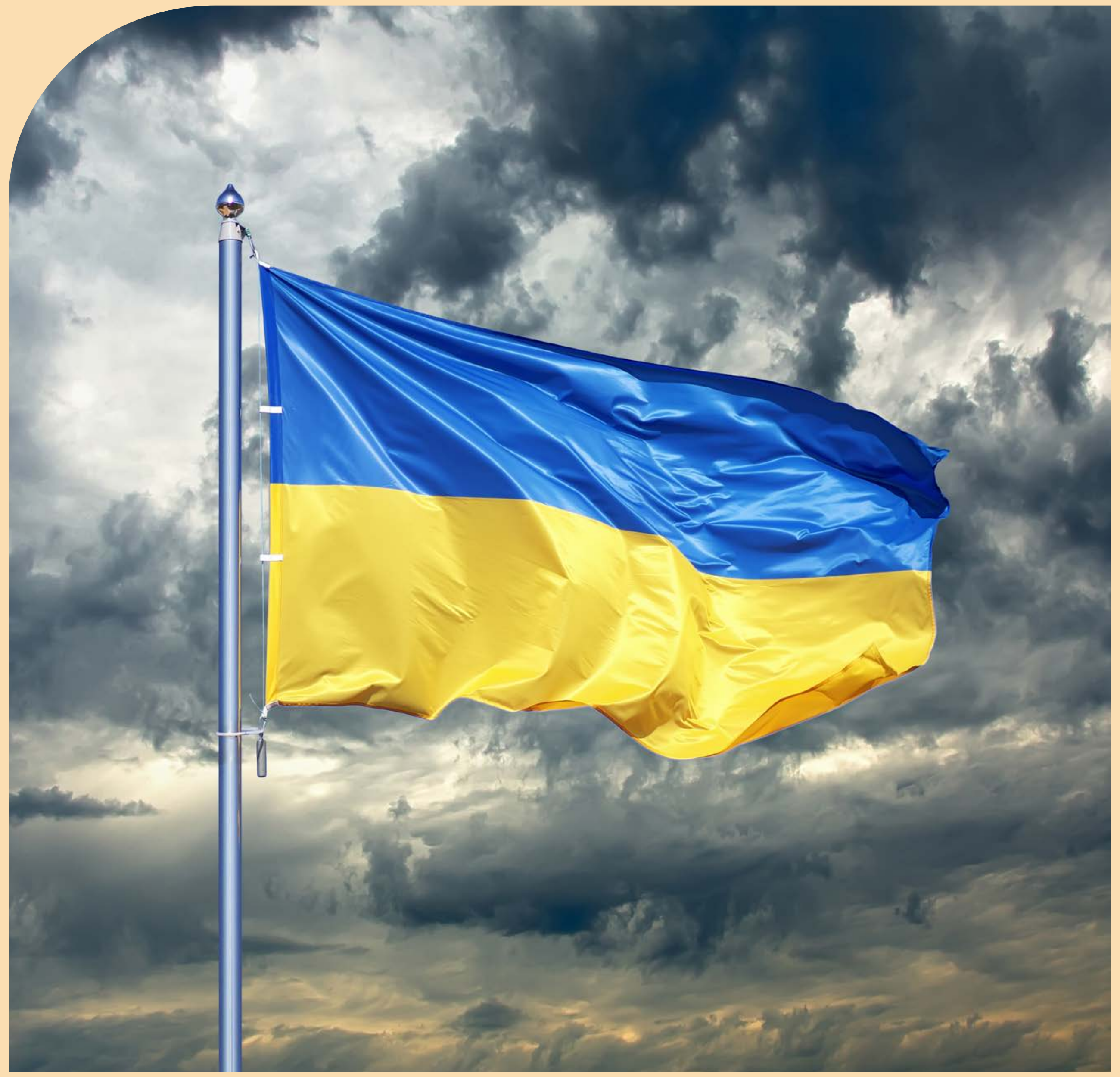
Delivering impact

Supporting Ukraine

The EBRD has stood firm with Ukraine since the start of Russia's full-scale invasion in 2022. The Bank has continued to support the resilience of the Ukrainian people, private-sector businesses and essential infrastructure by focusing on energy security, food security, trade finance and human capital.

- The Bank is the largest institutional investor in Ukraine. More than half of its €6.2 billion contribution to the country's real economy since the start of the war has gone to the private sector.
- The EBRD deployed €2.4 billion in Ukraine in 2024 alone, supporting energy security and electricity supply, improving the quality of mobile and broadband networks, and providing direct assistance to businesses and cities. Since 2022, the Bank's work in Ukraine has been enabled by significant donor support of more than €2.6 billion (including around €1 billion in 2024 alone).
- Emergency lending has helped maintain access to essential services such as water, transport and energy for millions of crisis-affected residents and internally displaced persons.
- EBRD investment activities in Ukraine have been complemented by a broad range of work to support public policy changes and other reforms. These activities have mainly focused on promoting the commercialisation of public enterprises, strengthening institutions, nurturing human capital and helping citizens restore their livelihoods. The Bank also supported the preparation and passage of a landmark corporate governance law for state-owned enterprises that aims to align the sector with international best practices. This includes enhancing their autonomy from central government while ensuring increased transparency and accountability to tackle corruption.
- The Bank is also supporting more than 17,000 combat veterans and war-affected individuals in reintegrating into the workforce.

The EBRD continues to support Ukraine and its people. At the start of the war, the Bank decided – with strong donor support – to take a risk on our balance sheet. A further significant step followed when our Governors agreed to a €4 billion increase in contributions from our shareholders to support our work in Ukraine. We are the first and only international financial institution to have achieved support of this scale to date.



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Navigating the changing situation in Ukraine has required constant innovation in all areas of the EBRD’s work, from financial products to policy dialogue.

One example was a €200 million sovereign guaranteed loan to Ukrainian state-owned hydropower generation company Ukrhydroenergo, which included a €100 million super-concessional loan. This structure – transforming a soft loan into a hybrid instrument between a funded guarantee and a joint investment – was achieved thanks to the work of an interdisciplinary EBRD team and it paves the way for similar structures to be used in future.

In addition, the EBRD employed a tailor-made unfunded portfolio risk-sharing instrument to increase the capacity of partner financial intermediaries to lend to Ukrainian businesses. In 2024 alone, the Bank signed new agreements with 10 local banks that are projected to enable over €1 billion of new loans for Ukrainian firms operating in critical industries such as agriculture, energy, transportation, logistics, retail and pharmaceuticals.

Policy work – with authorities and businesses – has also played a major role. One example is EBRD support in capacity building provided to large corporates and state-owned clients, empowering them to develop new ways of reintegrating demobilised staff and their families back into the workforce. By delivering unique support models to clients, the EBRD will catalyse the wider reintegration of veterans, returnees and internationally displaced persons into the labour market.

The EBRD wants to create future resilience for Ukraine and its clients in the country, but its impact is also focused on the here and now. The Bank continues to centre its efforts on what needs to be achieved to support Ukraine’s real economy, knowing that the indirect contribution this makes to bolstering fiscal revenues will also help protect the way of life of many Ukrainian families by offering economic opportunities.

Targeting impact

The EBRD is enhancing flows of private capital by developing financial markets. Well-functioning financial markets are central to the sustainable development of market economies. This is because they are conduits for mobilising private capital and directing it towards investments that enable businesses to innovate and create jobs. The EBRD works to make this a reality in the regions where it operates in several ways – by assisting in the development and deployment of new financial instruments and by encouraging and advising on policy reforms. This enables increased local-currency financing by the Bank as well as higher levels of private capital mobilisation, facilitating the growth of local financial markets. In 2024, the Bank invested €1.45 billion across 58 capital market transactions. This impact was amplified by the total issuance volume of €19 billion that this investment generated, and by the catalysation of almost €13 billion in indirect private capital. In addition, the Bank signed €1.75 billion in local-currency financing in 2024, and actively participated in local markets to finance its local-currency operating assets, for a total notional volume exceeding €22 billion. This work built on policy dialogue and reform over the course of several years. Policy changes are pivotal for ensuring financial markets can remain robust and continue facilitating flows of private capital. Since 2019, the EBRD's impact in this area has included: work to help establish interest-rate benchmarks in seven investee economies; reforms to strengthen securities and derivatives laws in 25 countries; and support to bolster the capacity of financial institutions across 20 economies through the training of about 1,000 staff.

In addition, the Strategic and Capital Framework (SCF) 2021-25[3] prioritises three key areas where the Bank aims to help create a positive impact:

Accelerating the transition to a low-carbon economy. This is the first key priority of the SCF, and as the cost of renewable energy has become more affordable, the Bank has played a critical role in catalysing private-sector investment by channelling funds to early movers and making some of the first and largest green investments in its regions. The EBRD and its private-sector partners committed to financing a record €28.8 billion of green projects in 2024. Alongside this, the Bank has worked to foster regulatory frameworks that enable and advance the green transition. The EBRD has been developing programmatic approaches that combine its key activities in order to optimise its green transition impact, helping countries to reduce their emissions. Under its Green Cities programme, launched in 2016, the Bank has supported energy-efficient infrastructure investments worth €3.1 billion and helped to develop Green City Action Plans that are projected to benefit cities home to 15 per cent of the population of the EBRD regions (76 million people). Overall, the Bank's green investments since 2006 are projected to cut emissions by 145 million tonnes of carbon dioxide a year, equivalent to around 7 per cent of 2022 emissions in the active EBRD regions. Since 2012, the EBRD has financed 17 per cent of the increases in solar and wind capacity in its regions, totalling 95 GW. In addition, the Bank has played a critical role in supporting government-led auctions to build renewable energy projects that have awarded more than 7.5 GW of capacity since 2019.

Addressing inequality by developing human capital and supporting women's economic empowerment. Inequality is one of the key political, social and economic challenges affecting opportunities across the EBRD regions, and it inhibits private-sector development. Tackling it is the second key priority of the SCF 2021-25 and is integrated into EBRD investments and policy engagements. The Bank does this by fostering equal access to skills and employment, finance and entrepreneurship, and services and public goods for all – women, young people, refugees, rural populations and other under-represented groups. Investment in this area created tangible impacts in 2024, such as enabling more than 21,000 people (via 66 clients in 24 countries) to improve their skills through market-relevant training. The Bank also supported 67 clients and their suppliers in implementing higher workplace standards and policies that will remove inequities among staff, especially in technical and senior management roles.
In addition, it played a key role in promoting financial inclusion and entrepreneurship by extending 38,479 new loans to women-led firms through partner financial institutions under its flagship Women in Business programme. Since 2022, the Bank has extended 70,000 loans to women- and youth-led businesses through local banks. Overall, 319 new investments (worth €8.5 billion) supporting human capital and the economic empowerment of women were signed in 2024 – a 31 per cent increase from 2023.

3. See EBRD (2020).

The EBRD's work to advance the digital transition supports all of its goals. This is the third cross-cutting strategic theme of the SCF 2021-25, through which the Bank works to narrow digital divides and develop inclusive, resilient digital infrastructure, foster funding for innovative private-sector companies, and support energy-efficient digital transformation and skills development. Investments signed since 2022 are projected to improve digital coverage for 14.5 million people (the number of individuals who have physical access to the network) and boost digital connectivity for 3.5 million people (the number of individuals who are actually connected to and using the improved network). The Bank's Star Venture programme has supported 389 tech startups, and a rigorous impact evaluation has demonstrated that increases in funding and employment among these beneficiaries are attributable to the programme. More than 2,300 small businesses have also received digital advisory services from the EBRD in the past three years. Thanks to its investments, policy engagements and advisory services, the Bank is enabling economies to capitalise on the transformative potential of these technologies to foster long-term economic and social resilience.

Reporting impact

This report illustrates how the EBRD's activities create mutually reinforcing systemic changes with far-reaching consequences for the private sector and economies. The Bank not only supported thousands of enterprises in 2024 but also created impetus for broader market shifts, helping to accelerate growth, build resilience and bolster inclusive prosperity. Collectively, these impacts illustrate how the Bank's interventions create virtuous cycles that extend well beyond individual projects and create systemic change.

The Bank's unique approach of combining targeted capital with policy engagement and technical cooperation[4] – much of it supported by donors – moves entire economic systems forward. Enterprises gain the confidence to innovate, communities secure critical services and governments strengthen their policy frameworks. This surge of activity triggers a ripple effect, encouraging competitive entrepreneurship and productive job creation, creating environments in which private capital can flow, including to underserved segments of the population.

This first *Impact Report* will help the Bank monitor and quantify the results of its activities. We break this down into achieved and projected results. Achieved results refer to material improvements made by the stock of active and completed projects and are typically presented on a three-year cumulative basis (results achieved in 2022, 2023 and 2024)[5]. Projected results are those forecast to materialise in the future because of newly signed projects in 2024. These complement achieved results while aligning with the Bank's strategic priorities, which may have evolved since some of the more mature projects were first signed.

Future editions of the *Impact Report* will go further and deeper. They will give the EBRD an opportunity to tell an increasingly complete and compelling story about its impact and how it is evolving. This first report enhances transparency and accountability, and documents the Bank's achievements in a format accessible to all. It will also help inform and fine-tune future initiatives to ensure that they better deliver the lasting transition impact and systemic change that are the goals of everything the Bank does.

4. The term the Bank uses for any activity to procure expertise to support clients or partners in the preparation or implementation of an investment or non-investment project. This can include activities not directly related to a specific investment, such as legal and regulatory reform, as well as activities that directly enable investment, such as due diligence and feasibility studies.
5. Unless otherwise indicated.

Impact on financial markets

Enabling private capital mobilisation

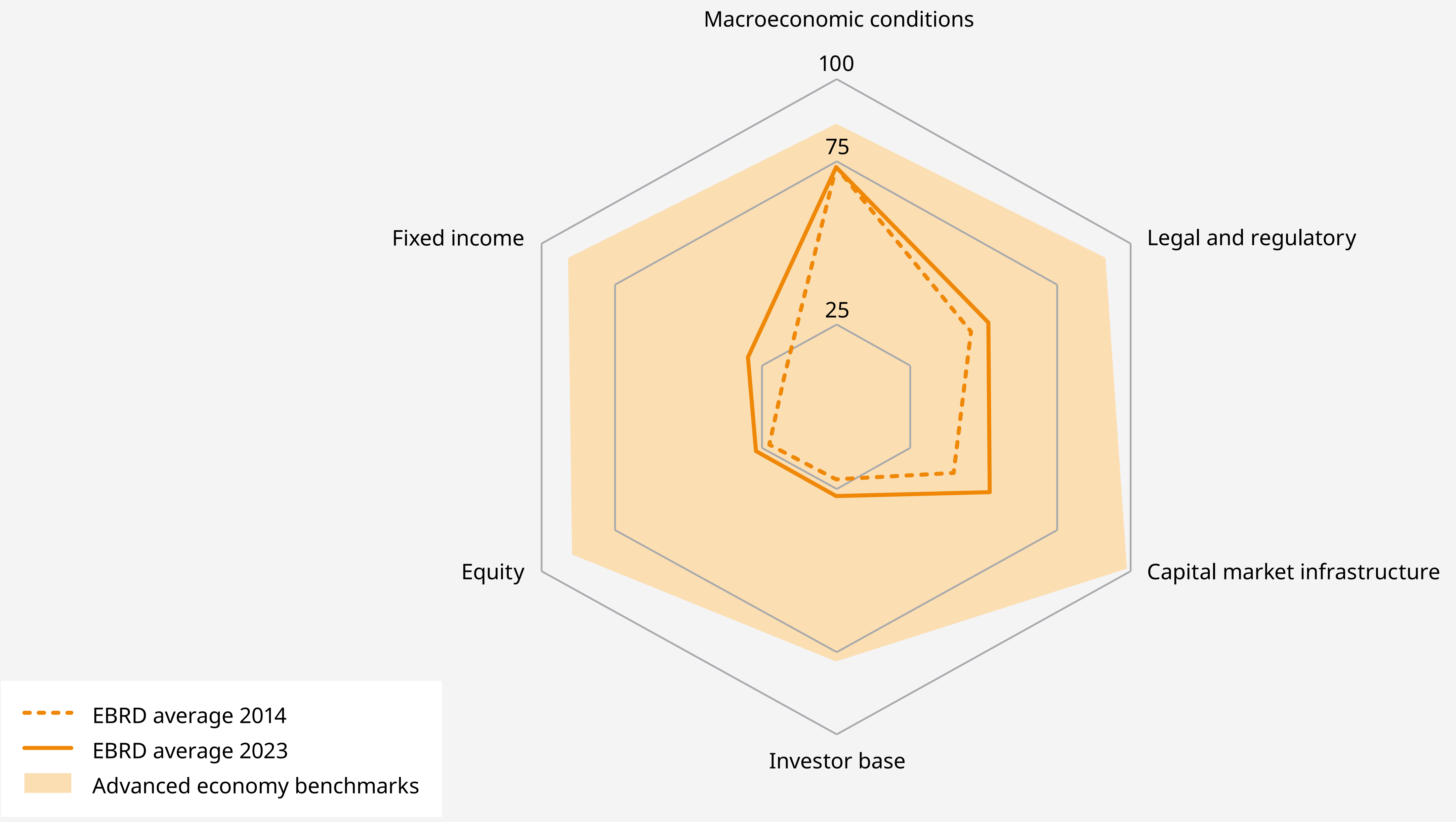
Impact on financial markets: enabling private capital mobilisation

Challenges and opportunities

A vibrant and dynamic private sector relies on effective financial markets to support economic growth. However, the financing needs of most economies far exceed the public sector's capacity to provide for them effectively, so ready flows of private capital are required. This is a challenge in the EBRD regions, where insufficiently developed financial markets and limited availability of local currency impede economic transitions. Weaknesses in monetary policy, legal and regulatory frameworks, risk-management capacity, market infrastructure and local investor bases persist in many of the countries where the EBRD works. In these countries – especially those in the relatively early stages of transition to market economies – the foundations for sustainable local market development, which are anchored in sound monetary and macroeconomic policies, require further reform, while financial systems still lack the risk-management tools to enhance their capacity. Many economies that are further advanced in their transition may have robust regulatory frameworks and infrastructure, but their institutional investor bases remain shallow, and their financial markets have not become a meaningful source of funding for borrowers. Consequently – and despite notable improvements over the past decade, especially in advanced transition countries – the overall depth, diversification and liquidity of money, derivative, debt and equity markets in the EBRD regions remains low (Figure 1).

Figure 1. Financial market development gaps in the EBRD regions and select benchmark economies

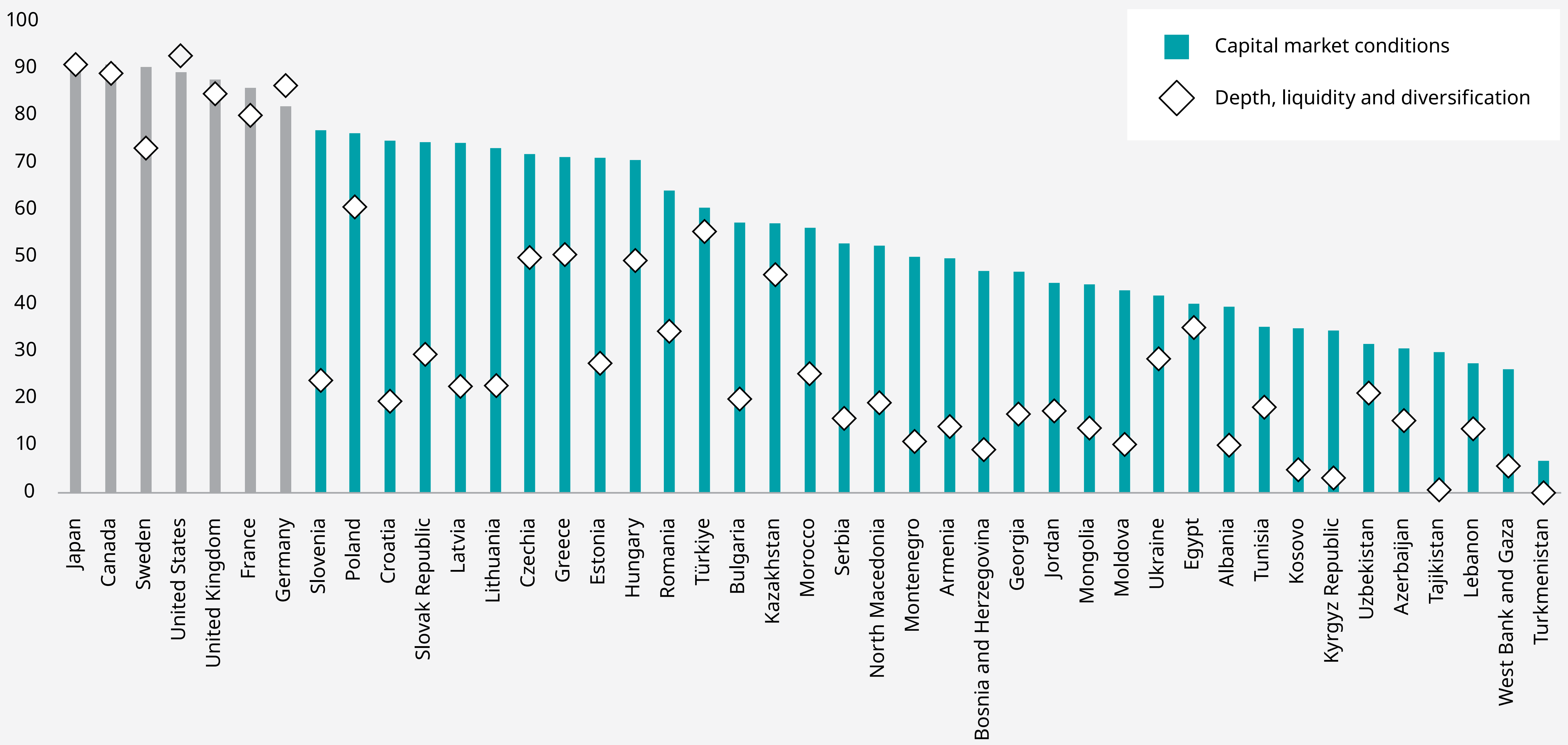
a. Financial Market Development Index (FMDI)[6] score averages for EBRD investee economies and advanced economy benchmarks, 2014 versus 2023



6. The EBRD launched the FMDI in 2021. It covers about 50 indicators measuring the development of financial markets in the EBRD regions. The index comprises two equally weighted subindices covering (i) the necessary conditions for sustainable market development and (ii) asset class-specific indicators reflecting the extent of market development. The first subindex covers macroeconomic conditions, legal and regulatory frameworks, capital market infrastructure and the depth of the local institutional investor base. The second subindex captures market outcomes in terms of the depth, liquidity and diversification of markets across several asset classes: fixed income, equities, money markets and derivatives. The baseline version of the index is 2014, with annual updates from 2021 onwards.

Figure 1. Financial market development gaps in the EBRD regions and select benchmark economies

b. FMDI scores for capital markets conditions and depth, liquidity and diversification (2023), disaggregated by economy



Source: EBRD (2021b).
Note: Data for 2014 are presented in panel a to demonstrate the market development gaps a decade ago, before the EBRD launched most of its market development policy interventions and financial market investments. The FMDI computed in 2024 reflects 2023 market data due to the time lags of some indicators.

The EBRD seeks to develop self-sustaining financial markets that enhance the use of local currency and enable the mobilisation of private capital. The Bank applies a holistic approach that combines domestic market participation, the creation of local-currency liquidity pools, investments, policy dialogue and advisory services. These combined efforts help to enhance monetary policy and regulatory frameworks, expand the available range of financial products, enhance the risk-management capacity of the domestic financial system and reduce barriers to cross-border investment. The Bank's comprehensive approach is designed to strengthen money and derivatives markets and market infrastructure in ways that broaden participation by institutional investors and promote sustainable enhancements to both capital flows and access to finance. In turn, these outcomes foster systemic change in the EBRD regions and achieve impact by increasing the depth and liquidity of markets.

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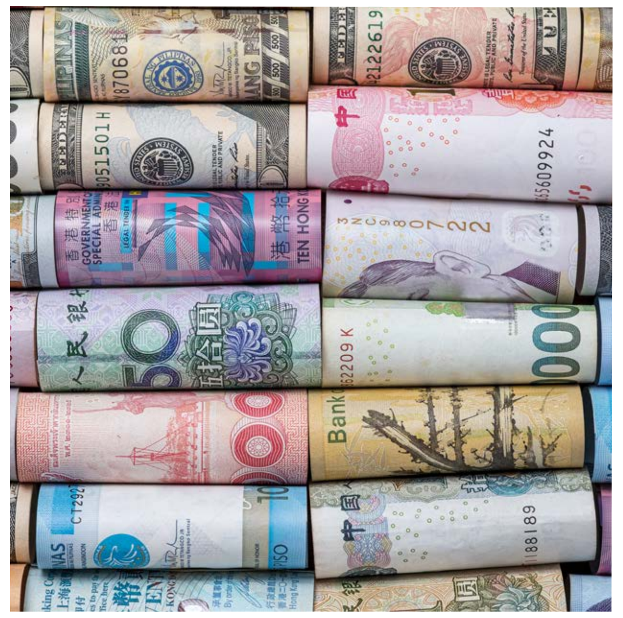
The EBRD's impact

EBRD activities have supported the development of local-currency and financial markets in all of its regions. In 2024, the Bank invested €1.45 billion in 58 capital market operations across 17 countries, leading to total issuance of more than €19 billion. Around three-quarters (approximately €1.1 billion) of these investments were bank-issued securities, such as covered and bail-in-able bonds,[7] with the remaining €360 million invested in corporate and sustainable infrastructure bonds. The EBRD's 2024 investments in labelled green, social, sustainability and sustainability-linked (GSSS) bonds amounted to about €630 million across 21 securities issued by companies and financial institutions. Since 2019,[8] the Bank has invested a total of €6 billion in 225 capital market issues. In addition, as part of its treasury operations in 2024, the EBRD conducted more than €21 billion of money-market transactions in local currencies across 19 countries, trading a notional €655 million in local derivatives and foreign exchange and issuing €750 million equivalent of bonds denominated in local currencies. These operations enabled €1.75 billion in local-currency financing by the EBRD, reflecting an annual increase of €620 million in local-currency operating assets.

