SPECIAL STUDY

EvD Transport Sector Strategy Review

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Abbreviations

ABI	Annual Business Investment
AMI	Annual Mobilised Investment
CA	Central Asia
CEB	Central Europe & Baltics
COO	Country of Operation
CRR	Capital Resource Review
DFF	Direct Financing Facility
E&S	Environment & Sustainability
EBRD	European Bank for Reconstruction and Development
EEC	Eastern Europe & Caucuses
EIB	European Investment Bank
ESD	Environment and Sustainability Department
ETC	Early Transition Country
EU	European Union
EvD	Evaluation Department
FOPC	Financial and Operations Policies Committee
GET	Green Economy Transition
IBG	Infrastructure Business Group
IFI	International Financial Institution
IMF	International Monetary Fund
INF RCA	Infrastructure Russia & Central Asia team within IBG
IPO	Initial Public Offering
LC2	Local Currency and Capital Markets Development Initiative
MDB	Multilateral Development Banks
MEI	Municipal and Environmental Infrastructure
OECD DAC	The Organisation for Economic Co-operation and Development's Development Assistance Committee
PDM	Private Direct Mobilisation
PMM	Project Monitoring Module
PPP	Public Private Partnership
RO	Regional Office
RUS	Russia
SCF	Strategic and Capital Framework
SEE	Southern & Eastern Europe
SEI	Sustainable Energy Initiative
SEMED	Southern and Eastern Mediterranean
SOE	State Owned Enterprise
SPI	Strategic Performance Indicator
SRI	Sustainable Resource Initiative
SSF	Shareholders Special Fund
TC	Technical Cooperation
TIMs	Transition Impact Monitoring System
TOP	Transport Operations Policy
TRA	Transport team within IBG
TSS	Transport Sector Strategy (2013)
TUR	Turkey

Executive Summary

The transport sector is a key enabler of economic growth and transition in the region and investment in the sector has been central to the Bank's strategy and operations since its inception in 1992. Institutional directions were set out in the Bank's current Sector Strategy (TSS) in late 2013 and EvD programmed this review of the TSS and resulting operations approved between January 2013 and May 2017 to inform Management development and Board consideration of a planned new sector strategic document in late 2018.

The TSS flowed from new strategic directions set by the Bank's Capital Resources Review 4 and laid out a vision for the sector for "the achievement of safe, secure and sustainable transport systems, which embody market principles, balance economic, environmental and social needs and are responsive to the needs of industry and the individual." The TSS identified market based transport, sustainable transport and broadening the EBRD offer as areas of focus.

EvD outlined the intended focus of its review in an Approach Paper discussed and agreed with Management. Three evaluation questions were asked: whether the TSS set appropriate priorities; what results are observable while the strategic period is not ended yet and how well the Bank has implemented the strategy. EvD reviewed 82 operations approved between January 2013 and May 2017 amounting to nearly €5billion, together with data on 114 transport TC operations for €40.5 million.

Main Findings - Strategic objectives

Overall the strategy has elements of strength. The TSS reflects the Bank's embedded knowledge around infrastructure needs, required reforms, institutional restructuring and capacity strengthening in COOs. The TSS also elevated the issue of sustainability to one of only three focus areas (a recommendation from the previous evaluation) and was also relatively early at incorporating topics such as gender and inclusion. There were also clear attempts in the TSS to include indicators of success and to map out the policy dialogue focus.

But it also has major omissions and limitations that reduce its value to Management as a framework for prioritisation and selectivity, and to the Board as a means of strategic focus and effective oversight.

No specific diagnostic work was done in preparing the TSS that enabled a clear link to the sector-level challenges emphasised and a basis for the chosen TSS focus areas. TSS did not set out clear objectives or provide a causal discussion of how objectives were to be achieved. As a result, its utility as a framework within which to assess accomplishments relative to intentions is limited

The TSS included a 'strategic performance framework' but this could not serve as a means to track and assess results. Overall the TSS was more a description of various activities that the Bank was capable of doing or interested to undertake, rather than a selective, prioritised presentation of what specifically it would pursue and in support of what objectives.

The TSS devotes a section to the 2011 EvD evaluation, mainly on its recommendations, but there is on the whole little evident uptake, nor any consideration of lessons deriving from the Bank's own self-assessments or experience with TCs.

Additionality considerations were implicit rather than incorporated as a core dimension of the strategy and central to the concept of financial mobilisation.

Main Findings – Results so far

Activity was substantial - particularly investments related to infrastructure development and sustainability in multiple countries - with about 82 operations between January 2013 and May 2017 amounting to nearly €5billion (or about 7% of Bank operations annually) complemented by 114 TC operations for €40.5 million.

In the absence of a sector-level results measurement and reporting framework or monitorable targets, EvD assessed expected project-level outcomes against six key performance outcomes created ex post from the TSS and agreed with Management for the purpose of this Review. Assessments are provisional at this stage given early portfolio maturity and the fact that the sample excludes the final 18 months of the TSS period; however EvD believes the findings to be robust and broadly indicative of key aspects of performance.

Projects accounting for 75% of investment intend to contribute to improved access to markets, mainly infrastructure development and modernization, fleet renewals, and logistics. Two-thirds of infrastructure development seeks to contribute to improved access to EU and regional markets, and the remainder to domestic markets. Integration into the global economy was also supported through 9 port terminals, 7 airports and 4 logistic terminal projects.

Reform of SOEs is the stated focus of about 40% of investments - concentrated on improving road sector financing and corporatisation of SOEs (mainly in the rail sector). Two reform breakthroughs are evident thus far – most notably a fuel levy increase in Bosnia and Herzegovina.

Private sector participation elements featured significantly (€1.8 billion) with several supporting PPPs. Given the strategic importance of PPPs in the TSS this falls short of expectations; of the 8 PPP operations two are so far internally assessed as relative successes.

Energy savings and reduced greenhouse gas emissions are the main focus of TSS delivery on sustainability. Its commitment to support a modal shift was generally not reflected in operations. TSS was rhetorically early on inclusion and gender, but operationally EvD did not find evidence of any resulting focus or emphasis.

Strategic Performance Indicators provided mostly quantifiable targets for specific goals. But in some important cases their specification was ambiguous. For example, private and non-sovereign operations were to be counted together toward an SPI targeting a commercial orientation, despite being qualitatively (and transitionally) very different. The target for commercially orientated projects was achieved only with the addition of non-sovereign operations. In other key respects targets served mainly to codify existing trends. The SPI of

providing non-sovereign financing to between 3-5 SOEs was met, the target of 25% of ABI as SEI qualified is almost achieved, as is the road safety SPI.

Greater evidence of results – overall and project-specific – should be available in the future as actual project performance data emerge.

Main Findings – Strategy implementation

EvD also looked at the extent to which TSS priorities were expressed in country strategies. While there is a relatively strong link between country strategy priorities and at least two of the TSS outcomes there was not much evidence of use of the TSS in setting sector priorities in individual country strategies. In just over half of the eligible cases did the transport project documents detail the contribution to the fulfilment of the relevant indicators of the TSS.

Mobilisation of incremental resources was seen as critical to achieve the TSS objectives; however the vagueness of the commitments precluded a direct assessment of performance. A total of €292 million of private investment, €4.7billion worth of IFI co-finance and €40.5 million from donors was mobilised in support of transport operations during the TSS. However, it was generally not possible to make an assessment of whether these resources were as targeted or in line with needs. The bulk of resources for TCs have come from the Shareholder Special Fund (SSF).

Similarly the lack of specification around IFI cooperation in the TSS made it difficult to draw conclusions not only on the level of IFI co-financing but in a number of other areas that the TSS spoke of such as co-financing with IFIs in EBRD's ETCs and SEMED countries respectively, the pooling grant resources, co-coordinating reform objectives, harmonising policies, joint IFI initiatives and enhanced co-operation with the EU.

There has been an inconsistent but improving alignment of management responsibilities and incentives with TSS objectives – and there has been no dedicated monitoring or Board reporting.

Despite the immaturity of the portfolio the implementation efficiency of transport projects remains challenging, where the trend in business investments (growth) has not been tracked by disbursements (falling) – which is also reflected in procurement trends and a growing ratio of undrawn commitments to portfolio volume in the sector.

Recommendations

1. The next TSS should make private sector engagement and resource mobilisation a strategic priority. This should include greater clarity on expectations and goals and specific avenues through which the Bank will accomplish this.

2. Enhanced EBRD collaboration with other actors in the sector should be given greater focus and priority in the TSS. It should include a stock-take and analysis of wider IFI activity in the sector, including diagnostics and policy dialogue, and identify EBRD's intended role and added-value.

3. The scope of the new transport sector strategic document should include critical content and design elements now omitted:

- commit to sector-level diagnostics/analysis from which sector-level challenges and objectives will be derived;
- review operational experience (including TCs), identifying lessons and implications for new approaches; this should include analysis of disbursement and procurement experience;
- include specific treatment of policy dialogue objectives and how these will be integrated at the country and transactions level;
- provide a detailed analysis of EBRD's intended role and added value;
- Include a time-bound Board reporting plan on TSS implementation.

4. The new TSS must provide substantially greater clarity on i) how TSS and country strategies will be integrated operationally, ii) key performance indicators for strategic priorities, iii) how these will be reflected in operational team incentives and targets and iv) TSS implementation responsibilities and accountabilities.

1 Introduction

A Management update of the 2013 EBRD Transport Sector Strategy (TSS)[1] is scheduled for Board review in early 2019. Consistent with the Evaluation Policy the Board has requested an EvD review of the TSS to provide an objective assessment of its design and implementation, identifying findings and recommendations to inform Management's production and the Board's consideration of a new sector strategy.

The approach used for this Review was set out in a detailed Approach Paper discussed and agreed with Management.

Figure 1: EBRD Transport policy and strategic timeline, including evaluations

Source: EvD

EvD completed a previous review of the Bank's work in the transport sector in 2011, which was drawn upon in the preparation of the current TSS. EvD's analysis in this review focussed on three main issues:

- Did the TSS set appropriate objectives given country needs and Bank capabilities?
- What results have emerged from TSS implementation (investments, TC, and policy dialogue)?
- How efficiently has the Bank implemented the TSS?

The report is structured as follows:

- Overview of background to and key elements of the 2013 TSS (Section 2);
- Analysis, findings and conclusions for each evaluation question (Sections 3, 4, & 5);
- Main recommendations for the 2018 Transport Sector Strategy.

2 Transport Sector Strategy - background and context

2.1 Previous EBRD transport operations policies

Transport sector investment has been central to the Bank's strategy and operations since its inception in 1992 and has been framed since then by a series of "Transport Operations Policies" (TOP).[2]

- the **1992 TOP** was very broadly drawn, calling for a comprehensive view encompassing supply and demand, and supporting better organisation and management of transport systems.
- the **1997 TOP** affirmed this approach, referring without much elaboration to the "trilogy of transition impact, additionality and sound banking".
- the **2005 TOP** brought greater operational specificity, giving particular emphasis to "assisting de-monopolisation, decentralisation and privatisation" by promoting productive, competitive private sector activity; mobilizing foreign and domestic capital;

and, investing in infrastructure to support private and entrepreneurial activities. It also committed to promote environmentally sound and sustainable development.

Coverage across the 3 TOPs varied over the years with respect to inclusion (or exclusion) of certain subsectors such as airlines, urban transport, shipping or manufacturing for transport.

2.2 Transport Sector Strategy 2013

The current TSS was approved by the Board in October 2013. Its "vision" was "the achievement of safe, secure and sustainable transport systems, which embody market principles, balance economic, environmental and social needs and are responsive to the needs of industry and the individual."[3] Its three 'areas of strategic focus' are set out below.

Table 1: TSS summarised focus areas, key challenges and strategic approach

Focus Area	Key Challenges	Summarised strategic approach
Market-based transport	– transport bottlenecks, – mobilising private capital and – non-sovereign financing	– promoting private ownership, financing and operation of transport infrastructure by engaging firstly on a non-sovereign basis financing SOEs; – supporting the creation and expansion of competitive markets for transport services; – improving public management efficiency
Sustainability	– biodiversity, – climate change mitigation and adaptation, – road safety, – economic inclusion	– Promote low carbon transport, environmental appraisal, pollution prevention and abatement, road safety planning design and investments, economic & gender inclusion through access to employment (including construction phases of large projects), access to public and other services, skills transfer and improved corporate standards.
Broadening the offer	– shifting boundaries of the sector in the COOs, narrowing transition gaps in traditional areas of activity	– more logistics, intermodal transport, including postal services, – intercity bus and coach services, road construction and maintenance, – railway property development.

Source: BDS13-205 (F), EvD

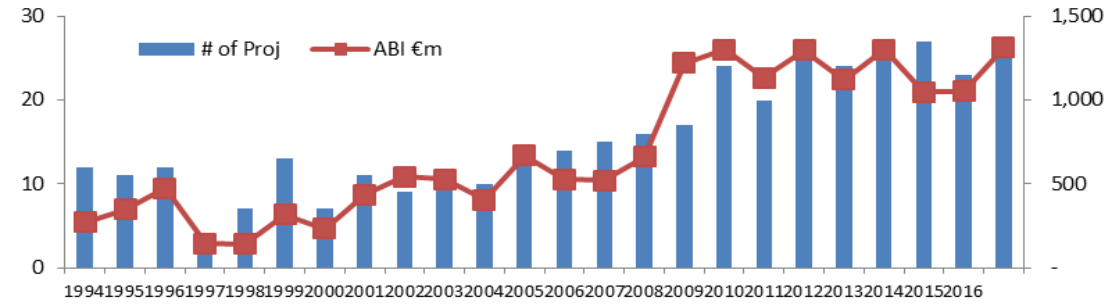
The TSS committed to delivery through the following:

- sovereign lending as a platform whilst aiming to increase the number of private projects;
- private capital and commercial funding mobilised where possible to relieve public budgets;
- mobilising co-financing and greater cooperation with other IFIs and the EU
- financing key transport corridors to promote regional solutions and integration;
- TC funds to support policy dialogue and reform efforts;
- combining country and sector perspectives with local knowledge through RO bankers.

2.3 Transport sector in EBRD context

Between 1994 and 2017, the Bank invested around €17 billion in 380 projects.[4] Prior to the financial crisis about 11 projects were approved per year for ABI of just over €400M; since 2009 approvals have averaged almost 25 projects annually, with ABI tripling to €1.2B.

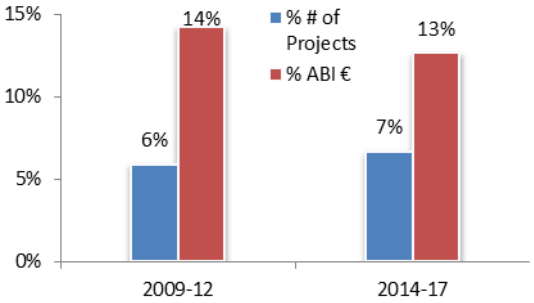
Figure 2: EBRD Transport projects by ABI and No of projects 1994-2017



Source: EBRD Data Warehouse

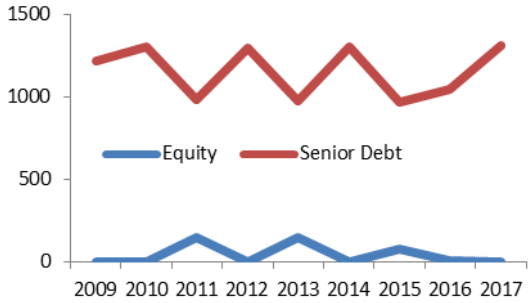
The transport sector accounted for about 6% of operations since 2009 but more than twice that in terms of share of total volume at about 13%. Transport projects have been almost entirely financed with debt instruments, with equity operations quite rare reflecting widespread public ownership of transport assets and limited government appetite to privatise them. The use of equity has been sporadic, not figuring at all in most years, and never exceeding more than 2-3 operations in any given year.

Figure 3: Transport as a share of EBRD: ABI and #



Source: OSP – Business Performance Navigator

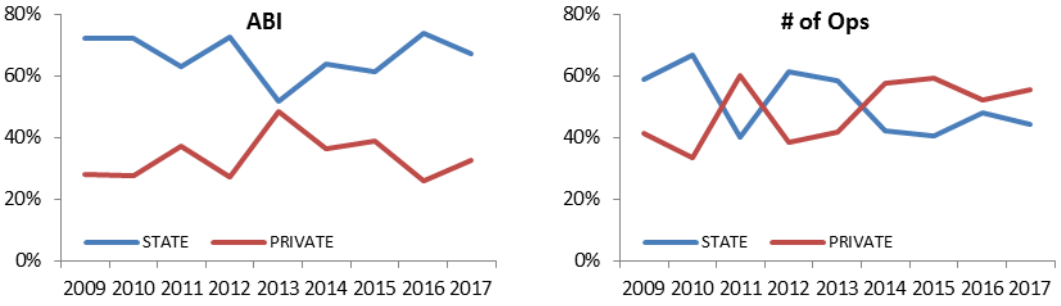
Figure 4: Transport ABI by instrument 2009-17



Notes: ABI – annual Bank investment

Historically, the Bank's investment volume in the state sector has been far larger than in the private, reflecting the generally larger size of state transactions and the fact that most of transport assets in our COOs are in state ownership. In terms of number of operations private transactions have generally exceeded public during the TSS 2013 period, but the state sector has been higher by investment share.

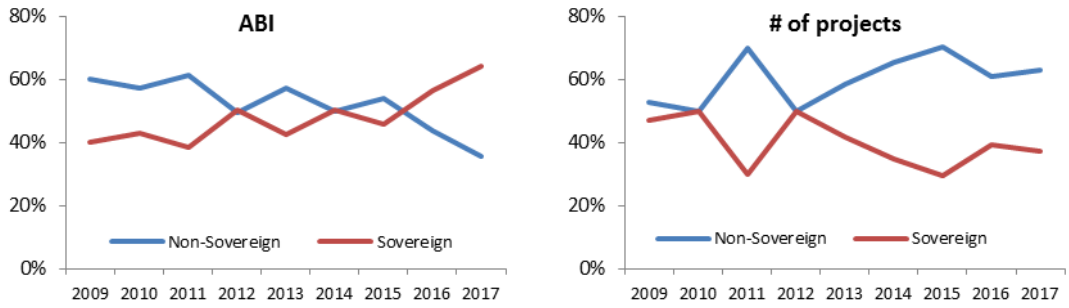
Figure 5: Share of transport operations by portfolio class: by ABI and number (2009 – 2017)



Source: EBRD Data Warehouse

The share of Bank's transport projects structured on a non-sovereign basis has been higher than sovereign since at least 2009. In recent years the share of sovereign investment in the transport sector has grown noticeably from 43% in 2013 to 64% in 2017. However by number, sovereign operations have fallen from 42% in 2013 to 37% in 2017

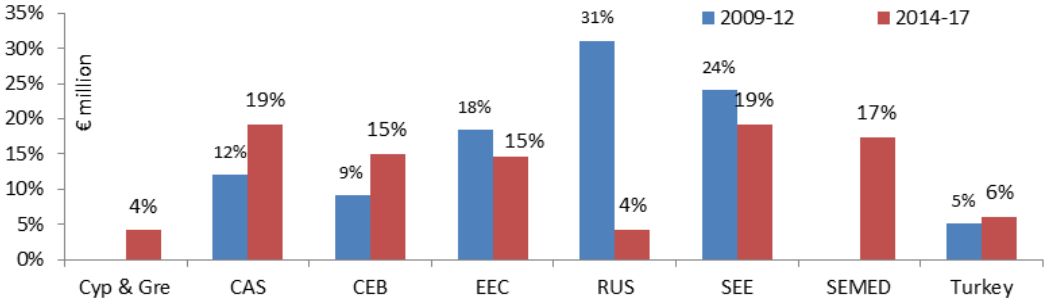
Figure 6: Share of transport operations by sovereign risk: by ABI and number (2009 – 2017)



Source: EBRD Data Warehouse

The regional composition of transport investment changed significantly during implementation of the TSS. Prior to the TSS (2009-12), Russia accounted for around a third of transport investment followed by South Eastern Europe with about a quarter. Between 2014 and17 volume was more widely distributed with SEMED in particular showing considerable growth.

Figure 7: Evolution of transport ABI by region 2009-12 vs 2014-17



Source: EBRD Data Warehouse

2.4 Evaluation overview

The agreed approach for this TSS review included interviews with key stakeholders, detailed document and portfolio analysis, and country visits to Kazakhstan and Bosnia and Herzegovina. Standard OECD DAC evaluation principles (in particular relevance, effectiveness and efficiency) are used, and interpreted as relating to the contextual background and assumptions that underpinned the strategy, and the process of implementing the strategy and measuring results to the extent possible. More methodological detail is provided in Annex 1.

