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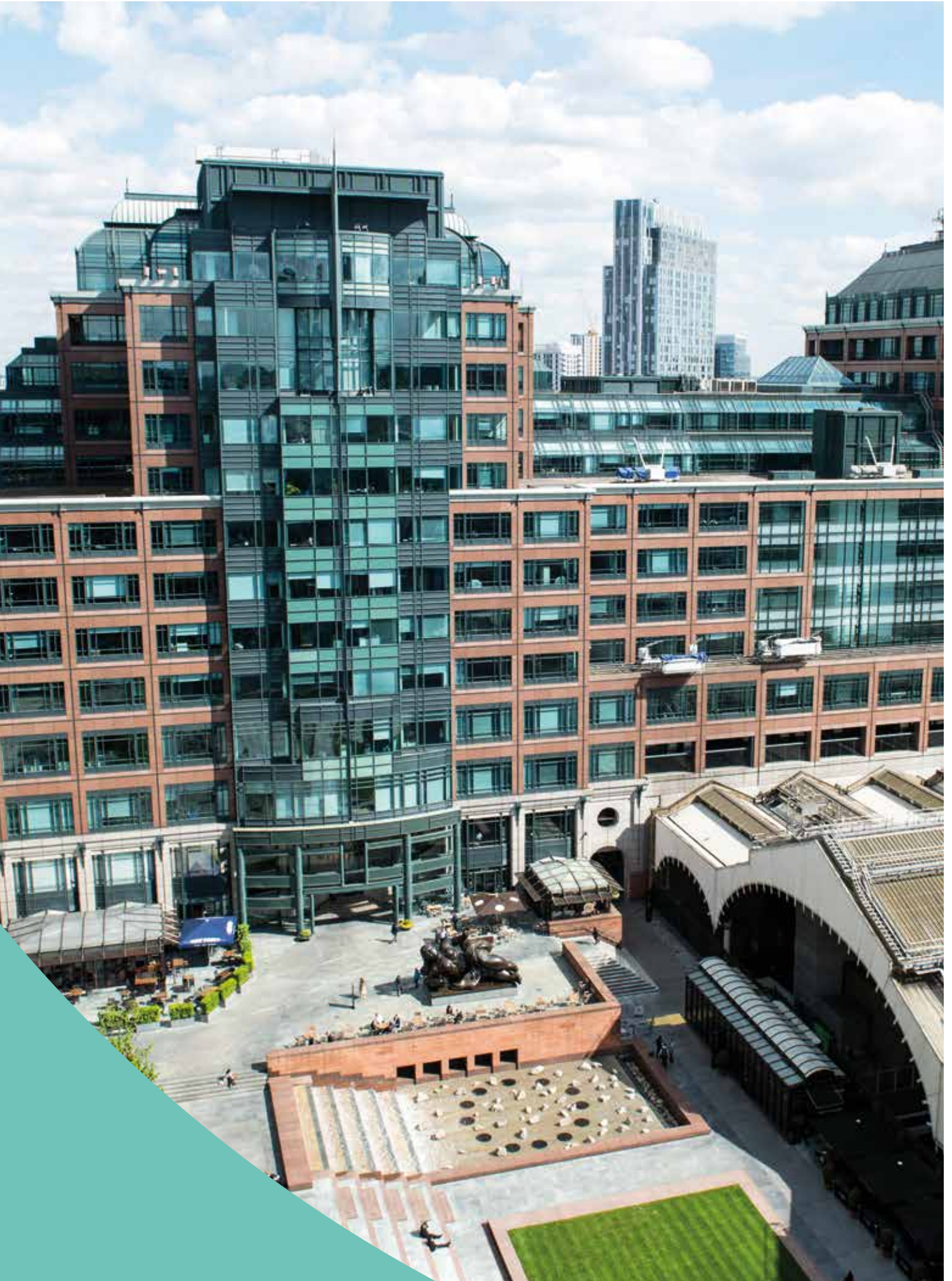
52	Corporate leadership
53	Staffing
54	Integrity and accountability
55	Environment and sustainability
55	Independent evaluation

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# GOVERNANCE

The EBRD maintains the highest standards of integrity, accountability and environmental and social responsibility in the conduct of its business. In 2016, we continued to modernise our internal processes. The independent Evaluation Department monitored the effectiveness of Bank investments and programmes for the benefit of shareholders and the public.



