

IMPACT

Through our investments, we make a real difference to environmental and social sustainability in our region. This in turn improves the quality of life for people across the countries where we invest.



The EBRD's full *Sustainability Report 2014* can be found on our website at sr-ebrd.com

In 2014 we invested €8.9 billion across 377 operations in more than 30 countries, assessing each project for its ability to protect and benefit the environment, employees and communities.

While we continued to bolster economies in our traditional region, we also stepped up financing in SEMED. Total investments in SEMED topped the €1.7 billion mark in December, just two years after we started investing in the region.

SUSTAINABLE RESOURCE INITIATIVE

Our Sustainable Resource Initiative (SRI) is an umbrella initiative that promotes efficiency and innovation in three areas vital to the countries where we invest: energy, water and materials. Resource efficiency has become a priority for all countries in our region due to the increasing demand for resources, volatile prices and growing environmental concerns, including the impacts of climate change. The SRI is our response to these challenges.

In 2014 we invested €3 billion in SRI projects supporting the sustainable use of energy and other resources, which accounted for 34 per cent of our annual Bank investment.

SUSTAINABLE ENERGY INITIATIVE

The effects of climate change pose a significant challenge in countries where we invest. Many of them lag behind economies at a similar level of development when it comes to the sustainable use of energy, water and other resources. To help mitigate the economic, environmental and social risks to people and businesses in the region, we launched the Sustainable Energy Initiative (SEI) in 2006.

The SEI aims to reduce carbon emissions, make the region's economies more energy efficient and independent, and help them adapt to climate change.

Between 2006 and the end of 2014, we invested over €15 billion in sustainable energy projects. In 2014 alone, sustainable resource investments totalled €3 billion across 170 transactions. These should result in annual CO₂ reductions of 7.4 million tonnes, annual water savings of 10.5 million tonnes and waste savings of nearly 390,000 tonnes.

WATER EFFICIENCY

The EBRD region includes some of the most water-stressed countries in the world. We address the challenges of water scarcity by investing in projects that improve water efficiency and by supporting the introduction of innovative, water-efficient technologies.

MATERIALS EFFICIENCY

Resource inputs and production waste are costly for businesses, the economy and the environment. These costs can in many cases be avoided, or at least reduced. Our materials efficiency work supports businesses in a range of sectors across the EBRD region to optimise the use of resources and to minimise the generation of waste, or find alternative uses for it.

PROJECT
Boosting glass recycling

COUNTRY
Turkey

Şişecam, a long-standing EBRD client, is a leading Turkish glass producer. As part of its corporate strategy, the company has been increasing its efforts to help boost the national glass recycling rate.

In February 2013 the EBRD and Şişecam launched a glass recycling pilot project in four Turkish municipalities. The pilot project, consisting of three phases, was designed to assess the glass recycling market potential in Turkey, implement pilot projects in four cities and develop a country-wide glass recycling strategy, integrated into a broader packaging waste strategy. The project is now in its final stage.



Glass-making at one of Şişecam's production facilities in Turkey.

PROJECT
Rehabilitating a hydropower plant

COUNTRY
Tajikistan

Our investment in the rehabilitation of the Qairokkum hydropower plant in Tajikistan is an excellent example of how we can integrate climate resilience into an infrastructure investment.

In 2014 we launched one of our largest projects in Tajikistan's energy sector to date, with a US\$ 50 million (€41 million equivalent)

loan to fund the modernisation of the Qairokkum hydropower plant. The first phase of the programme will consist of installing two new and larger turbines, which will increase the plant's current capacity from 126 MW to 142 MW. This will prevent wasteful water spills and generate more electricity with the same flow of water, thereby maximising the plant's efficiency.



PROJECT
Modernising railways

COUNTRY
Moldova

In a major step towards supporting the modernisation of Moldova's railways, we provided a €52.5 million loan to the state-owned railway company, Calea Ferată din Moldova.