3 Were TSS priorities and objectives appropriate?

This section reviews the TSS in several areas - the main challenges and transition gaps in COOs, the Bank's own institutional objectives and strategic priorities, and the lessons of two decades of operational experience in the sector. The content and structure of the TSS is reviewed in some cases quite closely. This is done not to shine the light of hindsight on the strategy itself but rather to identify content and structure issues directly relevant to crafting an effective strategy for the future.

Box 1: Summary findings Evaluation question 1

The TSS scope and content overall provided a good reflection of COO needs across infrastructure, sector reforms and institutional restructuring and covers sector developments and transition challenges based on the Bank's Assessment of Transition Challenges. However, no specific diagnostic work was done in preparing the TSS that enabled a clear link to the sector-level challenges and a basis for the chosen TSS focus areas.

TSS did not set out clear objectives or provide a causal discussion of for how objectives were to be achieved. As a result, its utility as a framework within which to assess accomplishments relative to intentions is sharply limited.

The TSS included a 'strategic performance framework' but this could not serve as a means to track and assess results. Overall the TSS was more a description of various activities that the Bank was capable of doing or interested to undertake, rather than a selective, prioritised presentation of what specifically it would pursue and in support of what objectives.

The TSS devotes a section to the 2011 EvD evaluation, mainly on its recommendations. But there is little treatment of how experience shaped the new strategy, nor any consideration of lessons deriving from the Bank's own self-assessments.

Additionality considerations were implicit rather than incorporated as a core dimension of the strategy and central to the concept of financial mobilisation.

3.1 TSS linkage to country needs

The TSS contains analyses of sector developments and transition challenges, mainly based on mode of transport. These in the main reflect the Bank's embedded knowledge and broadly provide a balanced and adequate reflection of COO needs and transition situation. Treatment may be found of infrastructure needs, required reforms, institutional restructuring and capacity strengthening in COOs. Dedicated subsections describe existing transport bottlenecks, and institutional reform measures which improve transparency and accountability in the management of transport infrastructure as well as laws required to support this.

On the other hand, no new or focussed diagnostic work was done in preparing the TSS. This was a missed opportunity to test whether the Bank's embedded understandings were still current, for example through the lens of lessons from the previous years of experience, or in light of significant market developments since the financial crisis. Targeted upstream

diagnostic work can be a high-yield investment in institutional knowledge, testing assumptions, and ensuring that the main challenges are well identified and understood.

Overall, the core of the TSS is to continue the existing approach. Yet the strategy also states prominently that "The transport needs of the region have changed dramatically from the previous era." This inconsistency or disconnect is an essential feature of the TSS.

Three "strategic focus areas" are introduced as a response to key challenges: promotion of market based transport (essentially, transition); sustainable transport; and, "broadening the EBRD offer".

Promotion of market-based transport is linked to transition gaps and challenges, and provides a means for the TSS to discuss these in broad terms. Thus, for example, greater private sector participation, expanded services markets and improved efficiency of management of public transport all would allow improved transition challenge scores. Increasing private capital flows through privatisation, concessions or performance-based maintenance contracts is needed to close financing gaps. The effects of the financial crisis on infrastructure projects and private investment are treated as would be expected. Improving network efficiency and logistics is identified as a key challenge.

'Sustainable transport' provides a means to review global environment challenges (biodiversity, climate change/mitigation and adaptation) and touch upon issues that are now part of the broader transport sector picture across the MDBs. But what emerges is essentially a broad catalogue of general issues without any underlying analysis of existing well-known issues - the relative inefficiency of old fleets, poor fuel quality, lack of integrated networks and the need for better planning. While potentially relevant to all COOs, this provides no basis for country-level distinctions as to operational priorities. For example, road safety and social inclusion are loosely included as sustainability drivers. Environmental undertakings largely amount to compliance with Bank Environmental and Social Policy and EU standards. References to policy dialogue and international best practices are too generic to be linked back to the challenges analysis. Treatment of social sustainability lacks description of a new approach. The transition and sustainable transport agendas are likely intended to apply to the same portfolio and clients but appear to be developed in isolation.

3.2 Key design Features

3.2.1 Clear and evaluable strategic objectives

Effective execution and evidence-based review of any operational strategy requires objectives that are sufficiently clear and monitorable to allow meaningful tracking and assessment of the extent to which goals are being met. This has been flagged often by EvD, including in its 2011 evaluation of the transport operations policy,[5] during the Audit Committee discussion of which Board members "stressed that the [next] strategy needed to be more specific about its strategic targets."[6]

As noted above while the TSS provides very broad scope and a high degree of operational flexibility, it does not set out goals clearly enough to provide the basis for effective monitoring and reporting – at any of the three different levels it presents: vision; strategic focus areas; and, operational approach.

At the level of vision the TSS seeks "achievement of safe, secure and sustainable transport systems". From this it identifies the three "strategic focus areas" discussed above. The first (essentially pursuit of transition impact)[7] is a central operating principle of the Bank rather than an objective within a particular strategy. All of the Bank's activities are in pursuit of transition, while a specific sector strategy would be expected to articulate in what particular ways the Bank is seeking to do so. The second – sustainable transport – is too wide-ranging to be a definable objective. The final focus area -- "broaden the offer" -- was a response to narrowing transition gaps in traditional areas of activity, and signalled prospects for new areas of activity. In principle this could be a strategic objective; but it was articulated outside of any analytical framework and without any specification as to what it meant or was intended to accomplish. Given how the strategic focus areas are set out in the TSS it is difficult to imagine very many operations that would not fall somewhere into alignment with the TSS.

In order to cut through some of the ambiguity around interpreting strategic objectives operationally EvD identified all explicit and implicit objectives set out in the TSS. These were then mapped into an illustrative hierarchy of results (Annex 3).[8] The result can best be described as an inventory of all of the things that the Bank was capable of undertaking; but it does not constitute an identification of what it intended to undertake. On the basis of this useful representation Management clarified that these were not all either (i) objectives to be prioritised or (ii) commitments to be achieved under the TSS. This broadly confirms one of the key findings from the previous EvD TOP evaluation – namely that: *"the evaluation subject, in a sense, is elusive. The degree of flexibility built into the TOP allows Management to venture in almost any direction it can reasonably justify."*

3.2.2 An adequate results framework

How Bank activities are expected to lead to desired results inevitably reflects an implicit set of views or assumptions as to expected lines of causality between project inputs and the ultimately intended outcomes. Results frameworks of one kind or another seek to capture these causal linkages to aid in both design and execution, and are foundational to identify key risks and opportunities.[9]

The 2013 TSS did not contain a specific results framework, reflecting standard practice and design in place at the time. As noted above, vision and strategic focus areas were articulated very generally and their interlinkages not established. General statements that the approach would 'deliver the strategy' and strategic focus areas would be 'worked towards' were too limited to be of much value.

The TSS did include a distinctive advance on the Bank's existing sector strategies, which was a 'strategic performance framework' under which transport operations would be conducted. Four strategic performance indicators (SPIs) were introduced to "support evaluation of the Bank in delivering the strategy" - providing a "quantifiable" means of assessing whether certain strategic objectives have been met.

Table 2: TSS strategic performance indicators (SPIs)

Strategic Focus Area	Strategic Performance Indicator

Commercial Orientation	At least 60% of projects structured on a private or non-sovereign basis (calculated as an average of cumulative project numbers over a five year period.)
Sustainability	Reduce CO_2 emissions by doubling the Transport Sustainable Energy Initiative (SEI) contribution to 25% of Transport annual business volume over 2013-2018.
Policy Dialogue Engagement	Support sector reform and restructuring enable transformation of 3-5 sovereign clients into commercially-oriented entities (or part of operations into commercially-oriented ring-fenced activities), able to raise finance on a non-sovereign basis or contract-out operations to the private sector.
Road Safety	Within five years all public sector road projects have a safety assessment identifying risks to be reduced and at least 50% include specific road safety components or initiatives to enhance the Bank's road safety impact.

Source: Transport Sector Strategy, (BDS13-205 (Final))

These SPIs provide some additional detail on specific sector-level targets, and they do constitute an advance upon EBRD's existing sector strategy practice at the time. Nevertheless important aspects of this initial effort merit ex post review that should inform how results are approached in the new strategy.

The first point is that the basis on which the three strategic focus areas are distilled into these four indicators is not covered in the TSS; on what grounds were these identified as most decisively linked to the main sector challenges?

This 'strategic performance framework' does not reveal how the operational approach was expected to translate into 'delivery' of the strategy/vision – the aforementioned causal links.[10]

The SPIs are largely related to activities and inputs and are internally focused, while Management commits sector strategy performance monitoring frameworks to use output level indicators.[11] They relate to project preparation and structure as opposed to actual outputs on the ground. The SPI on road safety, for example, was limited to safety assessments and project inputs rather than results such as fewer accidents – as some Board members called for during TSS preparation.[12]

On occasion, output level indicators can be used as leading (or partial) indicators for certain outcomes. Management noting that recording a loan as non-sovereign is an administrative step but often proceeded by deep policy dialogue – such as the benefits of Bank non-sovereign financing alongside a commercialisation. This argument has some merit, but alone the indicator only reveals inputs the Bank has used over a period of time.

The policy dialogue engagement SPI differs from the others; it is a stronger and more meaningful indicator of specific strategic achievements as a result of the Bank's work. On the other hand, even this SPI contains the ambiguity of having two very different means of validation.[13]

The 'Broadening the EBRD offer' focus does not have any related SPIs (Table 60). Under this area, the TSS stated that its strategic approach would be to try to undertake (i) more logistics, intermodal transport, including postal services, (ii) intercity bus and coach services and (iii) road construction and maintenance, railway property development projects. In the FOPC discussion on the near final version of the TSS it was queried by members how the intermodal aspects of the Bank's operations would be captured in the SPIs.[14] The answer in retrospect is that they would not. EvD considers that if 'Broadening

the offer' was elevated to one of only three areas of strategic focus in the TSS, then it is difficult to reconcile that it did not warrant one of only a few performance indicators.

3.2.3 Integrating lessons and experience

The TSS reflected some aspects of the Bank's experience, but only on a limited and very selective basis; there is large scope to draw more effectively upon lessons at both project and strategic levels. According to the EBRD evaluation policy, one of the responsibilities on Management is to ensure that relevant evaluation findings and lessons are adequately reflected in matters placed before the Board.[15] The 2013 TSS did include reference to EvD's 2011 evaluation, and clearly took on board some of its recommendations, such as more emphasis on environment and related technologies. In other cases, such as a call to strengthen strategy-level accountability, there was no evident uptake. It is also notable that the TSS lessons section concentrated almost exclusively on EvD recommendations, largely overlooking the likely high value of lessons derived from the Bank's own self-assessments (a major resource investment).

Was EBRD additionality identified?

The TSS treated additionality broadly consistently with sector strategy practice at that time, which was limited and loosely defined.[16] Financial additionality[17] was expected primarily from mobilising private capital and closing project funding gaps. The strategy called for the Bank to mobilise private capital and commercial funding in the region, wherever possible, to relieve the pressure on public budgets and improve development and maintenance of critical transport infrastructure and services. The TSS pointed to the general lack of long-term commercial financing available for transport projects, which were often beyond the capabilities of a single financier; and it undertook to close funding gaps with co-financiers where otherwise well-structured transport projects were stalling because of a lack of commercial finance.[18]

This leads to the issue of the additionality to be derived from sovereign projects, where despite a commitment to increase the private share, the TSS also maintained the sovereign lending would "remain a platform".[19] Specifically it noted that "whilst the Bank's aim is to increase the number of private projects as a proportion of the transport portfolio in the coming strategic period (and the volume depending on the mix of private projects), sovereign and sovereign guaranteed lending will remain an important financing instrument for the Bank in the transport sector, where clear transition gaps remain and state-ownership of transport assets continues to dominate." Some Board members appear to have taken that as a commitment to reduce the level of sovereign investments,[20] although in retrospect it is difficult to find any ambition/target with respect to application of sovereign resources to the sector in the TSS. In these projects, where the Bank has limited degree of freedom over its pricing and the level of concessionality is in some cases mandated – financial additionality is limited and EBRD additionality relies on non-financial arguments. Under the TSS sovereign investment increased from 43% of annual transport investment in 2013 to 64% in 2017, which would seem to go beyond remaining a platform.

The TSS was produced in the wake of a doubling of volume post-crisis as the Bank sought to ensure priority investments and support for existing clients continued. The TSS was an

opportunity to reflect on the strategic and implications, and indeed the FOPC requested that Management do so: *"The sharp increase in lending to transport in response to the immediate impact of the financial crisis had been maintained. This may not be an appropriate 'steady state' level for the Bank in the current environment. A number of Directors felt that it was important that the Bank should seek to leverage its funds more by achieving its policy goals at the lowest possible level of financial participation.*[21] However the TSS never examined these issues.

In terms of non-financial additionality, the TSS cited unique attributes the Bank brought to the sector and the value of conditionalities. Attributes noted were a capacity to engage with governments on sector reform, energy efficiency, environmental and social practices, and other policy issues, and country/sector experience or with innovative financial instruments such as PPPs, equity participations in privatisations, and local currency and guarantee products. Conditionalities were primarily referenced with respect to road sector loan covenants.

Strategic and institutional context of TSS

As is the case with other sector strategies the TSS was shaped within overarching corporate-level strategies, it shares key features with multiple other initiatives and strategies, both explicit and implicit, and it was intended to be delivered through a wide range of corporate processes, both long-established and rapidly evolving. This section reviews some of the key specific factors shaping TSS content and implementation and likely to be relevant for its successor.

- Although transport was not included among specific CRR4 strategic priorities, the TSS is well-aligned to the broad CRR4 framework.
- The TSS is also broadly aligned with SEI3, which was in effect at the time. SEI prioritised transport-related components of major infrastructure and public transport[22] given that the sector accounts for about a quarter of energy used in the EBRD region and which is growing quickly. The TSS had a wide sustainability agenda, but mitigation in particular was emphasised, and linked to low carbon transport. However, the strategic approach adopted in the TSS is less well aligned with some of the key ideas developed by SEI - notably the focus on transport-related sustainable energy components of major infrastructure. The Sustainable Resource Initiative (SRI)[23] was adopted while the TSS was being drafted. SRI's coverage of the transport sector is limited to some opportunities for water savings (such as waste water treatment in railways) but these were not identified by the TSS.
- Although the Green Economy Transition (GET) was launched after TSS approval, the TSS is presented in the GET approach paper as an example of a sector strategy with increased focus on environment.[24] While the GET claims the TSS has introduced environmental sustainability criteria in fact it did not contain any new environmental sustainability criteria. TSS encouragement of lower-emission modes was limited operationally largely to energy efficiency technologies in buildings (see section 4 for results in this area). Closer alignment with the GET would require an updated TSS to advance on policy dialogue in relation to, for example, subsidies to fossil fuels and consideration of carbon pricing.

TSS and the updated transition concept

The revised transition concept introduced in 2016 will serve as the core transition framework within which the next TSS will be designed. EvD accordingly explored the extent to which the current TSS incorporates elements that could be linked to the new transition qualities and produced some interesting findings.

Transport can in principle be linked to any of the transition qualities - competitive, well-governed, green, inclusive, resilient, and integrated - in some way, and it will be for the team to develop these links more fully. Based on the TSS, three specific qualities appear dominant. "Integrated" is the quality most closely linked to transport - a combination of cross-border integration and (geographic) integration of domestic markets. Beyond (transport) infrastructure, an integrated market economy has the policies and institutions to minimise the transaction costs of trade, support competition in product and services markets and to tap into a wide range of financing channels. Indirectly integration also allows countries to opt into institutional arrangements of a high standard, and more generally, acts as a discipline on governance, legal, regulatory and other institutions. The levels of resource consumption and associated externalities (GHG emissions, air pollution, road safety and congestion) also make transport projects natural candidates to contribute transition under the "Green" quality as well as the "Inclusive" through mobility to increase access to markets.

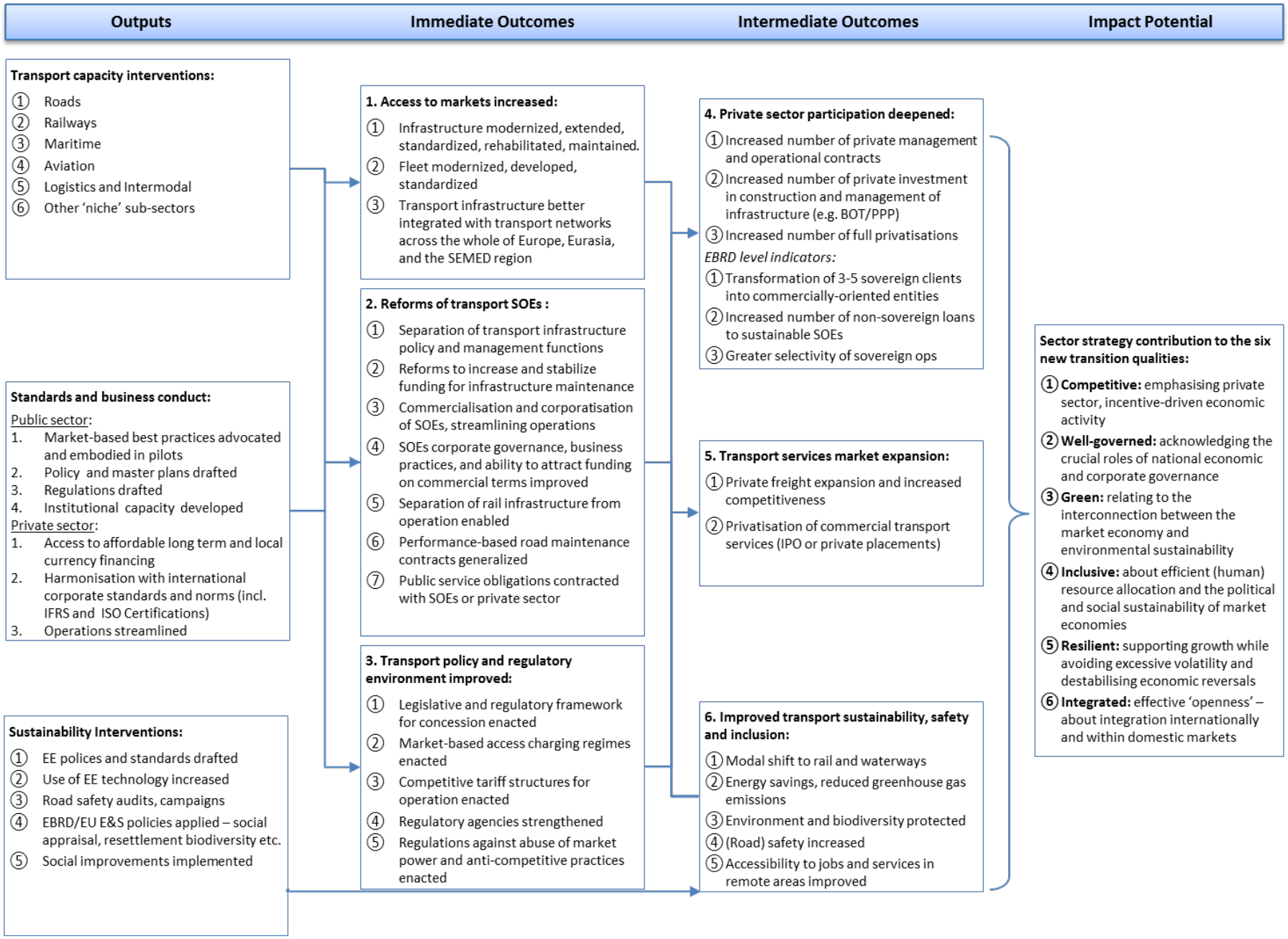
EvD reviewed the 82 operations approved under the current TSS and reconsidered them according to the six qualities. As expected, they have a high element of "integration" - through market-based infrastructure and services (Table 3). However the projects appear to have the most potential to contribute to the "competitive" quality (through contractualisation and commercialisation of SOEs, support to private operators, efficiency improvements). Projects supporting the "well-governed" quality have also been relatively frequent – typically related to corporate governance and regulatory framework improvements etc. Interestingly, the Green and Inclusive qualities have been comparatively harder to operationalise during the TSS notwithstanding the clear institutional commitment to sustainability, inclusion and resilience across its operations. At a minimum this limited analysis suggests that the prioritisation of transition qualities in the new TSS will require careful consideration

Table 3: Review of TSS portfolio against transition qualities

Transition qualities	Occurrences
Competitiveness	52
Integrated	43
Well-governed	28
Green	26
Resilient	11
Inclusive	8

Source: EvD elaboration

Figure 8: EvD TSS Results Framework



4 What results have emerged so far?

Box 2: Summary findings Evaluation question 2

EvD reviewed 82 operations approved between January 2013 and May 2017 amounting to nearly €5billion, together with data on 114 transport TC operations for €40.5 million.

