

1. Introduction

President's message

I am delighted to introduce the EBRD's *Sustainability Report 2020*, which comes at a particularly critical juncture.

In 2020, Covid-19 shaped and changed the world in ways no one foresaw, with lives lost and livelihoods shattered. As a result, progress towards the Sustainable Development Goals (SDGs) stalled and even reversed; for the first time in more than 20 years, the number of poor people in the world increased. The call to respond by “building back better” rings loud and clear across countries, the private and public sectors and civil society.



Sustainable development has been at the core of the Bank's purpose since 1991. Born just before the Earth Summit enshrined the principles of sustainable development in the Rio Declaration, the EBRD supports the global aims of the SDGs by pursuing its unique transition mandate. The EBRD's goal is to assist the 38 economies in which it invests in Europe, Asia and Africa in transitioning to sustainable market economies that are competitive, well governed, green, inclusive, resilient and integrated.

Our report details the Bank's impressive operational support for sustainable development in 2020. It achieved this while responding quickly, flexibly and substantially with its [Solidarity Package](#) to support clients and economies deeply affected by the Covid-19 pandemic.

In addition, in 2020, the EBRD laid the foundations for enhancing this work even more. Our five-year strategy – the [Strategic and Capital Framework 2021-2025](#) – was approved by all 71 shareholders at the Bank's Annual Meeting in October. It sets out how we will support the economies in which we invest to become sustainable market economies, both through the crisis and the subsequent recovery, as they seek to create a better future.

Three cross-cutting themes will underlie all of the Bank's work over the next five years: supporting progress to green, low-carbon economies, promoting equality of opportunity and accelerating the digital transition. These themes are complementary and mutually reinforcing. The wider use of smart solutions in urban planning and the greater use of infratech in construction, for example, are key to reducing carbon emissions.

The Bank has put in place the next phase of its Green Economy Transition approach, known as GET 2021-25. The previous phase saw the Bank's ratio of green investment rise from 25 per cent in 2015 to 46 per cent in 2019. In 2020, it became evident that its efforts must be relentless. While the Bank's regular pipeline of projects retained its strong green credentials, the more short-term, crisis-response element of the portfolio did not. The EBRD's objective is for green investments to account for more than 50 per cent of the Bank's business by 2025. In 2021, it will begin to assess investment proposals to determine whether they align with the objectives of the Paris Agreement's climate change goals.

The world has understandably focused on the health and economic fallout of the Covid-19 crisis. However, the continuing ecological challenges, be they species extinction, habitat degradation or climate change, demand continual action. As part of that effort, the EBRD has already embarked on important preparatory work for the United Nations Climate Change Conference (COP26) at the end of 2021. It is also increasingly clear that immediate priorities and long-term goals cannot be considered in isolation.

The EBRD has a proud 30-year track record on which to build and this report is an invitation to learn more. We will not rest, nor be complacent in our continued work for sustainability and prosperity for all.

Odile Renaud-Basso
President, European Bank for Reconstruction and Development
June 2021

Key EBRD achievements in 2020

Agreed a new green economy approach for

2021-25

Adopted a target of becoming a majority green bank by

2025

€3.2 billion

invested in climate mitigation, climate adaptation and other environmental activities

Signed up to the **Sustainable Blue Economy Finance Principles**

As part of our Covid-19 response, provided

€802 million

of support under the Vital Infrastructure Support Programme

Strengthened our approach to human rights and gender-based violence

€2.5 billion

reached in total EBRD and donor commitments for green cities

€589 million

mobilised in donor support for projects and policy dialogue

Launched **online training for road safety and asbestos management**

Posted a **14.8 per cent** year-on-year increase in the number of projects we support that promote gender inclusion

Signed partnership agreements with **Oxfam and Save the Children**

The EBRD's approach to sustainability

The EBRD is committed to sustainability, as defined by the [SDGs](#). These constitute a globally shared blueprint for ending poverty, improving health and education, spurring inclusive economic growth, tackling climate change and working to preserve our oceans and forests.