With this support, along with additional funding from the European Investment Bank, Calea Ferată din Moldova will co-finance the acquisition of 10 new multi-purpose locomotives and the rehabilitation of rail infrastructure. The Bank's donors will provide technical cooperation to develop and support action plans aimed at restructuring the railway sector and strengthening institutional capacities in key areas such as the environment, health and safety, procurement and corporate governance. We will also help the company reduce its energy consumption through the development of an energy management plan and energy systems.

CLIMATE CHANGE ADAPTATION

We are increasing our support to projects that focus on adaptation and resilience to climate change by building on our successful sustainable energy business model, which incorporates policy dialogue, technical cooperation and project investment. We help clients to identify the impacts of climate change that will affect their operations, develop and implement strategies to facilitate adaptation, and invest in measures and technologies that improve their resilience to climate change.

GREENHOUSE GAS ASSESSMENT FOR 2014

Our Greenhouse Gas Assessment provides an estimate of the net carbon footprint that will result from EBRD-financed projects signed during the year, once the projects are fully implemented. The calculation is based on estimated emission reductions from SEI projects and estimates of “new” greenhouse gas (GHG) emissions from projects that involve new building or expanding capacity.

In any one year, the results are heavily influenced by a small number of large projects. The 2014 portfolio, for example, includes a power efficiency project in which generation output will be increased by recovering and converting waste heat into electricity. This additional output is expected to displace existing generation on the grid, leading to emission savings of 3 MtCO₂e per year.

The recent track record shows that, by prioritising investments in renewable energy and energy efficiency, we have been able to grow our business volume and promote transition while also reducing GHG emissions.

SUSTAINABLE TRANSPORT

We invest in transport projects that connect businesses to suppliers and markets, and give citizens access to economic opportunities and essential services.

In 2014 we signed 26 transactions in the transport sector for a total of €1.3 billion across the aviation, maritime, rail, road and intermodal sectors. Of this amount, a record €479 million was provided for energy efficiency and climate change mitigation investments under the SEI, with predicted emission reductions estimated at 500,000 tCO₂e per year.

PROJECT

Ensuring safe, clean water

COUNTRY

Egypt

In Egypt the level of sanitary network connections is alarmingly low in rural areas (at only 10 per cent), compared with urban areas (90 per cent). The Kafr el-Sheikh governorate, in particular, has the highest percentage of bacterial contamination in its water. An estimated 24 per cent of households have one or more members affected by a water-related illness.

In 2014 we extended a €55 million sovereign loan, which will enable the Kafr el-Sheikh Water and Sanitation Company to provide high-quality sanitation for the first time to almost 500,000 people. The project is co-financed by a €77 million loan from the European Investment Bank and a €32 million investment from the European Union, and complemented by technical assistance grants of €5.2 million.