In the absence of a sector-level results measurement and reporting framework or monitorable targets, EvD assessed expected project-level results against six key performance outcomes created ex post from the TSS and agreed with Management for the purpose of this Review. Assessments of results must be considered tentative and incomplete at this stage given early portfolio maturity and the fact that the sample excludes the final 18 months of the TSS period. Actual performance data are largely unavailable at this date.

Projects accounting for 75% of investment intend to contribute to improved access to markets, mainly infrastructure development and modernization, fleet renewals, and logistics. Two-thirds of infrastructure development seeks to contribute to improved access to EU and regional markets, and the remainder to domestic markets. Integration in the global economy was also supported through 9 port terminals, 7 airports and 4 logistic terminal projects.

Reform of SOEs is the stated focus of about 40% of investments – particularly around improving road sector financing and corporatisation of SOEs (mainly in the rail sector). Two reform breakthroughs are evident thus far - one in roads in Bosnia and Herzegovina and one in rail in Kazakhstan.

Private sector participation featured significantly (€1.8 billion) with several supporting PPPs. Given the strategic importance of PPPs in the TSS this falls short of expectations; of the 8 PPP operations only two are internally assessed as relative successes so far.

Energy savings and reduced greenhouse gas emissions are the main focus of TSS delivery on sustainability. Its commitment to support a modal shift was generally not reflected in operations TSS was rhetorically early on inclusion and gender equality, but operationally EvD did not find evidence of any resulting focus or emphasis.

Strategic Performance Indicators provided mostly quantifiable targets for specific goals. However in some important respects their specification was ambiguous and in others they seemed mainly to codify existing trends. The Bank has not attained its SPI target for commercial orientation as measured by the number private sector transport projects, but has achieved it instead via non-sovereign operations. Combining these two qualitatively very different operations under a single generic indicator obscures important distinctions

The SPIs for non-sovereign financing to 3-5 SOEs was met, the target of 25% of ABI as SEI compliant is almost achieved, as is the road safety SPI.

Absent a formal results framework in the TSS EvD has produced an imputed framework that identifies six main outcomes. These were agreed with Management as an accurate capture of the TSS's content. (Figure 8: EvD TSS Results Framework).

- Improving access of businesses and consumers to markets , including EU and regional markets
- Reforming state-owned transport enterprises to improve efficiency and sustainability
- Improving the transport policy and regulatory environment
- Deepening private sector participation
- Expanding transport services markets
- Improving transport sustainability, safety and inclusion

A total of 82 projects prepared by the Infrastructure Business Group (IBG) and signed under the TSS between January 2013 and June 2017, together with 114 TC operations, have been reviewed against these intended results. (A fuller portfolio breakdown and supporting analysis is provided in Annex 4.) Of the 82 projects 73 (87% by volume) were active at the launch of the evaluation, 7 were complete, and 2 had been cancelled (Table 10). In a significant number of cases outputs (physical results) were not yet due, let alone outcomes. Thus the study focussed on two dimensions: the assessed potential of investments and TCs to contribute to the six outcomes: and, evidence of actual progress in implementation, using disbursements, project (PMM) and transition monitoring (TIMs), complemented when available by evaluation at project level and field work.

The following sections review each of the identified strategic objectives in turn.

4.1 Improved access to markets

Improved access to markets is a key TSS objective, including to untapped domestic markets and to EU and regional markets. Projects contributing are investments in infrastructure development and modernization, transport fleets, and logistics terminals (increasing transport capacity).

A total of 67 operations (€4 billion; 80% of total investment) met this criterion. Projects invested in 1,972 km of road and 224km of rail. This is broadly consistent with the Bank's historical concentration in traditional modes, but less well aligned with its emergent sustainability focus.

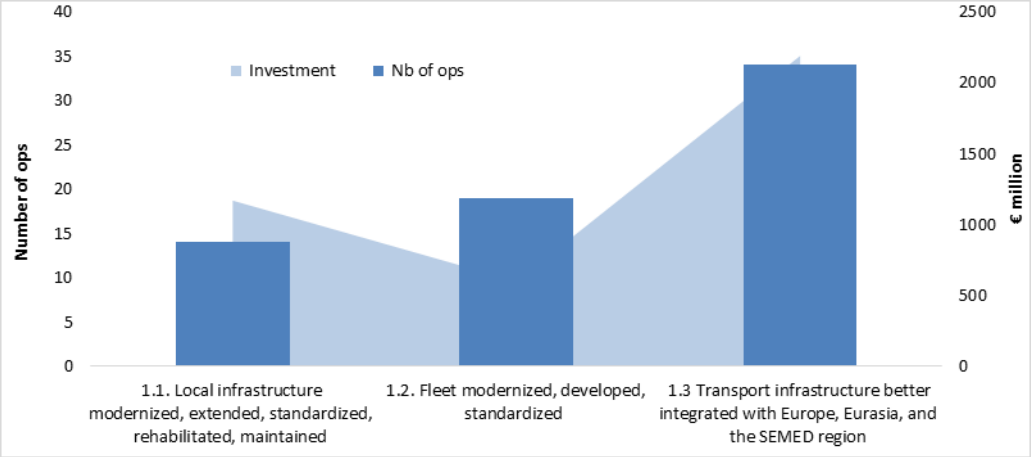
Two-thirds (65%) of the investment in infrastructure development is assessed to contribute to improved access to EU and regional markets, the remainder to domestic markets. Integration in the global economy was also supported with 9 port terminals, 7 airports and 4 logistic terminals for a total of € 773 million.

Project maturity does not support clear conclusions as to improved access; most recently approved operations are not yet active, others have not started disbursing due to covenants and conditions precedent, and it is too early to assess results of those that are on-going. Of completed projects 69% are behind schedule to some degree, many significantly. Internal (but unverified) monitoring available for about a third of the projects cites positive outcomes in terms of market access. In several cases of major motorways

Bank resources do not allow full funding, making overall results dependent upon completion of work funded by other donors.

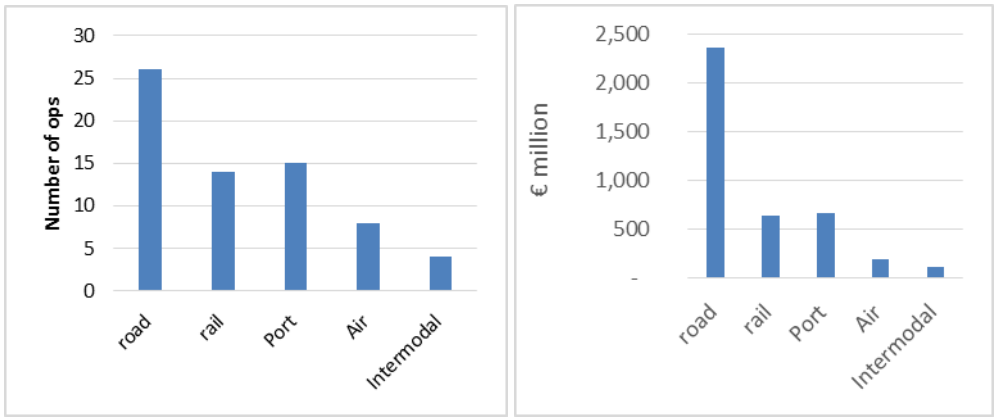
"Market access" projects are supported by substantial TC - €17.8 million, 44% of the total TC under TSS concentrated on implementation support, procurement, and technical design. Policy dialogue support, on the other hand, amounts to only 1% of TC funds.

Figure 9: TSS portfolio for improved access to markets



Investment in fleet expansion and modernization is another significant line of contribution to improve access to markets. Extensive investments in fleet renewal and modernization were mostly to streamline operations of rail SOEs and increase competition in road haulage. New railcars in the Russian Federation constitute the bulk of this investment, and most of that has not yet materialized. Haulage projects had quicker uptake, but they constitute only a very small slice of existing fleets. Given the limited scale and delayed rollout of these operations only limited change in SOE service quality and profitability should be expected.

Figure 10: Coverage of transport sub-sectors by TTS portfolio for improved access to markets



Delivery on TSS indications on intermodal transport and logistic terminals has been very limited (only 4 operations for €107 million) Projects meeting the intended strategic focus on "broadening the offer" (such as intercity buses or railway property development) did not materialise.

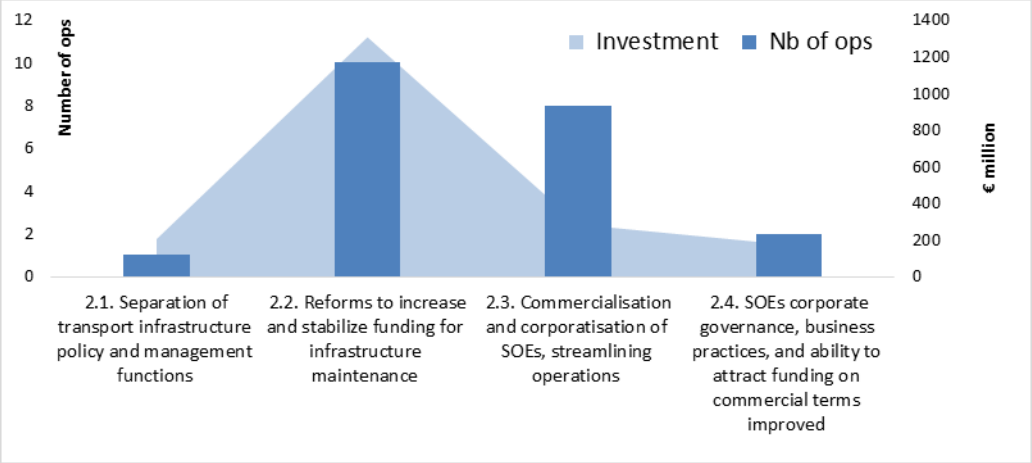
Findings: Projects supporting this outcome through increasing transport capacity have been the largest of all the outcomes. However, the portfolio of operations supported under

the TSS is by and large too immature to identify clear outcomes. Preliminary assessment of Bank support for improved market access shows limited direct impact, particularly for integration into regional and EU networks. In these cases the Bank's operations are part of wider operations co-financed with other IFIs and are required to be extended several times before actually interconnecting markets. Most operations on local and regional roads are not making a breakthrough in connectivity, notably those targeted on bypasses, maintenance and repairs. Similarly, the limited number of trucks or railcars subject to the Bank's financial support does not on its own impact the markets: In rail freight, SOEs hold a quasi-monopolistic position; in road haulage, the demonstrative effect or the expected competitive advantage expected from a modernized fleet are nowhere evidenced. The projects contributing to access to markets are strongly supported by implementation and procurement TC.

4.2 SOE reforms

Improving public sector transport management was identified as part of the TSS approach, with institutional reforms and financial sustainability of SOEs a specified outcome. 21 (of 82) operations targeted efficiency and sustainability reforms of state owned enterprises – for around €2 billion (39% of the total investment). Relevant TSS operations are concentrated on reforms for funding road maintenance (10 operations) and corporatization of SOEs (8 operations, mainly in the rail sector).

Figure 11: TSS portfolio for reforms of SOEs



Despite support to being given prominence in the TSS TC support for SOE reform and road maintenance has been limited 14% and €5.6m of TSS TC) and concentrated on corporate governance (€2.5m) and privatization (€1.1m).

Projects supporting road maintenance have much lower disbursement rate (28%) than that for commercialization and corporatization (60%).

Two reform breakthroughs related to SOEs are evident thus far - one in roads in Bosnia and Herzegovina and one in rail in Kazakhstan. Five others appear to have largely achieved their objective and five failed to contribute to reforms. Reporting that is limited to EBRD limits wider insights where efforts are combined with EU and IFI partners - often a condition for reform success.

Findings: There were 21 TSS operations related to this outcome, which concentrated on reforms for funding road maintenance (10 operations) and corporatization of SOEs (8 operations, mainly in the rail sector). However, with three successful and five largely successful operations out of a total of 21 in the area of reforms of SOEs the TSS portfolio does not demonstrate a high potential to contribute to this outcome.

4.3 Improved policy and regulatory environment

A policy and regulatory environment more conducive to private sector participation is highlighted by TSS as a cornerstone of transition, with tariff structures, concession law, market-based access charging regimes, strengthening regulatory agencies and regulations against abuse of market power and anti-competitive practices specified as operational priorities. However, only two operations have this as their main thrust, both focused on tariff structure, and both in Kazakhstan. One, a KTZ balance sheet restructuring, largely achieved its objective; the other, Astana Airport rehabilitation, was cancelled. Similarly, only one quarter of the total TC funds was related to this outcome. Access charges and tariff structures are more often sub-components of broader reform programmes, such as concession law and effective regulatory agencies - which the TSS identified as other lines of contribution to this outcome. Activity in the other specified areas did not materialize.

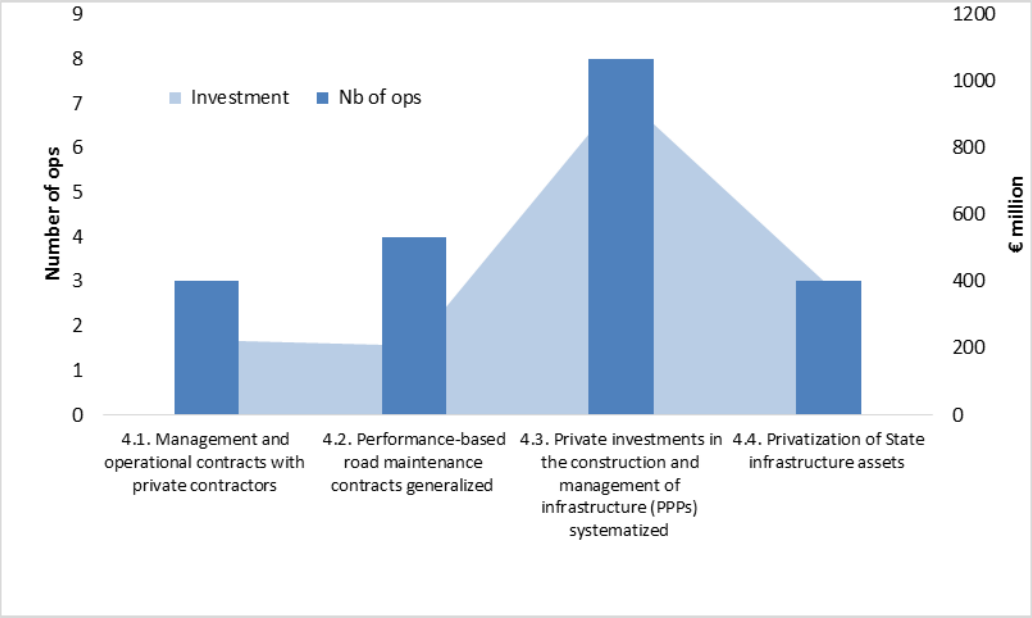
Findings: Very few projects and TCs supported policy and regulatory improvements. Several areas of focus indicated in the TSS had no operational activity. It is possible activity unconnected to any specific TSS investment or TC could have had indirect effects but there is no evidence to suggest this was the case.

4.4 Deepened private sector participation

The TSS committed to focus on deepening private sector participation as a key theme and area of support for transition. EvD identified four potential means relevant to the sector: private management and operational contracts; performance-based road maintenance contracts generalized; more systematic approach to PPPs; and, privatizations.

A total of 18 operations (€1.8 billion) were identified as in support of this objective. Support to PPPs was by far the most prominent means to deepen private sector participation - with 8 operations for €961 million invested (19% of the portfolio). However, only two are internally assessed as a relative success, one has not achieved and five are not yet due (Table 43).

Figure 12: TSS portfolio for deepened private sector participation



Use of performance-based contracts and outsourcing management and operation with private contractors was limited. Privatisation of state infrastructure assets featured in 3 operations.TC support amounted to only €0.9m (2% of TSS TC) –very limited for what could be considered a strategy cornerstone.

Of the 18 operations linked to this outcome: 8 are not mature; 4 do not show a positive contribution to private sector participation; 3 achieved objectives fully and another three largely achieved them. Quality at entry appears a key attribute of successful operations.

Finding: Implementing operations deepening private sector participation is the best performing of the three reform-related outcomes (reform of SOEs, policy and regulatory environment, and private sector participation), with 70% of the associated investment already disbursed. This may reflect TSS emphasis greater selectivity in support of private sector participation. Modest interim results using PPPs deserves close reflection.

4.5 Transport services market expansion

Market expansion of transport services has links to both private sector participation and SOE reform.

17 operations mostly concentrated in maritime transport had a services focus, for an investment amount of €551m. Most (13) support existing private operators, and disbursement rates tend to be high; the remaining 4 were for IPOs or private placements, all of which fully achieved their objectives. The Bank's contributions to this outcome are generally not supported by TC (less than 1% of the total TC amount).

Findings: While the number of IPO or private placements was limited, operations in this outcome were mainly successful in terms of disbursement and achievement of objectives. However the relatively small number invites reflection on prospects for distinctive impact.

4.6 Sustainable, safe and inclusive transport

Sustainability was one of three TSS focus areas, and numerous lines of contribution were identified, including a modal shift to rail and waterways, reduced energy use and GHG emissions, protecting environment and biodiversity, road safety, and accessibility to jobs and services in remote areas.

An assessed 67% of TSS (55 operations) operations supported sustainability, mainly through energy saving and reduced GHG. Limited evidence was found of contribution to the other identified areas including i) modal shift and fleet renewal, ii) pollution abatement (biodiversity) and, iii) social inclusion beyond road safety. Road safety was connected to social sustainability but was addressed by only 6 of 24 road projects. In effect claims for sustainable transport outcomes are limited to energy efficiency operations, which are sustained by GET finance.

One key finding is that targeted reduction of CO^2 is largely accomplished through energy efficiency in buildings rather than how transport itself is managed. Freight transport accounts for significant fuel consumption, and GHG and particle emissions. Modal shift and/or fleet renewal are identified by TSS as a means of CO_2 reductions but this was not reflected in operations. This more impactful way forward on sustainable transport has proven more challenging for the Bank than energy efficiency improvements.

Disbursement is at 60% across all operations in this area; information on implementation and impacts available for 24 of the 55 projects suggests half achieved expected results, while for the others it is too early to assess. Only two operations failed to achieve their objectives.

Findings: Around two-thirds of operations were found to have contributed to this outcome, focusing on reduced energy usage and GHG emissions. Though the TSS was rhetorically early on inclusion and gender equality, EvD did not find evidence of any resulting focus or emphasis. Several lines of contribution of TSS sustainable transport agenda such as modal shift - did not materialise.

4.7 EBRD Indicators

The TSS included, for the first time, several strategic performance indicators specified to "support the evaluation of the achievements of the Bank in delivering the strategy" (Table 2). This section reviews their content and assesses performance.

4.7.1 Commercial orientation of operations

The first focused on the commercial orientation of operations: "At least 60 per cent of projects structured on a private or non-sovereign basis (calculated as an average of cumulative project numbers over a five-year period)". While the objective signals broad intent to increase the role of the private sector it is in fact very loosely structured. First, it conflates private and non-sovereign (i.e., SOE) transactions when in fact there are great differences between the two in terms of genuine private sector development. Second, it uses project numbers as the metric and is silent on project volume. Both metrics essentially affirmed existing operational trends rather than set stretch targets.

The data show that the commercial orientation target was not achieved by private sector number of projects for any of the years the TSS has been in place. However the target has been achieved when using the non-sovereign number of projects indicator since 2015.

Table 4: Commercial orientation SPI – Private sector and non-sovereign number of operations

Years	Private sector number of transport ops	Non-sovereign number of transport ops
2009-13	43%	56%
2010-14	46%	59%
2011-15	51%	63%
2012-16	50%	61%
2013-17	53%	64%

Source: EBRD Data Warehouse

4.7.2 Commercialise sovereign clients

A second SPI focussed on SOE commercialisation/corporatisation as a proxy for policy dialogue engagement: "by supporting sector reform and restructuring enable the transformation of 3-5 sovereign clients into commercially-oriented entities (or part of their operations into commercially-oriented ring-fenced activities), which can raise finance on a non-sovereign basis or contract-out operations to the private sector." Again, this indicator is ambiguously drawn and therefore difficult to assess. EvD was able to identify those SOEs that benefitted from a non-sovereign operation, showing that five obtained non-sovereign loans for a total €268m affecting four airports and one rail company.

