The EBRD is an international financial institution that supports projects in central Europe to central Asia. Investing primarily in private sector clients whose needs cannot be fully met by the market, the Bank fosters transition towards open and democratic market economies. In all its operations the EBRD follows the highest standards of corporate governance and sustainable development.
Donors and public sector institutions play a critical role in advancing transition in the EBRD region. Their funding helps to prepare the way for Bank projects, fostering reform and improving the investment climate.

The *Donor Report* provides updated information on donors’ continuing support to the Bank’s activities, and how in 2010 the focus was particularly on crisis response and tackling climate change.
Where we operate

Early transition countries
01 Armenia
02 Azerbaijan
03 Belarus
04 Georgia
05 Kyrgyz Republic
06 Moldova
07 Mongolia
08 Tajikistan
09 Turkmenistan
10 Uzbekistan

Western Balkans and Turkey
11 Albania
12 Bosnia and Herzegovina
13 FYR Macedonia
14 Montenegro
15 Serbia
16 Turkey

Russia, Kazakhstan and Ukraine
17 Russia
18 Kazakhstan
19 Ukraine

EU member states
20 Bulgaria
21 Croatia
22 Czech Republic
23 Estonia
24 Hungary
25 Latvia
26 Lithuania
27 Poland
28 Romania
29 Slovak Republic
30 Slovenia

1 Since 2008 the EBRD has not made any new investments in the Czech Republic.
In the wake of the most severe financial crisis of the post-war era, and at a time when the world’s economic equilibrium is still in doubt, the EBRD has stepped up its efforts to promote recovery, transition and private-sector development in its countries of operations. Donor co-financing plays an essential role in the Bank’s added-value to its clients and its region, bringing resources and expertise to tackle the numerous challenges that investments alone cannot overcome. In 2010 donors contributed €215 million in new funding agreements with the EBRD (an 18 per cent increase on the previous year).

I am mindful of the fiscal pressures on the budgets of many of our 32 donors and am therefore particularly grateful for the ongoing provision of co-financing support, and aware of the need to use resources efficiently and with demonstrable impact.

The need for donor financing in direct support of the EBRD’s core activities has never been greater. Technical assistance provided to the transition region in the aftermath of the crisis has been, and remains, fundamental to the Bank’s efforts to support a strong and sustainable financial sector. But other issues have also remained at the fore, particularly the global challenge of mitigating climate change and the need to improve energy efficiency. The ongoing expansion of our activities in these sectors will demand a greater use of grant-funded instruments.

By learning lessons from the crisis, we will assist the transition region in rebalancing its economic growth towards domestic fundamentals. This implies an increase in local currency lending as well as a more intense policy dialogue, both of which are strongly supported by donors.

At the same time, donors are becoming more demanding – and rightly so – about the use the Bank is making of their valuable resources. We have therefore developed a three-pillar strategy focusing on: (i) quality, effectiveness and efficiency of management, with a particular emphasis on reporting; (ii) enhanced donor partnerships with a greater responsiveness by the Bank to the priorities of donors; and (iii) a sustainable EBRD Shareholder Special Fund – the Bank’s complementary financing tool to share the co-financing burden with donors, which was replenished during the fourth Capital Resources Review in 2010.

This increased cooperation responds well to the rising importance of donor partnerships to the Bank’s business model and impact. To meet the challenges of the crisis which remain from the past as well as those to be faced in the future, we will need such partnerships more than ever in 2011.

Thomas Mirow
President
European Bank for Reconstruction and Development
Foreword

Transition and development go hand in hand. In providing support to the EBRD, donors not only help the Bank achieve its transition mandate, but also contribute to the fulfilment of their development objectives. We recognise the diversity of these objectives and are committed to finding strong synergies with each of our donors. At the same time we share the common objectives on aid effectiveness, as set out in the 2008 Accra Agenda for Action. In 2010, 75 per cent of donor-financed technical cooperation (TCs) took place in official development assistance (ODA) countries. That also reflects the Bank’s commitment to bolstering its activities in the most challenging countries of the region.

As most of our donors are facing increasing pressure on their national budgets, the need for leveraging funds and delivering demonstrable results has never been greater. The EBRD offers a particularly catalytic impact for donor funding, with our capacity to unlock market barriers that enable investment from the Bank and from the private sector. At the same time we recognise the need to strengthen and improve the monitoring of that impact. During 2011 we will be implementing a new policy on cost-sharing with our clients. The policy seeks to enhance the commitment that clients make to our shared objectives. We will be reporting to donors on the impact of grant co-financing: what is apparent thus far and how we should measure it in the future. I attach a high importance to these activities and to other aspects of our quality effectiveness and efficiency agenda, and welcome our dialogue with donors in these areas.

Despite multiple challenges at home, the EBRD’s bilateral donors continued to be generous in 2010 in allocating €78 million for grant co-financing with the Bank – whether for technical assistance or other forms of co-investment. They thus remain the central pillar of the Bank’s donor-funded activities, providing not only funds but also policy guidance, diplomatic know-how and intellectual stimulus. Their contribution is increasingly complemented by multilateral frameworks: the European Union continued in 2010 to provide substantial support to the Bank across the region, while World Bank-led climate change partnerships gained pace, heralding a new trend for the years ahead.

In the context of the fourth Capital Resources Review (CRR4), the Board of Governors made available an allocation for the EBRD Shareholder Special Fund (SSF) of €150 million. We are determined to ensure that the SSF should continue to play its role as a strategic instrument that catalyses and complements – but does not displace – the support of donors.

Together, these partnerships have allowed the Bank to undertake 524 technical cooperation (TC) assignments across the region and a growing volume of other forms of loan/grant blending such as grants for infrastructure investments to meet International Monetary Fund (IMF) borrowing requirements, incentives for energy efficiency and risk sharing for trade finance.

Having taken up my role at the EBRD as Vice-President for Operational Policies in September 2010, I will focus in particular on donor financing, and also more broadly on donor relationships through the lens of the Bank’s political engagement in our countries of operations and in our wider stakeholder relations. I look forward to another successful year for the EBRD and for our donors.

Jan Fischer
Vice President for Operational Policies
European Bank for Reconstruction and Development