## Corporate leadership

Launched during 2016, the Operational Effectiveness and Efficiency programme aims to increase the impact of the EBRD in its countries of operations by improving the Bank's internal processes. There is also a fresh focus on ensuring the financial sustainability of the organisation.

Work to extend the Bank's success after its first 25 years yielded tangible results. A revised concept of transition was approved by the Board in November following work involving Sergei Guriev, who in 2016 became the EBRD Chief Economist. The transition concept identifies the six desirable qualities of a well-functioning, sustainable market economy: competitive, well-governed, green, inclusive, resilient and integrated (see page 10).

The updated concept has far-reaching consequences for the way in which the Bank devises strategies and assesses, monitors and reports on operations. The Strategy Implementation Plan 2017-19, agreed in 2016, includes a significant restructuring of the Bank's corporate scorecard so that transition impact will be reported in terms of the six aforementioned qualities.

EBRD Governors voted to elect Sir Suma Chakrabarti as President of the Bank for a second four-year term. In addition, the EBRD restructured its top-level management, bringing together the Banking and Policy Vice Presidencies within a First Vice Presidency, Client Services; creating a Finance and Operations Vice Presidency, composed of the Finance Department and the Human Resources and Corporate Services Vice Presidency; and forming a Vice Presidency that groups together the Bank's Risk,





Procurement and Environment and Sustainability functions. These changes support the EBRD's mission by uniting investment and policy engagement activities under one roof, while emphasising financial sustainability and risk management. They also allow the President to devote more time to external and strategic issues, while retaining oversight of operational matters.

Lastly, in order to preserve and create the maximum value from its institutional expertise, in 2016 the EBRD launched a project to build a comprehensive framework for knowledge management. This will improve the way critical knowledge is collected, managed and shared within the organisation. As part of this endeavour, the Bank also began work to establish 'communities of practice' that focus on specific areas of the institution's work. The communities of practice are composed of EBRD staff members who have expertise in these areas and are pooling their knowledge for the benefit of the Bank.

## Staffing

The EBRD fulfils its mission through a highly-skilled, dedicated and diverse workforce.

# 1,591

Bank-funded staff based in the EBRD's London Headquarters in December 2016.

# 565

Bank-funded staff based in the EBRD's Resident Offices.

# 3,062

Overall workforce including individuals working under non-staff contracts or externally funded contracts.

# 34

The EBRD has Resident Offices in 34 of the countries where it invests.

# 63

Employees originate from 63 of the EBRD's member countries.

# 2016

In 2016, the Bank pursued efforts to attract and develop candidates from a wide range of nationalities and backgrounds, in line with the EBRD's Diversity and Inclusion Policy.

# 50:50

The EBRD's Strategy for the Promotion of Gender Equality 2016-2020 notes that the Bank will work towards the aspiration of having women in half of all roles in the Corporate Leadership Group (CLG), which consists of managers at the level of Director and above. In support of this aspiration, the Bank aims to have a gender balance of 50:50 in its succession plans for the CLG by the end of 2018.

## Integrity and accountability

The mission of the Office of the Chief Compliance Officer (OCCO) is to protect the integrity and reputation of the EBRD, promote ethical standards of behaviour and strengthen the Bank's accountability and transparency. Throughout the region, OCCO plays a vital role in EBRD efforts to promote integrity and strengthen governance, which the Bank's revised transition concept recognises as an essential feature of a market economy.

The Chief Compliance Officer (CCO) reports directly to the President and the Audit Committee of the Board of Directors, as described in the Integrity Risks Policy and Terms of Reference for OCCO, available online. These also set out how OCCO fulfils its mission and helps the EBRD manage integrity risks related to clients and to the personal conduct of Bank staff. Thorough integrity due diligence is integrated into the approval of new business and the monitoring of ongoing operations. Furthermore, OCCO enhances the transition impact of projects by providing advice on integrity concerns and by recommending and monitoring improvements to the corporate governance and anti-corruption strategies of Bank counterparties.

OCCO is responsible for investigating allegations of staff misconduct as well as allegations of fraud and corruption in relation to EBRD projects and counterparties. Allegations of staff misconduct are investigated under the Conduct and Disciplinary Rules and Procedures (CDRPs). These were revised in 2015 and the changes took effect in 2016, along with the new Harassment-Free and Respectful Workplace Procedures.