4.7.3 Greater selectivity in sovereign operations

The TSS signalled continued support for sovereign infrastructure only where projects target significant reform gaps and clear rationale for incremental transition can be made. No indicator or further elaboration was provided.[25]

- 38% of TSS operations have been sovereign, amounting to 61% percent of volume.
- Projects are concentrated in the South-Eastern Europe region – Albania, Bosnia and Herzegovina, FYR Macedonia and Kosovo.
- Three sovereign transactions were closed in Croatia, an EU country and classified by ERBRD as advanced transition. There was no common rationale for sovereign support across the three project documents.
- Only six of 31 sovereign projects have gone to ETCs (Azerbaijan, Georgia, Moldova, Tajikistan)

4.7.4 Sustainability

The SPI for sustainability targeted 25% of business volume contributing to SEI, which would be a doubling. This looks on course to be met, with the five year average in 2017 reaching 29% (Table 5).

Table 5: Sustainability focus SPI – Transport SEI/GET ABI

	2011	2012	2013	2014	2015	2016	2017
SEI/GET - share of ABI (%)	20%	25%	24%	39%	33%	19%	52%
SPI (5yr average)					28%	28%	33%

Business Performance Navigator - ABI Development: Transport

4.7.5 Road safety

The SPI targeted all public road projects to identify risks to be reduced, with at least 50 per cent to include specific elements to improve road safety. Self-reported data confirm an assessment rate of nearly 90%, with just over 60% of projects including specific safety components.

5 How effectively has the Bank used and implemented the TSS?

This section reviews how effectively the TSS has guided operations and whether the necessary conditions for implementation (resources and organisation and external collaboration) have been in place. (A more detailed elaboration of supporting analysis for this section is provided in Annex 5)

Box 3: Summary findings Evaluation question 3

In terms of use of the TSS to demonstrably guide subsequently approved country strategies there is a relatively strong link between country strategy priorities and at least two of the TSS outcomes but it was not possible to perceive a clear and systemic use of the TSS in the setting of more specific transport sector priorities in the context of individual country strategies. In just over half of the eligible cases did the Board Documents for transport projects detail the contribution to the fulfilment of the relevant indicators of the TSS.

EvD found a total of €292 million of private investment, €4.7billion worth of IFI co-finance and €40.5 million from donors had been mobilised in support of transport operations during the TSS. However, it was not possible to make an assessment of whether these resources were as targeted or in line with needs except for TC (approximately be in line with identified needs). The lack of specification of aims with respect to mobilisation of private capital and IFI co-financing prohibited an assessment of whether this represented an achievement of aims. Similarly the lack of specification in terms of IFI and EU cooperation also made it difficult to gauge the instances of co-operation discovered - in areas such as co-ordinating reform objectives etc.

There has been an inconsistent but improving alignment of management responsibilities and incentives with TSS objectives – the TSS sustainability focus was well embedded in the scorecards used to incentives performance across the Bank, but no targets were included for the other so-called strategic focus areas and three out of the four SPIs. There has however also been sophistication in the Banking scorecard in recent years which has enhanced its ability to reflect the TSS objectives.

In terms of internal organisational arrangements, the TSS does not have a formal monitoring framework instituted that serves the purpose of formally informing management and the Board of progress against the objectives and thus allowing the opportunity to modify orientations if required.

Despite the immaturity of the portfolio the implementation efficiency of transport projects remains challenging, where the trend in business investments (growth) has not been tracked by disbursements (falling) – which is also reflected in procurement data and a growing ratio of undrawn commitments to portfolio volume in the sector. In terms of financial performance on the positive side, despite the growth in the volume and portfolio, both the value of impaired loans and percentage of non-performing loans have seen improvements during the TSS. Cancellations have increased substantially during the TSS. The 'investment grade' transport portfolio has fallen noticeably which has been accompanied by a significant increase in the proportion of the portfolio of riskier projects.

5.1 Linkage of TSS to country strategies and projects

The TSS assured that specific transport sector objectives would be set in individual country strategies reflecting transition gaps and circumstances. EvD reviewed 30 country strategies approved under the TSS to assess the alignment of their transport elements with the TSS. None of them made specific reference to the TSS, which is broadly consistent with treatment of sector strategies more generally. Priorities at the country strategy level are generally presented vaguely and explicit links are absent.[26]

EvD further reviewed country strategy priorities against the six targeted TSS outcomes described in section 4. Elements of at least one of the six were found in 24 of the 30 strategies; in the remainder transport elements were mainly municipal and linked[27]

Increasing access to markets and deepening private participation were the most often cited transport goals in individual strategies (13 and 11 respectively). Less frequently mentioned (6) were SOE reforms for efficiency and financial sustainability. Sustainability, safety and inclusion appeared in only three strategies. None gave priority to improving the policy and regulatory environment or to market expansion.[28]

Overall, there is no evidence that TSS was used, as committed, to guide transport sector priorities in country strategies. This confirms a consistent EvD finding in other sector contexts – namely that there is inadequate coherence and mutuality between the Bank's sector and country strategies. From this follows the need to further strengthen and integrate the Bank's now substantially improved results architecture, along with the performance monitoring frameworks to track key targeted metrics and manage activities accordingly.

5.1.1 Strategic relevance of TSS operations

Every project is expected to demonstrate its strategic fit relative to country and sector strategies and in some cases wider initiatives. Ex post project self-assessment and evaluation regularly identifies lack of adequate evidence to validate strategic relevance. Reference is often made to "alignment" or "consistency" with often very broadly worded strategies and policies, rather than demonstrating concretely how the project *actively* helped to deliver on policy and strategy objectives.

Table 6: SPI references in TSS project documents by Banking team

Board Documents detail SPIs	1. Transport	%	2. INF Russia Central Asia	%	Total	%
Yes	30	71%	3	17%	33	55%
No	12	29%	15	83%	27	45%

Source: EvD review of approval documents

The TSS indicated that "Board Documents for transport projects will detail those projects which are directly contributing to the fulfilment of the relevant SPI(s)." EvD's analysis of delivery on this undertaking shows a mixed result. In just over half of the eligible cases did Board Documents detail contributions to the relevant SPIs,[29] with Transport team projects complying far more consistently (71%) than Infrastructure RCA projects (17%), for example

Kazakhstan had 14 separate operations under TSS, but only a single case referenced the SPIs.

Most cases of non-adherence to the TSS undertaking were approvals under delegated authority or as extensions and changes to a previously approved project.

5.2 Mobilisation of resources

Mobilisation of resources is critical to the TSS objectives, accounting for three of six operational priorities:

- mobilising private capital and commercial funding;
- mobilising co-financing partners;
- mobilising TC funds to support the Bank's policy dialogue and reform objectives;

However, with the exception of a broad estimate for TCs, the TSS gave no indication of needs or targets.[30] Historical figures were cited ("from 2005 to 2012 the Bank mobilised €14 billion") and broad intentions stated to "seek to mobilise private capital and commercial funding *wherever possible*". Thus there is no basis to assess whether aims or even aspirations were achieved. In this context, EvD below reviews the absolute progress made in these three areas, attempting to place into greater context where possible.

5.2.1 Private capital and commercial funding

Annual mobilised investment (AMI - the volume of commitments from entities other than the Bank made available to the client due to EBRD's direct involvement) under TSS was €347 million (2014-17), slightly less than the years immediately preceding.[31] There was considerable annual variation despite relative stability in annual business investment, though some volatility is inherent in these figures. AMI was as high as 12% of ABI in 2014 and as low as 1% in 2017.

Figure 13: Transport annual mobilised investment (2011-17)

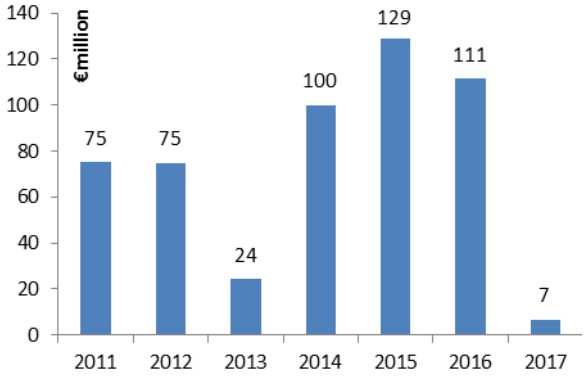
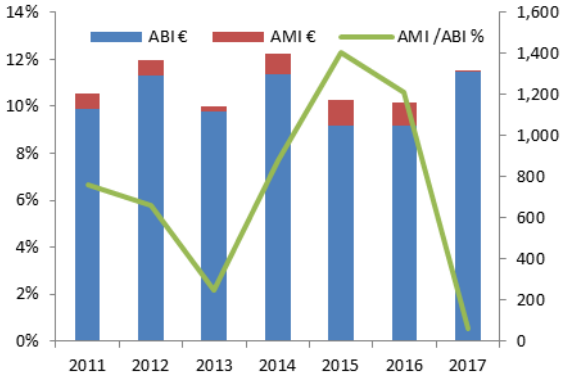


Figure 14: Transport ABI and AMI trends – (2011-17)



Source: EBRD Data Warehouse

It is important to note that these AMI figures include mobilised investment from some public sources, whilst the TSS placed emphasis on mobilising private capital and commercial finance. AMI figures included grants and participations from the Climate Investment Fund, Global Environment Facility and various European Union related grant

resources[32] and on occasion, co-financing with other IFIs has also counted as AMI in the transport sector.

Box 4: AMI in an EBRD- AIIB co-financed project

The project consisted of a US$ 35 million sovereign loan to Tajikistan to rehabilitate a section of the road linking Dushanbe with the Uzbek border. It was first Board approved and signed in July 2012 but had not disbursed for around four years due to delays in design preparation and Tajik approvals.

In April-May 2016, Management proposed to the EBRD Board to approve a change and extension in the project, with the increase of total project cost from US$ 35 million to US$ 90 million of which the EBRD loan would rise to US$ 62.5 million.[33] This gap in the extended project would be filled with co-finance from the Asian Infrastructure and Investment Bank (AIIB) through a US$ 27.0 million parallel sovereign loan.

Management proposed that this amount of co-financing (in this case) be counted as mobilised financing due to EBRD's effort bringing in AIIB to the transaction and the Bank's acting as agent for AIIB. Directors' advisers questioned whether this represented a change in policy regarding AMI – which usually excluded IFI lending.

Management responded that in principle, the Bank does not count parallel financing from IFIs as AMI. This project however represented a very specific circumstance where such an approach is warranted due to scale and depth of the EBRD involvement with the AIIB to allow them to co-invest despite the fact that their operational processes remain still under development and where their risk and transaction processing abilities require reliance on the EBRD due diligence and transaction preparation. The support arrangement extends beyond project preparation as after signing the EBRD will be carrying out essentially all of the agency work associated with that project for AIIB. Therefore, given the very significant amount of work and specific arrangements involved with AIIB, Management considered it appropriate to count the amount as mobilised financing.

Several Directors were concerned about precedent. Management confirmed that this was an exceptional case, explaining that the AIIB did not have the full capacity to do its own analysis or due diligence and had therefore relied on the EBRD's work to enable them to participate in the operation. When the AIIB could do their own due diligence, their own documentation for internal approvals and participate in the post signing procurement aspects, a different perspective would be taken.

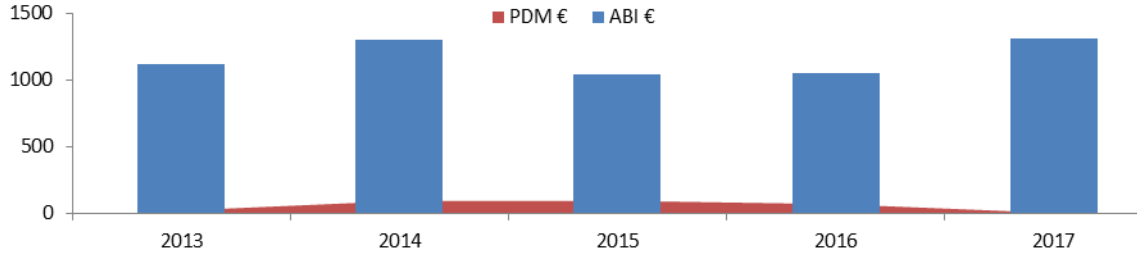
EvD also found that this AIIB investment was counted as coming from a private source. The Bank's definition of AMI can include finance from public sources, and during the TSS, grants and participations from state sector organisations have indeed been reflected. However they were clearly defined as 'state'. The AIIB co-financing here was deemed as mobilised investment, and defended as such, however it also appears to have been considered mobilised private investment – which it clearly was not. This suggests that a wider review of the clarity and consistency of mobilised private investment figures may be useful.

The challenge of not only increasing but also accurately recording specifically the private capital mobilised directly by IFI's is substantial and ongoing, not only for EBRD but more broadly in the IFI system. The IFI Heads agreed in 2016 to "*develop a joint framework and methodology to measure private investment catalysed by the MDBs on a consistent basis, applying common definitions, and reporting on their private investment catalysation for a range of development priorities, including climate change and infrastructure*." The

emerging set of agreed definitions and methodology is to measure the total amount of 'private co-financing mobilized' in IFI operations and its component parts of 'private direct mobilization' and 'private indirect mobilization'. This private direct mobilisation (PDM) matches what the TSS undertook and in the EBRD context, this translates to the existing AMI definition - but specified for that part of it which involves a private entity.[34]

Finding: This PDM definition shows a total of €292 million of private investment was directly mobilised in the transport sector by EBRD during 2013-17. EBRD figures for PDM do not go back further to enable a pre- and post- TSS comparison. Reviewing PDM performance together with ABI reveals that cumulatively during 2013-17, for every €20 of investment by EBRD in the transport sector, it has directly mobilised €1 of private investment. The Bank's Transition Report 2017-18 identified that infrastructure investment totalling €1.9 trillion is needed over the next five years, of which well more than half is in transport. The Bank has been investing a little more than €1B per year, so the scale of the unmet mobilisation challenge is clear.

Figure 15: ABI and private direct mobilisation in transport 2013-17



Source:OSP326 - BPN226 - Annual Mobilised Investment

5.2.2 Resources for TC

A main element of the TSS approach was mobilising donor resources for technical cooperation to support policy dialogue and reform. The Bank administered 114 TC projects for €40.5 million.

- Most TC projects were transaction related during the TSS accounting for about 92% by number (105) and by amount (€37.3 million) (Table 22).
- Individual Board documents show that the TC needs identified to support transactions in individual cases totalled around €50 million – signifying that resources provided by donors has approximately been in line with identified needs.[35]
- A substantial part of the TC resources (about €3.8 million, 18% of total TC amount) does not have an identified donor – denoted 'NA' or 'TBC'.
- The bulk of resources for TCs have actually not been mobilization from donors but come from the EBRD itself through its Shareholder Special Fund (SSF) in various guises. Fully 46% (53 of the 114) transport TC operations has been funded by the SSF.

5.3 Cooperation with other IFIs and partners

The TSS stated that IFI/donor coordination would be central to operations, both in terms of investments and reforms. The TSS committed to "co-finance projects with IFIs across the region" – as this represents a means to raise the necessary finance for priority investments – due to the nature of transport infrastructure projects which often have investment costs

which are larger than the capacity of any single institution. EvD found that 18 of the 82 projects (22%) reviewed were also joint operations with other IFIs who provided around €4.7billion worth of investment.

The Bank has for the most part co-financed with the World Bank and the European Investment Bank (EIB). These two organisations account for 90% of all IFI co-finance in the period under consideration of this Review, with about €2 billion co-financed with EBRD respectively. The EIB cooperation has been spread across 14 projects and the World Bank across three. The EIB cooperation has been spread across the EU pre-accession countries/new member states in the Balkans, neighbourhood countries (Ukraine) and more recently Eurozone members (Greece). Though in theory the World Bank could cooperate in all EBRD's countries of operations, during the TSS this has been limited to Croatia, Kazakhstan and Serbia.

Co-finance with IFIs represented both the greatest share of all co-finance for transport related projects and the greatest amount of co-finance raised per euro of EBRD investment. EBRD systems group co-financiers by type with specific categorisations, one of which is IFIs. The €4.7 billion co-financed with IFIs represented the largest share (39%) of all co-financing. It also represented the highest amount of co-finance raised relative to EBRD investment with €1.5 co-financed from IFIs per EBRD €1 invested in connected projects.

Overall, it is evident that EBRD has co-financed with IFIs a considerable amount in the transport sector. But with the TSS only committing that "the Bank will co-finance projects with IFIs across the region" it is difficult to assess performance relative to expectations and to draw clear conclusions for the future. Therefore, the transport co-financing with IFIs was reviewed over a longer time period to place the TSS levels in greater context.

The TSS was approved amidst a prolonged decline in IFI co-financing of transport. By 2014 and 2015 co-financing had fallen to just €73 million per year - which was about 3% of the level reached in 2009. More recently, IFI co-financing in the transport sector has sharply increased year on year, to €630 million in 2016 and a notable €2.4 billion in 2017. The noteworthy 2017 figure was largely driven by an exceptional co-financing on a project in Croatia (with the World Bank worth €1.8 billion Box 8). In spite of this, when compared to the four years immediately before TSS, IFI co-financing has generally been less since TSS approval than the equivalent period previous (falling from around €5 billion to €3.3 billion in the latest four years.

Figure 16: Transport IFI co-financing by year

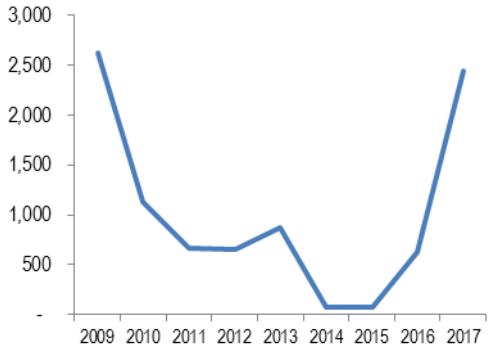
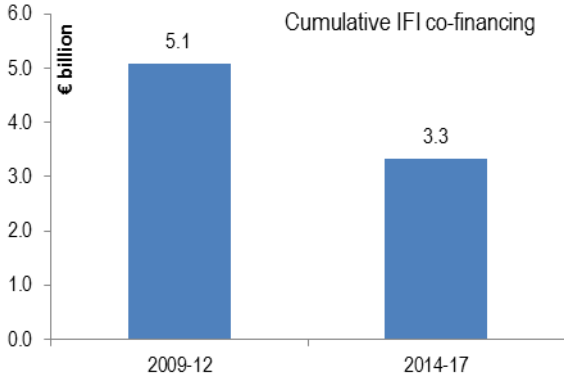


Figure 17: Transport IFI co-financing by period



Source: EvD elaboration of DTM data

5.3.1 Co-financing in ETCs, SEMED and pooling grants

The TSS specifically committed to seeking opportunities to co-finance in the poorest countries, where IMF concessionality requirements and co-financing with other IFIs with access to concessional resources could turn otherwise unaffordable investment opportunities more 'concessional', and thus compliant with the IMF restrictions. A proxy for the poorest countries in the EBRD region are the Early Transition Countries (ETCs)[36] which are classified as such due to a combination of indicators signifying not only poverty levels but also national debt levels. Around 14% of the TSS portfolio was in ETC by volume of investment, but TSS IFI co-financing in these countries was less than half of this proportion at 6% of volume of IFI co-financing.

The TSS also highlighted the potential for co-financing to pool grant resources to meet the high costs associated with the preparation and implementation of infrastructure projects. EvD has not been able to verify the extent to which this was realised.

For the SEMED region the TSS stated that, the Bank would coordinate closely with other IFIs in this [then new] region to ensure its engagement was complementary - so that the region could benefit from the relative strengths of each institution, including the EBRD. From the TSS evaluation portfolio EvD found two instances of co-financing in the SEMED region, yet, no elaboration was ever provided of any assessment of the relative strengths of the institutions working in the region. Thus, again, it has not been possible to assess whether these co-financings were in fact complementary to what the other IFIs were already offering and whether the region has been able to benefit from the relative strengths of each institution.

Nonetheless, broader analysis of the EBRD transport engagement in the SEMED region shows that the Bank has primarily concentrated its contribution in the state sector (95% of volume) through sovereign loans to for state-owned rail transportation and rolling stock (71% of volume in the region). Private sector operations have been around 5% of EBRD's engagement in the region and related to water transportation. This reveals that over a 4 year period EBRD considered a 20:1 ratio of state to private operations to be part of its added value to the transport sector in the region – but it is unclear if this this represented a new offer to the region compared to what other IFIs were offering.

