

Introduction



The EBRD put recovery from the Covid-19 pandemic at the heart of its activities in 2021, preparing the 38 economies in which it operates for a stronger, more resilient and sustainable future. With its unique combination of financial investment, advice and support for policy reform, the Bank set about driving forward the process of economic transformation.

It was a year in which the EBRD made significant progress on the objectives of its Strategic and Capital Framework 2021-25 – the Bank's blueprint for fostering robust recovery and reform, centred on its goal of becoming a majority green bank by 2025.

The strategy also emphasises economic inclusivity as the EBRD's regions continue to grapple with the challenges of inequality and it sharpens the Bank's focus on digitalisation as an enabler of the economic transition process.

The *Annual Review 2021* demonstrates how the EBRD worked to deliver these three essential elements of the current strategy, underscoring the progress made and highlighting key projects across its trio of priorities.

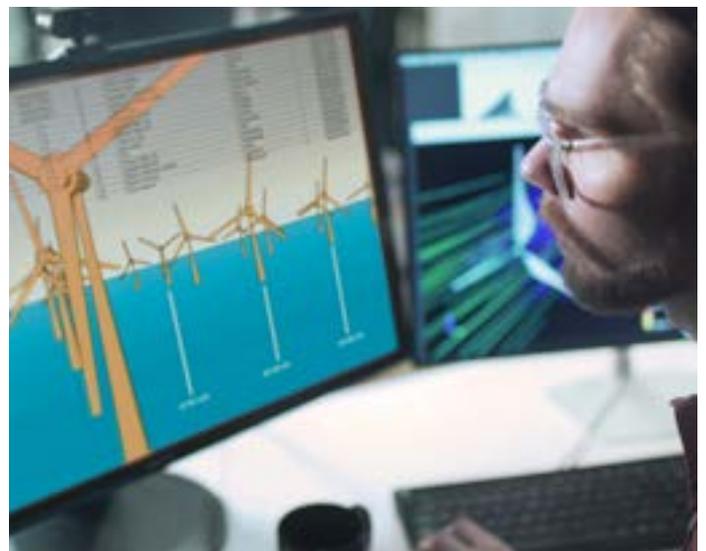
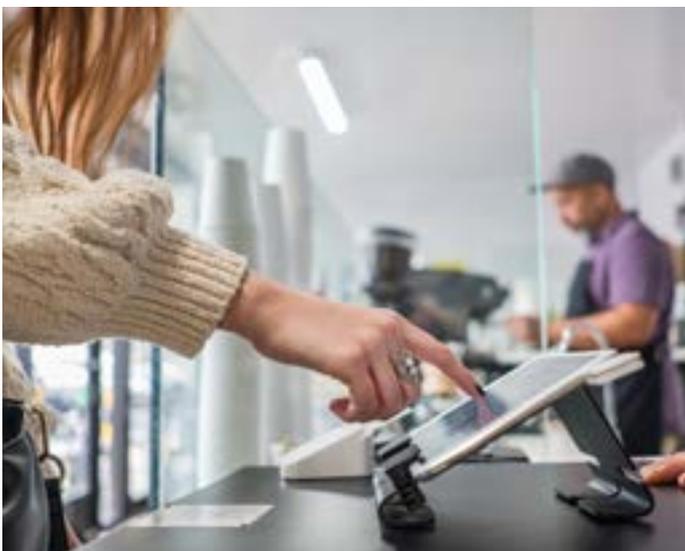
In 2020, following the outbreak of the Covid-19 pandemic, the Bank had put much of its effort into protecting existing transition gains in the economies where it invests.

The delivery of emergency finance helped stave off economic collapse, as the EBRD rapidly ramped up investment volumes to keep otherwise viable companies afloat and maintain the flow of basic utilities.

Though significant concerns about the virus persisted in 2021, EBRD investment volumes returned to a more sustainable €10.4 billion for the year, down from the pandemic-driven record of €11 billion in 2020.

Emergency financing continued in 2021, but at far lower levels, with investment under the Resilience Framework, the centrepiece of the EBRD's Covid-19 Solidarity Package, retreating to €279 million from €1.6 billion.

Trade financing remained strong, with 1,883 trade deals worth €3.2 billion completed under the Trade Facilitation Programme (TFP), down just slightly from the record 2,090 transactions worth €3.3 billion completed in 2020, when the Bank stepped up trade support in response to the Covid-19 crisis.





The EBRD's regions returned to growth, with most economies performing better than expected and a lower number of non-performing loans than originally feared. Nearly every economy in which the EBRD operates had contracted in 2020.

Under the green pillar – the focal point – of the new five-year strategy, the EBRD scaled up its work to promote low-carbon economies across its regions, increasing its financial and policy support to help governments achieve their commitments under the 2015 Paris Agreement.

Green finance accounted for a record 51 per cent of total investments for the year, already in line with the Bank's goal of becoming a majority green bank by 2025.

Significantly, the EBRD pledged to align all of its operations with the Paris climate accord by the end of 2022.

Under the second pillar of the strategy, the EBRD aims to promote equality of opportunity by increasing access to skills, employment, finance, entrepreneurship and support for women, young people and other under-served communities. The Covid-19 crisis has increased the urgency of the EBRD's inclusive investments and policy support.

Responding to this challenge, the EBRD launched two new strategies to intensify its efforts to bring about equality of opportunity and to promote gender equality.

Both set ambitious new targets for inclusive projects as a share of overall Bank investment, while also broadening the scope of activities. Already in 2021, for example, there was an increase in the number of projects aimed at people living with disabilities.

The total number of projects that were either inclusive and/or had a gender-additional component rose 103 per cent to 146 in 2021.

The EBRD extended its Women in Business (WiB) programme to the West Bank and Gaza in 2021. It further announced a major increase in its support for women entrepreneurs in Turkey, where it had launched the programme in 2014.

Under the third pillar of the strategy, the EBRD embarked on a systematic path to digitalisation, with a commitment to use digital progress to enable transition in all sectors of the economies where it invests. This new approach aims to build on the Bank's existing work in the digital sphere and the knowledge economy and bring those activities together into a comprehensive framework to address the challenges of a widening digital divide.

Despite some progress in the more advanced EBRD economies, the least digitalised economies have continued to fall further behind. In some countries, certain sectors of society, including the old and the less educated, have become increasingly excluded from the benefits of rapid technological change. The EBRD's new digital approach aims to use all of the Bank's instruments to unleash the power of digital technology across its regions and ensure no one is left behind.

The EBRD opened up to potential new markets in 2021. Algeria became a shareholder with a view to becoming a financial recipient in the southern and eastern Mediterranean region in the future. The United Arab Emirates also joined the EBRD as a non-recipient shareholder.

While the EBRD's temporary period of investment in Cyprus came to an end, as scheduled, at the end of 2020, the Czech Republic, which had graduated from the EBRD process back in 2007, returned to Bank operations after the authorities in Prague requested EBRD assistance to deal with the pandemic.