Allegations of misconduct on the part of Board Officials on the one hand, and on the part of the President, Vice Presidents, Chief Evaluator and the CCO on the other, are dealt with in accordance with the provisions of the Code of Conduct for EBRD Board Officials or the Code of Conduct for EBRD Personnel, respectively.

Allegations of fraud and corruption in relation to activities financed from the EBRD's ordinary capital resources (such as the purchase of goods, works or services for the Bank) or from Special Funds resources, or from cooperation funds administered by the Bank, are investigated under the EBRD's Enforcement Policy and Procedures (EPPs).

The EPPs were revised in 2015 and the changes took effect during 2016. They now provide a more robust and efficient system with enhanced due process rights for entities and individuals subject to investigation, and a two-tier decision-making structure. The update also introduced two new sanctionable practices, namely obstruction and misuse of EBRD resources.

The EPPs describe the process by which the EBRD applies sanctions imposed by other multilateral development banks pursuant to the Agreement for Mutual Enforcement of Debarment Decisions. In 2016 the Bank cross-debarred 183 corporations and 94 individuals following debarment decisions issued by the World Bank Group, the Asian Development Bank, the Inter-American Development Bank



and the African Development Bank. OCCO also submitted 4 cases to the EBRD Enforcement Commissioner requesting enforcement action against 10 entities and 12 individuals. Details are posted at [ebrd.com/ineligible-entities.html](http://ebrd.com/ineligible-entities.html)

In addition, the EBRD concluded settlement agreements with 3 corporations. Each agreement contains requirements to improve corporate governance and anti-corruption compliance.

The annual *Integrity and Anti-Corruption Report*, available online, describes the EBRD's strategy to promote integrity and prevent fraud and corruption and highlights the most recent measures taken.

### Project Complaint Mechanism

The Project Complaint Mechanism (PCM) is the EBRD's accountability mechanism for addressing complaints about Bank-financed projects. It gives individuals and local groups that may be affected by an EBRD project, as well as civil society organisations, a means of raising complaints or grievances with the Bank. The PCM has two functions. Through a Compliance Review (CR) function, it examines complaints that the EBRD has failed to follow applicable policies in a particular project. And through a Problem-solving Initiative, the PCM affords community members an opportunity to obtain the Bank's assistance in addressing their grievances with the project sponsor. Affected parties can request one or both functions of the Mechanism.



During 2016, the PCM registered one new complaint and continued to work on different stages of eight ongoing complaint processes. The PCM also published its biannual monitoring reports about findings of non-compliance relating to EBRD-funded projects. These covered the EPS (Serbia), Boskov Most Hydro Power (FYR Macedonia), Ombla HPP (Croatia) and Paravani HPP (Georgia) projects. The complaint about Ombla HPP was closed in 2016 after the Bank fulfilled the actions requested in the PCM findings.

The PCM also finalised two CRs, for the South-West Corridor Road Project (Kazakhstan) and the IPP4 Al-Manakher Power Project (Jordan), as well as completing a successful Problem-solving Initiative with regard to the South-West Corridor Road Project (Kazakhstan).



**Details of all complaints and published PCM reports are available at [ebrd.com/pcm](http://ebrd.com/pcm)**

## Environment and sustainability

Since its establishment the EBRD has recognised that promoting sustainability is essential to achieving the organisation's transition mandate. It has a successful track record of helping to introduce environmental and social good practice in countries that previously suffered from environmental degradation and a lack of transparency or stakeholder engagement.

The EBRD takes a comprehensive approach to sustainability that includes:

- setting rigorous environmental and social requirements for Bank-funded projects, based on EU standards and international best practice
- providing finance and technical assistance that specifically target environmental issues such as sustainable energy, climate change, environmental infrastructure and nuclear safety
- promoting social inclusion and increasing access to community services such as water and public transport
- supporting projects that promote gender equality
- encouraging public participation, consultation and disclosure with regard to investment projects.