5.3.2 Other IFI cooperation dimensions

The TSS also sought to enhance co-operation with IFIs through co-ordinating reform objectives, harmonising IFIs policies, undertaking joint IFI initiatives and enhancing co-operation with the EU. The TSS noted that coordinating reform objectives with IFIs was a 'lessons learnt' from the review of the previous transport operations policy - it stated that the Bank would work to align the reform conditionality of co-financing IFIs where possible. The rationale was that the presence of more than one IFI with accompanying provision of technical cooperation and policy dialogue would increase the pressure on governments to take difficult decisions with respect to transition and sector reforms. In general, outside of country visits, EvD has not been able to comprehensively and independently examine all of the cases where such co-ordination has been attempted and/or realised. From a review of TSS portfolio of projects and TCs as well as county strategies EvD was unable to discern systematic capturing of the reforms and active coordination with IFIs either through targets or documents. That said, from a country visit, EvD was able to confirm a concrete example of this and a case of strong and successful IFI co-ordination in the transport sector in Bosnia and Herzegovina (Box 9).

The TSS also saw potential to harmonise the policy interface between IFIs on transport projects "to reduce complexity for clients by contributing to IFI efforts to harmonise the requirements enshrined in each IFIs environmental, social and procurement policies and safeguards.[37] EvD has not found much by way of evidence for this - largely on the basis of interviews both internally and with IFI counterparts during field visits. Feedback received showed that harmonisation in environmental and social policies between IFIs has largely been achieved and is now regularly monitored during the E&S policy update cycle of each IFI, but that the harmonisation of procurement rules had not taken place among IFIs. (Box 10)

The Bank also undertook through the TSS to coordinate with the IFIs beyond individual projects, for example, by supporting joint IFI initiatives such as the Multilateral Development Bank Road Safety Initiative and participating with other IFIs in the joint statement on Sustainable Transport in the Rio+20 conference. Both of these joint IFI initiatives were initiated well before the TSS was approved (Box 11).[38]

Finally, the TSS highlighted that the EBRD would continue to cooperate closely with the EU. EvD found around €137 million mobilised in parallel grant funding under different instruments (WBIF, NIF, and EC) predominantly for the benefit of Albania in the road and rail sectors. Again without further elaboration of what was intended, it is difficult to consider these facts from an evaluation perspective.

Finding: There have been numerous good examples of specific cooperation with IFI and EU partners. Again, however, there is no objective standard against which to assess. EvD's reading of the TSS commitment was of a very energetic cooperation, but that is not the overall picture that emerges. The Board specifically asked that the Bank identify its particular role and added-value in the sector vis-à-vis other IFIs as part of the TSS. This is an important area for improvement – identifying where there has been strong progress, where obstacles exist and why, and how improvement might be accomplished.

5.4 Organisational arrangements

5.4.1 Alignment of management responsibilities and incentives

Management issues got little attention in the TSS, which was broadly consistent with the standard approach to sector strategies. The issue of incentives was raised by the FOPC with respect to the SPIs, but assurances were given that more detailed unit-level scorecards would reinforce alignment with strategic priorities, such as more focus in ETCs.[39]

EvD reviewed the Infrastructure Business Group (IBG) targets in scorecards to identify correspondence with TSS objectives. Sustainability appears well embedded (with a GET/SEI share of ABI targeted). However, the other strategic focus areas of 'market-based transport' and 'broadening the offer' were not targeted. Three of four SPIs (commercialisation, policy dialogue and road safety) were not in the scorecard. There was a similar disconnect between outcomes in the TSS results framework and the Banking scorecards, although policy dialogue was included in the Banking scorecard in 2017 in general terms.

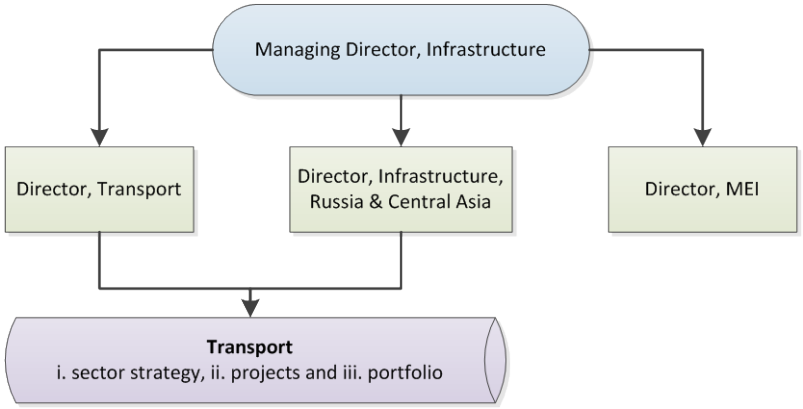
5.4.2 Monitoring and reporting to the Board

The TSS stated that "the SPIs would be reviewed five years after TSS approval; this would be October 2018 – coinciding with what will be the final stage of Management's preparation of a new strategy. During the development of the TSS, Board Directors explicitly requested Management to report more regularly on achievements against SPIs than the promised five year strategy cycle – to which Management responded it would consider doing so.[40] In the event there has been no dedicated monitoring or Board reporting, as was the case with the Energy Strategy. EvD understands that one of the two Banking teams responsible for transport projects has been keeping contemporaneous record of SPI contribution by operation. However, this has been done on an informal basis (via internally managed spreadsheet) and was primarily a recording of projects as designed - meaning that the implementation was not tracked and therefore demonstrably not able to be used for monitoring purposes.

5.4.3 Ownership and management of the TSS

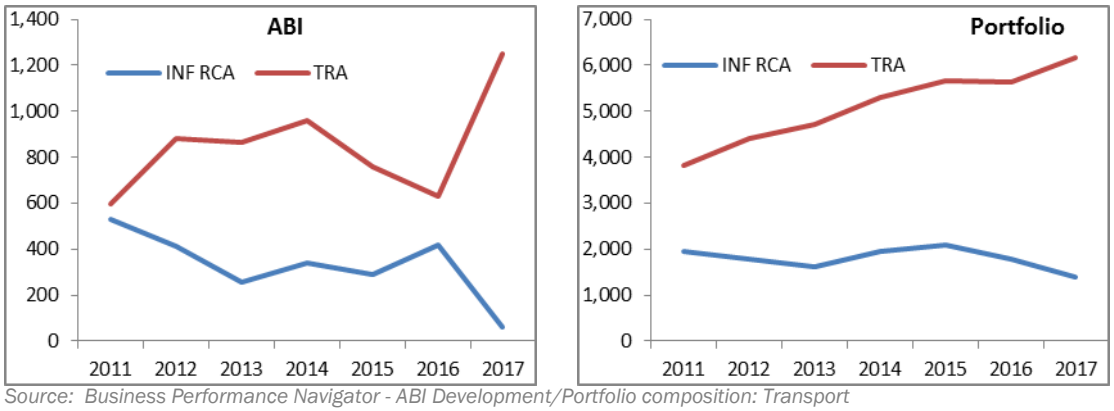
Execution of the TSS was shared within the Infrastructure Business Group (IBG) as shown below. However the Transport team led its development and played a primary ownership role. This evaluation has identified some inconsistencies in application of the TSS across the two units. For this and possibly other reasons development of anew TSS warrants reflection on this structure not least given developments on the country side.

Figure 18: Infrastructure business group (IBG) structure as at March 2018



Source: EvD elaboration of Banking organisational chart

Figure 19: Transport ABI and portfolio composition by Banking team



Source: Business Performance Navigator - ABI Development/Portfolio composition: Transport

5.5 Implementation and financial performance

5.5.1 Implementation efficiency

A review of project monitoring documents available shows that around a quarter of the projects in the TSS portfolio are currently facing some delays in implementation. Specifically, 20 out of the 82 projects reviewed had delays recorded ranging from four to 40 months. Typically, implementation efficiency focuses on the extent to which the implementation of specific activities was on time and within budget, but an important caveat is that project level aggregation was constrained by the fact that in a considerable number of cases, implementation milestones are not even yet due. Therefore, the evaluation sought to consider portfolio development in the transport sector more broadly - where a few issues become apparent.

Despite the growth in ABI and the portfolio, annual disbursements have fallen by a third during the TSS period. During the TSS period 2013-17, the total undrawn commitment ratio (to portfolio volume) in transport sector also grew from 39% to 44% (and from 42% to 52% in the state sector).[41] Insufficient support for procurement (that is EBRD specific) was often cited as a key contributor.

Figure 20: Transport annual disbursements (2011-17)

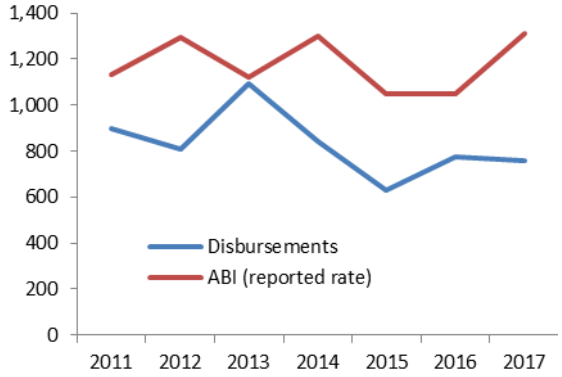
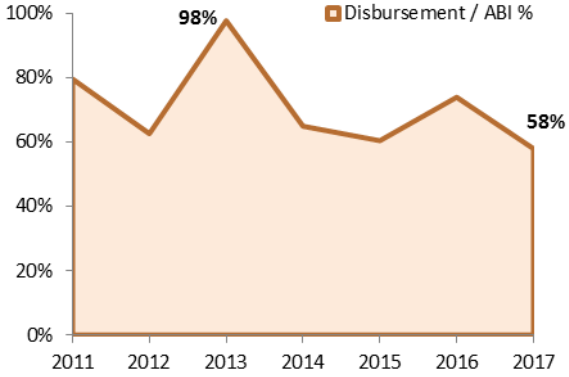


Figure 21: Transport disbursements to ABI (2011-17)



Source: EBRD Data Warehouse

Indeed data provided by the Procurement Policy and Advisory Department shows that 2017 saw the lowest volume of EBRD financed contracts signed in the transport sector since 2011 - around €209 million worth of EBRD financed which was a 70% fall on the previous year's contracts signed. This was also the lowest annual figure throughout the TSS period. To put the procurement situation in context, at the time EvD reviewed the data, it was estimated that transport contracts worth over €2.8 billion were 'planned' to be signed in 2018, which if successfully achieved, would require a tenfold increase on 2017. A more detailed analysis is required to fully explain reasons for decreased disbursement and procurement levels and Management should conduct such an analysis as part of the strategic update process.

Figure 22: Transport annual contracts signed 2013-17

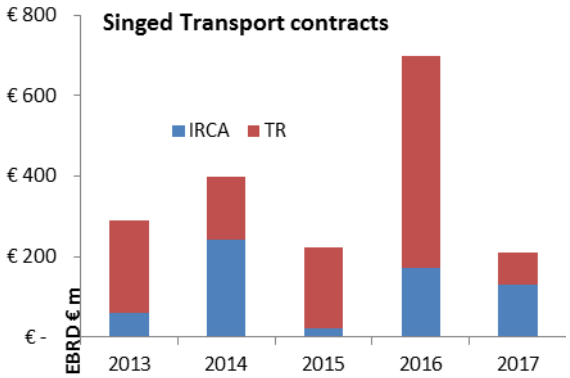
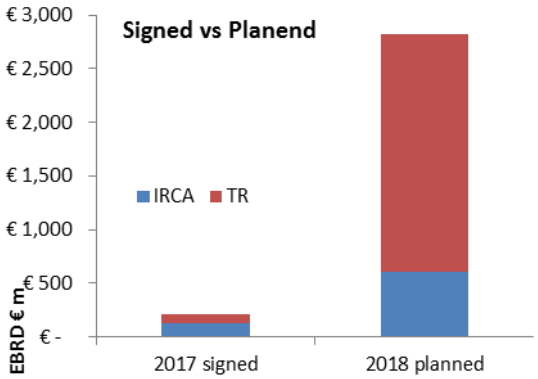


Figure 23: Transport contracts signed and planned 2017-18



Source: Procurement Policy and Advisory Department data

5.5.2 Financial performance

Similar to the constraint on implementation efficiency – the immaturity of the portfolio prevented a detailed financial analysis of the TSS activities. However, considering the importance of financial sustainability under the Bank's SCF and capital control parameters embedded within the Bank's work, EvD reviews some findings from some sector level analysis:[42]

– Transport cancellations have increased 365% during the TSS period from €86 million in 2013 to €399 million in to 2017

- Transport prepayments have been on a general downward trend during the period – though volatile annually. The 'investment grade' transport portfolio (projects with the highest or best rating range 1.0 – 4.3) has fallen noticeably from around a quarter of the portfolio in 2013 to just over 10% in 2017.
- The transport portfolio has seen a significant increase in the proportion of the portfolio in what is called the 'Rating Range 7' portfolio (that is vulnerable to non-payment and is dependent upon favourable business, financial, and economic conditions for the counterpart to meet its financial commitments on the obligation).[43]
- Despite the growth in the volume and portfolio, both the value of impaired loans and percentage of non-performing loans have seen improvements during the TSS.
- Average tenors have remained long and stable in the transport sector during the TSS averaging between 14.5-15.5 years.
- The average margin of transport ABI has come under downward pressure in the most recent years of the TSS period.

EvD also found that cost overruns are almost never recorded by internal monitoring sources, though these are a common feature of project implementation for all IFIs and other donors. The Procurement Department indicated that it has to regularly and repeatedly manage addenda for works contracts to increase the amount originally contracted. It is difficult to reconcile that with the relative lack of requests for additional financing. One assumption is that cost overruns are monitored at the operational level, with the Board approved amounts providing a comfortable room for manoeuvre, allowing the maximisation rather than the optimisation of the Bank's financial input.

6 Recommendations

EvD's review of the Transport Sector Strategy and operations delivered under it between January 2013 and May 2017 has produced broad and important findings.

The Strategy has elements of strength and reflects the accepted institutional practice when it was produced. But it also has substantial omissions and limitations that reduce its value to Management as a framework for prioritisation and selectivity, and to the Board as a means of strategic focus and effective oversight.

Important institutional advances since 2013, such as commitment to a stronger results orientation, improved approach to policy dialogue, and more cohesive integration between country and sector strategies, clearly illuminate these shortcomings.

Operations were delivered across a wide range of sub-sectors and clients generally at a good level of quality and relevance. The TSS implicitly intended a high degree of continuity with existing operational priorities and this is largely what was delivered. The relatively few specific performance goals were drawn broadly and somewhat ambiguously and focussed on short-term targets built around existing trends.

Actual project-level performance data are limited due partly to the relative immaturity of many operations launched under the TSS. However long-standing resourcing and monitoring practices will continue to limit the ability to extract adequate performance date and build a more comprehensive picture of sector-level performance. There is limited capacity to draw wider, evidence-based conclusions about performance relative to the strategy itself.

Recommendation 1
The next strategy should make private sector engagement and resource mobilisation a strategic priority. This should include greater clarity on expectations and goals and specific avenues through which the Bank will accomplish this.
Recommendation 2
Enhanced EBRD collaboration with other actors in the sector should be given greater focus and priority in the TSS. It should include a stock-take and analysis of wider IFI activity in the sector, including diagnostics and policy dialogue, and identify EBRD's intended role and added-value.
Recommendation 3
The scope of the new transport sector strategic document should include critical content and design elements now omitted: – commit to sector-level diagnostics/analysis from which sector-level challenges and objectives will be derived; – review operational experience (including TCs), identifying lessons and implications for new approaches; this should include analysis of disbursement and procurement experience; – include specific treatment of policy dialogue objectives and how these will be integrated

at the country and transactions level;

- provide a detailed analysis of EBRD's intended role and added value;
- Include a time-bound Board reporting plan on TSS implementation.

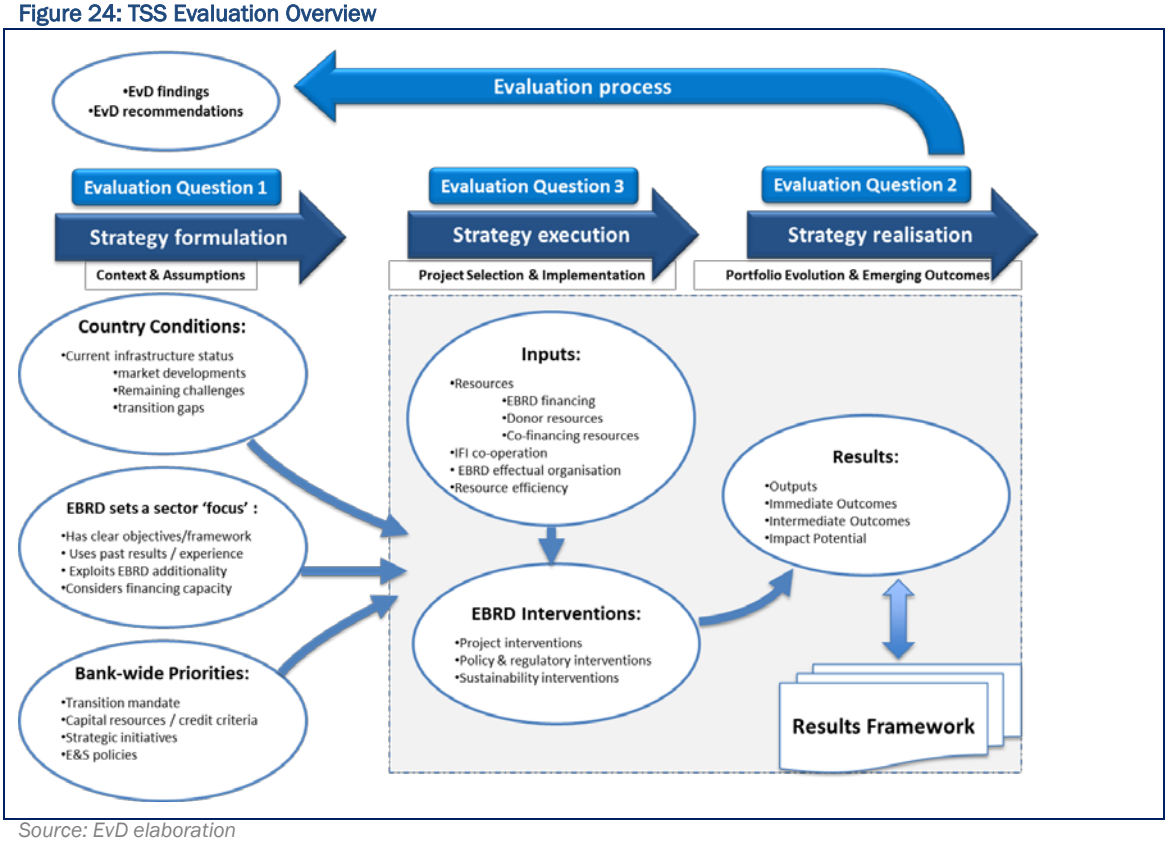
Recommendation 4

The new TSS must provide substantially greater clarity on i) how TSS and country strategies will be integrated operationally, ii) key performance indicators for strategic priorities, iii) how these will be reflected in operational team incentives and targets and iv) TSS implementation responsibilities and accountabilities.

Annex 1. Evaluation Methodology

An overview of the evaluation approach for the Review of the EBRD's Transport Sector Strategy is summarised below.

Figure 24: TSS Evaluation Overview



Source: EvD elaboration

A. Development of the analytical framework (May-August 2 017)

The output of this phase is represented by the **Approach Paper** approved in September 2017. The Approach Paper included the **evaluation matrix** that served as analytical framework to guide and structure data collection through various tools identified. The key building blocks underpinning the selection of key issues to be included in the evaluation matrix were the understanding of the strategic objectives of the TSS, its actual implementation, and context.

For the purpose of the Approach Paper the following activities were carried out:

- Development of the **theory of change** (absent in the TSS, but necessary to develop the evaluation questions)
- Portfolio analysis
- Collection of documentation about technical cooperation and policy dialogue
- Document analysis
- Interviews with internal and external stakeholders
- Development of the **evaluation questions**
- Development of the evaluation matrix (including evaluation questions judgement criteria, indicators and data sources)

As per Operations Manual a draft Approach Paper was circulated by the Chief Evaluator to Management (2nd August **July 2017**) following which Management comments have been provided

(5th September 2017) and discussed in a meeting (18th September 2017) which minutes have been recorded. The final Approach Paper was circulated by the Chief Evaluator in November 2017 and published on EBRD's website.