Policy dialogue and advisory support also play an important role in the Bank's market development work. The EBRD ran money-market working groups in seven countries in 2024. Across the financial markets field, it launched 29 technical cooperation projects – where the EBRD works with clients and partners to prepare or implement projects, strengthen capacity or create an enabling environment for transition – bringing the total to 68 managed projects across 30 countries. Since 2019, donor funds totalling €23.1 million (of which €4.2 million was delivered in 2024) have supported 174 technical cooperation projects across 36 economies. Providers included the EU, the EBRD Shareholder Special Fund and bilateral donors. The Bank's investments and technical cooperation portfolios have also evolved, with earlier policy reforms supporting capital market investments and deepening markets in recent years. Its policy activities and investments have been critical for enhancing local-currency financing.



7. A "bail-in-able" financial instrument can legally be used in a "bail-in" process. A bail-in is a method of handling a failing bank or financial institution by ensuring that its creditors and depositors (rather than taxpayers) bear some or all of the institution's losses.
8. Results reporting in this chapter starts from 2019, in line with the start date of the Bank's latest Local Currency and Capital Markets Development Strategy.

Strengthening money and derivatives markets: Targeted working groups and derivatives training have formed part of the EBRD's money-market development activities. This has supported the design of robust local interest-rate benchmarks and linked financial products in seven investee economies since 2019 (with two instances of this in 2024). Other benefits have included reduced balance-sheet risks for local banks, which improves the availability of funding and hedging in local currency, as well as domestic resource mobilisation. Over the past five years, EBRD policy and operational activities have also helped to strengthen monetary policy operational frameworks in four investee economies, deepen local-currency interbank money markets in two economies, increase derivatives market activity among local participants in three countries and launch a local-currency overnight index swaps market in one country. The overall impact of these activities has been reflected in greater risk-management capacity among local market participants and deeper local-currency market liquidity, which have jointly facilitated the mobilisation of domestic sources of private capital and EBRD financing operations in local currencies.

Improving the enabling environment for capital markets: Legal reforms undertaken with the EBRD's technical cooperation have strengthened securities and derivatives laws in 25 countries since 2019 (with two instances of this in 2024). These have included introducing covered bond frameworks in 10 countries and aligning derivatives and repurchase agreement (repo) markets with international standards (International Swaps and Derivatives Association/Global Master Repurchase Agreement) in seven countries, improving access to risk management tools and in turn enabling the scaling up of local-currency financing. Meanwhile, Bank-supported market infrastructure reforms in five countries have strengthened market efficiency and investor access. Financial stability has been strengthened in 15 countries through the reform of bank regulation plus resolution and supervision frameworks in six countries (three in 2024), as well as by changes to investments in bail-in-able securities in nine countries. In 2024, the Bank invested in 32 such issuances across eight countries for a total of €730 million.

***Developing capacity and private capital mobilisation through increased use of capital markets*:** Increasing capital market issuance requires enhanced capacity at both financial institutions and companies. Targeted training through the EBRD's capital markets e-learning programme, its bootcamps on derivatives, initial public offerings and bond issuance, and its accelerator programmes for high-growth small and medium-sized enterprises (SMEs) have strengthened the capacity of financial institutions (about 450 staff trained in 2024, and about 1,000 since 2019) and companies in 20 economies where the Bank invests. This has fostered better understanding of financial markets and improved risk management at local financial institutions, enabling around 15 companies, including SMEs, to tap capital markets for funding in the past five years in countries such as Egypt, Georgia and the Kyrgyz Republic.

Results achieved since 2019

Robust local interest-rate benchmarks designed in **7 investee economies**

Monetary policy operational frameworks strengthened in **4 investee economies**

Legal reforms in **25 countries** have strengthened securities and derivatives laws

€51.6 billion in indirect private capital mobilised

Training provided to **1,000 staff** at financial institutions across 20 economies

EBRD policy activities enabled **€9 billion** of capital markets issuance

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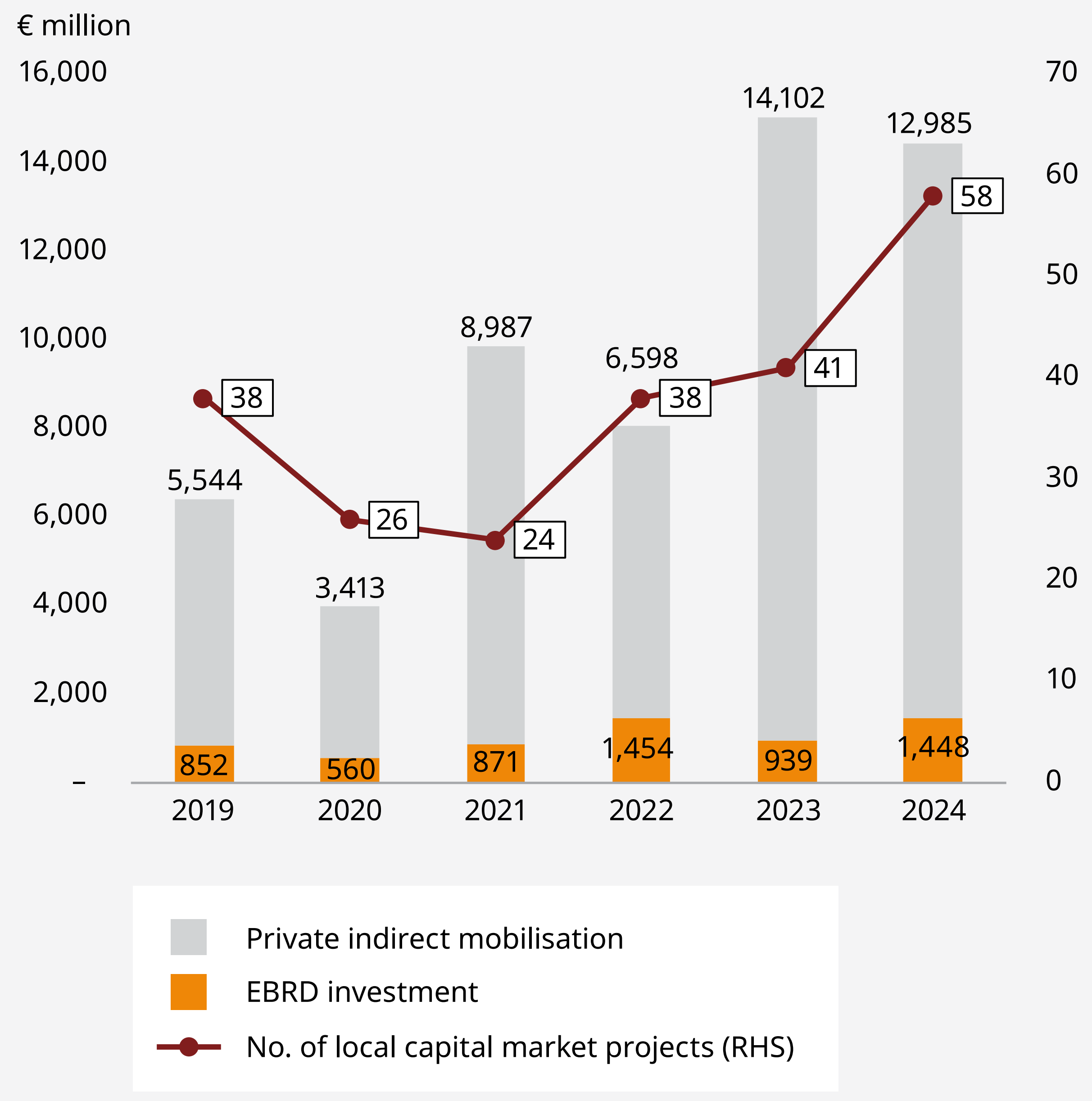
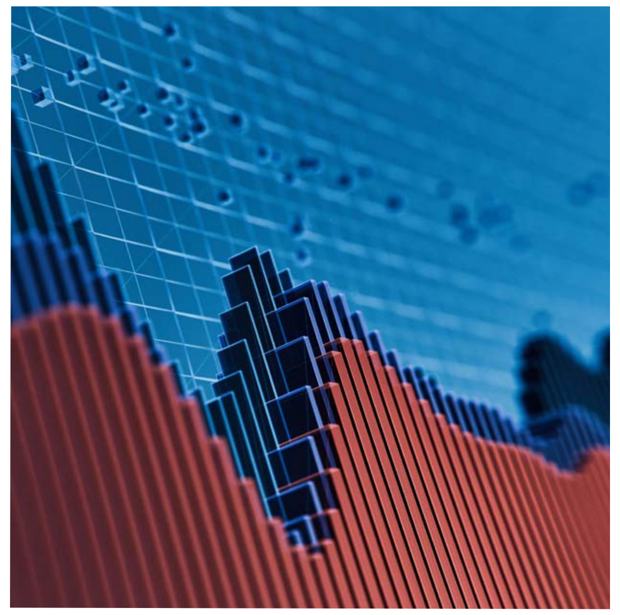
Figure 2. Local capital market transactions – EBRD investments and indirect private capital mobilised, 2019-24



EBRD investments have supported the deepening of capital markets. Companies and financial institutions in the Bank’s regions issued €19 billion of bonds in which the EBRD participated in 2024, enabling €13 billion in indirect private capital mobilisation (€51.6 billion in 2019-24) (Figure 2). Policy activities related to market development in turn enabled €3.2 billion of capital markets issuance in 2024 (€9 billion in 2019-24). Overall, the Bank’s activities have helped make capital markets a meaningful source of funding for borrowers, providing more than 5 per cent of total corporate funding in seven countries in the EBRD regions by the end of 2024.



Financial markets focus area 1
Mobilising private capital through market development

The EBRD promotes policy change and facilitates technical cooperation to support financial market development. This approach creates the conditions for enhanced mobilisation of private capital and is targeted to each country's level of development. It requires long-term political commitment and sequencing to achieve impact. In the early stages of market development, the Bank's activities focus on improving trust in the local currency by supporting reform of monetary policy operational frameworks and developing money and derivatives markets, along with foundational infrastructure and legal reforms. The EBRD combines policy work with market participation to develop local-currency funding pools by borrowing and investing locally. The Bank also manages financial risks and maturity mismatches to provide flexible local-currency financing tailored to clients' needs. These activities help to strengthen domestic financial markets and enable the provision of more flexible local-currency financing to domestic borrowers. As markets mature, the Bank's activities focus on diversifying the product range and deepening markets and liquidity through legal and regulatory reform, targeted capacity building and issuance incentive programmes. As many countries' capital markets lack scale due to the small size of their economies, the EBRD also supports the regional integration of market infrastructure to build larger pools of capital and increase liquidity.

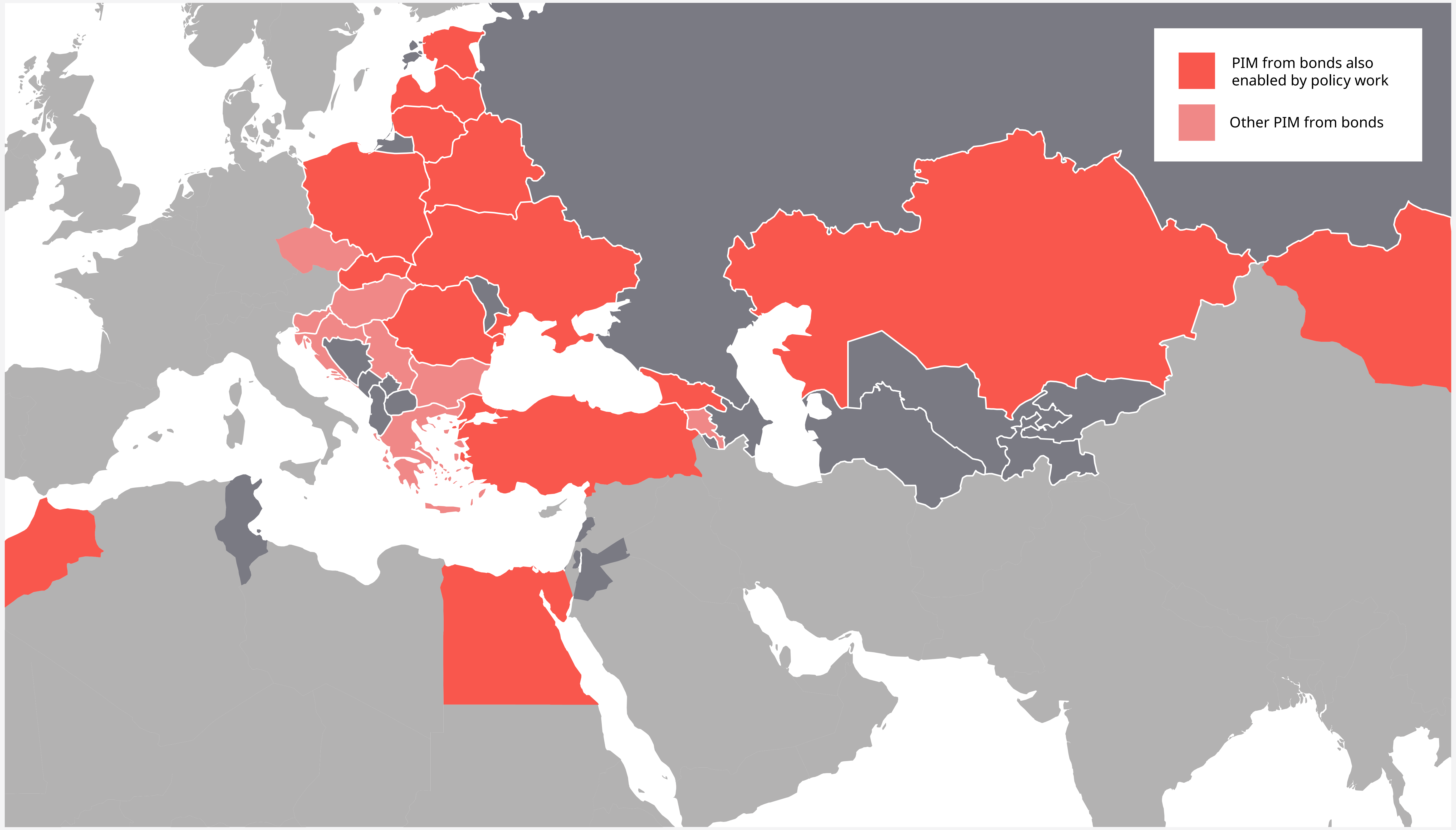
EBRD capital market investments and policy activities contribute to private capital mobilisation, enabling significant participation by other investors. The Bank's capital markets operations in 2024 played a direct role in enabling about €300 million of financing for EBRD clients by third parties – technically known as direct annual mobilised investments. A further €13 billion from third parties accompanied the Bank's investments through private indirect mobilisation (PIM),[9] where the Bank was instrumental in the transaction but did not play a direct role in enabling the additional financing.[10] Cumulatively, the EBRD estimates that in 2019-24, its capital markets policy activities contributed to over €9 billion in PIM (about 18 per cent of PIM from bond issuance over the period), of which about €3.5 billion was in labelled sustainable securities (Figure 3). The EBRD's policy activities to advance capital markets include:

- legal and regulatory reforms to launch covered bond markets
- the development of sustainable finance strategies and incentives to support green capital markets
- green bond frameworks and ESG guidelines to support the issuance and listing of sustainable securities.

In addition to regulatory reforms and strengthening liquidity and standards in local markets, the Bank supports the development of labelled GSSS securities by providing advisory services and training to build domestic ecosystem capacity, including among the issuer community. The Bank's 2024 GSSS bond investments supported a total labelled bond issuance volume of €7.7 billion, enabling €7 billion of indirect private capital mobilisation in the EBRD regions. In 2019-24, the EBRD invested €3 billion in 89 GSSS labelled bonds, enabling indirect private capital mobilisation of about €22.5 billion, resulting in total issue size of €25.4 billion.

9. Financing from a private entity provided in connection with a specific activity for which the EBRD provided financing, in which it is not playing an active or direct role that leads to the commitment of the private entity's finance.
10. This number refers to private co-investments in bond issues for which the EBRD has also provided financing.

Figure 3. Private capital mobilised through the EBRD's capital markets policy work and investments



€4.8 billion
Private indirect mobilisation (PIM) from covered bonds in 2019-24

€3.5 billion
PIM from green and sustainability-linked bonds in 2019-24

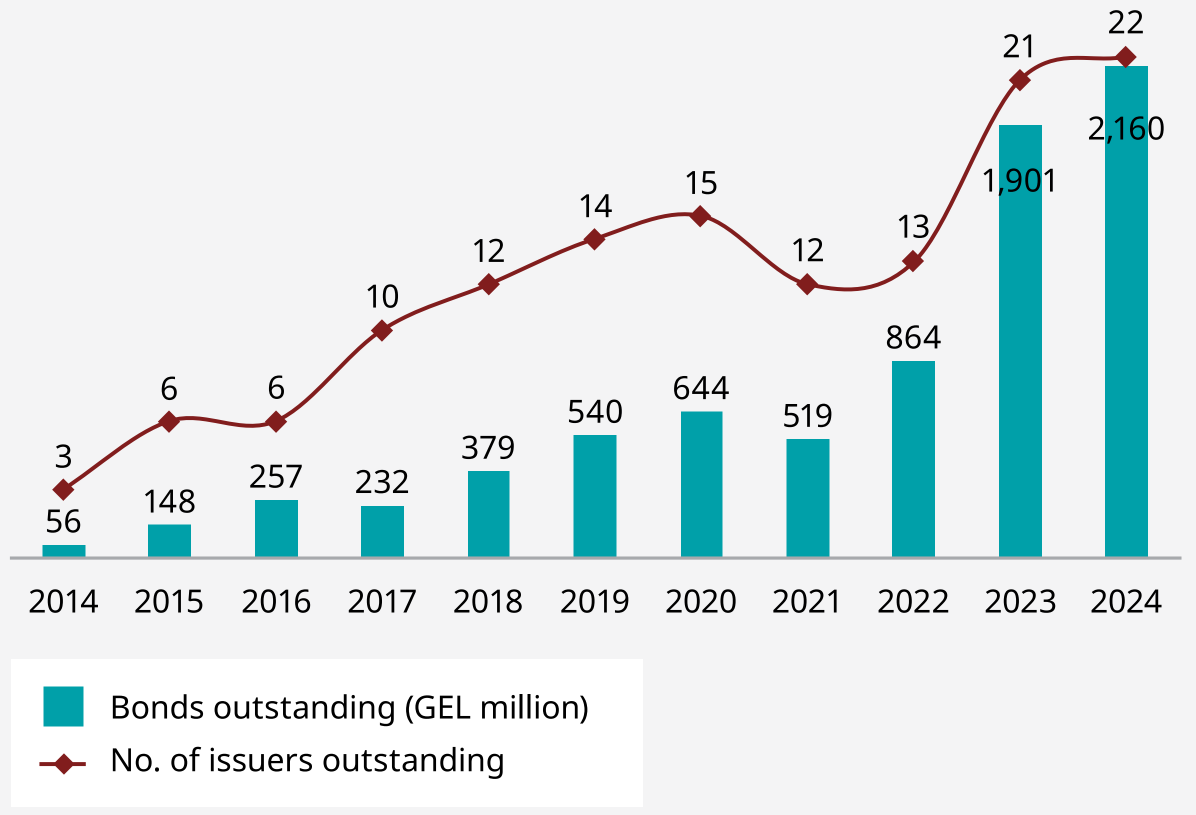
€21 billion
Covered bond issuance in 2019-24 in markets created following EBRD reform assistance, without Bank investment

Case study
Accelerating financial market development in Georgia

EBRD support has contributed to the steady development of Georgia's financial markets. Since 2012, the EBRD has helped to strengthen the National Bank of Georgia's economic forecasting capacity for the conduct of monetary policy and worked with market participants to develop money markets, including via money-market working groups. The Bank has supported legal reforms to derivative and repo markets, as well as the introduction of a robust benchmark interest-rate index that is now embedded in multiple financial products. The EBRD has also supported market development through the implementation of regulatory frameworks for covered bonds, securitisation and green/sustainable securities aligned with international standards and best practices. This work has enhanced the development of local currency markets and financing in Georgia.[11]

The Bank's activities have contributed to the continued expansion of Georgia's corporate securities markets. A capital markets support programme has facilitated the launch of new financial instruments, including the country's first local social and green bonds, as well as the issuance of local currency bonds by SMEs. EBRD investment also anchored the country's inaugural green bond transaction, the largest issue on the domestic market at the time. As a result, the corporate securities market has continued to expand (with the Bank investing in another green bond by a local utility for the equivalent of €290 million in 2024), totalling GEL 2.2 billion (around €715 million), or 2.4 per cent of 2024 Georgian GDP (Figure 4). With a growing number of capital market issuers across nine sectors, the country's debt capital markets are becoming an important source of financing for local companies. At the end of 2024, bond issuance accounted for 9 per cent of non-financial corporations' financing needs. Although bank finance still dominates, the share of Georgia's public capital markets issuance in total non-financial corporate funding is now similar to that of many advanced markets.[12] Following the success of the Georgian capital markets development programme, the EBRD launched a similar project in Armenia in 2024 with EU support.

Figure 4. Georgian public corporate bond market



Sources: National Bank of Georgia, Georgia Stock Exchange.
Note: Data show all outstanding public corporate bonds issued on the Georgian capital market.

11. See EBRD (n.d.e).
12. The share of public bond issuance in total credit to non-financial corporations (NFCs) in Georgia measured 9 per cent at the end of 2023 (EBRD calculations based on data from Bloomberg and the National Bank of Georgia), compared with 10 per cent in Spain and Luxembourg, 9 per cent in Austria and the Netherlands, 7 per cent in Belgium and Switzerland and 6 per cent in Germany (see OECD 2023).

Case study

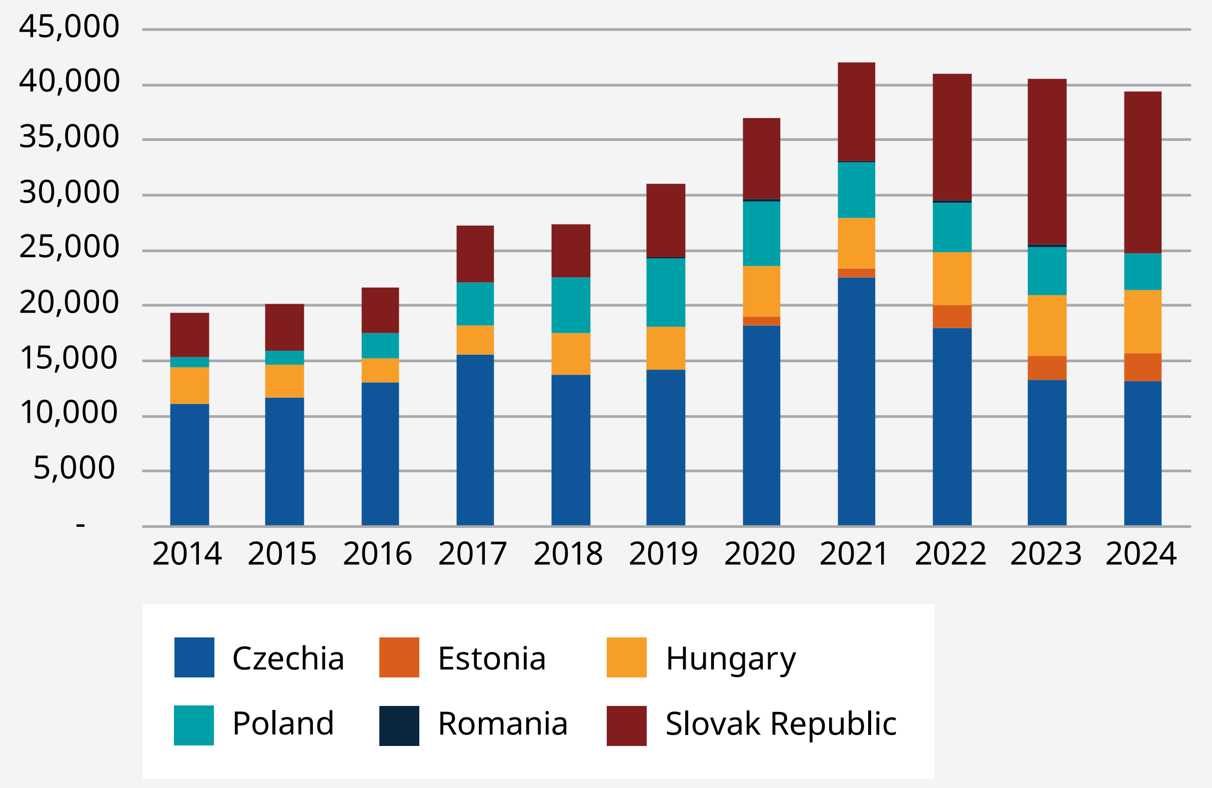
Developing covered bond markets in the Slovak Republic and the wider EBRD regions

The EBRD has supported the covered bond market in the Slovak Republic through policy dialogue and technical cooperation, underpinned by investment. In 2016-17, the Bank assisted the Slovak authorities in reforming the country's mortgage bond law to align it with EU standards. The law came into force on 1 January 2018 and the framework was subsequently updated through the Covered Bonds Act 454/2021, which became effective in July 2022. The EBRD also supported market development with investments in the debut issues of several banks. In October 2018, the Bank invested in the first ever triple A-rated security issued in its regions, a covered bond by Slovenská Sporiteľňa. In 2019, the EBRD launched a €385 million covered bonds framework to support additional investments in this growing asset class, attracting some €1.6 billion of private-sector investments to Slovak covered bonds. In 2024, the Bank invested in a benchmark-sized covered bond issue by Tatra Banka, listed on the Bratislava Stock Exchange, through which it indirectly mobilised €489 million of private capital.