The EBRD responds to environmental and social challenges, engaging with investors and stakeholders, setting the highest standards of governance and delivering associated benefits for all. It aims to minimise its own footprint, and measure, monitor and report on the impact of the Bank's work to ensure transparency and accountability. In particular, the Bank seeks to make the economies where it invests competitive, well

governed, green, inclusive, resilient and integrated. These are the EBRD's six transition qualities.

The case studies highlighted throughout the *Sustainability Report 2020* indicate, where appropriate, which SDGs they support.

Further details about the EBRD's approach to sustainability can be found in the Bank's Global Reporting Initiative (GRI) disclosure report for 2020. The report applies Global Reporting Initiative Standards and enables stakeholders to gain a comprehensive overview of the EBRD's approach to environmental, social and governance issues.

Covid-19 response

The Covid-19 pandemic has dealt a severe blow to the economies in which the EBRD invests. Exports have shrunk, tourism has fallen sharply and remittances have been sliding, while many migrants have returned to their home countries. The health and social impacts have been wide-ranging, hitting the most vulnerable hardest.

Faced with these unprecedented challenges, the EBRD reacted quickly and decisively, investing at record levels in 2020. The Bank was the first international financial institution to approve a comprehensive series of response and recovery measures through its [Solidarity Package](#), unveiled in March. It delivered emergency liquidity, keeping open vital infrastructure services and increasing trade finance to keep commerce flowing. The measures also helped ensure the resilience of the financial sector during the year.

After €10.1 billion of financing in 2019, the Bank invested €11 billion through 411 projects in 2020. The Bank has the potential to increase annual financing well above €10 billion in the five years to 2025 and remains committed to helping countries combat the pandemic's economic impact.

The crisis has diverted attention away from climate change mitigation. However, large-scale recovery spending offers an opportunity to “tilt to green”, as highlighted by EBRD economists in a [report](#) published in 2020. Governments will need to take careful policy action and, in seeking to protect their citizens medically and economically in the short term, should also look to the long-term prospects for accelerating towards a low-carbon economy.

The pandemic has had a profound impact on the EBRD's scope, focus and methods of working. In 2020, travel, client meetings and on-site visits had to be cancelled and staff across the Bank's regions had to adapt to working remotely. The Bank had to develop new ways to communicate with clients, civil-society organisations and other stakeholders. Existing environmental and social due diligence processes were adjusted and new ways devised to respond to emerging risks in and restrictions on fieldwork.



During the crisis, the EBRD helped protect the economy and promote further [transition](#) not only through its investments, but also by providing governments and other state institutions with high-quality, straightforward and usable [policy advice](#), through its dedicated Rapid Advisory Response framework.

The Bank prepared Covid-19 briefing notes and videos on health and safety, labour and stakeholder engagement and compiled [guidance and resources](#) from a range of sources to help clients.



The Bank launched a report on emerging good practice for companies on responding to gender-based violence, sometimes described as a shadow pandemic. The EBRD and the British Society for Antimicrobial Chemotherapy also held a [webinar](#) on Covid-19 and antimicrobial resistance, a situation exacerbated by the increased prescribing of antibiotics.

The EBRD's Annual Meeting in October focused on building back better to deliver a robust post-Covid-19 future for the 38 emerging economies where the Bank invests.

As the EBRD regions recover, the Bank will support an acceleration of the transition process, helping to build a greener, more resilient and more sustainable future. Transparency and reporting are building blocks of the Strategic and Capital Framework (SCF). The SCF provides for the delivery of green, low-carbon economic growth, the promotion of equality of opportunity and an acceleration of the digital transition. The framework aims to raise the EBRD's share of green financing to at least 50 per cent of its total financing by 2025. Over the next five years, the Bank will also increase efforts to promote equality of opportunity for women, young people and underserved communities and to unleash the power of technology to broaden the digital transition. The Bank is also pursuing a cumulative net greenhouse gas (GHG) emissions reduction of between 25 and 40 million tonnes over the five-year period, based on *ex ante* estimates.

More information about the EBRD's Covid-19 response is available [here](#).