B. Data collection and analysis (July-December 2017)

Data was collected via the various tools and methods for data collection structured along the review matrix. Data were of a quantitative and qualitative nature - to allow to the extent possible for verification and cross-checking (triangulation) from different sources. The Review has combined secondary (desk) sources with fresh data collection through interviews of relevant stakeholders (for a total of around 70 people interviewed during country visits, conference calls and in EBRD HQ – see Annex 9).

Two country visits took place: The evaluation team visited Kazakhstan (Astana and Almaty) from 5 to 11 November 2017 and Bosnia and Herzegovina (Banja Luka, Sarajevo, Brcko, Mostar) from 4 to 8 December 2017. The list of people interviewed is available in Annex 9. All the credit for the success of the missions goes to the sector and country teams – to which the evaluation team is grateful.

C. Synthesis (January 2018-March 2018)

The synthesis phase has been devoted to constructing answers to the evaluation questions based on the findings from data collected in phase B. During this phase the original evaluation matrix has been amended to reflect the inputs substantive for achieving the objective of the evaluation – see Annex 2. Based on the harvested findings the evaluation team has formulated conclusions and recommendations. The final output of the synthesis is this report.

As per Operations Manual a draft report was circulated by the Chief Evaluator to Management (29th May 2018).

Preliminary Management comments were received on the 25th June 2018 and were discussed at a meeting between EvD and Management on the 5th July 2018.

Annex 2. Evaluation matrix

Evaluation questions	Judgement criteria	Indicators	Sources of Data
1. Did the TSS set appropriate objectives for the EBRD	1.1 TSS reflected market developments, challenges and transition gaps identified in the transport sector and set 'focus areas' and operational approaches to directly address them	– Existence of assessments of sector developments, challenges and TI gaps – Coherence between sector/gaps analysis and focus areas – Operational approach tailored to address specific challenges	TSS, interviews Preparatory analysis to TSS OCE/EPG documents External literature
	1.2 Design of the TSS reflected best practice: – set clear and complete objectives? – included an adequate results framework for achieving its objectives – included sufficient reflection of past experience (and used it to shape design)	– TSS set clear priorities and objectives, measurable targets and monitoring indicators – Existence of explicit or implicit architecture of results within the TSS – Reference to and use of findings and lessons from the previous transport policy and other evaluations – Identification of level resources required for achieving objectives	TSS and underlying documents interviews
	1.3 TSS included an identification of where EBRD could be additional in the sector	– TSS includes an ex-ante assessment on how EBRD's interventions are likely to be additional through its: (i)Terms, (ii) Attributes and (iii) Conditions	TSS, interviews Preparatory analysis to TSS
	1.4 TSS was aligned to the (evolving) EBRD strategic and institutional context	– TSS alignment with strategic documents at the time e.g. CRR4 and SEI – Continued alignment of TSS with updated strategic documents e.g. SRI and GET	TSS Other EBRD strategic planning documents e.g. CRR4, SCF, SIP, SEI 3, SRI GET, TI concept etc., interviews
2. What results have emerged from the TSS implementation so far?	2.1 Progress towards improving access of businesses and consumers to markets, including EU and regional markets;	Contribution of TSS interventions to: – Infrastructure modernized, extended, standardized, rehabilitated, and maintained. – Fleet modernized, developed, standardized – Transport infrastructure better integrated with transport networks across the whole of Europe, Eurasia, and the SEMED region	Project documentation (investments, TCs and policy dialogue) External literature, interviews International databases

	2.2 Progress towards reforming the efficiency and sustainability of transport state owned enterprises;	Contribution of TSS interventions to: – Separation of transport infrastructure policy and management functions – Reforms to increase and stabilize funding for infrastructure maintenance – Commercialisation and corporatisation of SOEs, streamlining operations – SOEs corporate governance, business practices, and ability to attract funding on commercial terms improved – Separation of rail infrastructure from operation enabled – Performance-based road maintenance contracts generalized – Public service obligations contracted with SOEs or private sector	Project documentation (investments, TCs and policy dialogue) Internal Bank databases External literature, interviews International databases
	2.3 Progress towards making the transport policy and regulatory environment more conducive to commercialisation;	Contribution of TSS interventions to: – Legislative and regulatory framework for concession enacted – Market-based access charging regimes enacted – Competitive tariff structures for operation enacted – Regulatory agencies strengthened – Regulations against abuse of market power and anti-competitive practices enacted	Project documentation (investments, TCs and policy dialogue) External literature, interviews International databases
	2.4 Progress towards deepening private sector participation;	Contribution of TSS interventions to: – Management and operational contracts with private contractors – Private investments in the construction and management of infrastructure (PPPs) systematized – Privatization of State infrastructure assets	Project documentation (investments, TCs and policy dialogue) External literature, interviews International databases
	2.5 Progress towards expanding transport services markets;	Contribution of TSS interventions to: – Private freight expansion and increased competitiveness – Privatisation of commercial transport services (IPO or private placements)	Project documentation (investments, TCs and policy dialogue) External literature, interviews International databases
	2.6 Progress towards improving transport sustainability, safety and inclusion.	Contribution of TSS interventions to: – Modal shift to rail and waterways – Energy savings, reduced greenhouse gas emissions – Environment and biodiversity protected – (Road) safety increased – Accessibility to jobs and services in remote areas improved	Project documentation (investments, TCs and policy dialogue) External literature, interviews International databases

	2.7 Progress in in SPIs and other EBRD level indicators	Commercial orientation of the portfolio – transformation of 3-5 sovereign clients into commercially-oriented entities (SPI 1) – increased number of non-sovereign loans to sustainable SOEs greater selectivity in sovereign operations Sustainability focus Road safety focus	
3. How effectively has the Bank used and implemented the TSS?	3.1 TSS has been used to guide subsequently approved country strategies and projects?	– EBRD country strategies incorporate sections about the transport sector with results and indicators that aligned with TSS objectives and SPIs – Project documents refer to which strategic focus area and SPI that they aim to contribute	28 Country Strategies approved after October 2013, interviews Projects documents for the 70 TSS projects
	3.2 The Bank was able to mobilise the targeted resources to support the achievement of the TSS objectives	– Extent of mobilisation from private sector – Extent of mobilisation from donors for TCs – Extent of mobilisation from IFI's for co-financing	Data and information from IBG and OS&P teams, interviews Infrastructure TC Unit
	3.3 TSS activities have been coordinated with other IFIs and partners as intended	– Co-financing in ETCs, SEMED and pooling grants – Co-ordinating reform objectives – Harmonising IFIs policies, Joint IFI Initiatives and EU	TSS, interviews Preparatory analysis to TSS Data and information from IBG team
	3.4 EBRD provided sufficient organisational arrangements to execute the TSS	– Management responsibilities and incentives aligned with TSS objectives – Monitoring and reporting arrangements – Accountability mechanisms towards the Board	IBG scorecard, interviews Other internal EBRD documents
	3.5 TSS activities have been financially and resource efficient	– Financial performance of projects/clients – Implementation efficiency of projects/TCs –	IBG scorecards, interviews Internal Bank databases Project monitoring documents

Annex 3. Derived transport sector strategy results framework

<table>
<tr><th>Assumptions</th><th>Inputs / Assets</th><th>Activities</th><th>Outputs:</th><th>Outcomes:</th><th>Impacts</th></tr>
<tr>
<td rowspan="2">Governments are willing to introduce effective laws and sector regulations to establish the regulatory environment for private sector participation based on transparency and accountability. (p27)

Other IFIs and financiers are willing to co-finance transport projects (p25)</td>
<td>EBRD's financing resources in hard and local currency (4.3):
– sovereign lending (where large transition gaps exist)
– senior and mezzanine corporate debt
– project finance
– capital market investments
– guarantees
– equity participation</td>
<td>Financing transport projects
– in traditional sub-sectors - road, rail, maritime and aviation (Annex E):
– in niche sub-sectors e.g. logistics and intermodal (3.3)
– including both of the above with smaller clients through special facilities e.g. LEF (p43)

At least 60 per cent of projects structured on a private or non-sovereign basis (SPI 2)</td>
<td rowspan="2">Physical transport infrastructure built and/or goods delivered
A. related to Bank's traditional subsectors
(i) in the road sub-sector:
– construction and rehabilitation of roads,
– trans and pan European road corridor development
– performance based contracts introduced
– road safety assessments conducted and components introduced into projects
(ii) in the rail sub-sectors (Annex E):
– infrastructure rehabilitation, upgrade or new construction
– rolling stock renewal
– financial and labour restructuring
– infrastructure and rolling stock support services
– energy efficiency and station development
(iii) in the maritime subsectors (Annex E):
– shipping fleet modernisation
– port capacity expansion
– efficient port infrastructure in the region
(iv) in the aviation subsectors (Annex E):
– airport infrastructure
– associated services, such as aircraft maintenance
– aircraft acquisition and other airline investments (selectively)</td>
<td rowspan="2">Transport bottlenecks alleviated (key challenge 3.1), including:
• Capacity of roads, railways, airports and ports increased (demonstrated through reduced congestion and increase of goods and people flow through main transport hubs and networks);
• Access of businesses and consumers to markets and services improved (demonstrated through the increase of inter-regional and domestic trade) (exec sum)
• Transport infrastructure better integrated with European transport networks (demonstrated through increase in international trade between EBRD region and the rest of Europe)

<u>Focus 1: Market-based transport</u>
Private sector participation deepened(increased private ownership, financing and operation of transport infra) (3.1.2)
– increased number of private management and operational contracts (p27)
– increased number of private investment in construction and mgmt. of infrastructure (e.g. BOT/PPP) (p27)
– increased number of full privatisations – (demonstrated through Bank's participation in IPOs or private placements) (p27)
• (EBRD level indicators)
▪ transformation of 3-5 sovereign clients into commercially-oriented entities (SPI 1)
▪ increased number of non-sovereign loans to sustainable SOEs (p47)
▪ reduced number of sovereign operations (p26)
Competitive markets for transport services expanded (3.1.2)
– expanded market and increased competition in road construction and maintenance (p36)
– new, innovative products developed (where markets for services already exist) (p28)
– improved corporate governance through the introduction</td>
<td rowspan="2">Efficient, safe, secure and sustainable transport systems, which embody market principles, balance economic, environmental and social needs and are responsive to the needs of industry and the individual (TSS sector vision)</td>
</tr>
<tr>
<td>Donor resources for EBRD TCs and policy dialogue</td>
<td>Mobilising resources
– private capital and commercial funding e.g. through PPPs and syndication (4.4)
– public co-financing partners, by enhancing its cooperation with other IFIs and EU (4.4)
• & aligning reform conditionality of co-financing IFIs (p45)
– TC funds to support (4.5):
• the Bank's policy dialogue and reform objectives
• sustainable transport
• project prep and implementation
• investment grants</td>
</tr>
</table>

Assumptions	Inputs / Assets	Activities	Outputs:	Outcomes:	Impacts
Governments are willing to undertake **structural reforms to create financially autonomous SOEs** which can support commercial funding **(p25)**	**Co-financing & syndication resources** (from private sector and IFIs mainly)	**Policy dialogue and cooperation efforts** to promote transition related reforms, environmental practices, energy efficiency and other important policy areas, etc.: – with Govts/authorities – with national and international organisations or through participation in international initiatives e.g. multilateral development bank road safety initiative & rio+20 joint statement undertakings – stakeholder engagement either on a project-basis or through other channels	<u>Focus 3: Broadening the Offer</u> **Related to "niche" sub-sectors e.g. (3.3):** – logistics, intermodal transport, including postal services – intercity bus and coach services and associated infrastructure such as bus terminals. – the renewal of buses with higher EE and environmental performance – private road construction and maintenance – railway property development.	of international standards **(p28)** – freight: the f state operators commercialised and corporatized, with their operations streamlined, and the market-based tariffs introduced (where markets yet to be liberalised) **(p28)** **Efficiency of mgmt. of public sector transport assets improved (3.1.2)** – increased separation of transport infrastructure policy and management functions (demonstrated through the creation of autonomous SOEs outside of direct government control e.g. independent road agencies) **(p27)** – improved corporate governance and business practices in SOEs (demonstrated by the ability to attract funding on commercial terms) **(p27)** – improved transparency and accountability in the management of transport infra **(p27)** – improved financial sustainability of maintenance and ops, cost recovery & contractualisation **(p28)**	
Private financiers willing to co-finance transport infrastructure **using privatisation or concession structures such as PPPs**	**EBRD's attributes** – staff expertise - leveraging local knowledge (RO/sector) **p39** – influence /reputation – covenants/conditions **p45**	**Focusing on environmental and social sustainability** – all projects designed and implemented in compliance with E&S policy (env. appraisal, pollution prevention and abatement, biodiversity, resettlement and livelihood restoration, stakeholder engagement) (p32) – **road safety assessments carried out (100%) and road safety components (50%) included into road sector projects (SPI 4)** – economic inclusion and gender equality issues considered in projects supported	**Policy and regulatory changes implemented, related to (replicated in outcomes (4.2 and 4.5):** – ***CEB***: EE investments, financial sustainability of state railways and rolling out of PPP structures (including enhancing business and investment planning in port authorities in Croatia) – ***Turkey***: corporate governance of SOEs and application of international best practice for project finance transactions, particularly PPPs, as well restructuring of the railway sector. – ***EEC:*** institutional reform, commercialisation, restructuring and financial sustainability of SOEs, regulatory development, sustainable transport policies, framework for PPPs (including road sector reform in Ukraine and Western Balkans, as well as state railway company restructuring in the Balkans) – ***Russia***: stronger regulatory framework; cost-based non-discriminatory tariff regimes and equal access to infrastructure for all market participants; implementation of PPP projects – ***Kazakhstan***: rail restructuring, autonomous SOEs in road sector, developing the framework for PPPs and adopting best practice in the development of PPP projects. – ***Central Asia ETC***: separation of policy from management functions, infra from ops, increase state funding for road maintenance, SOE commercialisation, corporatisation and institutional strengthening including road sector reform. – ***SEMED:*** commercialisation and restructuring of SOEs as	**Transport policy and regulatory environment improved, related to: (3.1.2 & 4.2)** – legislative and regulatory framework for PPPs **(end 4.2)** – vertical separation where infrastructure and operations remain within a single entity (mainly in the rail sector) **(p27)** – introduction of rail access charging regimes, competitive tariff structures and concession law **(p28)** – institutionally strengthened regulatory agencies **(p28)** – increased contractualisation (introduction of contracts between the government and SOEs responsible for providing transport infrastructure and services) **(p28)** – improved cost recovery through reformed tariff structures and streamlined operations (user pays' principles in road whilst ensuring that affordability constraints are taken into account) **(p28)** – increased private sector participation in commercial transport services **(p28)** – introduction of sustainable transport policies and best practice **(p32)**	

Assumptions	Inputs / Assets	Activities	Outputs:	Outcomes:	Impacts
			well as development of the framework for PPPs Policy dialogue effectively coordinated with other IFIs		
Donors are willing to support EBRD's TC and policy dialogue needs & objectives	**EBRD Policies** – env. & soc. policy – policy for the financing of private parties to concessions – information policy		**<u>Focus 2: Sustainability</u>** **Environmental improvements implemented (3.2.2)** – low carbon modes of transport developed **(p31-32)** • *avoid:* logistics, intermodal transport, incl. postal services (**repeat of output 2)** • *shift:* e.g. rail or inland waterways • *improve:* application of EE technologies, operational practices and standards – **the Transport SEI/GET contribution doubled to 25% of Transport ABI (SPI 3)** – EBRD E&S policy and EU standards adhered to in the areas of env. appraisal, pollution prevention and abatement, biodiversity, resettlement and livelihood restoration, stakeholder engagement. **Social improvements implemented (3.2.3)** – road safety infrastructure improvements undertaken economic inclusion and gender equality components implemented	**Improved transport sustainability, safety and security (section 3)** – energy consumption in transport services reduced – CO_2 emissions in transport sector reduced **(SPI)** – safety in the transport sector improved (through improved road safety throughout EBRD's ops) **(p22)** – greater inclusion in the transport sector (reduced disparities in access to employment, particularly for women and vulnerable groups or those living in remote rural or underserved urban areas) **(p34)** - reduced number of road and rail accidents; - improved access to employment, including local workforce participation in the construction phases of large transport projects, access to public and other services, skills transfer	
		Risks to Provision of Inputs:	**Risks to Achievement of Outputs:**	**Risks to Achievement of Outcomes:**	
		– EBRD does not find sufficient opportunities to invest – Lack of donor funding for TCs – Lack of sufficient EBRD staff resources – Lack of cooperation between IFIs	– Political constraints limiting sector reforms – Potential clients' unwillingness to work with EBRD – IFIs and EU have limited capacity or appetite for co-financing – Weak institutional capacity or unwillingness of public institutions to engage with EBRD	– Delays, operational failures during project implementation – Capital market 'freeze' restricts available co-financing – Resistance to change (public institutions; utilities)	

Annex 4. TSS Portfolio Analysis

Investment operations

The population taken into consideration for the purpose of this review is the portfolio of the transport operations managed by the two aforementioned teams: TRA and INF RCA.

The timeframe under consideration is all projects approved and signed between January 2013 when the TSS was first prepared and signed as at end of May 2017 when the evaluation began. The above approach was discussed and validated by Management.

Using this agreed criteria - resulted in the identification of 82 operations to be considered as the population for this TSS review. The data and sources underlying this portfolio analysis are provided in Annex 4 - an overview is provided below:

- There were 70 approved and signed transport operations during this TSS period. An additional 12 operations were added since the preparation of the approach paper. Where the original projects were Board approved before this period .however, extensions and operations change reports were presented to the Board within the period of the strategy validity.
- These 82 TSS projects were approved for a net cumulative investment of €4.99 billion.
- With 60 of the approved projects, the majority of the portfolio is managed by the TRA team in IBG, and 22 transport projects have been approved by the INF RCA team (Table 7).
- The project vintage is relatively young, with fully 73 out of the 82 projects approved still active at the time of the evaluation. This translates to 89% active by number of approvals, and about 87% active by volume of investments, with only 7 operations complete and a further 2 cancelled. (Table 10).
- Breaking the active operations down further, by the stage of the investment, over a quarter of approvals were at the signature stage and had not begun disbursing, a further 20% had begun disbursing but did not yet have any repayments, and the majority remainder (almost half) had started repaying (Table 11).
- By volume of investment the share of these private sector approvals is 34% with about two thirds of the investment in the state sector (Table 12). However by number of operations the share of the private sector rises to 52% with the balance of 48% in the state sector (Table 12).
- 51 out of 82 operations were approved on a non-sovereign basis (62%). These 51 operations accounted for a business volume of around €1.99 billion which translates into a smaller share (40%) by volume of financing. On average sovereign projects undertaken during the TSS period have been over twice the size of non-sovereign projects during the TSS (Table 13).
- By approvals, the Bank's transport projects have been almost entirely (91%) financed through debt instruments, with equity accounting for only 6% of operations. The debt share increases to 97% by volume of financing. This stands to

reason, given the historic shares of sovereign loans and the types of transport clients, e.g. SOEs (Table 14).

- By number of operations Central Asia and South-Eastern Europe have seen the highest level of activity during the TSS period with 19 approvals a piece (23%), followed by Eastern Europe and Caucasus with 15 (18%). By volume of investment South Eastern Europe received 25% followed by Eastern Europe and Caucasus (23%), Central Europe and the Baltics (19%) and Central Asia (12%) (Table 15).
- Kazakhstan has far and away been the biggest beneficiary country by number of operations (14, .which counts17% of the total), followed by Turkey (8), Bosnia & Herzegovina (6), Ukraine (5) and FYR Macedonia, Poland and Croatia all with 4 approvals respectively. By amount of financing, Bosnia and Herzegovina has been the biggest beneficiary country, benefitting from €621 million, followed by Slovak Republic €548 million, Ukraine with €543 million and Kazakhstan which has benefitted from €521 million (10% of the total). (Table 15).
- Four subsectors together account for around 80% of approvals and volume of financing. 26 road construction projects accounted for 32% of approvals and 58% of the investment, 16 intermodal transport projects accounted for 20% of approvals and 9% of investment, 14 rail transport operations amounted to 17% of approvals and 12% of investment and eight ports and harbours operations accounted for 10% of approvals and 7% of investment (Table 16).
- In terms of environmental and social impact, the Bank's transport projects under the TSS have predominantly been classified as B44 (79% of approvals and 55% by volume). However there were 13 operations classified as A (could potentially result in significant adverse environmental and social impacts) which amounted to 41% of volume (Table 17).
- In terms of transition impact, at approval, the majority of projects (82%) were rated at various levels of Good (67 out of 82 approvals) (Table 18).
- 52 of the 82 projects were flagged as containing SEI/GET components, equating to 63% SEI/GET Transport contribution by number of operations. (Table 19).
- 58 out of the 82 projects (70%) had some form of external co-financing. 18 of the 58 projects were also joint operations with other IFIs - who provided around €4.7 billion of investment.