The Slovak Republic was the largest covered bond market across the EBRD's central Europe and the Baltic states and south-eastern Europe regions in 2023 and 2024. This followed sustained market expansion in recent years (see Figure 5). The ratio of covered bonds to GDP doubled in five years, from less than 6 per cent in 2017 (before the EBRD-supported legal reform was finalised) to 12 per cent of GDP at the end of 2024. There are now six local issuers, with the market adding more than €12 billion in new issuances in the past five years, reaching a total outstanding volume of more than €15 billion. Covered bonds now finance 38 per cent of residential mortgages in the Slovak Republic, compared with 37 per cent in Hungary, 20 per cent in Czechia, 20 per cent in Estonia and 4 per cent in Poland.

The EBRD has supported covered bond reforms and market development in several other countries. This has reinforced financial stability by reducing asset-liability mismatches on bank balance sheets. The EBRD has assisted in the development of legal frameworks for covered bonds in Bulgaria, Croatia, Estonia, Georgia, Latvia, Lithuania, Morocco, Poland and Romania, with work ongoing in Ukraine. The Bank also supported the development of a pan-Baltic covered bond framework, which increased the potential size of the market by pooling mortgage portfolios from Estonia, Latvia and Lithuania.[13] To date, the EBRD has invested more than €1 billion in covered bonds across its regions, including over €185 million in nine covered bonds from five countries in 2024. The EBRD's activities have enabled almost €5 billion of private capital investments in covered bonds to date, with a further €20 billion in issuance in markets where the Bank supported legal and regulatory reforms but did not invest.

Figure 5. Outstanding covered bond issues in the EBRD's central Europe and the Baltic states and south-eastern Europe regions (€ million)



The Bank works actively on developing financial markets in emerging economies. The development of money, derivative and government bond markets is a key priority for these economies due to their role in price-setting and the functioning of the wider financial sector. The Bank facilitates this by working to improve the implementation of monetary policy and operational frameworks, and by developing tools for local banks to enhance their risk-management capacities and provide long-term local-currency financing to the real economy. It also provides support for important regulatory reforms and to develop capital markets infrastructure, including in Tajikistan and Egypt (Box 1).

Capital market conditions have improved in the EBRD regions. The direct connection to EBRD activities is hard to prove, as capital market development is a gradual process, with multiple contributing factors. However, capital market conditions in these regions have improved and it is plausible that the Bank's sustained contributions over the past decade have contributed to this development (Box 2).

13. Following the adoption of relevant laws, Estonia's Luminor issued the first-ever pan-Baltic covered bond, with an issue size of €500 million, using mortgage collateral originated by its subsidiaries in all three Baltic states and with 20 per cent invested by the EBRD.

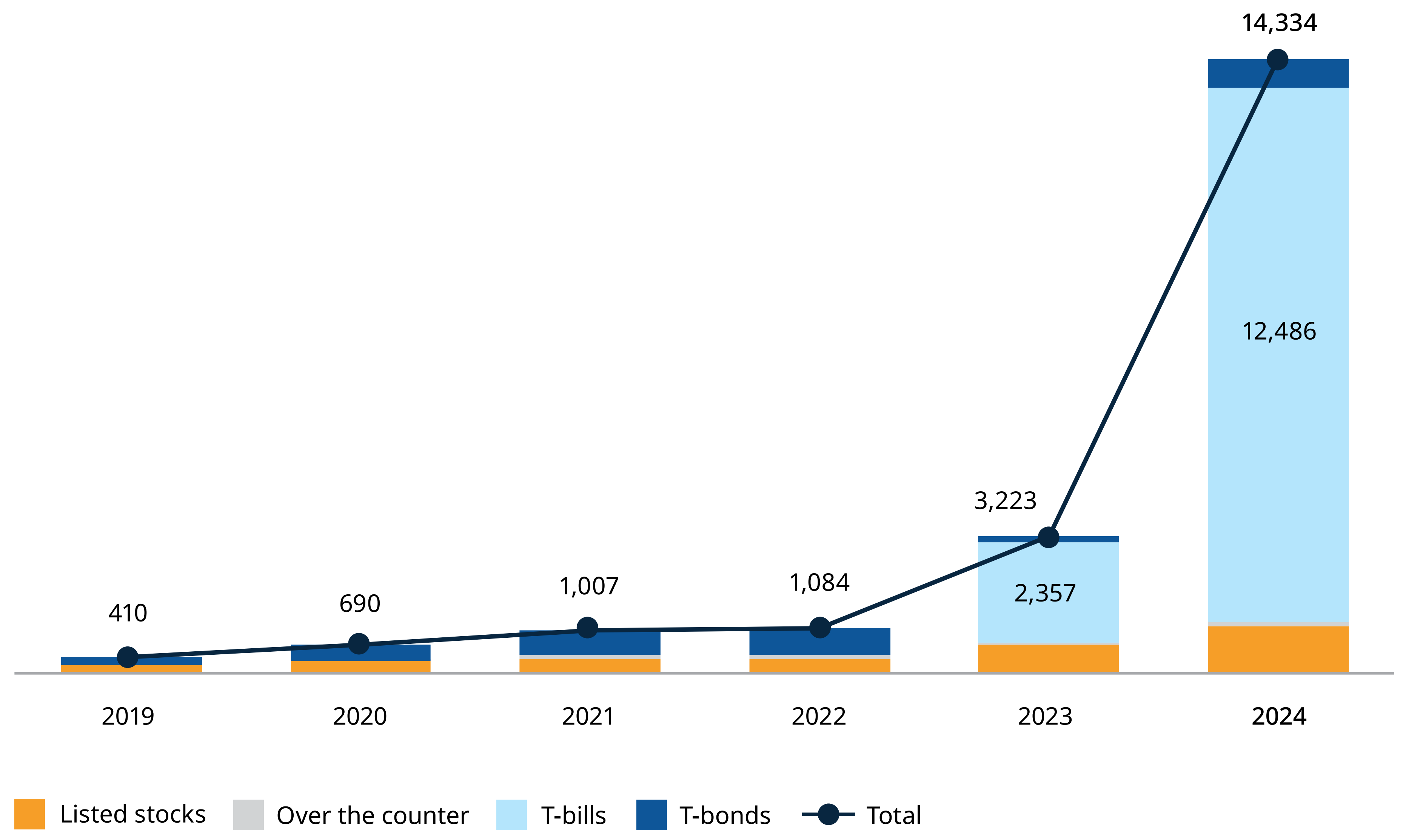
Box 1

Systemic change in emerging markets: enabling foundational legal and infrastructural reforms

A robust regulatory framework is essential for market operations and to attract investment. The EBRD assists national authorities in implementing legislation to govern financial transactions, promote investor protection and create transparent and efficient markets that attract private capital. This includes launching new financial instruments (such as derivatives) and providing legal certainty over financial collateral. In 2019, the EBRD supported the Ministry of Finance of Tajikistan in drafting government bond regulations to enable market-based issuance for the first time. Through policy dialogue, adverse elements in the regulations were revised in 2024, with regular issuance on market-based terms since then (TJS 500 million (€44 million) in 2024). Once sovereign bond markets become established, the EBRD's policy work transitions into developing repo markets and yield curves, which provide pricing reference points for corporate securities issuance and are instrumental in developing corporate bond markets in emerging markets.[14] In 2024, sovereign bond yield curves were developed and published with the Bank's assistance in Georgia and Uzbekistan, while a corporate bond yield curve was also developed for the first time in Georgia.

Robust capital market infrastructure provides access to market participants and creates trust. The EBRD's activities focus on modernising payment systems, central securities depositories (CSDs) and trading platforms to support market functioning, reduce transaction costs, enhance efficiency and improve transparency. The regional integration of capital market infrastructure is a key priority in developing larger pools of capital. In Egypt, the EBRD helped reform the depository and registry legal framework and supported the creation of the Egyptian CSD (ECSD). The project led to the consolidation of government securities activity on the Egyptian Exchange (EGX)/ECSD, with a significant expansion of trading volume and liquidity (Figure 6). Additional support was provided to restructure the SME growth market in alignment with international best practices. The Bank partnered with EGX to cover up to 75 per cent of SME listing costs, which resulted in eight new equity offerings by high-growth SMEs on the new Nile Stock Exchange platform, several of which have since been upgraded to EGX's main market.

Figure 6. Trading volume on EGX/ECSD (EGP billion)



Source: EBRD calculations based on EGX data, including from the 2024 Annual Report (see The Egyptian Exchange 2024).

14. See Dos Santos (2024), who provides evidence of how the issuance of government debt in emerging markets supports the development of domestic corporate bond markets, including via the development of yield curves, which can be used to price bonds issued by private corporates. As a result, firms can borrow and then invest more in the long term.

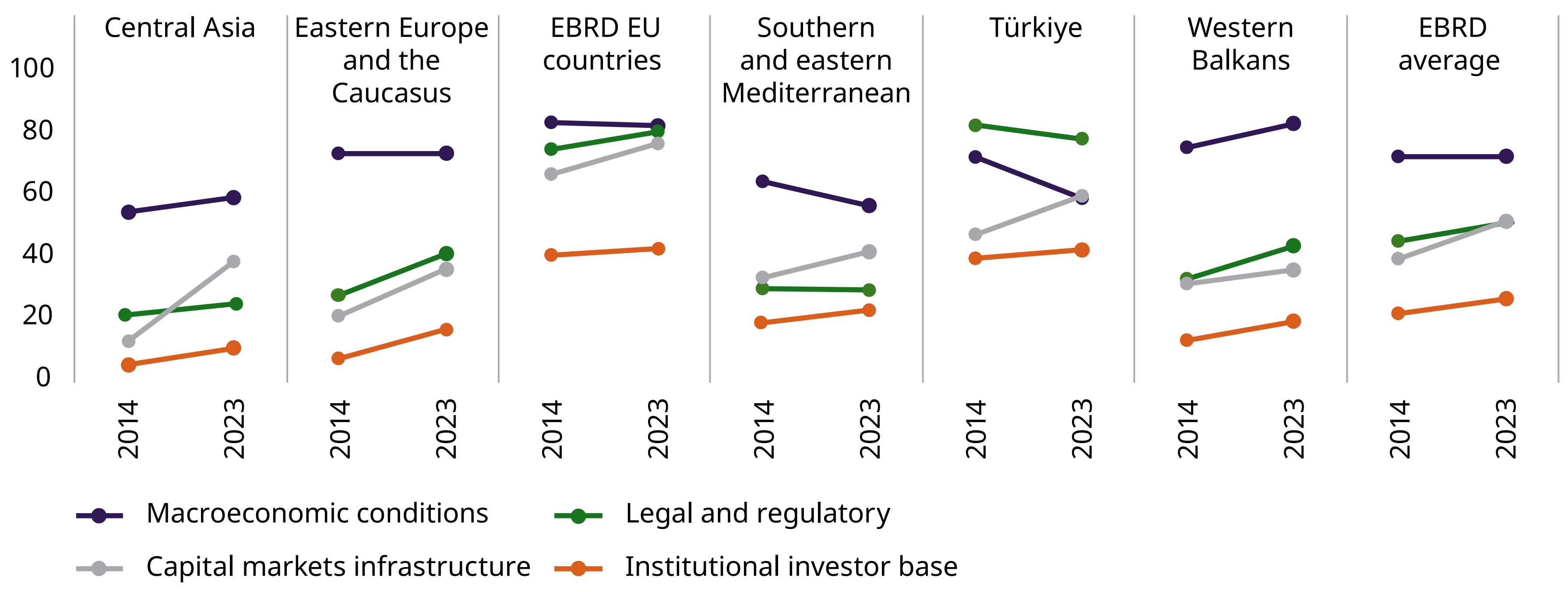
Box 2
Progress in developing capital markets associated with EBRD policy interventions

Capital markets take time to develop following policy interventions. Political-economy issues, market conditions and the capacity of market participants to adjust to reforms are all factors. Lasting reforms require long-term political commitment, and the impacts seen in 2024 stem from years of cumulative policy delivery and investments. The EBRD has delivered policy advice on local financial market development through money-market working groups in 10 countries where it operates. This has in turn supported the development of robust local interest-rate benchmarks and financial instruments indexed to these benchmarks in seven countries. Over the past five years, the Bank has launched or completed more than 170 technical assistance assignments, two-thirds of which have focused on reforming the policy and legal and regulatory frameworks for capital markets in the Bank's regions.

Progress in developing capital markets is evident across all EBRD regions. Directly attributing transition impacts to the Bank's policy activities is complex and challenging due to external factors. Still, several examples highlight systemic market changes across the EBRD regions over the medium term. Financial Market Development Index scores suggest that EBRD activities supporting policy reform are contributing to these changes. Although macroeconomic conditions have been volatile, capital markets infrastructure, legal and regulatory standards, and institutional and investor bases have generally improved (Figure 7, panel a). It is likely that these developments would not have been achieved without the Bank's sustained contribution over the past decade to market infrastructure reforms, the alignment of legal systems with international standards and the promotion of greater depth, liquidity and diversification in equity and fixed-income markets, as well as increased local-currency use in domestic financial sectors. Economies with better financial ecosystems tend to have greater depth (Figure 7, panel b), but those that are still early in their transition and smaller countries that are more advanced in their transition can suffer from lower liquidity due to the limited size of their economies – a challenge the Bank is working to address through initiatives on regional market integration.

Figure 7. Evolution of capital markets development in the EBRD regions

a. Evolution of market conditions in EBRD regions, 2014-23



Source: EBRD Financial Market Development Index, 2014-23.

b. Relationship between market conditions and market depth, FMDI 2023

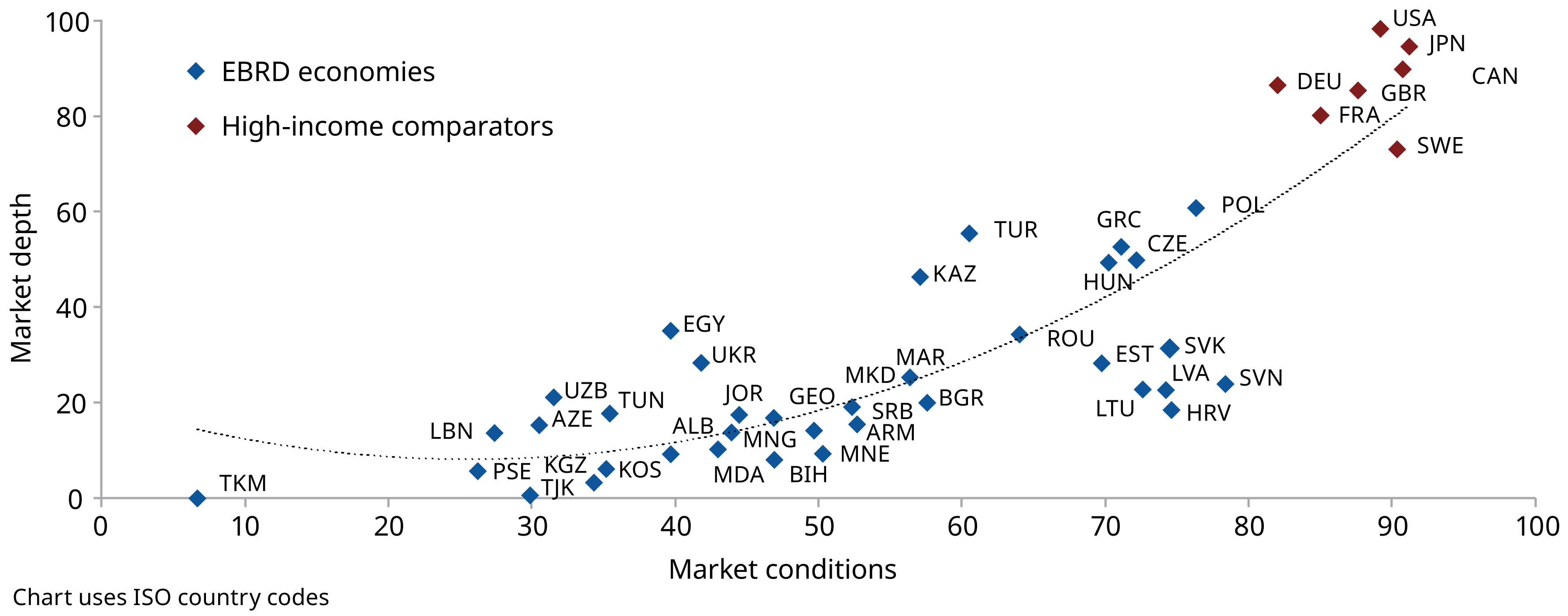


Chart uses ISO country codes

Impact on the green transition

Empowering the private sector

Impact on the green transition: empowering the private sector

Challenges and opportunities

A faster, further-reaching green transition is needed in the Bank's countries of operation. More than 12,000 people lost their lives and €118 billion of economic losses were recorded due to extreme weather events in 1980-2023 – and that was just in the 12 EBRD economies that are EU member states.[15] Current policy commitments are clearly insufficient, and financing is falling far short of what is needed to build climate resilience, reduce emissions and protect nature.

Overcoming the challenges of the green transition presents significant opportunities. The EBRD regions can strengthen their economies, their energy security and their overall competitiveness by committing to a cleaner future. This systemic shift can create jobs, cut pollution and improve health outcomes, leading to long-term sustainable growth and making societies more resilient to potential economic and political shocks. At the centre of this is the opportunity to deliver cheaper, cleaner, more efficient and more secure energy, with many EBRD countries having the potential to become net energy exporters.

The EBRD can have an important and long-lasting impact. The Bank's mission is to make sure green investments are economically viable. To do this, we are supporting the transformation of markets, behaviours, products and processes, as well as the deployment of technologies and new skills that stimulate sustainable growth. This means combining sustained investment with policy dialogue and advisory services, and it is why we were able to achieve the results we did in 2024. Donor support from bilateral donors, the EU, climate funds and the EBRD Shareholder Special Fund (SSF)[16] have often been key enablers in these areas.

The EBRD's impact

The Bank is committed to providing green finance to support our countries of operation in achieving their goals and commitments under the Paris Agreement. All countries in which the Bank operates have signed the Paris Agreement, and all EBRD activities since 1 January 2023 have been aligned with the treaty. We committed at the start of this decade[17] to making sure at least 50 per cent of our investments would be green investments by 2025, and we exceeded this target in 2024.

EBRD activities that increased green transition impact reached record levels in 2024. We committed €9.7 billion – 58 per cent of our total investment[18] – to advancing the transition to an environmentally sustainable, low-carbon and climate-resilient economy. Nearly three-quarters of our financial commitments supported activities in the private sector, while €1.1 billion supported adaptation activities that improve climate resilience, a 190 per cent increase from 2023.

Our activities are paving the way for private-sector financing. EBRD investments and activities stimulated another €19.1 billion of private investment for green projects last year, meaning that every €1 of EBRD green finance mobilised another €2 of private finance for the green transition. This brought total green finance from the Bank and private sources to €28.8 billion – around 5 per cent of the annual green finance needed by the economies in which the EBRD invests. Donors supported 46 per cent of the Bank's green projects in 2024[19], enabling this mobilisation of private capital.

The EBRD's green impact goes well beyond its financial commitments. The Bank's investments in 2024 alone are projected to reduce emissions by 10.8 million tonnes of carbon dioxide equivalent (CO_2e) annually, comparable to removing 2.5 million petrol-powered vehicles from the road. Going back to 2006, the EBRD's activities are projected to reduce CO_2e emissions by 145 million tonnes annually – equivalent to about 7 per cent of all CO_2e emissions from our investee economies in 2022.

Projected results from 2024 investments

Renewable energy capacity installed – **7,862 MW**

Emissions cuts – **10.8 million tonnes of CO_2e/year**

Energy savings – **73.1 million GJ/year**

15. See European Environment Agency (2024).
16. Funded through the Bank's net income allocation process.
17. In our Strategic and Capital Framework (SCF) 2021-25.
18. Annual Bank Investment (ABI).
19. Including both transactional technical cooperation projects and concessional finance.

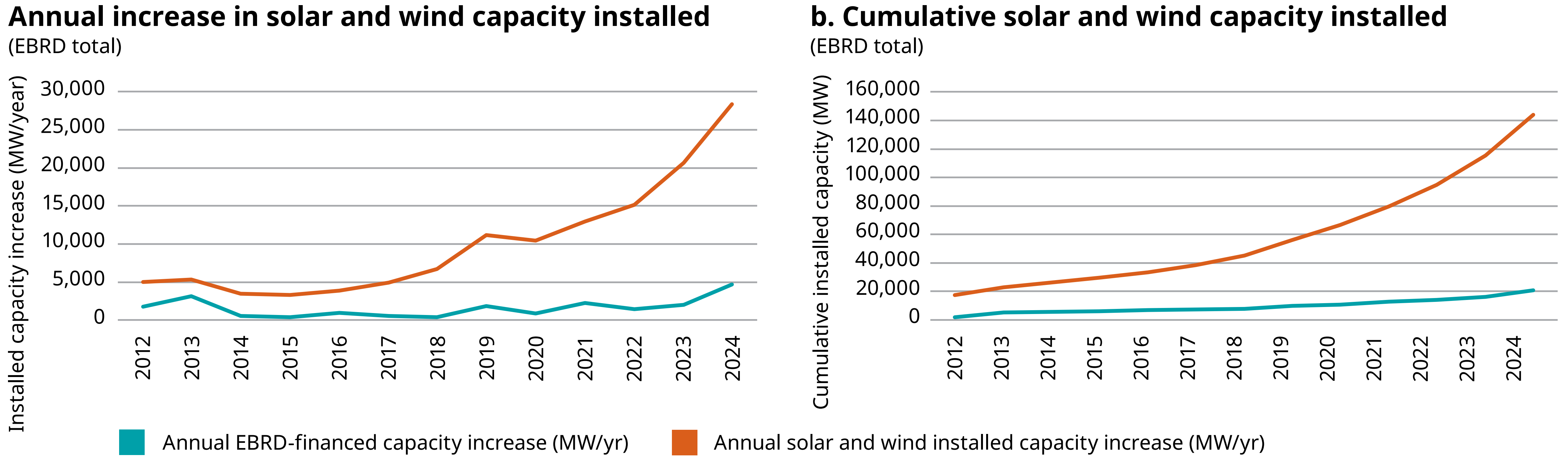
***Supporting renewable energy*:** The EBRD has made significant contributions to boosting the growth of solar and wind energy capacity in its regions (Box 3). It committed to financing nearly 8 GW of renewable energy capacity in 2024, equivalent to 90 per cent of the total power capacity of Serbia in 2023 – a big jump from 2010-21, when the Bank financed 16 GW of new renewable capacity. The EBRD's 2024 projects also supported improvements in energy efficiency that are estimated to save 73 million GJ per year, equivalent to around 80 per cent of total final energy consumption in Albania in 2023.

Overall, the EBRD supported 17 per cent of the total solar and wind capacity increases that took place in its regions in 2012-24 (Figure 8).[20] In addition to its investment activity, the Bank provides policy support to governments on conducting competitive auctions for renewable energy with the aim of driving energy prices down and improving transparency. In 2019-24, more than 7.5 GW of renewable energy capacity and at least 2.5 GWh of battery storage capacity had been awarded through auctions carried out with EBRD support.

20. EBRD calculations based on IRENA data. The calculations assume that (i) the Bank-financed renewable capacity additions were solely in solar and wind and (ii) all EBRD-financed projects are installed within two years of financing. See IRENA (2025).

Box 3
Solar and wind capacity installed in the EBRD regions in 2012-24

Figure 8. Solar and wind capacity installed



Source: IRENA, GET database and EBRD calculations.
Note: Assumes a two-year lag (EBRD finance versus actual implementation).