**The Bank's progress and achievements in implementing this approach are detailed extensively in the EBRD's *Sustainability Report 2016*, at [sr-ebrd.com](http://sr-ebrd.com)**

## Independent evaluation

The shareholders and management of the EBRD see independent and effective evaluation as critical to fulfilling the core purposes of the Bank. It provides a mechanism for accountability and generates lessons and recommendations for future strategies, policies and operations. Having an independent Evaluation Department (EvD) is one way in which the EBRD itself manifests the quality of being well-governed that it seeks to nurture within its countries of operations.

Evaluation at the EBRD involves many interconnected roles and responsibilities for EvD, the Board of Directors and management, as laid out in the Evaluation Policy (see [www.ebrd.com/evaluation](http://www.ebrd.com/evaluation)). EvD operates independently of management, reporting directly to the Board of Directors.

The Department is responsible for evaluating Bank operations, programmes and strategies. Projects are normally evaluated one to two years after the full disbursement of funds, beginning with self-evaluation by the management team.



**EvD findings, recommendations and evaluation results are available at [www.ebrd.com/evaluation](http://www.ebrd.com/evaluation)**

## EBRD Governors and Alternate Governors

31 December 2016

Member	Governor	Alternate Governor
Albania	Arben Ahmetaj	Erion Luci
Armenia	Vache Gabrielyan	Vakhtang Mirumyan
Australia	Scott Morrison	Kelly O'Dwyer
Austria	Johann Georg Schelling	Edith Frauwallner
Azerbaijan	Shahin Mustafayev	Samir Sharifov
Belarus	Vladimir I. Semashko	Vladimir Zinovskiy
Belgium	Johan Van Overtveldt	Alexander de Croo
Bosnia and Herzegovina	Mirko Šarović	Adil Osmanović
Bulgaria	Vladislav Goranov	Dimitar Kostov
Canada	Bill Morneau	Daniel Jean
China	Xiaochuan Zhou	Gang Yi
Croatia	Zdravko Marić	Željko Tufekčić
Cyprus	Harris Georgiades	Christos Patsalides
Czech Republic	Andrej Babiš	Jiří Rusnok
Denmark	Brian Mikkelsen	Michael Dithmer
Egypt	Sahar Nasr	Vacant
Estonia	Sven Sester	Veiko Tali
European Investment Bank	Pim van Ballekom	Vacant
European Union	Jyrki Katainen	Marco Buti
Finland	Petteri Orpo	Matti Anttonen
FYR Macedonia	Kiril Minoski	Vladimir Pesevski
France	Michel Sapin	Odile Renaud-Basso
Georgia	Dimitry Kumsishvili	Kova Gvenetadze
Germany	Wolfgang Schäuble	Thomas Steffen
Greece	Dimitri Papadimitriou	Ilias Xanthakos
Hungary	Mihály Varga	László Balogh
Iceland	Bjarni Benediktsson	Guðmundur Árnason
Ireland	Michael Noonan	Derek Moran
Israel	Karnit Flug	Yoel Naveh
Italy	Pier Carlo Padoan	Filippo Giansante
Japan	Taro Aso	Haruhiko Kuroda
Jordan	Imad Najib Fakhoury	Saleh Al-Kharabsheh
Kazakhstan	Bakhyt T. Sultanov	Marat Kusainov
Korea, Republic of	Ilho Yoo	Juyeol Lee
Kosovo	Avdullah Hoti	Vacant
Kyrgyz Republic	Arzybek Kozhoshev	Adylbek Aleshovich Kasymaliev
Latvia	Dana Reizniece-Ozola	Arvils Ašeradens
Liechtenstein	Thomas Zwiefelhofer	Roland Marxer
Lithuania	Vilius Sapoka	Algimantas Rimkūnas
Luxembourg	Pierre Gramegna	Arsène Jacoby
Malta	Edward Scicluna	Mario Vella
Mexico	José Antonio Meade Kuribreña	Vanessa Rubio Márquez