Technical cooperation

One of the main elements of the TSS operational approach was mobilising TC funds to support the Bank's policy dialogue and reform objectives in the transport sector. Based on data provided by the Infrastructure TC Unit, during the TSS period:[45]

- the Bank administered 114 TCs for the transport sector, for a total of €40.5 million (Table 20)
- The vast majority (92%) by number (105) and by amount (€37.3 million) have been transaction related, with the balance stand-alone TCs (Table 22).

- The distribution over the 2013-2016 period of the number of TCs in relatively even (on an average 30 operations per year); the related amount is conversely highly contrasted from a minimum of EUR4.2 million in 2015 to a maximum of EUR16.1 million in 2014. The average amount is EUR10m by year (Table 22).
- Half of the amount in TC is focused on three countries: Kazakhstan (13 projects and 21% of the total amount), FYR Macedonia (16 projects, 16% of the amount), and Kosovo (7 projects but 14% of the total). The four regional projects account for 7% of the amount (Table 23).
- Almost half (49%) of the TC missions are related to railway sector, for 52% of the total budget. The road sector represents 24% of the operations for only 13% of the total financial contribution. Eleven operations relate to the port sector for 12% of the total budget.
- Based on EvD analysis of operations' profile, 46% of the total amount is for TCs support for project implementation, mainly directly (37%) or by supporting procurement (6%) or project preparation (4%). Support to the policy framework per se and related areas (trach access charges, road maintenance, privatisation, PPP, etc.) represents 32% of the total amount. Energy efficiency accounts for 15% of TC. Support to client management (including corporate governance, business plan, retrenchment…) amounts to 7%.
- Linking TCs to the output level of the EvD result framework, 56 operations (49%) are related to the output 2 – Policy and regulation, for 46% of the total budget for TC over the period. 38 operations contribute to the Bank's project management (output 1 – Investment) for 38% of the total amount. The last output (low carbon policy, environment and safety) represents 16% of the TC expenses, with 19 projects.

Tables for the investment operations

Table 7: TSS operations and investment[46] by Banking team (Jan 2013 – May 2017)

Banking Team	Number of ops	%	Amount (€m)	%
1. TRA	60	73%	4,042,110,000	81%
2. INF RCA	22	27%	948,000,000	19%
Total	82		4,990,110,000	

Source: EBRD Data Warehouse

Table 8: Approved and signed operations by the Transport team (Jan 2013 – May 2017)

Op Id	Operation Name	Country	Sovereign Risk	Amount (€m)
38716	Corridor VC	BiH	Sovereign	205
39334	Armenia International Airport Phase II	Armenia	Non-Sovereign	41
39432	R1 Motorway - Slovakia	Slovak Rep.	Non-Sovereign	399
40153	Local And Regional Roads	Albania	Sovereign	50
40185	Pan-European Corridors	Ukraine	Sovereign	450
41370	Banja Luka to Doboj Road	BiH	Sovereign	185
42319	Fier and Vlore bypass roads	Albania	Sovereign	53
42542	Port of Split Infrastructure Rehabilitation	Croatia	Sovereign	24
43060	Local Roads Reconstruction and Upgrade Project	Montenegro	Sovereign	5
43094	Roads Reconstruction and Upgrading Project	Azerbaijan	Sovereign	330
44067	M-NAV Modernisation	FYR Macedonia	Non-Sovereign	11
44085	Moldovan Railways Restructuring Project	Moldova	Sovereign	25
44175	Rail Corridor VIII - Second Phase	FYR Macedonia	Sovereign	145

44277	DLF - Georgia Logistics Terminal	Georgia	Non-Sovereign	2
44333	Belarus Rolling Stock Project	Belarus	Non-Sovereign	29
44467	Croatia: HZ Infrastructure Modernisation	Croatia	Sovereign	40
44697	Ukrelevatortrans (UET)	Ukraine	Non-Sovereign	36
44717	Asya Port	Turkey	Non-Sovereign	63
44750	Road Rehabilitation and Safety Project	Serbia	Sovereign	100
45035	Olimpex Dry Port	Ukraine	Non-Sovereign	17
45094	Moldova Roads Rehabilitation IV	Moldova	Sovereign	150
45193	Mersin International Port Bond	Turkey	Non-Sovereign	71
45276	Railway Rehabilitation Project	Kosovo	Sovereign	19
45284	Egyptian National Railways Restructuring	Egypt	Sovereign	126
45475	LEF: Akel Logistics	Turkey	Non-Sovereign	3
45507	PKP Cargo (former Project Tamarind)	Poland	Non-Sovereign	37
45805	DCT Gdansk expansion	Poland	Non-Sovereign	25
45987	National Roads Programme	FYR Macedonia	Sovereign	95
46467	Dalaman Airport	Turkey	Non-Sovereign	81
46695	DFF: Luka Ploce-Liquid cargo terminal	Croatia	Non-Sovereign	10
46917	Ekol Ro-Ro Project	Turkey	Non-Sovereign	56
47006	Nador West Med Port	Morocco	Sovereign	200
47021	Project Anatolia	Turkey	Non-Sovereign	10
47094	DFF: PIMK / Bulgaria	Bulgaria	Non-Sovereign	5
47258	DFF: TLS Logistics	Turkey	Non-Sovereign	7
47320	Global Ports Holding Plc (f. Global Liman (f. Prime))	Turkey	Non-Sovereign	53
47372	BH Corridor VC 2	BiH	Sovereign	80
47383	Yuzhny Grain Terminal	Ukraine	Non-Sovereign	33
47432	InPost S.A. (Project Rocky)	Poland	Non-Sovereign	6
47461	FBIH Roads - Flood Repair and Upgrade	BiH	Sovereign	65
47490	M6 Duna Zrt (f. Project Pannonia - Duna))	Hungary	Non-Sovereign	19
47530	M6 Tolna Zrt (f. Project Pannonia Tolna)	Hungary	Non-Sovereign	11
47546	Port of Brcko	BiH	Sovereign	10
47716	HAC Restructuring Project	Croatia	Sovereign	200
47782	DFF: Interorient Marine Services Ltd	Cyprus	Non-Sovereign	10
47829	Shtip-Radovish Road Section	FYR Macedonia	Sovereign	64
47951	PKP Cargo (formerly project Moravia)	Poland	Non-Sovereign	10
47986	Greek Airports Privatisation Cluster A	Greece	Non-Sovereign	111
47997	Armenia Airport - Refinancing	Armenia	Non-Sovereign	28
48062	Regional Roads Project	Kosovo	Sovereign	29
48157	FCB financing	Azerbaijan	Non-Sovereign	18
48169	Local Roads Reconstruction and Upgrade P	Montenegro	Sovereign	20
48335	DFF - Meest Logistics	Ukraine	Non-Sovereign	7
48345	D4/R7 Highway PPP project (f. Project Falcon)	Slovak Rep.	Non-Sovereign	148
48365	Sadakhlo-Bagratashen Bridge Project	Georgia	Sovereign	5
48439	Project Kanga	Egypt	Non-Sovereign	36
48466	Albanian Railways	Albania	Sovereign	37
48578	Greek Airports Privatisation Cluster B	Greece	Non-Sovereign	75
48999	BH Corridor VC 2 - Extension	BiH	Sovereign	76
49115	RSF - Cargoline	Belarus	Non-Sovereign	2

Table 9: Approved and signed transport operations by the Infra RCA team (Jan 2013 – May 2017)

Op Id	Operation Name	Country	Sovereign Risk	Amount (€m)
36826	Road Maintenance Development Project	Tajikistan	Sovereign	5.8
41918	ALPHA RAIL	Russia	Non-Sovereign	36.4
42232	Dushanbe-Uzbekistan Border Road Improvement Proj.	Tajikistan	Sovereign	55.7
42784	KTZ Energy Efficiency loan	Kazakhstan	Non-Sovereign	8.5
43343	Khujand International Airport Emergency Loan,	Tajikistan	Non-Sovereign	3.5
43675	Eastcomtrans loan	Kazakhstan	Non-Sovereign	45.3
44817	Olzha loan	Kazakhstan	Non-Sovereign	22.1
45202	Far Eastern Rail	Russia	Non-	86.5

			Sovereign	
45267	Lorry Cargo Transportation	Russia	Non-Sovereign	20.0
46227	Olzha loan extension	Kazakhstan	Non-Sovereign	8.0
46558	Sakura Project	Kazakhstan	Non-Sovereign	45.9
46760	DFF: Niet Loan	Kazakhstan	Non-Sovereign	1.6
46852	KTZ Local Currency Loan	Kazakhstan	Non-Sovereign	98.1
47150	Olzha Phase III loan	Kazakhstan	Non-Sovereign	9.8
47218	Astana Airport Rehabilitation	Kazakhstan	Non-Sovereign	7.3
47229	Kurty Buribaytal road project	Kazakhstan	Sovereign	91.8
47354	Air Astana - Technical Centre	Kazakhstan	Non-Sovereign	13.3
47598	KTZ balance sheet restructuring	Kazakhstan	Non-Sovereign	89.1
47609	DFF: AvtoTrans	Turkmenistan	Non-Sovereign	0.9
48001	DFF GT Globaltruck (f. P.Silk Caravan)	Kazakhstan	Non-Sovereign	3.3
48677	Manas airport rehabilitation	Kyrgyz Rep.	Non-Sovereign	4.2
48820	Kurty-Buribaytal Road Project Extension	Kazakhstan	Sovereign	76.7

Table 10: TSS operations and investment by status (Jan 2013 – May 2017)

Status	Number of ops	%	Amount (€m)	%
Active	74	90,52%	4 444	89,05%
Complete	8	9,48%	546	10,95%

Source: EBRD Data Warehouse

Table 11: Share of TSS operations and investment by stage and status (Jan 2013 – May 2017)

Status	Life cycle stage	% of ops	% of investment
Active	Disbursing	18%	23%
	Repaying	48%	23%
	Signed	24%	17%
Complete	Completed	10%	11%

Source: EBRD Data Warehouse

Table 12: TSS operations and investment by portfolio class (Jan 2013 – May 2017)

Portfolio Class	Number of ops	%	Amount (€m)	%
Private	43	53.06%	1,704,080,000	24,15%
State	39	46.94%	3,286,020,000	65,85%

Source: EBRD Data Warehouse

Table 13: TSS operations and investment by sovereign risk (Jan 2013 – May 2017)

	Number of ops	%	Amount (€)	%	Average project size
Non-Sovereign	51	63%	1,972,000,000	40%	39,000,000
Sovereign	31	37%	3,018,000,000	60%	97,000,000

Source: EBRD Data Warehouse

Table 14: TSS operations and investment by instrument (Jan 2013 – May 2017)

Instrument Type	Number of ops	%	Amount (€)	%
Debt	75	91,33%	4,824,000,000	96,67%
Debt & Equity	2	2,53%	30,000,000	0.60%
Equity	5	6,14%	136,000,000	2,72%

Source: EBRD Data Warehouse

Table 15: TSS operations and investment by region and country (Jan 2013 – May 2017)

Region	Country	Number of ops	%	Amount (€m)	%

Region	Country	Number of ops	%	Amount (€m)	%
Central Asia (CA)	Kazakhstan	14	17,37%	520,84	10,44%
	Kyrgyz Rep.	1	1,30%	4,19	0,08%
	Tajikistan	3	3,27%	65,01	1,30%
	Turkmenistan	1	1,27%	0,94	0,02%
	Total	19	23,20%	590,97	11,84%
Central Europe and Baltics (CEB)	Croatia	4	4,84%	274,00	5,49%
	Hungary	2	2,53%	30,06	0,60%
	Poland	4	4,98%	77,71	1,56%
	Slovak Rep.	2	2,34%	547,62	10,97%
	Total	12	14,70%	929,39	18,62%
Cyprus and Greece	Cyprus	1	1,27%	10,14	0,20%
	Greece	2	2,58%	186,73	3,74%
	Total	3	3,85%	196,87	3,95%
Eastern Europe and Caucuses (EEC)	Armenia	2	2,33%	68,77	1,38%
	Azerbaijan	2	2,43%	348,00	6,97%
	Belarus	2	2,49%	30,00	0,60%
	Georgia	2	2,47%	6,75	0,14%
	Moldova	2	2,38%	175,00	3,51%
	Ukraine	5	6,02%	542,61	10,87%
	Total	15	18,13%	1 171,13	23,47%
Russia (RUS)	Russia	3	3,53%	142,83	2,86%
	Total	3	3,53%	142,83	2,86%
Southern and Eastern Europe (SEE)	Albania	3	3,49%	139,87	2,80%
	BiH	6	7,24%	621,00	12,44%
	Bulgaria	1	1,26%	5,00	0,10%
	FYR Macedonia	4	4,86%	315,15	6,32%
	Kosovo	2	2,49%	48,20	0,97%
	Montenegro	2	2,43%	25,00	0,50%
	Serbia	1	1,19%	100,00	2,00%
	Total	19	22,96%	1 254,22	25,13%
South-eastern Mediterranean (SEMED)	Egypt	2	2,50%	161,66	3,24%
	Morocco	1	1,25%	200,00	4,01%
	Total	3	3,75%	361,66	7,25%
Turkey (TUR)	Turkey	8	9,88%	343,03	6,87%
	Total	8	9,88%	343,03	6,87%

Source: EBRD Data Warehouse

Table 16: TSS operations and investment by subsector[47] (Jan 2013 – May 2017)

Sector & sub-sectors	Number of ops	% of ops	Amount (€m)	% investment
Airports and Air Navigation Systems				
Support for Air Transport	2	2,21%	44	0,89%
Total Airports and Air Navigation Systems	2	2,21%	44	0,89%
Construction				
Road Construction	26	31,15%	2 885	57,81%
Total Construction	26	31,15%	2 885	57,81%
Ports and Inland Waterways				
Ports & Harbours	8	9,78%	354	7,09%
Total Ports and Inland Waterways	8	9,78%	354	7,09%
Surface Transport Equipment Manufacturing				
Rail Rolling Stock	3	3,58%	195	3,90%
Total Surface Transport Equipment Manufacturing	3	3,58%	195	3,90%
Transport Services				
Air Transport	4	5,03%	226	4,52%
Intermodal	16	19,86%	430	8,61%
Postal Service	2	2,55%	13	0,26%
Rail Transport	14	16,93%	579	11,61%
Support Activities	4	5,08%	156	3,12%
Water Transport	2	2,54%	91	1,83%
Total Transport Services	42	52,00%	1 495	29,95%
Water Transport Equipment Manufacturing				
Ship & Boat Building	1	1,28%	18	0,36%

Total Water Transport Equipment Manufacturing	1	1,28%	18	0,36%
Total	82	100,00%	4 990	100,00%

Source: EBRD Data Warehouse

Table 17: TSS operations and investment by environmental category (Jan 2013 – May 2017)

E&S Env Category	Number of ops	%	Amount (€m)	%
A	12	14,16%	1 957	39,22%
B	65	79,70%	2 758	55,26%
C	2	2,25%	95	1,90%
NA	3	3,89%	181	3,62%

Source: EBRD Data Warehouse

Table 18: TSS operations and investment by TI rating at approval (Jan 2013 – May 2017)

Transition Impact & risk at approval	Number of ops	% of ops	Amount (€m)	% investment
Excellent				
Medium	1	1%	399	100%
Total Excellent	*1*	*1%*	*399*	*8%*
Strong Good				
High	9	11%	447	83%
High/Excessive	1	1%	89	17%
Total Strong Good	*10*	*13%*	*536*	*11%*
Good				
High	36	43%	2 742	88%
Medium	11	13%	372	12%
Low	1	1%	10	0%
Total Good	*48*	*57%*	*3 124*	*63%*
Moderate Good				
High	2	2%	144	21%
Medium	6	7%	530	79%
Total Moderate Good	*8*	*10%*	*674*	*14%*
Satisfactory				
Low	1	1%	11	100%
Total Satisfactory	*1*	*1%*	*11*	*0%*
N/A				
Total N/A	14	18%	246	5%
Total	**82**	**100%**	**4 990**	**100%**

Source: EBRD Data Warehouse

Table 19: TSS operations and investment by SEI Flag (Jan 2013 – May 2017)

SEI/GET Flag	Number of ops	Amount (€m)	SEI/ GET Finance
N	38	1 867	0
Y	44	3 123	1 096
Total	82	4 990	1 096

Source: EBRD Data Warehouse

Tables for the technical cooperation (TC)

Table 20: Transport TCs by year (Jan 2013 – Dec 2016)

Year	Number of TCs	Amount (€)
2013	31	6 669 677
2014	28	16 046 629
2015	23	4 261 000
2016	32	13 560 050
Total	114	40 537 356

Source: Data from Infrastructure TC Unit

Table 21: Transport TCs by country (Jan 2013 – Dec 2016)

Country	Number of TCs	Amount (€)
Kazakhstan	13	8 466 629
FYR Macedonia	16	6 605 000
Kosovo	7	5 540 000
Albania	7	2 862 000
Regional	4	2 700 000
Morocco	8	2 438 190
Egypt	6	2 345 000
Moldova	7	2 008 000
Bosnia & Herzegovina	10	1 984 000
Montenegro	7	1 415 000
Croatia	7	1 262 000
Romania	3	874 000
Russian Federation	6	760 677
Serbia	4	641 000
Tajikistan	5	348 000
Kyrgyz Republic	1	74 860
Georgia	1	72 000
Jordan	1	71 000
Armenia	1	70 000
Total	**114**	**40 537 356**

Source: Data from Infrastructure TC Unit

Table 22: Transport TCs by transaction relation (Jan 2013 – Dec 2016)

TC Type	Number of TCs	%	Amount (€)	%
Transaction related	105	92%	37 416 679	92%
Non-transaction related	9	8%	3 120 677	8%
Total	**114**	**100%**	**40 537 356**	**100%**

Source: Data from Infrastructure TC Unit

Table 23: Transport TCs by subsector[48] (Jan 2013 – Dec 2016)

Subsector	Number of TCs	Amount (€)
Rail	56	21,135,000
Road	27	5,366,000
Infrastructure	2	4,986,629
Ports	11	3,108,190
Advisory/Policy	4	2,700,000
Transport	1	1,200,000
Post	3	874,000
Aviation	6	801,860
Shipping	3	293,677
Intermodal	1	72,000
Total	**114**	**40,537,356**

Source: Data from Infrastructure TC Unit

Specific portfolio analysis for the evaluation questions

Table 24: TSS portfolio contributing to improve access to markets

Improved access to markets	# of ops	Amount (€m)	% inv.
1.1. Infrastructure modernized, extended, standardized, rehabilitated, maintained	14	1169	29,5%
Local and regional roads construction & maintenance	2	70	6,0%
Trunk roads construction & maintenance	11	1059	90,6%
Rail tracks construction & maintenance	1	40	3,4%
1.2. Fleet modernized, developed, standardized	19	600	15,2%
Rail rolling stock modernization & development	9	388	64,6%
Road fleet modernization & development	4	26	4,4%
Maritime and waterways fleet modernization & development	5	173	28,8%
Air fleet modernization & development, maintenance centres	1	13	2,2%
1.3 Transport infrastructure better integrated with Europe, Asia, and the SEMED region	34	2190	55,3%
EU & regional trunk roads construction	4	517	23,6%
EU and regional motorways construction & operation	5	694	31,7%
Airport construction, modernization & equipment	7	176	8,0%
Port terminal construction & equipment	10	487	22,3%
Rail tracks construction & maintenance	4	206	9,4%
Intermodal hubs, logistics terminals construction & equipment	4	110	5,0%
Total	**67**	**3959**	**100,0%**

Source: EvD TSS Portfolio Review

Table 25: TSS portfolio contributing to improve access to markets

	# of ops	Disbursement	% disb.
1.1. Infrastructure modernized, extended, standardized, rehabilitated, maintained	**14**	**199**	**12%**
Local and regional roads construction & maintenance	2	50	25%
Trunk roads construction & maintenance	11	132	66%
Rail tracks construction & maintenance	1	17	9%
1.2. Fleet modernized, developed, standardized	**19**	**366**	**21%**
Rail rolling stock modernization & development	9	227	62%
Road fleet modernization & development	4	13	4%
Maritime and waterways fleet modernization & development	5	112	31%
Air fleet modernization & development, maintenance centres	1	13	4%
1.3 Transport infrastructure better integrated with Europe, Eurasia, and the SEMED region	**34**	**1164**	**67%**
EU & regional trunk roads construction	4	286	25%
EU and regional motorways construction & operation	5	397	34%
Airport construction, modernization & equipment	7	139	12%
Port terminal construction & equipment	10	235	20%
Rail tracks construction & maintenance	4	4	0%
Intermodal hubs, logistics terminals construction & equipment	4	102	9%
Total	67	1728	100%