The lines plot capacity installations in the EBRD regions from 2012 to 2024, showing annual (left) and cumulative (right) (i) increases in solar and wind capacity, using International Renewable Energy Agency (IRENA) data (orange lines) and (ii) EBRD-financed renewable energy capacity from 2010 to 2022 (green lines), using EBRD data, which are shifted by two years to match the timeline of the former. The two-year offset between the datasets assumes a two-year lag between the time of EBRD lending and the time the capacity installed at country level appears in the market data. The EBRD-financed capacity increase figure assumes it only includes solar and wind projects.

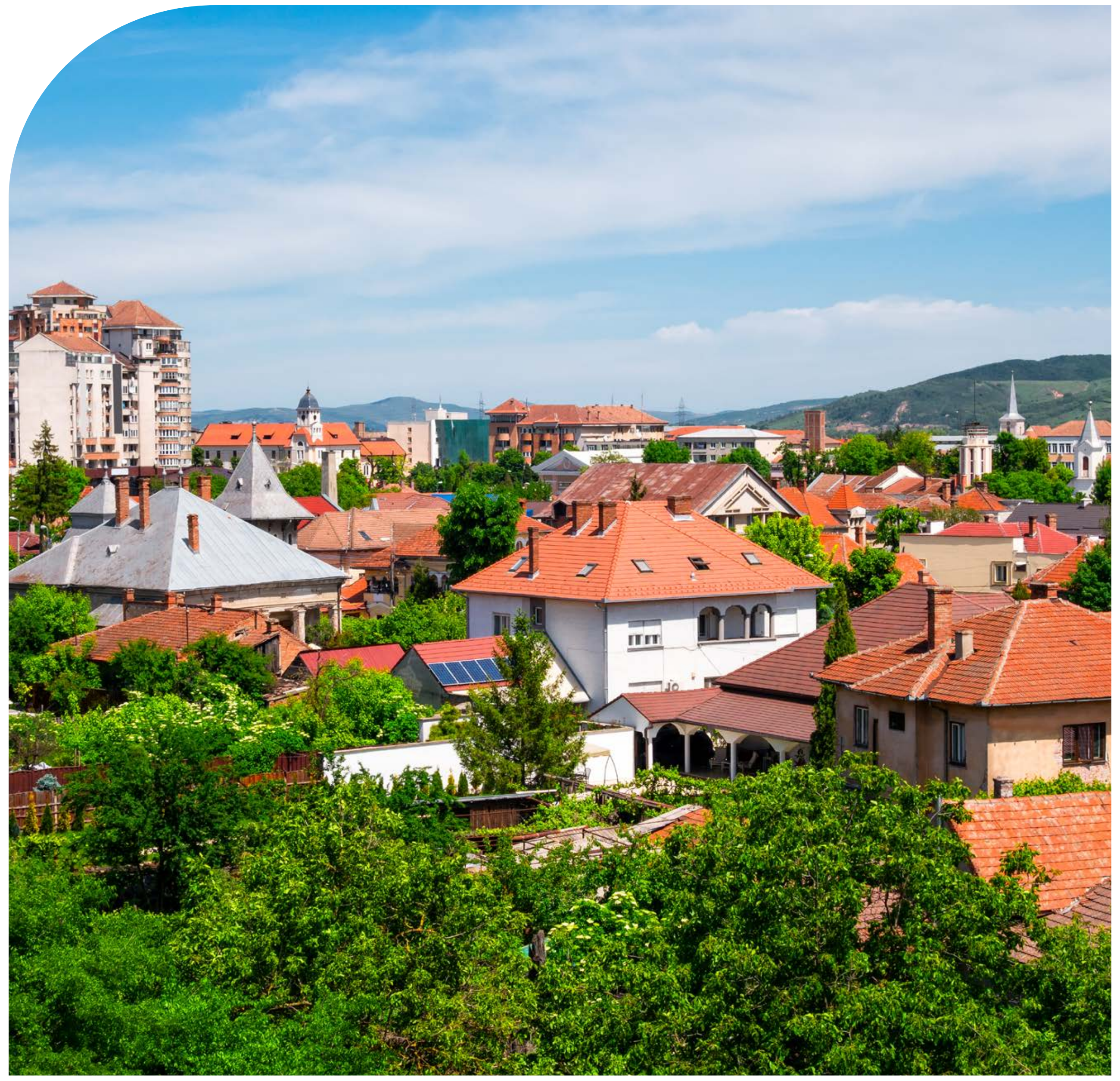
This analysis illustrates the market transition from the early stages of solar and wind investment, when the EBRD financed a significant share of the annual increases in installed capacity across its investee economies to support market creation. However, as the renewables market has grown, the EBRD has financed a smaller share of solar and wind capacity, both annually and cumulatively, and investors have increasingly needed less EBRD financing to invest in these technologies.

Developing Green Cities: The Bank's Green Cities programme supports more than 50 cities in developing Green City Action Plans (GCAPs), which identify policy solutions and infrastructure investments to address their most pressing environmental challenges. Ten cities completed development of their GCAPs in 2024, including Istanbul and Cairo, bringing the total number to 46.

The EBRD also signed 17 projects under the Green Cities programme in 2024, taking its cumulative Green Cities investments to €3.1 billion. These investments included electric bus fleets, retrofitting buildings (including with renewable energy solutions) and updating infrastructure for water supply and the management of wastewater and solid waste. An estimated 76 million people across the EBRD regions (15 per cent of the total population) live in cities that have benefited from the Green Cities programme.

Financial sector and transition planning: The financial sector plays an important role in the green transition by providing capital and encouraging its clients to adopt sustainable practices. The EBRD's Green Economy Financing Facilities (GEFFs) see the Bank work with more than 190 partner financial institutions (PFIs) to funnel funding into the economies where it operates. So far, these PFIs have received €6 billion of EBRD loans that have been lent on to 230,000 small businesses and homeowners to finance energy-efficiency and renewable energy technologies.

The Bank also supports PFIs in various countries that want to develop transition plans. These have included Armenia, the Kyrgyz Republic, Serbia and Tajikistan – where the EBRD is working with all of its PFIs in this regard – and Türkiye, where PFIs receiving transition-planning support account for 64 per cent of the Turkish banking sector by assets. For more information on the Bank's impact in the financial sector, see the preceding chapter on capital markets.



Results achieved since 2016

46 Green City Action Plans
developed, covering 76 million people

Results achieved since 2022

63 partner financial institutions
supported on climate transition planning

Green focus area 1
Policy support for renewables

Investments in renewable energy are crucial to meeting the objectives of the climate transition and energy security in our countries of operation. At the 28th United Nations Climate Change Conference (COP28) in 2023, countries committed to tripling the world's installed renewable energy generation capacity to at least 11,000 GW by 2030. Meeting this goal will require an increase in annual investment in renewable power generation – in addition to energy-efficiency and infrastructure investments – to US$ 1.3 trillion (€1.25 trillion) by 2030, from US$ 486 billion (€456 billion) in 2022.[21]

Total renewable capacity in the EBRD regions was around 212 GW in 2023, equating to 39 per cent of their total power capacity and 5.5 per cent of all renewable capacity installed globally, according to calculations using IRENA data.[22] Applying crude assumptions based on the EBRD regions' share of global GDP (5 per cent) and population (6.7 per cent), they will need around US$ 78 billion of annual investment in renewables by 2030 to meet the COP28 commitment. This large financing gap can only be bridged by creating a market environment that encourages the private sector to invest.

Barriers must be broken down to scale up investment in renewables. In some EBRD economies, renewables are nascent technologies or are constrained by gaps in legal and regulatory frameworks. The Bank tackles this in two main ways: (i) deploying finance to help demonstrate the viability of renewables; and (ii) supporting countries in creating regulatory and institutional frameworks that can encourage companies to scale up renewables. Through our Renewable Energy Programme, we tailor our support to the specific market context of each country by undertaking two types of activity:

1. Helping design and implement renewable energy auctions that attract the private sector. This fosters greater competition, which lowers renewables costs and minimises the risk of non-delivery on contracts. The Bank also helps prepare tender documentation, provides technical, financial and legal assistance during the evaluation of bids, and designs the auction process. A clear objective is to ensure that auctions are replicable, and there is a focus on capacity building to lay the foundations for future auctions.
2. Working with policymakers to close gaps in legislation and regulations, and to support broader energy sector reforms. This includes supporting changes to primary and secondary legislation, helping set up new regulatory institutions and advising governments on designing liberalised electricity markets.

The EBRD has so far supported auctions in nine countries that could mobilise more than €10 billion in private capital. These auctions were the first of their kind in their host nations:

- First renewable energy auction – Albania, Azerbaijan, Bulgaria, Moldova, Romania and Serbia
- First solar energy auction – Egypt
- First wind energy auction – Uzbekistan
- First site-selected wind energy auction – Kazakhstan.

As well as awarding more than 7.5 GW of renewable generation capacity, carrying out these auctions is creating mechanisms that will enable their success to be repeated. A total of five projects with combined capacity of about 690 MW have already reached financial close for a total investment value of €800 million. The Bank is currently supporting auctions for a further 6.5 GW of renewable energy capacity.

These auctions are creating the cheapest power sources in many of these countries. In Albania, the Bank's Renewable Energy Programme supported an auction that achieved the lowest price in the Western Balkans for solar photovoltaic (PV) energy (€24.89/MWh), for 140 MW of capacity.[23] Similarly, in Uzbekistan, the Bank supported an auction that achieved the lowest onshore wind power price in Central Asia (US$ 25.6/MWh, or €23.2/MWh) for 100 MW of capacity.[24]

21. See COP28 Presidency, IRENA and Global Renewables Alliance (2023).
22. See IRENA (2025).
23. See Voltalia (2023).
24. EBRD calculations, assuming per capita electricity consumption of 1,800 kWh per year, an average household size of five people and a capacity factor of 45 per cent.

Case study

Helping the private sector to power Serbia's renewables rollout

The EBRD helped Serbia create a framework for achieving its renewable energy goals. This started with supporting legislative reforms designed to accelerate the rollout of renewable energy. The Bank provided advice on amending a law on the use of renewable energy sources. The changes were adopted in March 2023 and have enabled faster integration of new renewable capacity into the power system. They also ensured grid reliability and stability were preserved during this period of change, and mitigated the costs associated with volatile renewable energy generation.

This resulted in Serbia establishing a three-year plan to deploy 1.3 GW of renewables through competitive auctions by 2025. This is critical in a country where coal accounted for 66 per cent of electricity generation in 2022.

The Bank also supported Serbia in designing auctions to achieve its renewables target. The country's Ministry of Mining and Energy determined the maximum bid prices for the auctions and set up a contract-for-difference scheme to support the private sector. This gave winning bidders a guaranteed strike price for the electricity they would generate, reducing market risks and making renewable energy projects more viable for financing.

The first auction was launched in June 2023 to award a support scheme for 400 MW of wind power and 50 MW of solar PV projects. The auction was not just successful but was oversubscribed. Awarding the entire available quota for wind and PV will lead to an overall renewable capacity addition of around 575 MW, which will effectively double Serbia's green energy capacity.

Following the success of the first auction, a second auction was launched in November 2024 to support 300 MW of wind power and 124.8 MW of solar PV.

These auctions are encouraging flows of private capital. Two projects awarded in the first round of auctions secured financing. In March 2024, the EBRD and Erste Bank approved parallel loans of €45.7 million each to Enlight to finance the construction of the 94 MW Pupin wind farm, mobilising a total of €118.3 million from the private sector. Once commissioned, Pupin will be capable of supplying green electricity to more than 40,000 households, equivalent to a medium-sized city such as Zrenjanin.

The second project was financed without EBRD involvement and mobilised an estimated €239.3 million entirely from the private sector. Masdar and the Taaleri SolarWind III Fund, with Erste Bank and Unicredit Bank Serbia providing non-recourse project financing, reached financial close for the 150 MW Čibuk 2 wind farm in September 2024. Once commissioned, Čibuk 2 will be able to power around 62,000 homes.

Contents

Green focus area 2
Making cities greener

There is an urgent need for climate action at city level. Cities generate more than 70 per cent of global CO_2 emissions and bear the brunt of climate impacts.[25]

This is why the EBRD launched its Green Cities programme in 2016. It is designed to help municipalities identify environmental challenges and address them with sustainable infrastructure investments and policy measures. The programme also helps local authorities to promote digitalisation through the adoption of "smart" technologies.

Green City Action Plans must engage all stakeholders. Translating GCAPs into concrete action requires buy-in across the board. Municipal officials, civil society, private and public companies, non-governmental organisations and utilities must all be involved. To date, 46 cities have developed GCAPs, including 10 in 2024. These plans are not only improving environmental performance, but also advancing gender equality by addressing barriers to green jobs, promoting women's leadership in climate action and ensuring that urban sustainability projects are accessible to all.

The EBRD enables green infrastructure investments. Once cities have identified the sustainable infrastructure investments they need in their GCAPs, the Bank helps secure the funding. The stakeholder engagement process is key in mobilising the required private capital, and it encourages further investment by connecting potential funders to possible projects and investment opportunities.

There are now 95 investments in the Green Cities portfolio, including 17 made in 2024. Investments under the programme to date total €3.1 billion and span all municipal infrastructure sectors, including electric buses, water supply and wastewater management, building retrofits and other energy-efficiency and renewable energy solutions. They are projected to reduce CO_2 emissions by almost 5 million tonnes a year, equivalent to taking more than 1 million internal combustion engine cars off the road each year.[26]

Figure 9: The Green Cities programme

Developing and drafting GCAPs
Assessing and prioritising environmental and climate-related challenges and developing an action plan through policy interventions and sustainable infrastructure investments

46 cities have developed GCAPs

36 cities have accepted GCAPs

Adopting GCAPs
Officially adopting the completed GCAP through the city's own political and statutory procedures

Implementing GCAPs
Facilitating and stimulating public and private green infrastructure investments, policies and initiatives improving the city's resilience to the impact of climate change, mitigating greenhouse gas emissions and supporting environmental and nature-related ambitions

95 projects totalling **€3.1 billion** of EBRD finance

Around **75% of actions** are completed or active

25. See Lwasa et al. (2022).
26. See EBRD Green Cities (2025).

Contents

Case study
Supporting Canton Sarajevo

Canton Sarajevo joined EBRD Green Cities in 2017 and is delivering tangible results. It adopted a GCAP in 2021, outlining seven priority challenges and 49 actions to be taken, and an EBRD impact assessment analysed its performance. As of Q2 2024, one-third of the actions were having a noticeable impact. The EBRD has committed €115 million to supporting these actions, of which more than 65 per cent has been disbursed to date.

Improved public transport, energy efficiency and water management. These are among the headline results of the EBRD Green Cities programme in Canton Sarajevo. The assessment shows that new trolleybus and tram fleets, plus tramline reconstruction, have boosted ridership. Energy-efficiency upgrades in public buildings have lowered energy demand, noise levels and occupant illness rates. With EBRD support, the canton has also rehabilitated much of its water supply network, ensuring reliable service.

There are numerous opportunities for further action. The assessment showed that while use of public transport has increased, it remains lower than in comparable cities, which may be due in part to safety concerns, particularly among women.[27] Improvements in air quality and CO_2 emissions have also been moderate, reflecting continued reliance on private vehicles. This means there remains significant potential for further action to promote sustainable mobility and reduce air pollution.

Key lessons to learn from Sarajevo. Sarajevo's GCAP experience underscores the value of advanced monitoring (such as Earth observations) to respond quickly to emerging issues. Broader stakeholder engagement has been proven to bolster GCAP uptake, while greater coordination with other international organisations avoids resource inefficiencies. Targeting renovations that can boost energy efficiency in residential buildings (while difficult due to multiple ownership structures and approval processes) could further amplify positive outcomes.

27. See Bankwatch Network and Sarajevo Open Centre (2023).

Impact on human capital

Promoting equal opportunities

Impact on human capital: promoting equal opportunities

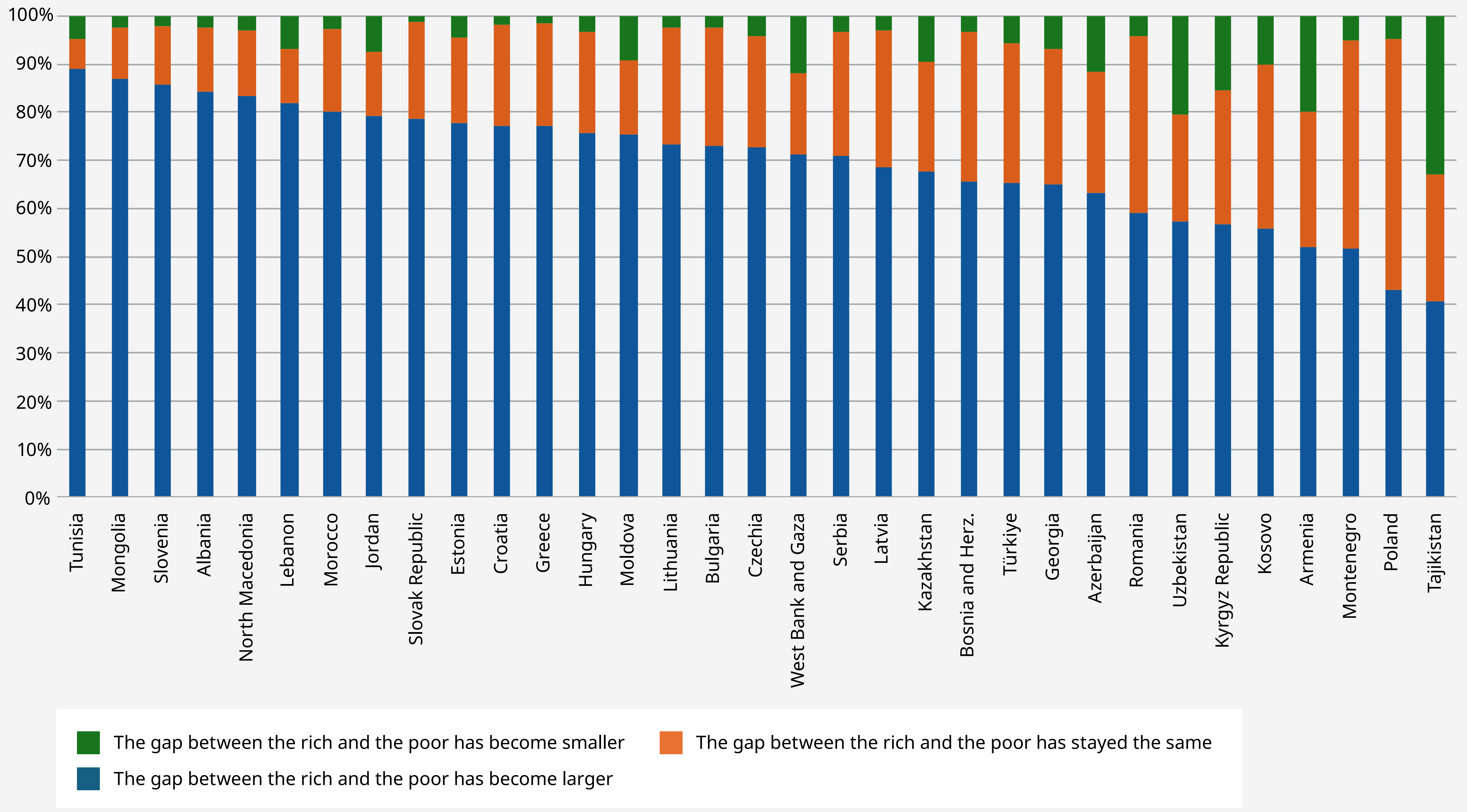
Challenges and opportunities

The EBRD believes that equality of opportunity drives economic growth. Developing human capital – the skills and knowledge of individuals and wider populations – and enabling the empowerment of women in workplaces yields undeniable benefits for companies and countries. It builds broader talent pools, enables economies to benefit from more diverse skill sets and, in turn, boosts business growth and profitability by fuelling competitive innovation and contributing to sustainable market development. Countries that are more inclusive and have greater equality of opportunity are not only more cohesive and politically stable but are also more prosperous.

However, inequality of opportunity has continued to widen in most EBRD regions over the past decade. This includes countries that have experienced improvements in per capita income. South-eastern Europe (SEE) and Türkiye in particular have witnessed an increase in income inequality due to circumstances such as people's family background and gender. More widely, an average of 70 per cent of people interviewed across 33 countries as part of the *Life in Transition Survey IV* in 2022-23 believed the gap between rich and poor to have widened between 2018 and 2022 (Figure 10).[28] Only in two of the countries surveyed, Poland and Tajikistan, did a majority of the population perceive inequality to be stable or declining. Growing inequality of opportunity can have significant socioeconomic impacts, discouraging effort and hard work while fostering a sense of unfairness. In turn, this can erode trust in political institutions and undermine confidence in the market-based economic system.

28. See EBRD and World Bank (2024).

Figure 10. Perceptions of inequality between 2018 and 2022



Source: EBRD and World Bank (2024).

Rigid social norms and restrictive policies are exacerbating inequalities. The legal environments that are meant to support equality of opportunity remain a significant concern in some countries. Laws and policies are either failing to protect women effectively or lack proper enforcement, making it harder for women to achieve equal rights and opportunities. Moreover, gender-based violence and harassment (GBVH) remains a persistent challenge across the EBRD regions. These ongoing challenges not only affect women's safety, but also limit their ability to fully participate in the economy and contribute to business development and sustainable markets.

The EBRD remains steadfast in advancing human capital and supporting gender equality. The Bank has committed to 40 per cent of its projects supporting actions that enhance women's economic empowerment. Our strategy for equality of opportunity also sets out a target that 25 per cent of our investments promote economic inclusion through material objectives. The EBRD's strategic support for gender equality and human capital has the potential to boost economic opportunities for under-represented populations and support the transition of countries towards sustainable market economies. By integrating the resilience of human capital and preservation of equality of opportunity into the EBRD's crisis response, the Bank works to protect livelihoods and support businesses, helping to facilitate a faster and more sustainable economic recovery. Closing gender gaps in labour-force participation and working hours can also result in significant GDP gains across many EBRD economies. This can in turn provide the resilience that will enable faster recovery from various shocks – including economic and conflict-related – as these can disproportionately affect vulnerable groups such as women.

The EBRD's impact

The Bank is advancing sustainable market development by promoting equality of opportunity on numerous fronts. It signed 319 investments (worth a combined €8.5 billion) in 2024 that support economic inclusion and/or the economic empowerment of women – a 31 per cent increase in terms of project numbers from 2023. It also launched 44 new technical cooperation projects – support for clients and partners to prepare for or improve the implementation of investments or policy dialogue– bringing the total number of active initiatives to 126. Technical cooperation is a cornerstone of the EBRD's work and plays a vital role in maximising the impact of its projects, equipping Bank clients with customised support to fulfil their commitments. Donors contributed to 181 investments and technical cooperation projects last year, underpinning EBRD efforts to promote sustainable markets. To spur systemic change at a sector and country level, the Bank also participated in 33 policy engagements dedicated to fostering equality of opportunity and/or women's economic empowerment across its regions in 2024.

***Broadening access to skills, employment and livelihoods*:** The EBRD continued supporting the adoption of higher corporate standards in 2024 by assisting in the design and implementation of market-relevant skills-development programmes. This enabled clients to access and attract a broader talent pool, as well as to improve staff retention by offering more equitable and inclusive workplaces.

Results achieved since 2022

200+ new partnerships between clients and training institutions

25,000+ people with improved skills

70,000 sub-loans disbursed to women- or youth-led businesses

A total of 67 EBRD clients and their suppliers introduced higher workplace standards last year to enhance female representation, especially in technical and senior management roles, as well as to address GBVH risks. This led to long-term behavioural transformation among Bank clients, with leading market players signalling change at sectoral level.

Client-led training programmes promoted by the Bank in 2024 also significantly increased access to skills for more than 21,000 individuals through 66 clients in 24 countries, with a focus on future-ready capabilities such as green and digital skills. This addressed critical business needs by expanding and enhancing talent pools and reducing skills gaps, while also creating new economic opportunities and improving the livelihoods of women, youth, refugees and war veterans, among others.

At a policy level, the EBRD capitalised on its clients' local presence and the Bank's strong government partnerships to address key systemic barriers in labour markets. By establishing Sectoral Skills Councils in countries such as Albania, Egypt, Jordan and Serbia and developing the first national occupational standard for energy in Kazakhstan, the EBRD is fostering greater coordination and alignment between industry and education, ensuring that the development of labour markets and human capital remain consistent with evolving economic demand.

***Reintegrating Ukraine veterans into the economy*:** EBRD projects in wartime Ukraine are helping to reskill and reintegrate more than 17,000 combat veterans into the labour market, while supporting the economic resilience of war-affected businesses. A collaboration between the Bank and the State Employment Service is also supporting skills matching in order to ensure market resilience amid the challenges of the ongoing conflict.

***Supporting financial inclusion and entrepreneurship*:** The EBRD is playing a key role in creating more inclusive financial systems and business environments. Through its partner financial institutions (PFIs), the Bank extended 44,950 loans to women and youth-led micro, small and medium-sized enterprises (MSMEs) in urban and rural areas across 16 countries in 2024 (up sharply from 18,821 in the previous 12 months).[29] This work is enabling entrepreneurs to secure essential funding to launch and expand their businesses, which strengthens the private sector and boosts local economic growth.