## EBRD Governors and Alternate Governors

31 December 2016

Member	Governor	Alternate Governor
Moldova	Octavian Calmîc	Marin Moloşag
Mongolia	Chojjilsuren Battogtokh	Bayartsaikhan Nadmid
Montenegro	Darko Radunović	Nikola Vukičević
Morocco	Mohammed Boussaid	Driss El Azami El Idrissi
Netherlands	Jeroen Dijsselbloem	Lilianne Ploumen
New Zealand	Murray McCully	Robert Taylor
Norway	Siv Jensen	Dilek Ayhan
Poland	Adam Glapiński	Piotr Nowak
Portugal	Mário Centeno	Álvaro Matias
Romania	Anca Dana Dragu	Mugur Isarescu
Russia	Vacant	Sergey Storchak
Serbia	Dušan Vujović	Željko Sertić
Slovak Republic	Peter Kažimír	Jozef Makúch
Slovenia	Mateja Vraničar Erman	Irena Sodin
Spain	Luis de Guindos Jurado	Irene Garrido Valenzuela
Sweden	Magdalena Andersson	Karolina Ekholm
Switzerland	Johann N. Schneider-Ammann	Raymund Furrer
Tajikistan	Jamoliddin Nuraliev	Jamshed Karimzoda
Tunisia	Fadhel Abdelkefi	Fethi Ben Mimoun
Turkey	Osman Çelik	Ahmed Genç
Turkmenistan	Muratniyaz Berdiyev	Merdan Annadurdiyev
Ukraine	Oleksandr Danylyuk	Valeria Gontareva
United Kingdom	Philip Hammond	Priti Patel
United States	Jacob J. Lew	Vacant
Uzbekistan	Rustam Sadykovich Azimov	Shavkat Tulyaganov

### Chair of the Board of Governors

2015-16: Governor for Italy (Pier Carlo Padoan)

### Vice Chairs of the Board of Governors

2015-16: Governor for Belgium (Johan Van Overtveldt)  
Governor for Jordan (Imad Najib Fakhoury)

All the powers of the EBRD are vested in the Board of Governors. The Board of Governors has delegated many of its powers to the Board of Directors, which is responsible for the direction of the general operations of the Bank and, among other activities, establishes policies and takes decisions concerning loans, equity investments and other operations in conformity with the general directions of the Board of Governors.

The President chairs the Board of Directors. Under the direction of the Board, the President conducts the business of the EBRD and, as head of staff, is responsible for its organisation and for making staff appointments.



## EBRD Directors and Alternate Directors

31 December 2016

Director	Alternate	Constituency
Scott Allen	Vacant	United States of America
Phillip Barresi	Soomin Park	Australia, Korea, New Zealand, Egypt
Anthony Bartzokas	Abel Mateus	Greece, Portugal
Raphaël Bello	Gustave Gauquelin	France
Evren Dilekli	Dragoş Andrei	Turkey, Romania, Azerbaijan, Kyrgyz Republic
Raffaella Di Maro	Dante Brandi	Italy
Harold Freeman	Claire Wren	United Kingdom
Jörgen Frotzler	Arnar Måsson	Sweden, Iceland, Estonia
Zbigniew Hockuba	Kalin Mitrev	Poland, Bulgaria, Albania
Ove Jensen	Aloyzas Vitkauskas	Denmark, Lithuania, Ireland, Kosovo
Heinz Kaufmann	Artem Shevaley	Switzerland, Ukraine, Liechtenstein, Turkmenistan, Serbia, Montenegro, Moldova
Yosuke Kawakami	Makoto Honda	Japan
Johannes Koskinen	Dag Holler	Finland, Norway, Latvia
Klára Król	László Havas	Czech Republic, Hungary, Slovak Republic, Croatia, Georgia
Denis Morozov	Sergey Verkashanskiy	Russian Federation, Belarus, Tajikistan
Douglas Nevison	Greg Houlahan	Canada, Morocco, Jordan, Tunisia
Antonio Oporto	Pablo Gasós	Spain, Mexico
Horst Reichenbach	Peter Basch	European Union
Johannes Seiringer	Eddy Azoulay	Austria, Israel, Cyprus, Malta, Kazakhstan, Bosnia and Herzegovina
Jean-Louis Six	Miguel Marques	Belgium, Luxembourg, Slovenia
Klaus Stein	Johann Ernst	Germany
Andris Vilks	Michel Grilli	European Investment Bank
Frans Weekers	Jaap Rooimans	Netherlands, Mongolia, FYR Macedonia, Armenia, China

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## Composition of Board of Directors' Committees

31 December 2016

<b>Audit Committee</b>	<b>Budget and Administrative Affairs Committee</b>
Evren Dilekli (Chair)	Klaus Stein (Chair)
Ove Jensen (Vice Chair)	Johannes Koskinen (Vice Chair)
Yosuke Kawakami	Raphaël Bello
Denis Morozov	Jörgen Frotzler
Douglas Nevison	Klára Król
Jean-Louis Six	Horst Reichenbach
Andris Vilks	Johannes Seiringer
	Frans Weekers

The Audit Committee reviews financial statements and accounting, financial reporting and disclosure policies and practices. It also reviews internal control systems; compliance, internal audit, evaluation and risk management functions; and the independence, qualifications and performance of the external auditors.