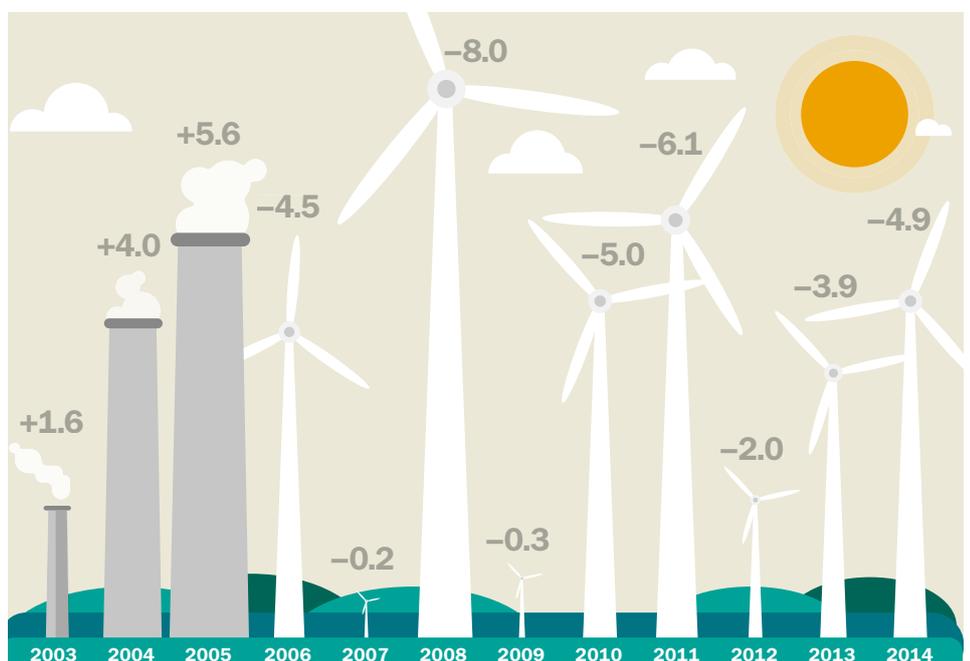
The company aims to build five wastewater treatment plants, lay about 700 km of pipes and install 52 pump stations. The project will foster commercialisation in the water sector, improve health, promote economic inclusion and possibly reduce the pollution load that flows through irrigation canals into the main fishing lake in the Nile Delta.

Aggregate GHG reduction (MtCO₂e pa) from the year's signed projects.

Chimney = increase in emissions

Wind turbine = net reductions since SEI began

Greenhouse Gas Assessment results 2003-14



MUNICIPAL AND ENVIRONMENTAL INFRASTRUCTURE

Our investments in the municipal and environmental infrastructure (MEI) sector provide millions of people with access to safe drinking water, sanitary waste disposal services, green public transport, well-maintained urban roads and energy-efficient district heating. We work with local governments, private operators and donors to bring tangible improvements to the daily lives of citizens in the countries where we invest.

In 2014 we financed 41 projects in the MEI sector, representing a total EBRD commitment of €717 million. Such investments are expected to benefit 5 million people in the EBRD region by providing them with improved water services, district heating, solid waste facilities and other municipal infrastructure. Financing will also benefit the 36 million people who are expected to use public transport systems annually.

GENDER EQUALITY

Gender equality is essential to a modern, well-functioning economy and society. Countries that provide women and men with equal opportunities enjoy stronger growth and their companies compete better on the world stage. At the individual level, measures aimed at creating a fair, diverse and flexible workplace benefit men and women alike. In 2014 we signed 12 investments with either a gender focus or component.

The EBRD's work in gender equality benefits significantly from the support of donors. In 2014 there were 15 donor-funded commitments totalling €1.2 million for gender activities linked to investments focused on improving access to finance, skills, employment and services.

ECONOMIC INCLUSION

At the EBRD, we also believe that economic inclusion – the opening-up of economic opportunities to previously under-served social groups – is integral to development. Based on the concept of equal opportunity, the Bank measures the extent to which economic institutions, markets and education systems extend opportunities to people, regardless of their gender, place of birth or social background.

ENVIRONMENTAL SUSTAINABILITY BONDS

We established the Environmental Sustainability Bond Programme (ESBP) in response to clear investor demand for this type of bond product. The projects that are financed by the ESBP achieve specific environmental benefits and, collectively, comprise our Green Project Portfolio (GPP). The ESBP enables us to broaden our sources of funding. Since 2010 we have issued 19 bonds under the Programme for a total of €530 million.

In 2014 we issued seven unlisted Environmental Sustainability Bonds, denominated in Australian dollars, Brazilian real, New Zealand dollars and Turkish lira. Not only do green bond issues attract a new investor base, but they also allow us to highlight to a wider audience our emphasis on environmentally sound and sustainable development within our core mandate.

GREEN PROJECT PORTFOLIO

At 31 December 2014, the GPP comprised 313 loans across 25 countries where we invest, totalling €4.9 billion of which €3 billion was drawn down. The average tenor of the projects was 11.67 years and the average remaining life was 8.81 years.