The EBRD has also continued supporting PFIs in enhancing their practices and product offerings to better cater to the needs of underserved segments and tap into unrealised market and business opportunities. In Mongolia, the Bank worked with Khan Bank – one of the largest financial institutions in the country, with a 32 per cent market share[30] – on a dedicated digitalisation financial product to support women-led businesses in identifying and developing viable technology options and software solutions. This not only provided women entrepreneurs with the skills and resources to grow their businesses, but also helped expand and diversify Khan Bank's portfolio.

In addition, the EBRD has made significant progress on policy engagement with national central banks to foster systemic change. The signing of Women Entrepreneurs Finance Code memoranda of understanding in nine countries across Central Asia, the southern and eastern Mediterranean (SEMED), eastern Europe and the Caucasus and south-eastern Europe is expected to create further investment opportunities and foster sustainable growth in these regions.

Last year also saw the launch of a new Charter for the Financial Inclusion and Reintegration of War Veterans in Ukraine. Developed in collaboration with the National Bank of Ukraine and signed by local banks, it is supporting broader access to financial services for underserved groups.

***Ensuring access to services and public goods for all – including in Ukraine*:** Enhancing infrastructure enables individuals and businesses to connect to markets, access jobs and expand their economic activities, thereby preserving existing opportunities and unlocking new ones across the EBRD regions. This is why the Bank has continued working to improve the design and delivery of infrastructure and municipal services that provide access to essential services such as water, transportation and energy.

In Ukraine, the EBRD is helping millions of people in the cities of Kyiv, Kharkiv and Kryvyi Rih to retain access to vital municipal services such as heating, drinking water and public transit, thanks to €77 million of emergency liquidity lines supplied to municipal service providers in 2024.

The Bank also began supporting the Ministry of Energy of North Macedonia last year in decommissioning fossil-fuel facilities and driving investment in green energy. This includes ongoing programmes to reskill workers and support affected communities through "just transition" action plans developed as part of the Accelerating Coal Transition investment programme, ensuring that the transition to low carbon leaves no one behind.

29. Data are obtained with a six-month lag. The figure for 2024 refers to loans issued from July 2023 to July 2024.
30. See Fitch Ratings (2024).

Inclusion focus area 1
Supporting women entrepreneurs

Equality creates economic opportunities for everyone. Enabling women to go further in business or to start their own private companies is not just a question of gender equality, but a significant opportunity for economies and financial institutions. Yet access to financial services remains unequal across the EBRD regions, preventing individuals from realising their full entrepreneurial potential. Women entrepreneurs, in particular, face disproportionate challenges in obtaining loans due to factors including limited credit history and lack of collateral, and because of bias in credit scoring and loan evaluations. EBRD research conducted in Türkiye found that loan officers were almost 30 per cent more likely to make loan approval conditional on the presence of a guarantor when an application appeared to come from a female rather than a male entrepreneur.[31] Across the EBRD's regions, 17 per cent of women-led small and medium-sized enterprises (SMEs) perceive access to finance to be a major constraint on doing business, while 56 per cent are credit constrained, demonstrating that financial institutions still struggle to recognise women as a market segment.[32] In Central Asia, 64 per cent of women-led businesses are credit constrained, the highest rate of financial exclusion in the EBRD regions. Closing the gender gaps in the retail banking sector could unlock at least US$ 40 billion (€38 billion) in additional annual revenue.[33] This is why a focus on building inclusive financial systems and business environments is crucial.

The Bank has long worked on promoting inclusive financial services for women beneficiaries. This includes through its flagship Women in Business (WiB) programme, launched in 2014 in Türkiye, which offers a comprehensive approach to supporting women-led businesses through financing, technical cooperation and capacity building. It also helps PFIs tailor their offerings to women-led MSMEs. So far, the EBRD has channelled €1.3 billion in financing to this segment across 22 countries, from Morocco to Mongolia, building the capacity of 6,853 women entrepreneurs. In 2024 alone, 38,479 new MSME loans were extended to women-led businesses, while 591 businesses accessed advisory services. Eighty-five per cent of women-led businesses that received advisory services in the previous year reported improved revenue or employment. On-lending through the EBRD's PFIs also increased, particularly in Central Asia, where Kazakhstan saw sharp growth. In 2024, the programme expanded further, adding 21 new projects in 10 countries, with commitments to channel around €139 million to PFIs.

31. See EBRD (2019c).
32. Data extracted from Business Environment and Enterprise Performance Survey dataset, which uses the EBRD-EIB-WBG Enterprise Surveys conducted in 2018-20 covering almost 28,000 enterprises in 41 economies across most EBRD countries of operation.
33. See BNY Mellon and United Nations Foundation (2018).

The EBRD uses policy engagement to maximise its impact. To increase the effects of its work on equality, the EBRD combines its WiB programme with targeted policy engagement through the Women Entrepreneurs (WE) Finance Code programme. This global initiative launched by the Women Entrepreneurs Finance Initiative (We-Fi) unites regulators and financial service providers in accelerating financing for women-led SMEs. By collecting and utilising sex-disaggregated data on SMEs, the initiative quantifies the gender finance gap, identifies regulatory bottlenecks and designs evidence-based policies to enhance financial inclusion. The WE Finance Code launched towards the end of 2023 and has already reached 14 economies across Central Asia, the Western Balkans, SEMED and the Caucasus. In 2024, it made significant strides, with memoranda of understanding signed in nine of the 14 countries and Georgia launching a data dashboard on women's entrepreneurship. Diagnostics in Central Asia are complete, with work ongoing in the Western Balkans and SEMED in 2025.

Levelling the playing field enables long-term private-sector growth. Programmes that blend private and public finance, such as WiB, and those that enable policy reforms, such as the WE Finance Code, can be powerful tools for sustainable growth. They motivate and enable banks to lend more to underserved business segments, removing market barriers and enabling women to fulfil their potential to start and scale up businesses. By levelling the playing field for women entrepreneurs, reducing financial disparities and transforming the financial sector into a more inclusive ecosystem, the EBRD catalyses long-term, sustainable economic development while promoting gender equity (Box 4).

Box 4
Blended finance supporting women entrepreneurs: insights from WiB Türkiye

The first EBRD WiB programme in Türkiye underscored how blending private and public finance can expand access to credit for women. The initiative, which ran from 2014 to 2019, combined public and private funding to facilitate €417 million in loans to more than 12,000 women-led businesses. It incorporated three key elements aimed at encouraging partner banks to treat women-led businesses as a viable and profitable segment: (i) EBRD credit lines worth €300 million were disbursed to five banks and pooled with the banks' own resources to create lending portfolios targeting women entrepreneurs; (ii) first-loss risk cover guaranteed 10 per cent of each bank's portfolio, reducing the perceived risk of lending to women-owned businesses; and (iii) the programme incorporated tailored consultancy packages including training on awareness and marketing for financial services to women entrepreneurs.

A rigorous evaluation of the programme showed that it increased lending to women and had economically meaningful impacts.[34] The study showed that participating banks increased their share of all business lending allocated to women by 2 percentage points within two years. As participating banks allocated only around 8.6 per cent of their total lending to women entrepreneurs in 2014, this is an economically meaningful increase of 23 per cent. Moreover, a 10 per cent increase in credit supply to women-led businesses was estimated to have led to increases in investment (of 1.3 per cent), sales (of 1.3 per cent) and profits (of 8.2 per cent). These impacts ensured that beneficiary firms were 2.4 percentage points more likely to remain in business one year after the start of the programme.

The WiB programme in Türkiye remains active in the country, with over €332 million of EBRD loans made across 10 transactions and eight partner financial institutions since 2020. The new phase of the programme will focus on the most vulnerable and underserved women entrepreneurs – including first-time borrowers and those based outside of the main commercial centres in Türkiye – and prepare for the long-term sustainability of the programme.

34. See EBRD (2023).

Case study
Helping women entrepreneurs build businesses in Mongolia

Women-led businesses in Mongolia face significant barriers. From limited access to finance – including credit options – to cultural biases and a lack of tailored financial products, many factors hinder their growth. Yet women still own two-thirds of Mongolia's SMEs[35] – a relatively high share of female entrepreneurs – most likely due to the long tradition of women being involved in economic activities such as agriculture, livestock herding and small-scale trade. However, these businesses often face challenges such as limited collateral and insufficient credit history. In addition, the absence of a clear legal definition of women-led or owned enterprises and the resulting lack of gender-specific data hinders banks from effectively serving this segment. Approximately 70 per cent of women-led SMEs are either unserved or underserved, contributing to 25 per cent of the country's total credit gap, which is estimated at US$ 5 billion (€4.8 billion).[36] Despite these challenges, there is increasing evidence that addressing this financing gap would not only benefit women-led businesses but also strengthen the Mongolian economy as a whole.

The EBRD has worked closely with Mongolia's three major banks to better serve women. These banks have a combined market share of more than 35 per cent and the EBRD's engagement with them has included work through the WiB programme. Since its launch in 2021, WiB has provided 14,273 loans worth €32.9 million (€16.4 million of them in 2024) to Mongolian women entrepreneurs, while 162 women entrepreneurs (27 in 2024) have received training and mentorship thanks to the initiative, helping them to access finance, build resilience and grow their networks. During the Covid-19 pandemic, 100 women entrepreneurs were supported with technical cooperation projects, training and mentoring. These efforts are having a significant impact, with 96 per cent of EBRD-supported, women-led businesses in Mongolia reporting increases in revenues or employment in 2024. Furthermore, EBRD PFIs have received specialised training to better serve women entrepreneurs, implementing changes such as higher unsecured loan limits and financial products to close the digital gap, and combining financing with non-financial services such as financial literacy training.

The Bank is working to enhance the collection and use of sex-disaggregated data. Breaking down data for women and men can shed light on gender disparities in areas such as business capacity, skills, innovation and economic prospects. The EBRD has been working in close collaboration with the Mongolian authorities – including the central bank and national statistics office – to develop a unified definition of women's entrepreneurship across PFI reporting. This has helped to identify regulatory bottlenecks and will facilitate the design of evidence-based policies to support women-led businesses. It is also enabling local financial institutions to provide training on how to use sex-disaggregated data to better support women entrepreneurs.

35. See Buckholtz and Yu (2025).
36. See World Bank (2014).

Inclusion focus area 2
Preserving human capital in Ukraine

Russia's war of aggression continues to imperil and diminish Ukraine's economy. This is causing significant harm to people, livelihoods and businesses. Around 6.2 million Ukrainians remain displaced abroad, while a further 3.7 million are registered as internally displaced. Ukraine's workforce has shrunk by around 28 per cent and the unemployment rate has more than doubled from pre-war levels, reaching 19 per cent in early 2024.

Critical skills remain out of reach for many employers. This is particularly the case in traditionally male-dominated roles left vacant by conscription. Care responsibilities are also mounting for many, as a growing number of people with war-related physical and psychological injuries and an increasing number of single-parent households are leaving many working-age people (particularly women) cut off from the labour market. Consequently, Ukraine's employers are facing extreme difficulties in terms of workforce volatility and skills shortages, as well as due to the ongoing damage and destruction in the country.

Much of the EBRD's work in Ukraine has focused on preserving livelihoods and enhancing workforce resilience as part of its crisis response. From the time of Russia's full-scale invasion in February 2022 to the end of 2024, the Bank has deployed more than €6.2 billion in various sectors of Ukraine's economy, with 77 per cent of EBRD investments targeting the preservation of human capital. The EBRD has helped some of the largest employers continue to operate, sustain jobs and provide employment. More than 3,000 people have benefited from (re)skilling programmes and over 17,000 war veterans are being supported with reintegration into the workplace through human resources initiatives.

The EBRD is also specifically assisting women affected by the war. This includes providing access to financial services and promoting opportunities for women entrepreneurs, as well as addressing the risks of GBVH through improved workplace policies. The Bank's first-of-its-kind investment in Esper Bionics is making prosthetic products designed specifically for female amputees, improving their mobility and enhancing their access to the labour market, thereby supporting their livelihoods.

The Bank is collaborating with the authorities and key stakeholders to address labour-market challenges. This is driving systemic change at a sectoral and national level: policy engagement with the State Employment Service has resulted in reforms to better support skills matching, employment and training opportunities in the disrupted wartime labour market; and a new Human Capital Charter focused on workforce inclusivity, gender equality, training, health and safety has seen more than 20 leading employers commit to promoting responsible workforce practices.

The EBRD has also helped Ukraine rebuild its infrastructure. The Bank has worked with providers of essential services to restore access for millions and sustain economic activity, including through 11 new investments in 2024.

Case study
Reintegrating veterans

Using targeted investments and technical assistance, the EBRD is helping Ukraine reabsorb war veterans into the workplace. With more than 1.4 million individuals mobilised in Ukraine's armed forces and an estimated 5 million–6 million veterans expected by the end of the war, reintegration is critical for Ukraine's labour market and society. The EBRD has been working closely with the Ukrainian government and key stakeholders, including the Ministry of Economy and Ministry of Veterans Affairs, to drive systemic policy changes and improve access to financial services for veterans and the businesses employing them. A key milestone was the signing of a memorandum of understanding with the National Bank of Ukraine in April 2024, enhancing the financial sector's role in veteran reintegration. This initiative promotes a sector-wide financial inclusion charter and supports the EBRD's Veterans Reintegration Programme, which has seen five new transactions with Ukrainian banks under the upgraded EU-EBRD SME Competitiveness and Inclusion programme, increasing access to finance for war-affected businesses.

The EBRD is supporting the reintegration of more than 17,000 veterans into the workforce. Through 24 technical support initiatives, the Bank has helped companies and policy partners address workforce gaps, expand training access, promote sustainable livelihoods and implement return-to-work policies, workplace safety measures and manager training (Box 5).

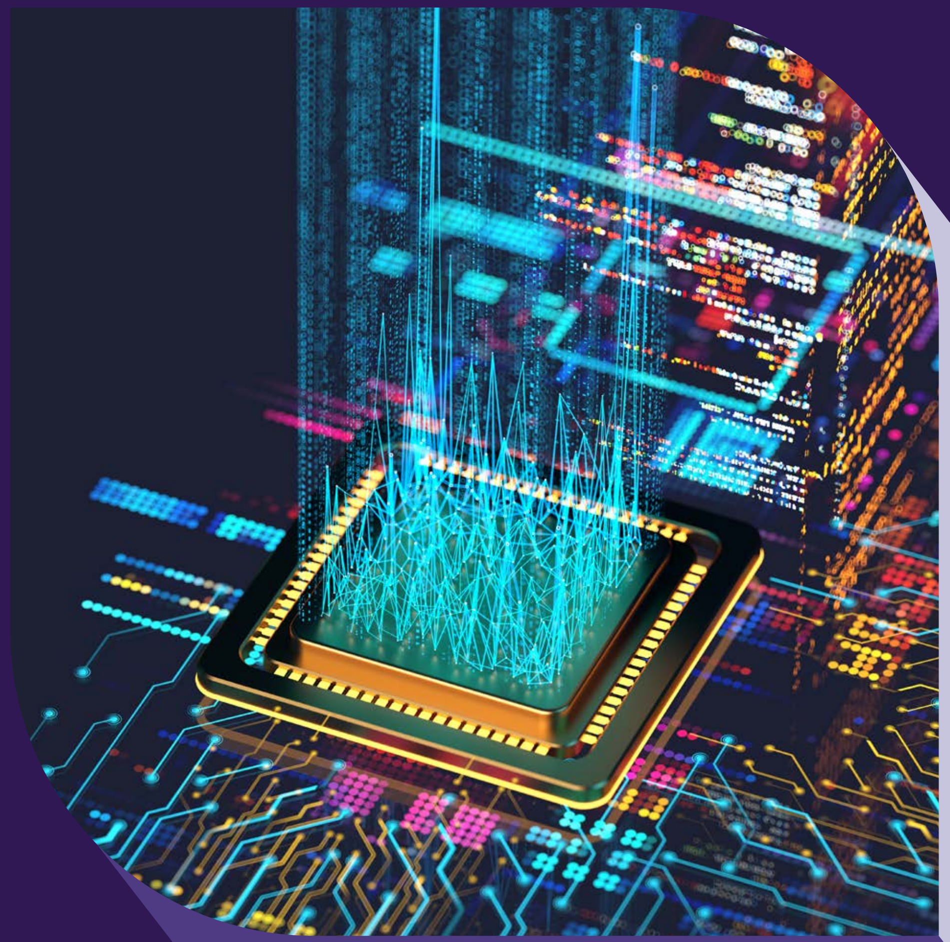
Box 5
Building resilience and inclusivity in Ukraine

The EBRD's partnership with one Ukrainian firm has reinforced veteran reintegration and empowered women. With more than 2,800 employees in Ukraine, pharmaceutical producer Farmak faced several challenges related to the war, including recruiting new production personnel and training new hires in line with good manufacturing practices and standards. The company lacked employees and quality managers to sustain operations and support growth. In 2024, it partnered with the EBRD to implement a structured reintegration programme for veteran workers and broadened access to training for women entering hard-to-fill vacancies in traditionally male-dominated occupations. These efforts not only supported Farmak's growth, but also helped to build a more resilient and inclusive workforce.

The 2024 launch of the EBRD's Human Capital Investment Incentive grant programme marked a significant step in supporting Ukraine's workforce recovery. This programme provided the first co-investment grants to help client companies address their critical needs around human capital, including workforce rebuilding, skills development and job creation. With this support, firms are expected to achieve transformative results in recruitment and workforce reintegration, while enhancing productivity through future-proofing initiatives that prepare workplaces for the evolving demands of a returning and more diverse workforce. With plans to scale up in 2025, the programme has the potential to expand to other economies in which the EBRD operates, offering a powerful tool for fostering resilient labour markets across the Bank's regions.

Impact on the digital transition

Building foundations, enabling innovation



Impact on the digital transition: building foundations, enabling innovation

Challenges and opportunities

Many economies in the EBRD regions face significant transition challenges – advances in digital technology offer them transformative solutions. Digital solutions can improve competitiveness by enabling small and medium-sized enterprises (SMEs) to diversify their offerings, expand trade and integrate into global value chains. Digital platforms and tools deployed across governmental services can enhance transparency and help fight corruption, while the digital transformation of state-owned enterprises (SOEs) can bring efficiency and cost savings. Digital technologies also promote smarter energy use and improve the reliability of energy systems.

Digital advances move private-sector growth forward, too. By capitalising on digital advances built on new and improved infrastructure, economies can unlock growth opportunities and strengthen their resilience in an increasingly interconnected world. The value of digital transformation has been reflected in the staggering growth of the information and communications technology (ICT) sector, which expanded about three times faster than the global economy between 2013 and 2023. ICT technologies and services accounted for 5.4 per cent of total value added in countries covered by the Organisation for Economic Co-operation and Development (OECD) Structural Analysis Database in 2019, up 40 per cent from 2010.[37]

However, the pace of digital transformation is uneven. The EBRD regions are lagging in terms of access to technology and hardware, digital skills, and ability and willingness to learn online. These issues exacerbate one another, worsen existing divides between and within countries and have implications for the long-term productivity of the EBRD's regions. *The Life in Transition Survey IV* points to the systematically low shares of individuals with ICT skills at all levels in all EBRD regions, while many regions are also experiencing significant "brain drain" as people with strong digital skills move abroad.[38] The resulting low levels of digital skills are holding back people's use of digital technologies, even where digital infrastructure and services are available.

Recent digitalisation trends point to new and rapidly evolving challenges. The environmental footprint of the ICT sector is growing due to the exponential rise in data traffic, which is driving significant increases in energy use and greenhouse gas emissions. The telecommunications, media and technology sector is responsible for 1.5-4.0 per cent of global carbon emissions.[39] At the same time, the increased interconnectedness of the global economy, the high rate of digital transformation, the rise of artificial intelligence and other technological advances are increasing cybersecurity risks for individuals, businesses and governments.

The EBRD is always looking for new ways to advance the digital transition. The Bank was quick to acknowledge the importance of digital technologies in the 2010s, when it linked together investments in digital infrastructure with new instruments dedicated to venture capital financing for digital and high-tech companies. In the wake of the Covid-19 pandemic, amid an acceleration of digital transformation and adoption, the Bank further deepened its ambition and scope, as outlined in *The EBRD's Approach to Accelerating the Digital Transition, 2021-25*.[40]

37. See OECD (2024).
38. See EBRD and World Bank (2024).
39. See ITU (2024).
40. See EBRD (2021a).

The EBRD’s impact

The Bank continued to advance the digital transition in three focus areas in 2024: foundations of the digital economy, innovation and adaptation. The **foundations** focus area seeks to promote appropriate policies and regulations and improve access to connectivity through the development of infrastructure (rolling out, expanding and upgrading fixed and mobile networks). As of December 2024, the Bank is supporting 21 investments to build the foundations of the digital economy, including four new projects started last year. The second focus area advances **innovation** through the promotion of startup-friendly ecosystems, including by meeting the specific financing needs of and tackling the growth constraints suffered by digital-first startups. Such startups are vital to market economies because of their innovation, rapid scaling, job creation and revenue generation.[41] In 2024, the Bank supported 16 new projects to advance innovation, bringing its total active investments in this area to 94. The third focus area is the **adaptation** and digital transformation of EBRD clients, which the Bank has been promoting since 2022. It has been doing this through enhancing digital services, assets, business processes, cybersecurity practices and value chains, ultimately contributing to greater productivity, resilience, environmental performance and inclusion. In 2024, the Bank more than doubled the number of projects it finances to promote adaptation and digital transformation, with 43 additions bringing the total to 87. Many of these investments, across all three focus areas, are complemented by policy dialogue and advisory services.

The EBRD’s digital transition activities are tailored to context and supported by donors. Investments in all three focus areas deploy the full suite of EBRD instruments – loans, guarantees and direct and indirect equity – to maximise impact. The mix varies depending on the sector in question, the aim of the intervention and the client’s digital maturity. These investments are complemented by policy dialogue and advisory services. Support from bilateral donors, the EU and the EBRD Shareholder Special Fund is often a key enabler of these engagements, with donors supporting about one-fifth of the Bank’s active digital investment portfolio and a further €26.5 million in non-transactional technical cooperation engagements (where the EBRD supports legal and regulatory reforms, research or knowledge production to enhance the wider environment for transition).

Foundations: Building digital foundations is a cornerstone of EBRD operations in the digital economy. The Bank’s work has provided faster and more reliable internet access to individuals in multiple countries, improving digital connectivity and access. Thanks to EBRD engagements signed since 2022, some 14.5 million people are projected to have improved digital coverage, with new network infrastructure such as broadband, mobile networks or wireless hotspots available in their area. In addition, some 3.5 million people are set to benefit from better access to the internet, with improvements in connectivity issues such as speed, cost and reliability. Promoting digital connectivity creates positive spillover effects for the broader economy, as faster internet speeds can increase both employment and exports, the latter by a factor of almost four.[42]

Projected results from 2024 investments

676,000 individuals have better digital connectivity

4.1 million individuals have better digital coverage

Results achieved since 2022

2,346 small businesses have received digital advisory services

41. See EBRD (2024a).
42. See World Bank (2023), page xi.

Innovation: EBRD digital advisory services for small businesses serve different purposes depending on the type of business. In the case of bricks-and-mortar SMEs, the Bank's assistance helps them understand and embed digital solutions into their production, operations and client outreach to enhance productivity and sales. Since 2022, a new EBRD flagship product, the Go Digital Programme,[43] has brought these advisory services together with financing solutions to provide holistic digital transformation support to eligible SMEs. This assistance helps digital-first high-performing startups focus their growth plans to achieve scale and sustainability.

Adaptation: EBRD activities supporting the digital transformation of analogue clients are diverse. Digitalisation can serve a variety of purposes, from improving operational efficiency and saving costs to enhancing the digital skills of an entire workforce and strengthening the quality of regional infrastructure. EBRD operations aim to bring these diverse benefits to its regions. Two new flagship technical cooperation packages launched in 2023 and 2024, respectively, aim to support digital transformation more generally and cybersecurity resilience more specifically.

Digital focus area 1
Building digital foundations

The EBRD is helping build the foundations of the digital economy to foster systemic change. The Bank has digital foundation projects under way in central and eastern Europe, the Western Balkans, Türkiye and the Caucasus. This involves supporting the rollout and upgrade of digital infrastructure with the aim of narrowing the digital divide – by expanding networks to underserved regions – while also supporting the twin green and digital transitions by promoting resilient and energy-efficient digital infrastructure. The EBRD achieves this through financing and policy engagements that target infrastructure improvements, increase private-sector participation in these areas and encourage the commercialisation of SOEs. It also encourages sector-wide reforms to enhance the effectiveness of key regulatory authorities in promoting competitive digital markets. Such interventions when working in unison can create systemic change in markets that have been stunted by distortive state measures, unfair competitive practices and prohibitive barriers to energy. Donors are also playing a catalytic role in financing this digital development agenda.

Case study
Improving digital connectivity in Armenia

EBRD support in Armenia has improved digital connectivity for individuals, boosted competitiveness for businesses and reduced the environmental impact of digitalisation. This has helped make Armenia a technology hub in the Caucasus region, with the number of IT-focused companies reportedly more than doubling in 2024 and the number of employees in the sector increasing by 30 per cent.[44] In 2022, the Bank lent US$ 20 million (€18.5 million) to Telecom Armenia to support its growth plans – including 4G mobile network expansion and the rollout of a state-of-the-art fibre-to-the-home network across the capital, Yerevan, secondary cities and rural areas. This in turn increased the digital connectivity and competitiveness of businesses and some 450,000 households across the country.