The Budget and Administrative Affairs Committee considers general budgetary policy, proposals, procedures and reports. It also considers personnel, administrative and organisational matters, and administrative matters relating to Directors and their staff.

<b>Financial and Operations Policies Committee</b>	<b>Board Steering Group</b>
Zbigniew Hockuba (Chair)	Raphaël Bello (Chair)
Scott Allen (Vice Chair)	Klára Król (Vice Chair)
Phillip Barresi	Scott Allen
Anthony Bartzokas	Evren Dilekli
Rafaella Di Maro	Zbigniew Hockuba
Harold Freeman	Ove Jensen
Heinz Kaufmann	Johannes Koskinen
Antonio Oporto	Klaus Stein
	Enzo Quattrocioche
	Colm Lincoln

The Financial and Operations Policies Committee reviews financial policies, including borrowing policy and general policies relating to operations, as well as reviewing procedures and reporting requirements.

The Board Steering Group facilitates coordination between the Board of Directors and management on arrangements for meetings of the Board, Committees and workshops.

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## Abbreviations and acronyms

<b>ABI</b>	Annual Bank Investment (see footnote 1 on page 2)
<b>The Bank, EBRD</b>	The European Bank for Reconstruction and Development
<b>CDRPs</b>	Conduct and Disciplinary Rules and Procedures
<b>CIF</b>	Climate Investment Funds
<b>CSO</b>	Civil society organisation
<b>EvD</b>	Evaluation Department
<b>EIB</b>	European Investment Bank
<b>ETCs</b>	Early transition countries
<b>EU</b>	European Union
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>FI</b>	Financial institution
<b>FYR Macedonia</b>	Former Yugoslav Republic of Macedonia
<b>GEF</b>	Global Environment Facility
<b>GET</b>	Green Economy Transition
<b>ICT</b>	Information and communication technology
<b>ICGI</b>	Investment Climate and Governance Initiative
<b>IFCA</b>	Investment Facility for Central Asia
<b>IFI</b>	International financial institution
<b>IPPF</b>	Infrastructure Project Preparation Facility
<b>LC2</b>	Local Currency and Capital Markets Development Initiative
<b>MDB</b>	Multilateral development bank
<b>MEI</b>	Municipal and environmental infrastructure
<b>MoU</b>	Memorandum of Understanding
<b>MSMEs</b>	Micro, small and medium-sized enterprises
<b>NIF</b>	Neighbourhood Investment Facility
<b>OCCO</b>	Office of the Chief Compliance Officer
<b>OCE</b>	Office of the Chief Economist
<b>PCM</b>	Project Complaint Mechanism
<b>PPP</b>	Public-private partnership
<b>SBI</b>	Small Business Initiative
<b>SBIF</b>	Small Business Impact Fund
<b>SEFF</b>	Sustainable energy financing facility
<b>SEMED</b>	Southern and eastern Mediterranean region
<b>SMEs</b>	Small and medium-sized enterprises
<b>SSF</b>	EBRD Shareholder Special Fund
<b>TC</b>	Technical cooperation
<b>TFP</b>	Trade Facilitation Programme
<b>VCIP</b>	Venture Capital Investment Programme
<b>WBIF</b>	Western Balkans Investment Framework

## Exchange rates

Non-euro currencies have been converted, where appropriate, into euros on the basis of the exchange rates current on 30 December 2016. (Approximate euro exchange rate: US\$ 1.06.)

## Editorial

Writer: Mike McDonough  
Editors: Cathy Goudie, Jane Ross

## Design and production

Gaëlle Alliot @ à.côté design  
Dan Kelly

## Photography

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Andy Lane – p1, p52  
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## Photo editors

Chris Booth, Dermot Doorly