The Bank limits the total amount of Environmental Sustainability Bonds to no more than 70 per cent of the value of the GPP. This limit ensures that all of the proceeds of these bonds are directed towards supporting our GPP.

PROJECT

Promoting youth inclusion

COUNTRY

Egypt

We are providing US\$ 60 million (€49 million equivalent) to fund the development of the Mall of Arabia, a retail development in 6th of October City near Cairo. As well as offering a safe and welcoming recreational area for the local community, the project will create some 5,000 jobs.

Youth inclusion gaps in Egypt are wide: nearly two-fifths of young Egyptians under the age of 24 are unemployed and one-third lack any form of employment, education or training. Where training opportunities do exist, they often fail to equip young people with the skills that employers need. As part of the project, 25 international and local fashion brands operating in the retail centre set up a partnership to provide high-quality, work-based training for young people – and young women in particular – that reflects the requirements of local retailers. Training will include courses in customer relations, store and facilities management, and English as a second language.

PROJECT

Empowering women

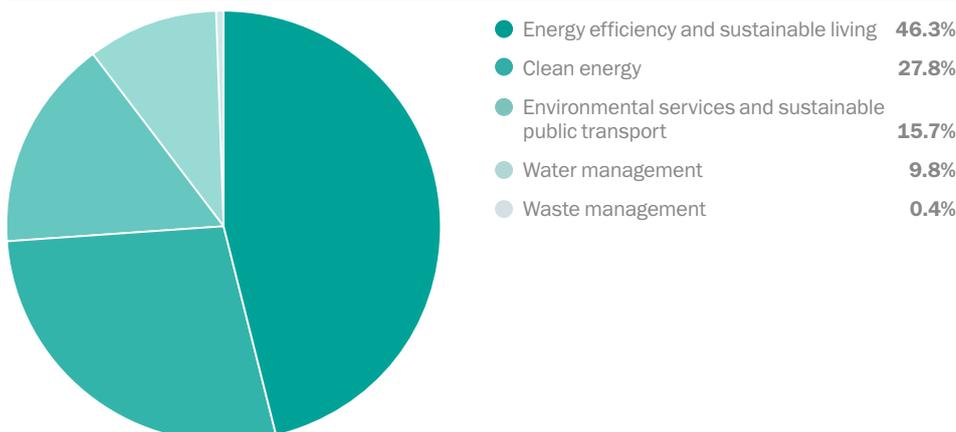
COUNTRY

Across the EBRD region

In 2014 the EBRD commissioned a report on *Enhancing women's voice, agency and participation in the economy*, examining the influence of legal pluralism and social norms in Egypt, Jordan, Morocco, Tunisia and Turkey. The report's main objective is to provide recommendations on designing projects that are more responsive to women's strategic and practical needs, while enhancing women's participation in the social and economic life of their countries.

These five selected countries are in a region that has the lowest women's labour force participation and economic activity in the world, despite high levels of literacy and advances in health. As our study shows, social norms, institutional barriers and discrimination embedded in plural legal frameworks are behind this paradox. As a result, women's access to economic opportunities is particularly hindered in this region.

Composition of Green Project Portfolio



IN 2014
170
sustainable
energy projects



PROJECT
Boosting solar power

There is a growing demand for power in Jordan, but despite the country's huge potential for solar power generation, it still imports 97 per cent of the energy it consumes.

COUNTRY
Jordan

In 2014 we gave Jordan's renewable energy sector a major boost with four investments in solar power plants worth a total of US\$ 75 million (€62 million equivalent). The four plants will together deliver 60 MW of much-needed power-generating capacity from a clean, reliable domestic resource, thereby reducing Jordan's dependence on expensive imported hydrocarbons.

EBRD funds the construction and development of four solar photovoltaic generation plants in southern Jordan.