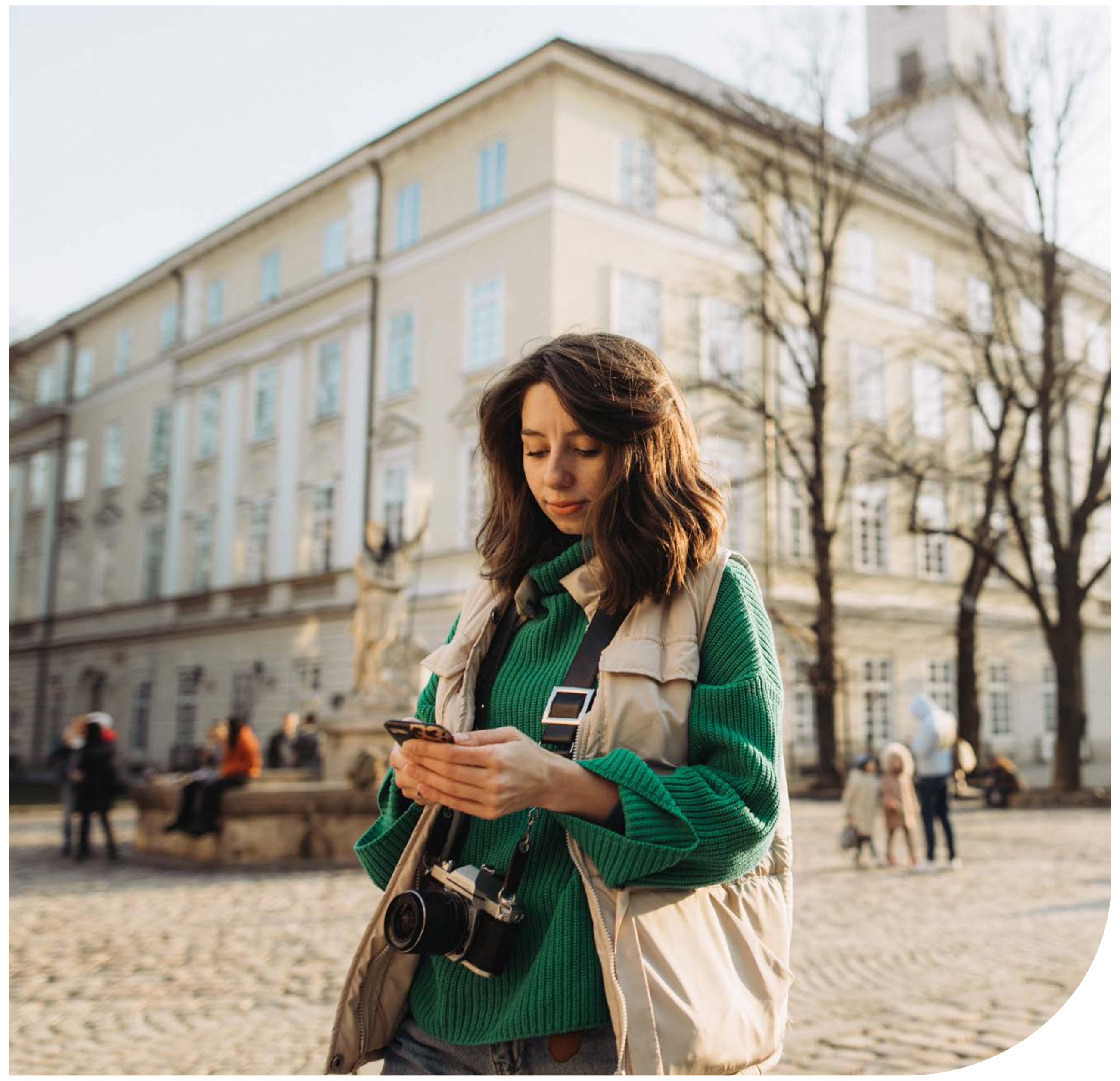
The upgrade also has environmental benefits. By replacing twisted copper wires with more energy-efficient technologies, CO_2 emissions are reduced and primary energy is saved. This is a critical step in the decarbonisation of a traditionally energy-intensive sector. To date, a quarter of the fixed optical-fibre network has been upgraded, allowing about 270,000 households to access ultra-high-speed intranet in the capital, 33 secondary cities and five villages. In 2024, the EBRD reaffirmed its commitment to Telecom Armenia's environmental ambitions with a US$ 13.5 million (€12.9 million) participation in a senior unsecured sustainability-linked bond. Telecom Armenia has committed to sustainability performance targets on further reducing and avoiding CO_2 emissions. The EBRD is also strengthening the company's cybersecurity against distributed denial-of-service attacks, helping to make it more resilient.

43. See EBRD (n.d.a).
44. See Office of the Prime Minister of the Republic of Armenia (2023).

Case study
Expanding digital access in Ukraine

The EBRD's support for Ukraine's digital foundations has driven systemic change. The Bank's investments have demonstrated the broad economic and operational benefits of strategic investments in digital infrastructure. In 2021, following parliamentary approval of the Law on Electronic Communications – aimed at increasing transparency and fostering technological innovation in the Ukrainian ICT sector – the EBRD lent US$ 65 million (€57 million) to Datagroup, a provider of data transfer services, fixed broadband and fixed telephony for corporate and residential clients. As a result, Datagroup acquired Volia, an internet and television services provider active in 34 cities and 19 regions of Ukraine, creating DatagroupVolia. DatagroupVolia's profitability was up almost 25 per cent in 2024 compared with 2021, while customer satisfaction and loyalty in the retail category increased by 7 percentage points (net promoter score). The acquisition also combined the companies' respective strengths in the corporate and retail sectors, creating an entity able to challenge the dominant player in the market and supporting the consolidation of the Ukrainian fixed-line telecoms market.

In 2024, the EBRD reaffirmed its commitment to the Ukrainian ICT sector. The Bank and the International Finance Corporation extended a debt package to DatagroupVolia worth US$ 435 million (US$ 217.5 million – or €202 million – from each party) for its merger with Lifecell, the third-largest Ukrainian mobile telephone network operator. The deal aims to create a combined fixed-mobile operator and finance the rollout of critical network components that will see 10 million mobile customers benefit from improved service coverage and 4 million households gain access to faster, more reliable broadband. The investment benefits from a guarantee, as well as technical cooperation to promote best practices and (re)skilling for the reintegration into the workforce of staff who have been mobilised for the war effort.



Digital focus area 2
Ensuring innovators can scale

The EBRD aims to bridge the finance gap that is impeding innovative digital businesses in their quest for growth. The vast majority of these companies are startups that may have significant growth potential, but they cannot develop and commercialise their products without access to capital. The Bank provides support for these firms in various forms, including early and growth-stage venture-capital investments. This includes direct equity under the Venture Capital Investment Programme,[45] indirect equity through the Early-Stage Innovation Facility[46] or assistance through the Bank's other equity funds work.

The Bank also provides complementary technical support for entrepreneurs. This comes under its Star Venture programme[47], which is dedicated to fostering and strengthening entrepreneurial ecosystems by providing advisory services to local accelerators and startups. At the heart of the Star Venture programme is support for entrepreneurs who lead high-potential startups. These entrepreneurs gain 18 months' access to an exclusive network of mentors, investors, corporate partners and advisors, along with essential tools and resources to accelerate their growth. Engagement generally involves a series of interconnected projects rather than a one-off intervention, fostering a systematic approach to building the startup's capacity. Each year, an open call for applications selects 5-10 promising startups (younger than 10 years old) with a marketable product or service and demonstrated growth potential. This means a total of 100-150 young firms in 26 countries benefit from the programme annually.

This support is building business capabilities and creating jobs. Star Venture's important role in fostering innovation and entrepreneurship is not just supporting startups but is empowering diverse leadership, enhancing business capabilities, facilitating access to financing and ultimately driving significant job creation. Star Venture has directly supported 389 tech startups and 36 local accelerators, all from a budget of €25.7 million. The programme has delivered 707 advisory service projects in various business areas, including new technology and product development, digitalisation, marketing, sales, operations and management, along with 543 non-project activities, including mentorship, training, workshops, business matching, access to finance and market support. Women lead more than a third of participating high-potential startups, while almost half are youth-led and focused on climate solutions. These companies have seen their average revenue grow sixfold – with more than three-quarters experiencing positive revenue growth – and have created more than 6,000 new jobs. Among the 389 portfolio startups, 283 (73 per cent) have raised more than €573 million in funding, mostly through equity financing (Box 6).

45. See EBRD (n.d.b).
46. See EBRD (n.d.c.).
47. See EBRD (n.d.d).

Case study
Connecting farmers and retailers in Morocco

The EBRD supported a startup transforming agricultural supply chains with AI. Yola Fresh connects smallholder farmers directly with traditional retailers through an advanced digital platform. As well as addressing inefficiencies and a lack of transparency in the food supply chain, this empowers farmers by providing them with valuable insights into crop demand and optimal harvesting times, enabling them to manage their production more effectively and gain reliable market access.

The firm has rapidly achieved significant milestones since its launch in 2023. With EBRD support, Yola Fresh secured US$ 7 million (€6.7 million) in pre-Series A funding, which will facilitate further product development, workforce expansion and market traction across Morocco. The company has also dramatically reduced food waste in the supply chain, lowering the typical share from 40 per cent to just 6 per cent through improved inventory management and forecasting. By fostering a more efficient, sustainable and resilient agricultural ecosystem, Yola Fresh exemplifies the transformative potential of technology. Combined with its commitment to social impact, this is contributing to food security and economic stability for smallholder farmers.

Box 6
Impact of the EBRD Star Venture programme

A rigorous impact evaluation published in November 2024 shows that Star Venture delivers measurable and sustained operational benefits.[48] The evaluation demonstrates that the programme has achieved significant gains in important metrics, with key outcomes including:

- **Increased funding.** Participating startups raised US$ 1.34 million (€1.28 million) more in total funding within one year of joining, increasing to US$ 2.17 million (€2.08 million) after two years.
- **Employment growth.** Startups created an average of 12 new jobs in the first year, sustaining 11 additional jobs into the second year.

Surveys of programme participants conducted in 2022-23 offer deeper insights:

- **Strategic Compass workshops.** More than 90 per cent of respondents reported greater clarity of business goals and strategic priorities.
- **Advisory services projects.** More than 70 per cent noted enhancements in market performance and management efficiency, while 54 per cent saw greater cost reductions and 60 per cent saw improved financial management.
- **Mentorship.** Participants valued mentorship on sales (55 per cent) and business development (58 per cent), but cited limited benefits in areas such as environmental, social and governance and digitalisation.

The Star Venture programme underscores the importance of tailoring interventions to specific operational challenges. The programme excels in fostering strategic planning and operational efficiency, primarily through diagnostics, mentorship and providing access to business networks. However, fewer startups report impacts on fundraising and employment. The feedback also highlights digital transformation and sustainability support as areas for enhancement. These insights are already driving programme improvements to better meet participant needs. Future iterations of the programme will expand these areas while continuing to build on the success of its customised advisory services model.

48. See EBRD (2024b).

Managing our impact

Managing our impact

The EBRD manages the impact of its work with a robust system of checks and balances. This takes place over the whole lifecycle of an investment (and beyond), spanning ex-ante assessment, monitoring while the project is active and post-completion evaluation. Before signing any projects, the EBRD assesses their expected transition impact (ETI) to help ensure the Bank’s investments are channelled to the countries and sectors where they are needed most and with the highest level of ambition. The ETI score is based on the project’s transition impact objectives and ambition, weighted against the transition context of the area in which the investment is taking place. During implementation, projects are monitored and assessed against specific monitoring indicators and receive delivery rates to indicate progress made against targets. Upon completion, projects receive a final delivery rate. Projects also undergo a self-evaluation process that provides a holistic perspective on performance. More details on the EBRD’s impact management system are provided in the Annex.

The EBRD’s impact management practices are well regarded. The Bank was independently reviewed and earned “advanced” ratings on seven of the eight Operating Principles for Impact Management[49] – a global standard for integrating impact throughout the investment lifecycle – that were in the scope of the review. The review highlighted strengths in areas such as impact monitoring, learning from outcomes and risk management around environmental, social and governance issues, while identifying opportunities for improvement in sustaining impact beyond project exits.

49. See Operating Principles for Impact Management (n.d.).

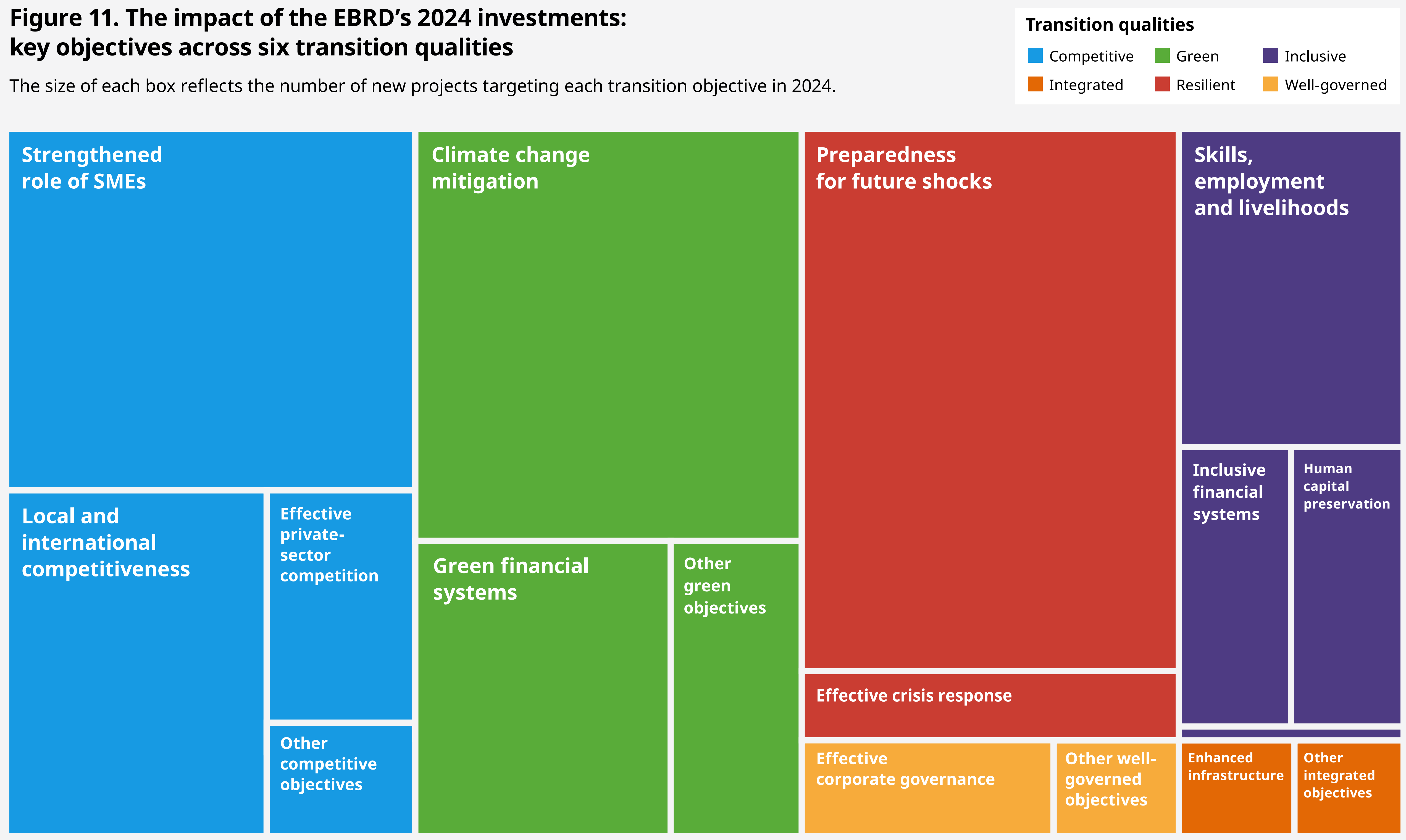
Prioritising our support for greater impact

The EBRD's 2024 projects focused mainly on boosting competitiveness in the private sector, strengthening the resilience of firms and economies – in Ukraine in particular – and accelerating the green transition. These relate to three key transition qualities of sustainable and well-functioning markets that we support – "competitive", "resilient" and "green". Within these and a further three transition qualities, our projects support specific transition objectives. Figure 11 shows the distribution of the Bank's 2024 investments, the six transition qualities and their main transition objectives.

The transition objectives targeted by each project vary in response to the key challenges and opportunities in different countries and sectors. In 2024, EBRD projects supporting more competitive economies and firms largely aimed to strengthen the role of small and medium-sized enterprises. Projects to strengthen resilience sought to provide short-term crisis response amid the war on Ukraine and earthquake recovery in Türkiye and Morocco, in addition to enhancing preparedness for future shocks. Green investments aimed to foster climate change mitigation in various sectors – from investments in increased renewable energy capacity and greener production processes to providing green financing facilities for partner financial institutions (PFIs). More than a quarter of investments targeted inclusive objectives, including access to training and skills to expand employability prospects, as well as the promotion of inclusive financing. Improvements in public governance objectives are often targeted through the EBRD's supplementary policy engagement activities, and integrated financial markets are supported by trade finance guarantees, both of which are not included in the overall count of investment projects. This is one of the reasons why there are fewer investments explicitly focused on "well-governed" and "integrated" objectives.

Figure 11. The impact of the EBRD's 2024 investments: key objectives across six transition qualities

The size of each box reflects the number of new projects targeting each transition objective in 2024.



Note: As one project can have multiple objectives and transition qualities, the total number of projects represented in the chart exceeds the total number of projects signed in 2024.

Addressing transition gaps

The projects that the EBRD launched in 2024 aim to achieve significant impact. Almost half had "strong" or "excellent" ETI scores, while 56 per cent were rated "good". This high average ETI reflects the Bank's continued efforts to invest where it matters most – in ambitious initiatives relevant to addressing challenges and reducing transition gaps in its regions.

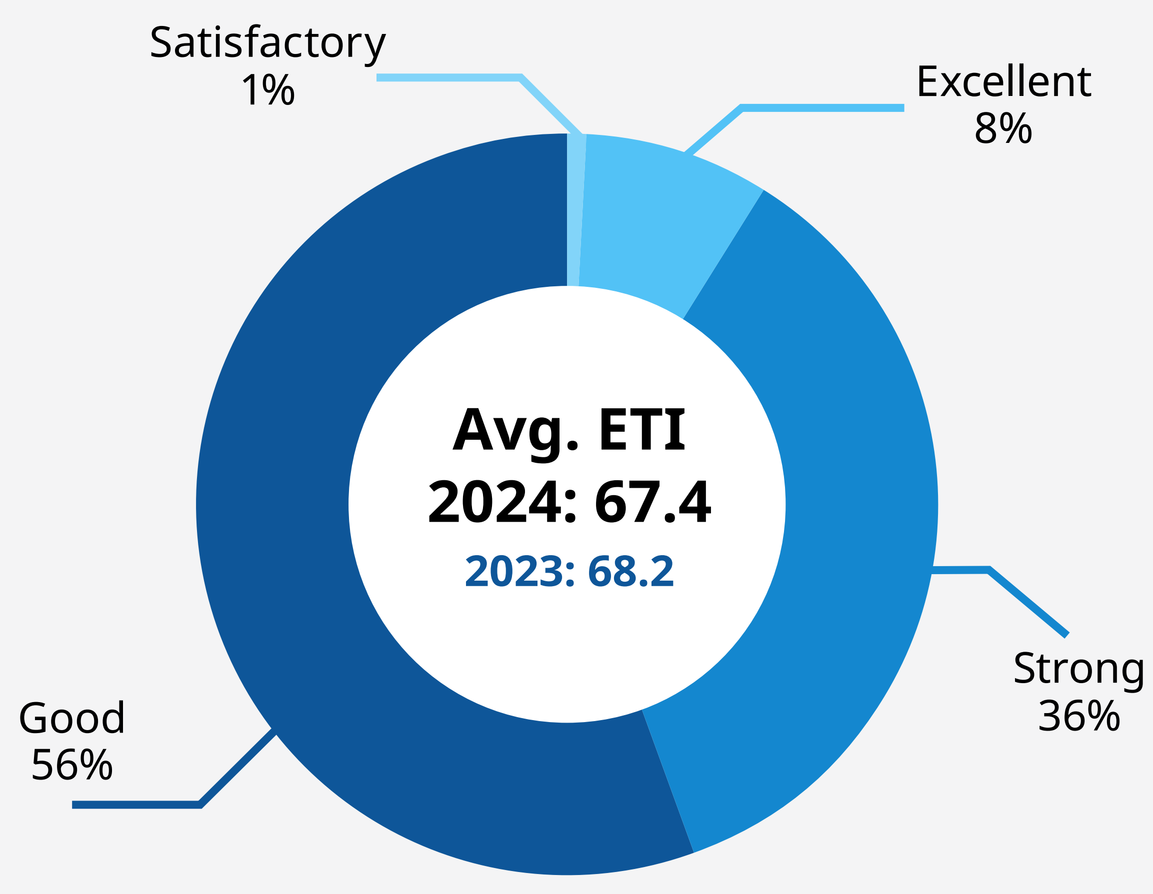
Average ETI scores are higher in regions with greater need for investment, capacity building and policy support. This includes the southern and eastern Mediterranean (SEMED), eastern Europe and the Caucasus, and Central Asia, all of which face significant challenges, as evident from their lower assessment of transition qualities (ATQ) scores.[50] Several EBRD projects show strong potential for systemic change, leading to higher average ETI scores in these regions.

These include:

- venture-capital equity investments in highly innovative tech companies in Egypt with the potential for scale
- an investment in a systemic financial institution in the West Bank and Gaza to bolster the stability of the local financial market
- continued support for Ukraine, including emergency liquidity to keep vital municipal services running.

The average ETI score is highest for projects in the sustainable infrastructure sector, where there is a larger number of ambitious and innovative projects with an "excellent" score. These include several innovative projects aiming to bring new financing structures (such as internationally funded public-private partnerships) and technologies (such as renewable district energy technologies) to sectors and countries for the first time.

Figure 12. Share of new EBRD projects in 2024 by ETI rating



ETI ratings by category: 50-59 Satisfactory; 60-69 Good; 70-79 Strong; 80+ Excellent

50. ATQ scores are based on a wide range of external and internal data sources and calculated in accordance with a detailed methodology. For each transition quality in each economy, progress is assessed on a scale of 1 to 10, where 10 corresponds to the standards of a sustainable market economy. More granular information on the ATQ scores and methodology is available in the EBRD's *Transition Report* (see EBRD, 2024a).

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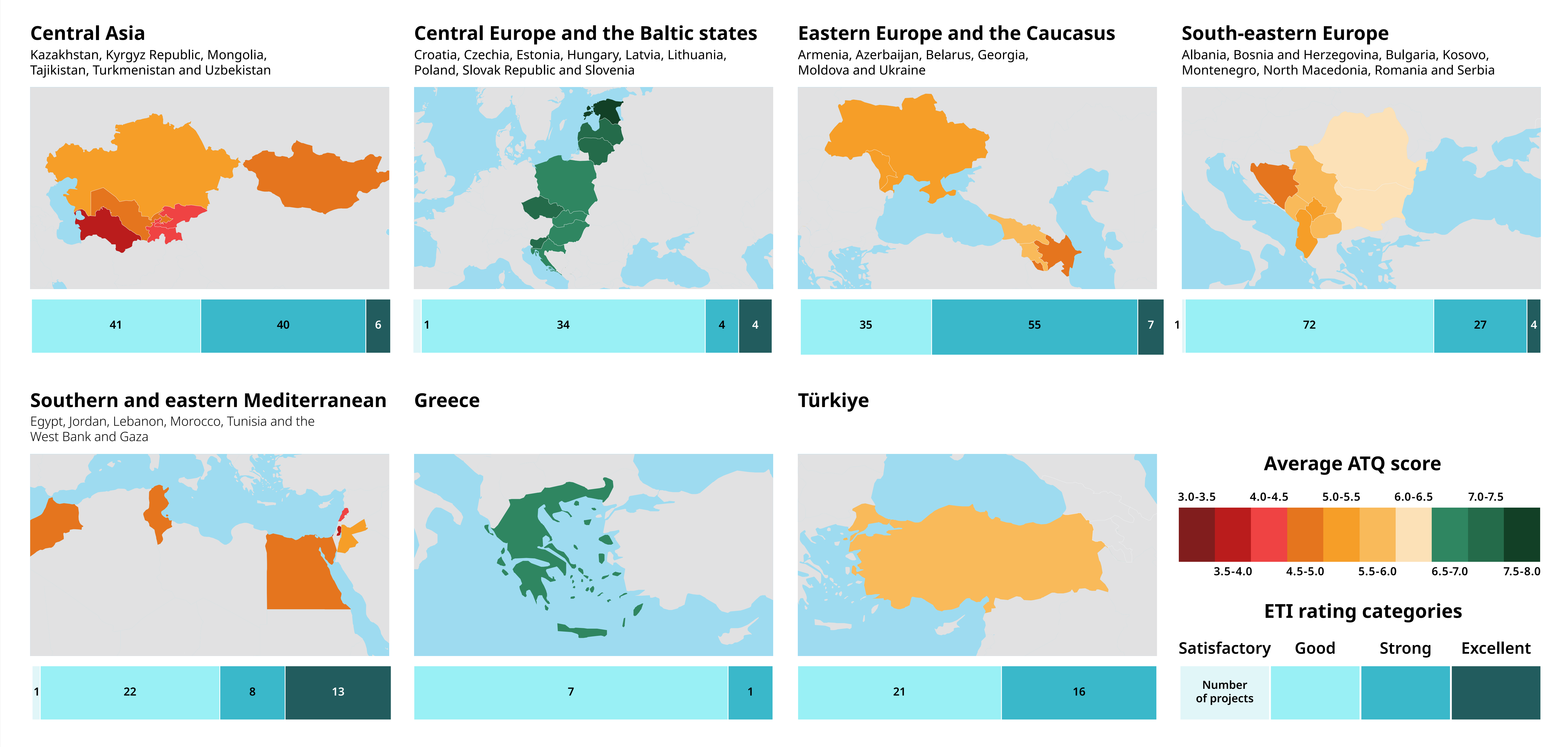
Figure 13. Regional transition gaps and distribution of 2024 projects by ETI rating



Note: The colour of each economy corresponds to the average assessment of transition qualities (ATQ) index score for each transition quality and economy (derived from a number of indicators and comparison against the best performers). Lower scores indicate larger transition gaps. The distribution of each chart corresponds to the share of "excellent", "strong", "good" and "satisfactory" projects in each region according to their ETI scores.

Source: EBRD calculations

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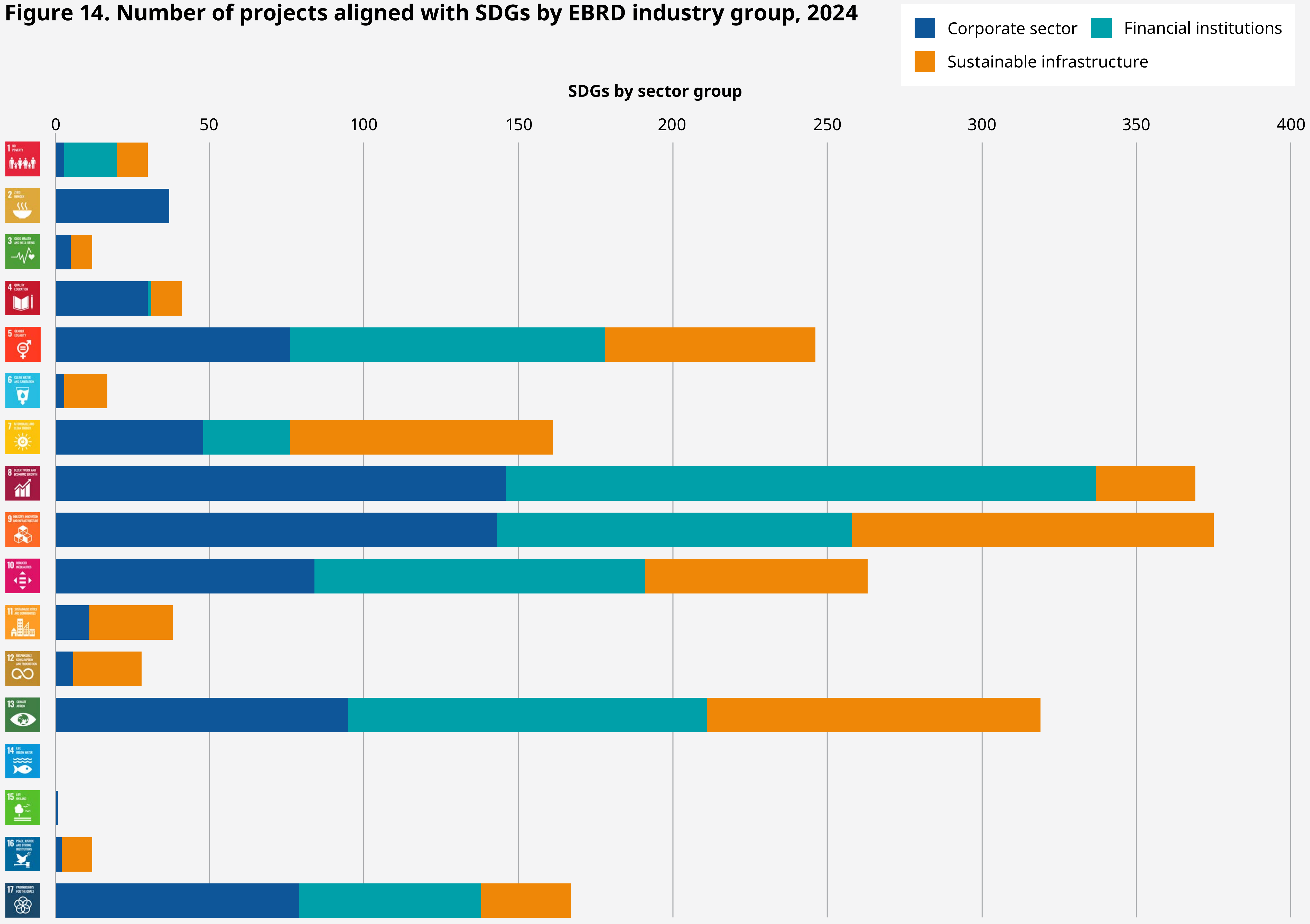
Transition impact and the Sustainable Development Goals

The EBRD works to develop sustainable economies that serve the needs and aspirations of the regions in which it operates. While its overarching objective is to deliver transition impact, the Bank also maps its transition impact objectives, sectors and strategic initiatives to the targets of the UN's Sustainable Development Goals (SDGs) and has established a methodology to align its projects with all relevant SDGs. Since the start of 2023, all EBRD activities have also been aligned with the goals of the Paris Agreement, supporting market-based decision-making that ensures sustainable outcomes and effective delivery of benefits for people and the environment. In 2024, the EBRD's investment projects most frequently aligned with SDG 9 (industry, innovation and infrastructure), SDG 8 (decent work and economic growth), SDG 13 (climate action), SDG 10 (reduced inequalities) and SDG 5 (gender equality) (Figure 14).

Figure 14. Number of projects aligned with SDGs by EBRD industry group, 2024



Monitoring our impact

EBRD investments met most of their expected transition impact objectives in 2024 across the Bank's sectors and regions. On average, projects in the Bank's portfolio are delivering 80 per cent of their targets within the envisaged timeframe (Figure 15). Moreover, the delivery of results was high across the range of expected impact.

Projects in the portfolio rated "excellent" and "strong" in terms of expected impact when they were signed are delivering around 79 per cent of their targets on time. "Good" and "satisfactory" projects are delivering above 80 per cent and 82 per cent of their targets on time, respectively. This indicates that less ambitious projects are only 1-3 percentage points "easier" to deliver, while more ambitious commitments do not make it significantly more likely that a project will struggle or fail to deliver on its impact objectives and targets. Lastly, projects performed well in 2024 across the Bank's regions and sectors, with average delivery rates of 76-91 per cent, the same as in 2023 (Figure 16).

Figure 15. Overall average delivery rate of EBRD investment portfolio, 2024

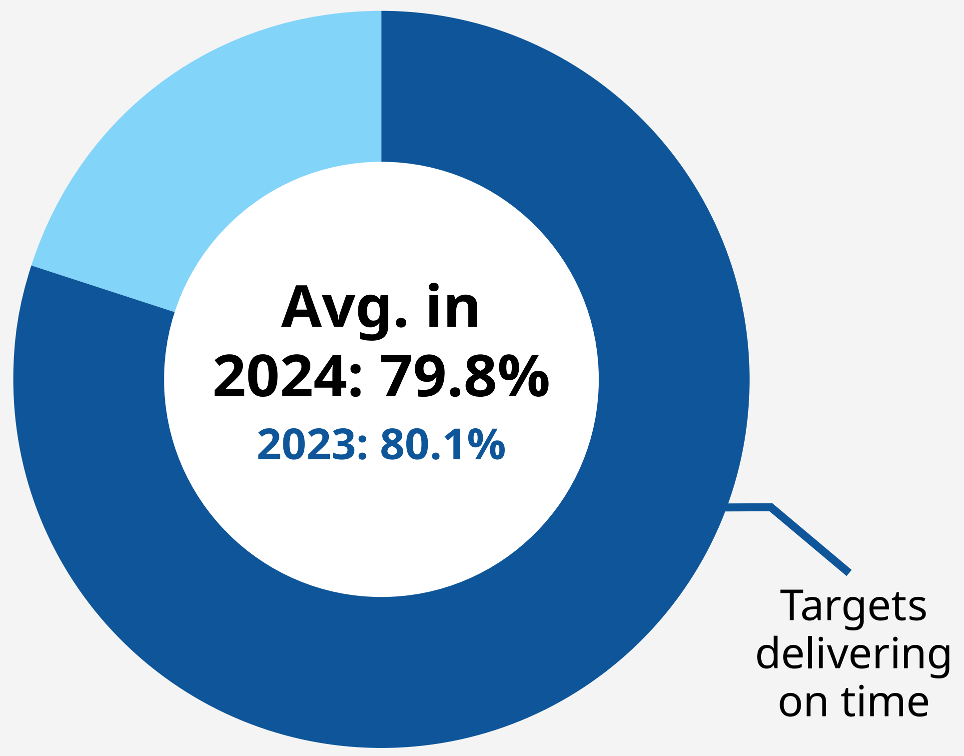
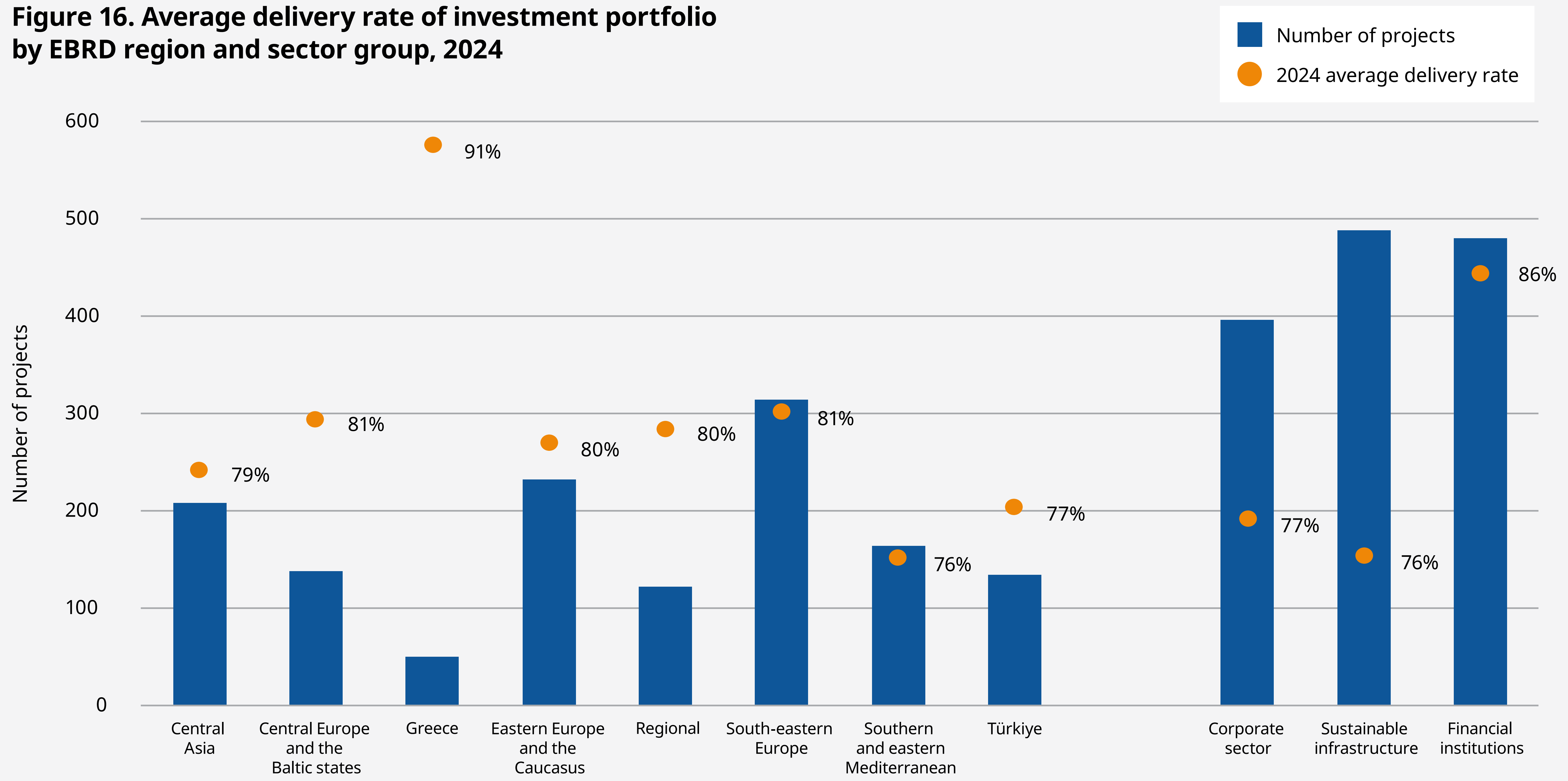


Figure 16. Average delivery rate of investment portfolio by EBRD region and sector group, 2024



Note: "Regional" projects have activities implemented in more than one country. Cyprus is not displayed in the chart as it only has two projects that are actively monitored.

Well-performing projects make up the majority of the EBRD's portfolio. This gives the Bank confidence in its capital allocation decisions and transition impact mandate. Many active projects produced impressive results in 2024, and some exceeded expectations, delivering notable impact across regions and contributing to the portfolio's high delivery rate – from promoting green energy and sustainable local development to fostering inclusive finance. With support from the EBRD, an ammonia facility in SEMED is transforming into a green hydrogen production plant and a national hydrogen strategy was adopted. Also in the region, a tourism development project halved energy consumption while also training local youth – more than half of them women – to enter the hospitality sector, demonstrating a successful, sustainable model for regional tourism. In Central Asia, a solar photovoltaic project exceeded energy and emissions targets, prompting the government to tender additional solar and wind capacity. Meanwhile in one Central Asian country, PFIs are exceeding expectations for on-lending and training women-led micro, small and medium-sized enterprises.

Projects with lower delivery rates are outliers but provide important lessons for the Bank. Of the 1,365 projects recently monitored in the Bank's portfolio, only 24 were delivering 25 per cent or less of their targets within the envisaged timeframe. Most of these were rated "good" at signing, with a handful rated "strong" or "excellent". No region was a significant outlier in terms of underperformance. Underperformance can occur for different reasons (as outlined in the following paragraph), and the Bank always aims to learn from its experience and improve.

There are a variety of reasons why projects may struggle to deliver impact objectives within the projected timeframe and targets. The most obvious obstacle facing projects in Ukraine has been the effects of war. Despite the challenging conditions, the Bank remains committed to supporting Ukraine. More broadly, the commercial decisions of firms in the corporate sector on innovation, introducing new technologies, expansion or operational restructuring are affected by overall macroeconomic development and commercial risks. Ambitious policy reforms (such as on tariffs) may be delayed due to socio-political considerations and institutional capacity. Similarly, difficult corporate governance improvements take longer than expected. There are other situations where, despite best efforts, projects do not materialise due to cost increases, the expiry of loans and grant funding, or new compliance demands. However, the EBRD often remains a committed partner, providing technical support to clients and countries to keep open the possibility of re-engagement. There are cases where projects only partly deliver on their objectives, resulting in a lower delivery rate. Lastly, low delivery rates can arise when project timelines change or there is a lack of evidence or communication with clients. Some clients repay early, stop providing progress updates or become non-viable, resulting in the termination of monitoring.

Learning from experience

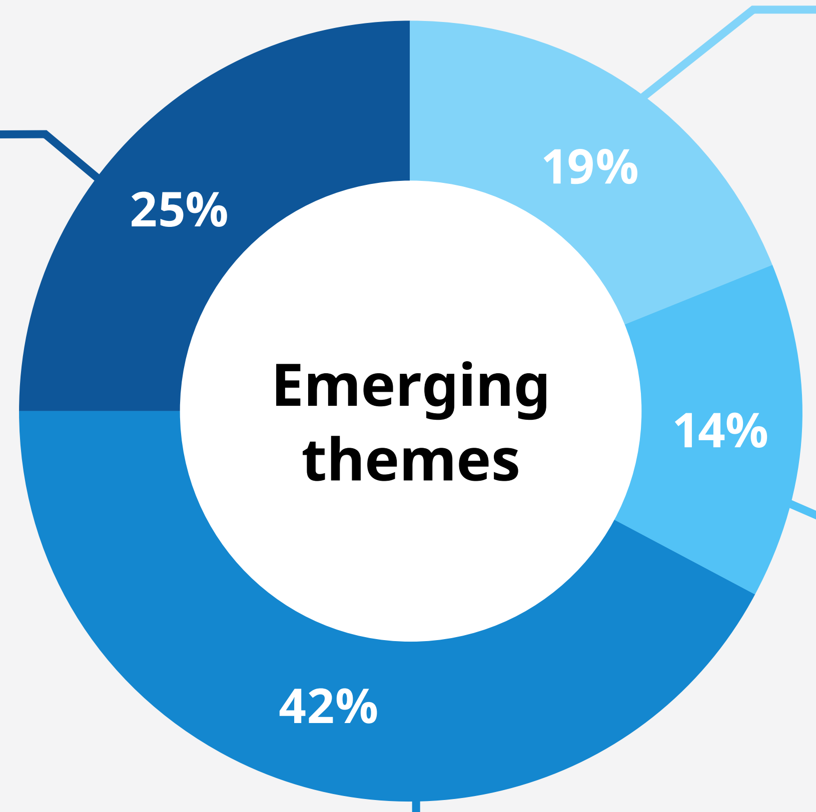
The Bank overhauled its self-evaluation system between 2020 and 2024. This was part of an action plan to implement the recommendations of an external evaluation of the EBRD's evaluation function.[51] The process involved defining the strategic purpose and priorities of the self-evaluation system and putting them into practice through the launch of summary performance assessments (SPAs) – the EBRD's new self-evaluation reporting tool – along with updates to the Bank's Operations Manual. The SPAs are based on the evaluation criteria of the Organisation for Economic Co-operation and Development's Development Assistance Committee, ensuring alignment with international evaluation standards.[52] Their design was also informed by the Evaluation Cooperation Group's *Big Book on Evaluation Good Practice Standards*.[53]

A successful pilot of the EBRD's new self-evaluation reporting tool took place across the Bank in 2024. The pilot collected data at the time of project completion and provided illustrative insights into project design and the structural drivers of project performance by project lifecycle stage (Figure 17), vintage, region and portfolio class (Figure 18).

Figure 17. Lessons learned by project lifecycle stage

Completed stage

- Introduce international best practice standards
- Avoid inflexible covenants that might lead to prepayments
- Partner with engaged management to implement environmental and social best practices



Approval stage

- Align strategic indicators to fit the local market environment
- Set longer commitment periods for new products

Disbursing stage

- Support continuity of operations during unforeseen economic challenges
- Closely monitor covenants for first-time clients

Repaying stage

- Increase resilience to market fluctuations through well-structured financial mechanisms
- Foster client relationships for future investments

51. See EBRD (2019a).
52. See OECD DAC (2019).
53. See Evaluation Cooperation Group (2012).

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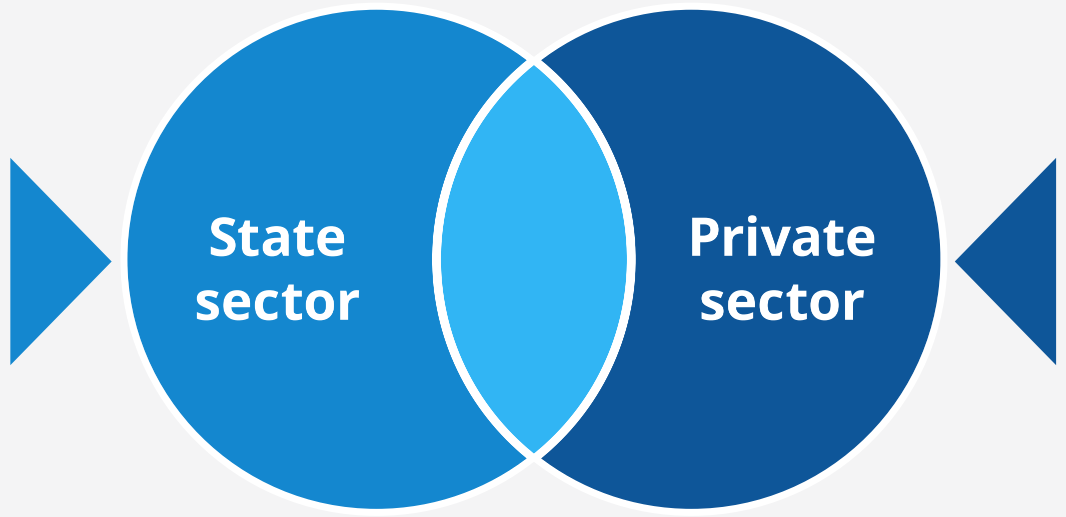
Figure 18. Focus areas for success

Tailored financing to small-size municipalities in public infrastructure and services

Importance of public-private cooperation in solid-waste-management engagements

Effective use of **independent auditors’ and consultants’ recommendations**

Robust **monitoring and compliance** mechanisms



Local-currency financing to mitigate exchange-rate risk

Introducing incentives and grants to promote **green investments** and the adoption of **green technologies**

Technical cooperation

Public sector: to support project implementation and monitoring

Private sector: to train sub-borrowers and support the implementation of EU standards

The changing operational context from 2010 to 2021 means the EBRD has had to adapt. The most critical needs are for flexible project structures, maintaining strong client relationships, proactive risk management and effective crisis response in rapidly changing environments. Between 2010 and 2015, efficiency and risk management were paramount, with an emphasis on flexibility in structuring projects, proactive identification of risks and leveraging private-sector efficiency to establish scalable models. From 2016 to 2018, the focus shifted to “specialising while simplifying”, whereby streamlined documentation for small loans, right-sized financing and specialised technical cooperation[54] helped ensure efficient monitoring and expert oversight. In 2019 to 2021, projects highlighted the value of proactive crisis response and solidarity, underscoring the need for ongoing communication with clients to determine short-term funding requirements, along with support for working-capital needs during crises and the use of existing donor frameworks to rapidly deploy crisis funding.

54. Any activity to procure expertise to support the preparation or implementation of an investment or non-investment project. This can include activities not directly related to a specific investment, such as legal and regulatory reforms, as well as activities that directly enable investments, such as due diligence and feasibility studies. Technical cooperation is often financed by the Bank’s many donors.

Future impact

Future impact

The impact of the EBRD's work in 2024 has helped create transformative changes that will shape sustainable and inclusive growth for years to come. The Bank is promoting the private sector and supporting Ukraine's economy and people amid war. It is fuelling green expansion, boosting human capital, closing the digital divide and deepening financial ecosystems. These are changes that will continue to be felt and that the Bank will back up with future projects and initiatives.

The Bank will soon set out its updated strategy for 2026-30. With the EBRD's current Strategic and Capital Framework (SCF) coming to an end in 2025, the Bank will create a new SCF for the following five years. Underpinning this new strategy will be the Bank's core vision – that a well-functioning market economy set within an open and transparent political framework is the most effective means for allocating resources and delivering results.

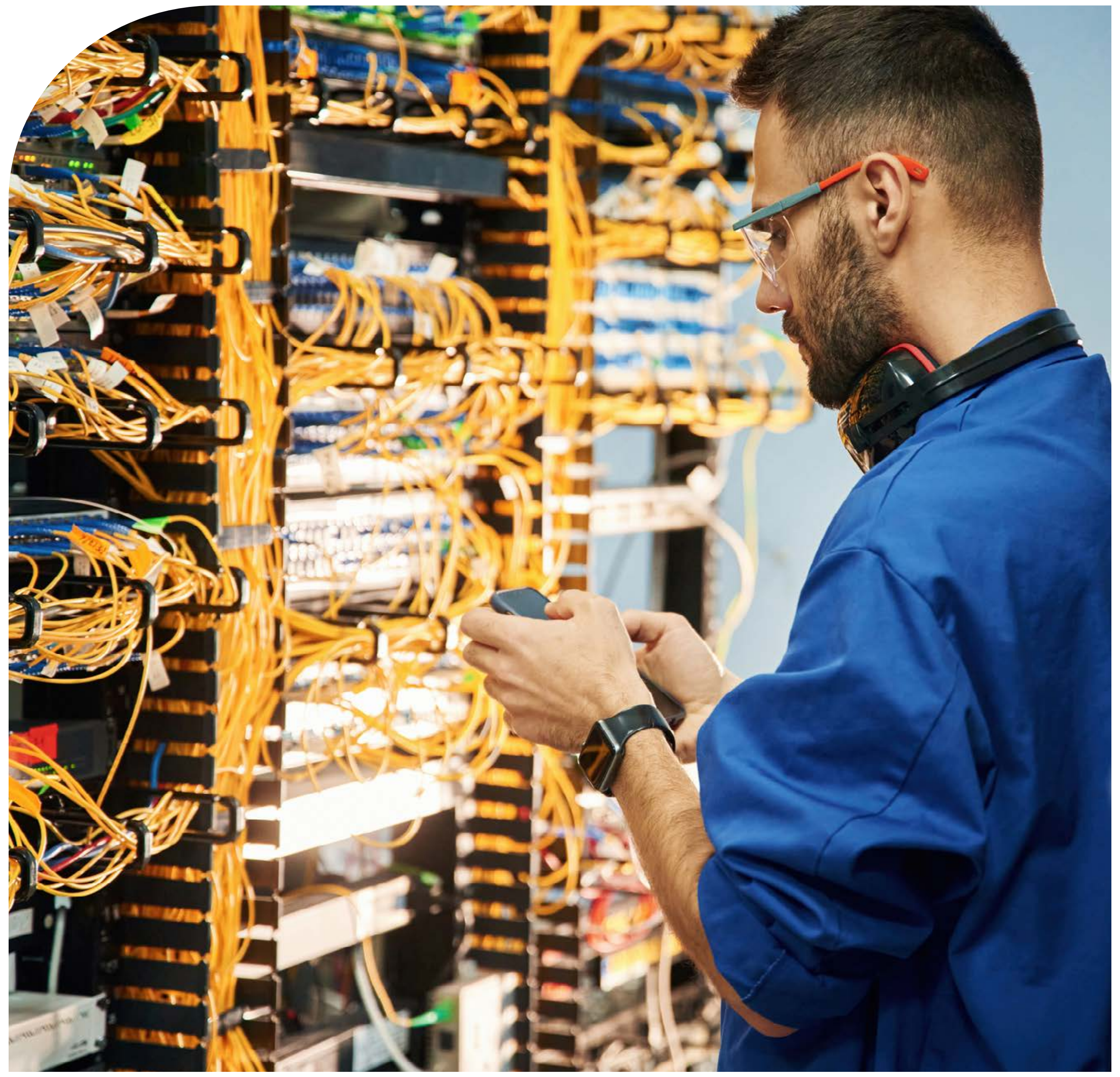
The EBRD's private-sector focus, including through private sector mobilisation, is particularly important at this juncture. The world's development goals can today only be achieved through a step change in the flow of private finance. This goes hand in hand with the EBRD's work to strengthen the green transition, economic governance and human capital in the economies where it operates, and it will be amplified and enabled through developing and deploying digital technologies and boosting flows of private capital.

Maintaining the Bank's exceptional support for Ukraine will remain a core objective. The reconstruction of Ukraine will be enabled by a paid-in capital increase from our shareholders. This means the Bank's focus on Ukraine will not reduce its support for other countries of operation.

The EBRD will also expand its scope to cover economies in sub-Saharan Africa and Iraq. The Bank will work with other multilateral development banks (MDBs) and development partners to maximise collective impact.

Future annual editions of the *Impact Report* will report on these developments and more. The report will also be bolstered by our revamped Transition Objectives Measurement System (TOMS) methodology and broadened self-assessment system. The changes to TOMS, our ex-ante impact assessment system, will ensure it keeps up to date with best practices among MDBs, allowing for more rigorous project monitoring and strengthening data-driven decision-making to foster systemic change across the EBRD regions. The updated system will produce more robust assessments, ensuring all sources of impact are credited and reducing the risk of inaccurate or overstated impact claims. In addition, the Bank is building a comprehensive lessons platform to reflect best practices. It will be dedicated to capturing insights from past investments and policy engagements and will be accompanied by a new portal designed to showcase the Bank's transition impact. Together, these developments will provide better insights into how projects perform and help identify lessons that can be used for continuous improvement.

The *Impact Report 2024* is a starting point, setting a baseline for EBRD impact reporting. Future reports will not only expand on the information presented here, but also enable stakeholders to follow the evolution of transition impact at the EBRD.



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Acronyms and abbreviations

Acronyms and abbreviations

ABI	Annual Bank Investment
AMI	annual mobilised investment
ATQ	assessment of transition qualities
CEB	central Europe and the Baltic states
CO_2	carbon dioxide
CO_2e	carbon dioxide equivalent
CSD	central securities depository
EEC	eastern Europe and the Caucasus
EGX	Egyptian Exchange
ESG	environmental, social and governance
ETI	expected transition impact
FMDI	Financial Market Development Index
GBVH	gender-based violence and harassment
GCAP	Green City Action Plan
GDP	gross domestic product
GEL	Georgian lari
GSSS	green, social, sustainability and sustainability-linked
ICT	information and communications technology
IEvD	Independent Evaluation Department
IRENA	International Renewable Energy Agency
MDB	multilateral development bank
MSME	micro, small and medium-sized enterprise
OECD	Organisation for Economic Co-operation and Development
PFI	partner financial institution
PIM	private indirect mobilisation
PTI	portfolio transition impact
PV	photovoltaic
SCF	Strategic and Capital Framework
SDG	Sustainable Development Goal
SEE	south-eastern Europe
SEMED	southern and eastern Mediterranean
SME	small and medium-sized enterprise
SOE	state-owned enterprise
SPA	summary performance assessment
SSF	Shareholder Special Fund
TIMS	Transition Impact Monitoring System
TJS	Tajikistani somoni
TOMS	Transition Objectives Measurement System
US$	United States dollar
WE	Women Entrepreneurs (Finance Code)
We-Fi	Women Entrepreneurs Finance Initiative
WiB	Women in Business

Currency conversions are provided using the European Central Bank's foreign exchange reference rates for the final day of the relevant year.

Annex

The EBRD's impact management system

Annex: The EBRD's impact management system

How the EBRD achieves impact

Since its foundation in 1991, the Bank has strived to deliver transition impact in its regions. The concept of "transition" is central to the purpose of the EBRD, mandated "to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative in the countries of its regions of operations committed to and applying the principles of multiparty democracy, pluralism and market economics".[55]

Transformational and lasting changes to markets are achieved through systemic change. With every project, the Bank strives to catalyse behavioural, structural and institutional changes at market level that go beyond the direct effects from any single investment. These targeted and compounding changes result in more sustainable and dynamic markets, wholly transforming economies and changing people's lives for the better.

The EBRD drives transition impact by uniting investment, policy dialogue and advisory services in the pursuit of six complementary transition qualities – competitive, well-governed, green, inclusive, resilient, and integrated – that characterise sustainable, inclusive and well-functioning markets (Box 7).

Box 7

The EBRD's six transition qualities

Competitive economies have dynamic and open markets that promote entrepreneurship, business sophistication, new technologies and productivity growth, as well as institutions that foster private-sector activity.

Well-governed economies have institutions and processes that establish international best practices and standards, promote transparency and accountability and ensure good governance and sustainable operations.

Green economies are sustainable; they preserve the environment and protect the interests of current and future generations.

Inclusive economies ensure fair and full access to labour markets, finance and services, and equal economic opportunity for all population groups.

Resilient economies can grow and withstand economic shocks while avoiding excessive volatility and policy reversals.

Integrated economies consist of geographically interwoven domestic and international markets with low institutional and infrastructure barriers to the movement of goods, services, capital and labour.

55. See EBRD (1990).

The transition qualities are interdependent and mutually reinforcing. A green investment to build a renewable energy facility might be combined with inclusive support to reskill workers previously employed in a coal mine. Finance to make an enterprise more competitive might be accompanied by measures to improve corporate governance, helping to reduce corruption. Targeted support to shelter communities from the impact of economic or external shocks might be complemented by measures to assist the most vulnerable groups affected in times of crisis.

The EBRD engages in three complementary activities to achieve impact. Our business model is anchored in a mutually reinforcing set of strategic activities that unlock behavioural and structural shifts to foster enduring socioeconomic progress:

- **Investments** provide finance and promote innovative ways of doing business, spurring successful new approaches that can be replicated by other players in the market.
- **Policy dialogue** helps create regulatory and institutional environments that enable market economies to flourish for all.
- **Advisory services** develop the technical capacity that enterprises need to grow or to implement necessary changes. They also help to prepare clients for the financing they will receive and equip them to use it to maximum effect.

This holistic combination of activities forms a virtuous circle, allowing policy dialogue and advisory services to facilitate new investment, while investments inform the need for new policies and advice.[56]

56. Policy dialogue and advisory services both fall under the broader category of "technical cooperation". Technical cooperation is the term the Bank uses for any activity to procure expertise to support the preparation or implementation of an investment or non-investment project. This can include activities not directly related to a specific investment, such as legal and regulatory reforms, as well as activities that directly enable investments, such as due diligence and feasibility studies. Technical cooperation is often financed by the Bank's many donors.

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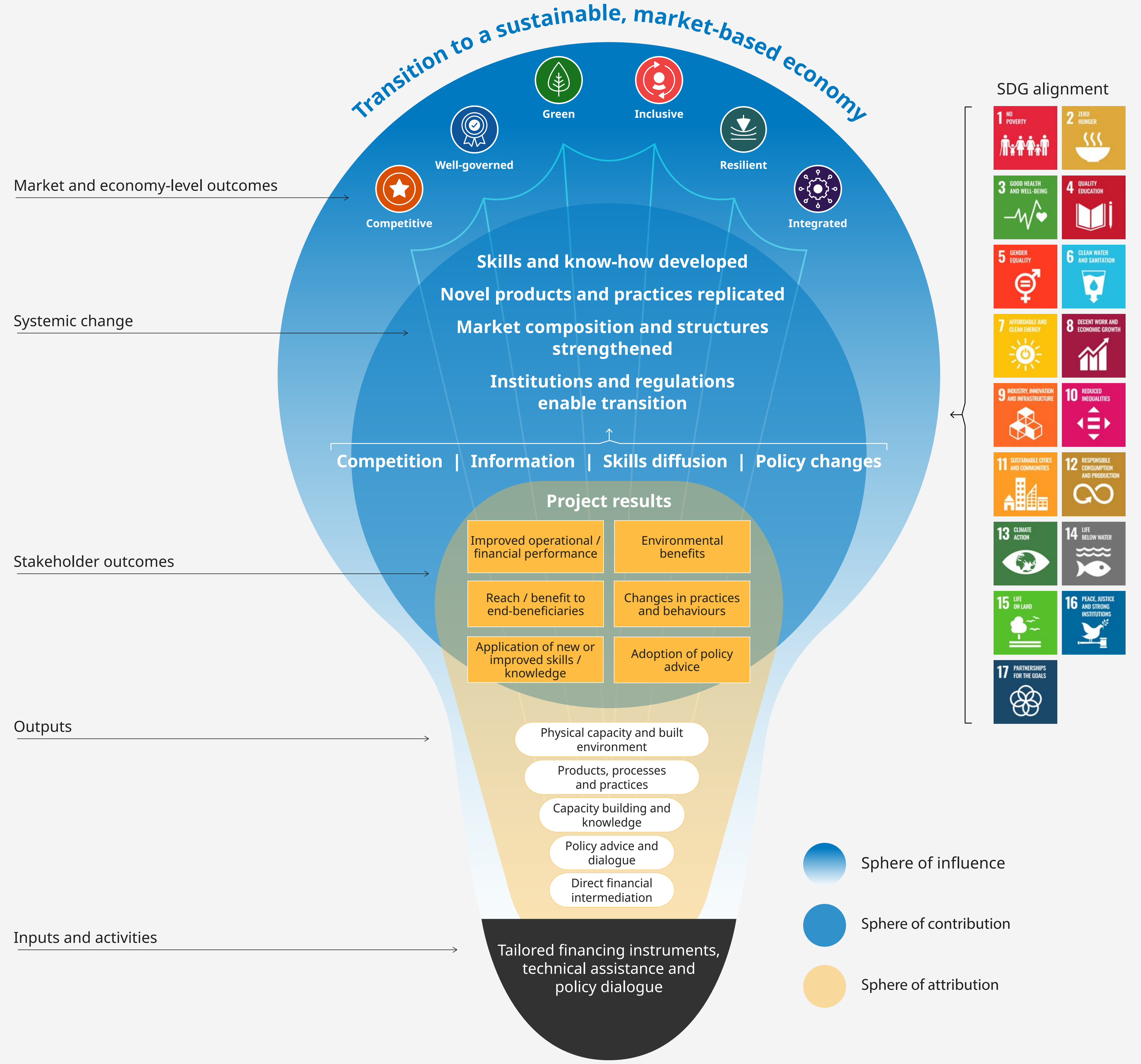
The Bank's unique business model is built on a sophisticated theory of change (Figure 19). Using this framework, the EBRD fosters transition impact through – and measures its success in terms of – the simultaneous and complementary pursuit of the six transition qualities.

The EBRD achieves transition impact through a cascading series of effects that begin with project activities. These activities produce project outputs that result in client and stakeholder outcomes. These in turn contribute to market- and economy-level outcomes that go far beyond any project's direct effects. Such systemic changes to behaviours, structures and institutions influence transitions to more sustainable and dynamic markets, transforming economies and changing lives.

Figure 19. The EBRD's theory of change



The role of policy dialogue

A key aspect of the EBRD’s work is its policy support to create an enabling environment for systemic change. Over the years, the Bank has continually examined the role of government (national, regional and local) in the development of markets and in ensuring effective regulation, correcting market failures and enabling healthy competition, entrepreneurship and innovation.

The EBRD’s policy dialogue helps shape the legal and regulatory environment in its economies. Regulatory and legal improvements make EBRD economies more conducive to a broad array of investments, bringing about transition impact that is greater than the sum of its individual projects. The role that policy dialogue has played in the reform of state-owned enterprises (SOEs) in Ukraine (Box 8) is an example. The Bank fosters “top-down” policymaking – supporting the introduction of policies that help attract more local and foreign investment (such as from the EBRD and other development partners), that enable joint financing opportunities and that lead to other key outcomes. The EBRD also promotes “bottom-up”, evidence-based policymaking, whereby experience is fed back to governments and the investor community to help remove barriers to the further growth of an industry or sector. In this way, policy dialogue enables the EBRD to address market or regulatory barriers across all levels of government and sectors of the economy.

Box 8
The role of policy dialogue in SOE reform in Ukraine

For more than a decade, the EBRD has championed SOE reform in Ukraine, where around 3,000 SOEs account for nearly 10 per cent of GDP and 18 per cent of employment. Their underperformance poses fiscal risks, magnified by the ongoing war. As the largest institutional investor in Ukrainian SOEs, the Bank has helped transform major players such as Ukrainian Railways, Energoatom and Naftogaz.

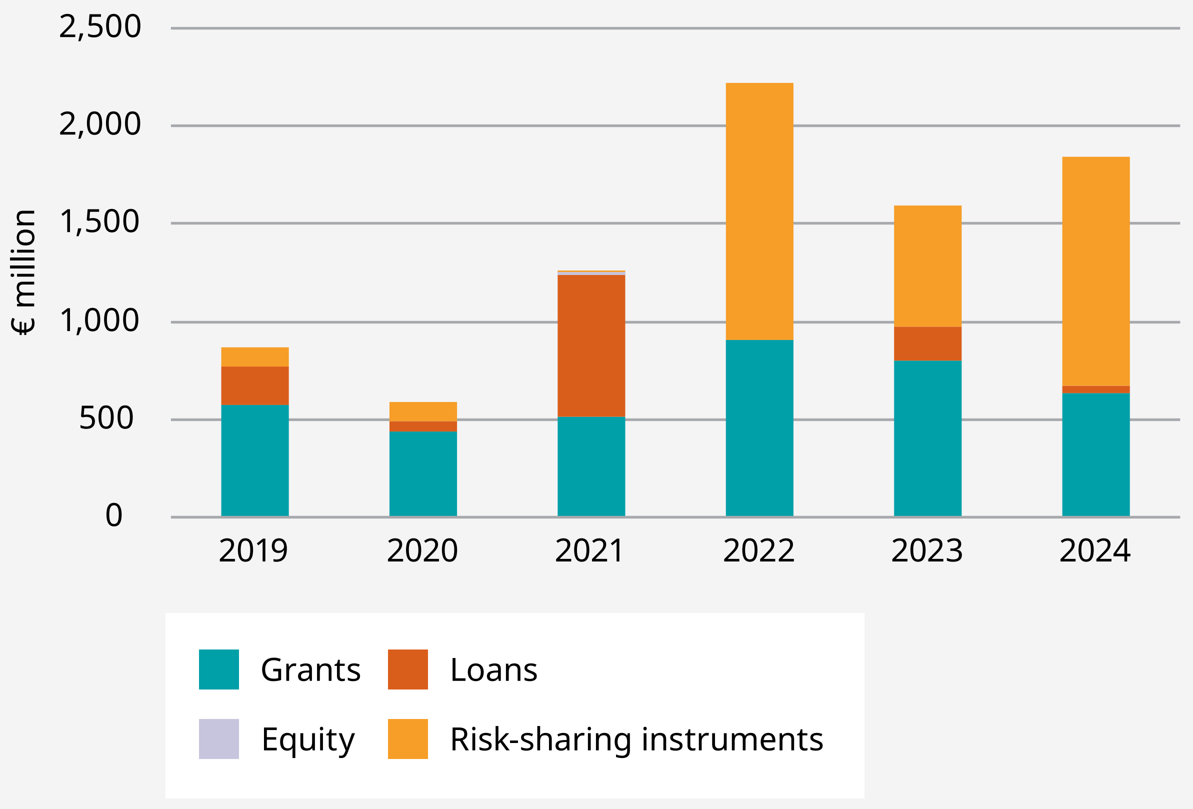
In 2024, three years of technical cooperation and policy dialogue culminated in the landmark passage of Ukraine’s SOE Corporate Governance Law (3587-IX). This new law strengthens SOE autonomy, transparency and accountability and aims to align the sector with Organisation for Economic Co-operation and Development (OECD) standards. This milestone was achieved in partnership with G7 countries, the European Union (EU), the International Monetary Fund and the OECD.

In 2025, the EBRD will reinforce Ukraine’s progress towards EU accession. Top priorities include putting the state ownership policy into action, reforming board nomination procedures, continuing company-level reforms and building supervisory board capacity within key SOEs. The Bank also aims to help the government address moratoria on SOE insolvency and enforcement. Through these efforts, the EBRD is helping to build investor and donor confidence and reinforce Ukraine’s progress on improving SOE governance and efficiency.

The role of donor partnerships

Donor partnerships play an integral role in enhancing impact. The EBRD works closely with numerous donors to achieve greater impact in the economies where it operates. These donors include national governments, the EU, global climate funds and philanthropic organisations that provide various forms of support (Figure 20). With half of the Bank's transactions benefiting from donor support and grant finance, donors play a fundamental role in enabling the EBRD to invest with impact, by reducing transactional risk, improving viability for financing and incentivising new behaviour. With most of the Bank's policy dialogue and advisory projects funded by grants, donors also make a critical contribution to its transition impact by helping to overcome market and institutional failures, promoting capacity building, helping clients to prepare and implement projects and enabling vital policy and regulatory reforms.

Figure 20. Forms of EBRD donor support



Note: Figures include inflows from the EBRD allocated as part of the Bank's net income allocation process.

Donor support has grown significantly in recent years to more than €1 billion annually since 2021. The use of donor funds now extends to most sectors and economies in which the EBRD invests and has been essential in addressing the effects of conflict and natural disasters. The recent growth has been predominantly driven by contributions from large EU programmes and bilateral donors to support Ukraine. Most notably, donors have extended generous guarantees that have facilitated EBRD investments in the country that otherwise could not have been financed and provided critical advisory-service grants to develop policy responses and expertise to make the Ukrainian economy more resilient.

In addition, the Bank is partnering with donors to explore innovative funding structures with high leverage potential and opportunities to facilitate private capital mobilisation. In this context, the Bank has championed a range of concessional instruments. These instruments are deployed alongside the Bank's own capital to structure blended concessional finance transactions. The EBRD adheres to best practices on the use of blended finance, such as the enhanced principles under the Development Finance Institution Working Group on Blended Concessional Finance. Blending to enhance transition impact is part of the Bank's main rationale for using concessional finance.

Impact management framework

The EBRD has embedded transition impact throughout its impact management framework, encompassing everything from its corporate mandate to its project activities. The impact management framework comprises a cycle of planning, design, monitoring and implementation, and reporting and learning that encompasses Bank activities, countries, themes and sectors, and the institution as a whole. The Bank's corporate mandate, strategic directions and medium-term priorities drive its impact management through the Strategic and Capital Framework (SCF).

Impact management targets and goals are oriented to the strategic directions set out in the SCF. Medium-term priorities and strategic directions, developed in line with the Bank's mandate, are set out in the SCF and updated every five years. The strategic directions of the SCF are translated into concrete action by an annual Strategy Implementation Plan, which sets short-term objectives to put the strategy into practice. The plan contains the Bank's corporate scorecard for the coming year, including targets for the transition impact of new projects and the portfolio, investment targets for strategic objectives (including green financing and gender equality) and goals for operational and financial performance.

The EBRD cascades corporate scorecards down to the relevant teams to ensure the Bank remains focused on its mission of achieving transition impact. Country, sector and thematic results frameworks are aligned with corporate priorities, informing assessment and results matrices for EBRD investments, policy dialogue and advisory services.

On an annual basis, the EBRD monitors transition progress within and across the economies in which it operates. This assesses each country's transition towards a sustainable market, in line with the Bank's country strategy. An assessment of transition qualities is used to evaluate progress and determine transition gaps in terms of the six transition qualities in each economy. The Bank uses transition gaps to track and guide where its support is needed most. In addition, the EBRD regularly updates strategies for sectors and thematic areas to ensure that its activities remain relevant to shifting challenges and requirements.

Managing project impact

The EBRD manages impact with a robust system of checks and balances over the whole lifecycle of an investment (and beyond), including ex-ante assessment, monitoring while the project is active and post-completion evaluation. The process has been streamlined with the development of a single IT ecosystem called Monarch, through which the entire project assessment and monitoring process is conducted. Monarch aims to make transition impact assessment clearer, more objective and transparent.

The Bank assesses the expected transition impact (ETI) of new projects to help ensure that the Bank's investments are channelled to the countries and sectors where they are needed most. Monarch uses a framework called the Transition Objectives Measurement System to calculate the ETI of each new project. A comprehensive standardised questionnaire within Monarch helps the user choose up to two relevant transition qualities, identify more specific transition impact objectives within the chosen transition qualities, and indicate corresponding levels of transition impact ambition. The system then calculates an ETI score. The score is based on the project's transition impact objectives and ambition, weighted against the transition context of the country where the investment is taking place. The transition context is measured by the transition gaps for each of the project's transition qualities in that country. Projects in countries that have transition qualities with larger transition gaps receive higher ETI scores, reflecting their higher relative needs and the potential for greater impact. A project's final ETI score is between 0 and 100. The bulk of projects fall between 60 and 69 and are categorised as having "good" ETI scores. Projects between 70 and 79 are categorised as "strong". The most ambitious projects – categorised as "excellent" – are those with scores of 80 and above. The EBRD's latest Strategy Implementation Plan targets an average ETI score of between 63 and 69 across all new signings to ensure relevance.

During implementation, a project is subject to monitoring through the Bank's Transition Impact Monitoring System (TIMS). Projects are typically monitored once a year until delivery has been completed. The progress of each project is assessed against specific monitoring indicators (a combination of outputs and outcomes) for each transition impact objective. Each indicator is given a delivery rate depending on how much progress has been made against its targets. The delivery rates for each indicator are then averaged at the level of the transition quality and combined to yield the overall delivery rate for the engagement according to a weighted average (75 per cent for the primary quality and 25 per cent for the secondary quality). TIMS can identify specific areas where a project is off track and help to facilitate remedial actions if necessary. The delivery rate feeds into the calculation of a portfolio transition impact (PTI) score, which reflects the project's progress towards achieving its expected transition goals. The latest Strategy Implementation Plan sets an average PTI score target of at least 68 across the portfolio.

Upon completion, projects undergo a final assessment, receiving a sign-off TIMS review, final delivery rate and PTI score. These are used to compare the final delivery on the project's transition impact objectives with the transition impact expectations established at signing.

After completion, projects undergo a self-evaluation to help draw lessons for the future. The EBRD is increasingly focused on understanding the impact of its activities through self-evaluation, which helps management incorporate lessons learned into the way the Bank approaches projects and develops new ideas. As part of a phased rollout that began in 2024, each project will be subject to a mandatory self-evaluation in the form of a summary performance assessment (SPA) that provides a holistic perspective on a project's performance based on its relevance, effectiveness and efficiency, resulting in a summary score. SPAs will be analysed at a sample level to understand the overall performance of investments and yield lessons learned.

Outside the project cycle, the Bank also carries out structured evaluations of thematic issues of immediate operational or strategic relevance, such as its handling of key strategic priorities. The Office of the Chief Economist also conducts impact evaluations using rigorous assessment methods. The topics for such evaluations are demand driven. Their findings are applied to EBRD activities, with results disseminated across the Bank for learning purposes. The objective is to aid decision-making, support business development activities and generate transparent reporting on the EBRD's impact achievements. Separately, the Bank's Independent Evaluation Department (IEvD) conducts special studies on a yearly basis on select projects or groups of projects to provide accountability and make recommendations on how the EBRD's work can improve. The IEvD also evaluates the Bank's SCF and its thematic and country strategies, providing recommendations for future frameworks and strategies. Management responds proactively by developing action plans that are reported to the EBRD Board on an annual basis.

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

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