Source: EvD TSS Portfolio Review

Table 26: TSS performance rating for improved access to markets

# of ops	Rate of achievement of the outcome					
Improved access to markets (Outcome 1)	Fully achieved	Largely achieved	Not achieved	Not yet due	Cancelled	Total
1.1. Infrastructure modernized, extended, standardized, rehabilitated, maintained	**2**			**12**		**14**
Local and regional roads construction & maintenance	1			1		2
Trunk roads construction & maintenance	1			10		11

Rail tracks construction & maintenance				1		1
1.2. Fleet modernized, developed, standardized	**8**	**1**	**1**	**8**	**1**	**19**
Rail rolling stock modernization & development	4	1	1	3		9
Road fleet modernization & development	2			1	1	4
Maritime and waterways fleet modernization & development	2			3		5
Air fleet modernization & development, maintenance centres				1		1
1.3 Transport infrastructure better integrated with Europe, Eurasia, and the SEMED region	**8**	**2**		**23**	**1**	**34**
EU & regional trunk roads construction	1			3		4
EU and regional motorways construction & operation	4			1		5
Airport construction, modernization & equipment	2			4	1	7
Port terminal construction & equipment		2		8		10
Rail tracks construction & maintenance				4		4
Intermodal hubs, logistics terminals construction & equipment	1			3		4
Total	**18**	**3**	**1**	**43**	**2**	**67**

Source: EvD TSS Portfolio Review

Table 27: TSS TC contribution to reforms of SOEs

Outcome, Indicators	Amount (€m)	%
1. Access of businesses and consumers to markets improved	17.8	44%
1.1. Infrastructure modernized, extended, standardized, rehabilitated, maintained	17.1	96%
1.2. Fleet modernized, developed, standardized	.6	4%
1.3 Transport infrastructure better integrated with Europe, Eurasia, and the SEMED region	.1	%

Source: EvD TSS Portfolio Review

Table 28: TSS TC targets for improved access to markets

TC targets	Amount (€m)	%
Implementation support	13,9	78%
Procurement	1,7	10%
Project preparation	1,5	8%
Road maintenance	,4	2%
Planning	,2	1%
Interoperability	,1	1%
Policy framework	,1	%
Total	17,8	100%

Source: EvD TSS Portfolio Review

Table 29: TSS sovereign operations to improve access to markets

Access to market, Sovereign operations	Amount (€m)
Albania	**140**
Construction of two bypass roads (51km) in key sections of the national road network	53
Rehabilitation and construction of 40km of railway lines	37
Rehabilitation and upgrading of up to 500km of regional and local roads, support to sector reform	50
Azerbaijan	**330**
156 km of the regional road network	330
BiH	**621**
Construction of 1/3rd of 65 km of Corridor VC	205
Construction of 72 km of the new motorway	185
Construction of two additional motorway sections of Corridor VC: 7.2 km + 2.1 km	80
Construction of two motorway sections of Corridor VC: 10.8 km + 6.3 km	76
rehabilitation and improvement of the infrastructure in the Port, the purchase of handling equipment and optimisation of road and railway access to the Port	10
Roads damaged by the floods repaired and primary road sections and bypasses upgraded	65
Croatia	64
Acquire track maintenance machinery and labour restructuring; corporate capacity strengthening	40
Reconfiguration of the port space	24

Egypt	126
Finance the purchase of new rolling stock	126
FYR Macedonia	304
Construction or reconstruction of 53km of national road sections, support to institutional strengthening	95
Engineering design services for the reconstruction and construction of the section Beljakovce – Kriva Palanka 36 km	145
improvement of a 39 km single carriageway section on A4 national road	64
Georgia	5
Construction of a new bridge at the main border crossing point between Armenia and Georgia	5
Kazakhstan	168
Reconstruct 81 kilometres of the road connecting Almaty and Astana	92
Reconstruct of 62 km of the road connecting Almaty and Astana	77
Kosovo	48
Rehabilitation of 28km road section and upgrade of access roads	29
the rehabilitation and upgrading of Kosovo Rail Route 10, 148 km long	19
Moldova	175
Purchase of 10 locomotives, master plan, labour restructuring, and energy efficiency plan	25
Rehabilitation of 90km of the national road network	150
Montenegro	25
Reconstruction of 9.7 km of the local road network and one tunnel	5
Rehabilitation and upgrading of 10km of the local road network, support road maintenance reforms and systemic capacity building on road safety	20
Morocco	200
Build the basic port infrastructure for a greenfield port in Morocco	200
Serbia	100
Rehabilitation and safety improvement works on the national road network in Serbia, and introduction of Performance Based Maintenance Contracts based	100
Tajikistan	62
Financing maintenance equipment for the national road network	6
Rehabilitate and upgrade the 62 km road linking Dushanbe to the Uzbek border	56
Ukraine	450
Upgrade 380 km of the key road approaches and financing of the introduction of performance based maintenance contracts in the road sector	450
Total	2818

Source: EvD TSS Portfolio Review

Table 30: TSS portfolio contribution to reforms of SOEs

Efficiency and sustainability reforms of SOEs (Outcome 2)	# of ops	Amount (€m)	% inv.
2.1. Separation of transport infrastructure policy and management functions	1	205	10%
2.2. Reforms to increase and stabilize funding for infrastructure maintenance	10	1306	66%
2.3. Commercialisation and corporatisation of SOEs, streamlining operations	8	285	14%
2.4. SOEs corporate governance, business practices, and ability to attract funding on commercial terms improved	2	174	9%
Total	**21**	**1969**	**100%**

Source: EvD TSS Portfolio Review

Table 31: TSS contribution to improve funding of infrastructure maintenance

Reforms to increase and stabilize funding for infrastructure maintenance	Amount (€m)
Azerbaijan	**330**
156 km of the regional road network	330
BiH	**145**
Construction of two additional motorway sections of Corridor VC: 7.2 km + 2.1 km	80
Roads damaged by the floods repaired and primary road sections and bypasses upgraded	65
FYR Macedonia	**64**
improvement of a 39 km single carriageway section on A4 national road	64
Kazakhstan	**77**
Reconstruct of 62 km of the road connecting Almaty and Astana	77
Kosovo	**29**
Rehabilitation of 28km road section and upgrade of access roads	29
Moldova	**150**

Rehabilitation of 90km of the national road network	150
Tajikistan	**62**
Financing maintenance equipment for the national road network	6
Rehabilitate and upgrade the 62 km road linking Dushanbe to the Uzbek border	56
Ukraine	**450**
Upgrade 380 km of the key road approaches and financing of the introduction of performance based maintenance contracts in the road sector	450
Total	**1306**

Source: EvD TSS Portfolio Review

Table 32: TSS contribution to reform of SOEs

Commercialisation and corporatisation of SOEs, streamlining operations	Amount (€m)
Albania	**37**
Rehabilitation and construction of 40km of railway lines	37
BiH	**10**
rehabilitation and improvement of the infrastructure in the Port, the purchase of handling equipment and optimisation of road and railway access to the Port	10
Croatia	**40**
Acquire track maintenance machinery and labour restructuring; corporate capacity strengthening	40
Kazakhstan	**154**
Acquisition of 150 freight railcars	10
Acquisition of the equipment for logistics and infrastructure maintenance operations and for the restructuring of the balance sheet of KTZ	98
General corporate purposes of KTZ	46
Kosovo	**19**
the rehabilitation and upgrading of Kosovo Rail Route 10, 148 km long	19
Moldova	**25**
Purchase of 10 locomotives, master plan, labour restructuring, and energy efficiency plan	25
Total	**285**

Source: EvD TSS Portfolio Review

Table 33: TSS TC contribution to reforms of SOEs

Outcome, Indicators	Amount (€m)	%
2. Efficiency and sustainability reforms of state owned enterprises	**5.6**	**14%**
2.2. Reforms to increase and stabilize funding for infrastructure maintenance	1	17%
2.3. Commercialisation and corporatisation of SOEs, streamlining operations	3.6	65%
2.4. SOEs corporate governance, business practices, and ability to attract funding on commercial terms improved	1	18%

Source: EvD TSS Portfolio Review

Table 34: TSS TC targets for reforms of SOEs

TC targets	Amount (€m)	%
Corporate governance	2.5	45%
Privatisation	1.1	20%
Procurement	.7	12%
Road maintenance	.5	9%
Planning	.5	8%
Implementation support	.2	4%
SOE retrenchment	.1	2%
Total	**5.6**	**100%**

Source: EvD TSS Portfolio Review

Table 35: TSS Disbursement to reforms of SOEs

Efficiency and sustainability reforms of SOEs (Outcome 2)	# of ops	Disbursement	% disb.
2.1. Separation of transport infrastructure policy and management functions	1	205	26%
2.2. Reforms to increase and stabilize funding for infrastructure maintenance	10	371	48%
2.3. Commercialisation and corporatisation of SOEs, streamlining operations	8	171	22%
2.4. SOEs corporate governance, business practices, and ability to attract funding on commercial terms improved	2	29	4%
Total	21	775	100%

Source: EvD TSS Portfolio Review

Table 36: TSS performance rating for reforms of SOEs

In # of ops	Rate of achievement of the outcome				
Efficiency and sustainability reforms of SOEs (Outcome 2)	Fully achieved	Largely achieved	Not achieved	Not yet due	Total
2.1. Separation of transport infrastructure policy and management functions	1				1
2.2. Reforms to increase and stabilize funding for infrastructure maintenance	1	2	3	4	10
2.3. Commercialisation and corporatisation of SOEs, streamlining operations	1	3	1	3	8
2.4. SOEs corporate governance, business practices, and ability to attract funding on commercial terms improved			1	1	2
Total	**3**	**5**	**5**	**7**	**21**

Source: EvD TSS Portfolio Review

Table 37: TSS TC contribution to reforms of the policy and regulatory environment

Outcome, indicators	Amount (€m)	%
3. Policy and regulatory environment more conducive to commercialisation	**8.8**	**22%**
3.1. Legislative and regulatory framework for concession enacted	.1	1%
3.2. Market-based access charging regimes enacted	3.1	35%
3.3. Competitive tariff structures for operation enacted	5.6	63%
3.4. Public service obligations contracted with SOEs or private sector	.1	1%

Source: EvD TSS Portfolio Review

Table 38: TSS TC targets for reforms of the policy and regulatory environment

TC targets	Amount (€m)	%
Policy framework	6.8	77%
Track access charges	1.9	22%
Public service obligations	.1	1%
Project preparation	.1	1%
Total	8.8	100%

Source: EvD TSS Portfolio Review

Table 39: TSS operations contributing to deepened private sector participation

Deepened private sector participation (Outcome 4)	Amount (€m)
Albania	**103**
Construction of two bypass roads (51km) in key sections of the national road network	53
Rehabilitation and upgrading of up to 500km of regional and local roads, support to sector reform	50
Armenia	**41**
Finance the construction of a new departures terminal and associated works and equipment	41
BiH	**185**
Construction of 72 km of the new motorway	185
Croatia	**224**
Finance debt refinancing programme and maintenance subsidiary restructuring	200
Reconfiguration of the port space	24

Egypt	**126**
Finance the purchase of new rolling stock	126
FYR Macedonia	**95**
Construction or reconstruction of 53km of national road sections, support to institutional strengthening	95
Greece	**187**
Financing the upfront concession fee payment and subsequent capital expenditures	187
Hungary	**30**
Purchase of the Companies' capital and voting rights, and the acquisition of the pro-rata share in the Companies' shareholder loans	30
Montenegro	**5**
Reconstruction of 9.7 km of the local road network and one tunnel	5
Morocco	**200**
Build the basic port infrastructure for a greenfield port in Morocco	200
Serbia	**100**
Rehabilitation and safety improvement works on the national road network in Serbia, and introduction of Performance Based Maintenance Contracts based	100
Slovak Rep.	**399**
Participation with a subscription of up to €200 million in a private placement of a project bond	399
Tajikistan	**3**
Invest in runway resurfacing and safety equipment, support the preparation of a Master Plan including measures to improve safety and operational standards and processes, implementation of IFRS reporting standards and an Environmental and Social Action Plan	3
Turkey	**91**
Construction of a domestic terminal, financing of the initial concession payment	81
Participation in local currency corporate bond	10
Total	1790

Source: EvD TSS Portfolio Review

Table 40: TSS portfolio contribution to deepened private sector participation

Private sector participation deepened (Outcome 4)	# of ops	Amount (€m)	% inv.
4.1. Management and operational contracts with private contractors	3	224	13%
4.2. Performance-based road maintenance contracts generalized	4	208	12%
4.3. Private investments in the construction and management of infrastructure (PPPs) systematized	8	961	54%
4.4. Privatization of State infrastructure assets	3	387	22%
Total	**18**	**1780**	**100 %**

Source: EvD TSS Portfolio Review

Table 41: TSS TC contribution to deepened private sector participation

Outcome, Indicators	Amount (€m)	%
4. Private sector participation deepened	**.9**	**2%**
4.2. Performance-based road maintenance contracts generalized	.8	93 %
4.3. Private investments in the construction and management of infrastructure (PPPs) systematized	.1	7%

Source: EvD TSS Portfolio Review

Table 42: TSS disbursement on deepened private sector participation

Private sector participation deepened (Outcome 4)	# of ops	Disbursement	% disb.
4.1. Management and operational contracts with private contractors	3	14	1%
4.2. Performance-based road maintenance contracts generalized	4	86	7%
4.3. Private investments in the construction and management of infrastructure (PPPs) systematized	8	756	61%
4.4. Privatization of State infrastructure assets	3	387	31%
Total	**18**	**1242**	**100%**

Source: EvD TSS Portfolio Review

Table 43: TSS performance ratings for deepening private sector participation

in # of ops	Rate of achievement of the outcome				
Private sector participation deepened (Outcome 4)	Fully achieved	Largely achieved	Not achieved	Not yet due	Total
4.1. Management and operational contracts with private contractors		1	1	1	3
4.2. Performance-based road maintenance contracts generalized	3		1		4
4.3. Private investments in the construction and management of infrastructure (PPPs) systematized		2	1	5	8
4.4. Privatization of State infrastructure assets			1	2	3
Total	**3**	**3**	**4**	**8**	**18**

Source: EvD TSS Portfolio Review

Table 44: TSS non-sovereign operations on behalf of SOEs

Non-sovereign operations for SOEs	Amount (€m)
FYR Macedonia	**11**
M-NAV Modernisation	11
Kazakhstan	**249**
Astana Airport Rehabilitation	7
KTZ balance sheet restructuring	89
KTZ Energy Efficiency loan	9
KTZ Local Currency Loan	98
Sakura Project	46
Kyrgyz Rep.	**4**
Manas airport rehabilitation	4
Tajikistan	**3**
Khujand International Airport Emergency Loan,	3
Total	**268**

Source: EvD TSS Portfolio Review

Table 45: Transport sector operations by portfolio class by ABI and number (2009 – 2017)

Year	Portfolio Class	% of Number of Projects - ABI	% of ABI - Reported Rates
2013	PRIVATE	42%	48%
2013	STATE	58%	52%
2014	PRIVATE	58%	36%
2014	STATE	42%	64%
2015	PRIVATE	59%	39%
2015	STATE	41%	61%
2016	PRIVATE	52%	26%
2016	STATE	48%	74%
2017	PRIVATE	56%	33%
2017	STATE	44%	67%

Source: EvD TSS Portfolio Review

Table 46: TSS sovereign operations by country

	Amount (€m)	% (€mln)	#	%
Non-ETC	**2,447**	**81%**	**25**	**81%**
BiH	621	21%	6	19%
FYR Macedonia	304	10%	3	10%
Albania	140	5%	3	10%
Croatia	264	9%	3	10%
Kosovo	48	2%	2	6%
Montenegro	25	1%	2	6%
Kazakhstan	168	6%	2	6%
Ukraine	450	15%	1	3%
Serbia	100	3%	1	3%
Egypt	126	4%	1	3%
Morocco	200	7%	1	3%
ETC	**571**	**19%**	**6**	**19%**

Azerbaijan	330	11%	1	3%
Moldova	175	6%	2	6%
Tajikistan	62	2%	2	6%
Georgia	5	%	1	3%
Total	**3,018**	**100%**	**31**	**100%**

Source: EvD TSS Portfolio Review

Table 47: TSS portfolio contribution to the expansion of transport services market

Transport services market expansion	# of ops	Amount (€m)	% inv.
5.1. Private freight expansion and increased competitiveness	13	384	70%
5.2. Privatisation of commercial transport services (IPO or private placements)	4	167	30%
Total	**17**	**551**	**100%**

Source: EvD TSS Portfolio Review

Table 48: TSS portfolio contributing to the expansion of transport services market

5. Transport services market expansion	Amount (€m)
Bulgaria	**5**
Construction of new railway lines	5
Kazakhstan	**89**
Acquisition of 150 freight railcars	8
Acquisition of 500 freight railcars and other capital expenditures	45
Construction of an aircraft hangar (including storage area and administration offices) and a garage for specialised vehicles	13
Refinancing of existing debt at Alfa Bank and acquire around 150 freight railcars	22
Poland	**53**
Buy shares in the Company not exceeding 20 per cent share of the offered shares	37
Buy shares representing up to 50 per cent minus one share of the Company greater market-oriented behaviour in Poland's postal market	6
Financing of the acquisition of AWT by PKP Cargo (bridge facility)	10
Russia	**143**
Acquisition and on-leasing of up to 10,000 new generation gondola railcars (15% more fuel efficient)	86
i) the Company's mid-term fleet renewal (900 units) and expansion programme; (ii) domestic and international expansion of the Company; (iii) the Company's development from 2PL into 3PL services provider and (iv) implementation of the best international industry standards of road safety and energy efficiency	20
Pre-IPO investment up to €109 million in the Company's preferred shares	36
Turkey	**245**
Refinancing of loans of the cie	3
Acquisition of 2 modern vessels	56
Design, construction, operation and maintenance of the Asya Port container terminal	63
Investment in the shares of the Company	53
Restructuring of the Company's Balance Sheet and capacity expansion of Mersin Port	71
Ukraine	**17**
Development of a grain drying and cleaning facility within the territory of the euro terminal logistics centre	17
Total	551

Source: EvD TSS Portfolio Review

Table 49: TSS disbursement for expansion of transport services market

Transport services market expansion	# of ops	Disbursement	% disb.
5.1. Private freight expansion and increased competitiveness	13	351	91%
5.2. Privatisation of commercial transport services (IPO or private placements)	4	167	100%
Total	**17**	**519**	**94%**

Source: EvD TSS Portfolio Review

Table 50: TSS performance ratings for expansion of transport services market

	Rate of achievement of the outcome				
Transport services market expansion	Fully achieved	Largely achieved	Not achieved	Not yet due	Total
5.1. Private freight expansion and increased competitiveness	6	1	2	4	13
5.2. Privatisation of commercial transport services (IPO or private placements)	4				4
Total	10	1	2	4	17

Source: EvD TSS Portfolio Review

Table 51: TSS portfolio contribution to sustainable transport

Sustainable transport, safety and inclusion improvements (Outcome 6)	# of ops	Investment	GET investment	GET %
6.1. Modal shift to rail and waterways	1	5	5	100%
6.2. Energy savings, reduced greenhouse gas emissions	43	3351	927	28%
6.3. Environment and biodiversity protected	5	99	64	65%
6.4. (Road) safety increased	6	367	64	17%
Total	**55**	**3822**	**1059**	**28%**

Source: EvD TSS Portfolio Review

Table 52: TSS TC contribution to sustainable transport

Outcome, Indicators	Amount (€m)	%
6. Sustainable transport, safety and inclusion improvements	**7.2**	**18%**
6.2. Energy savings, reduced greenhouse gas emissions	5.8	81%
6.3. Environment and biodiversity protected	.7	10%
6.4. (Road) safety increased	.6	9%

Source: EvD TSS Portfolio Review

Table 53: TSS disbursement for sustainable transport

Sustainable transport	# of ops	Disbursement	% disb.
6.1. Modal shift to rail and waterways	1	4	%
6.2. Energy savings, reduced greenhouse gas emissions	43	2128	94%
6.3. Environment and biodiversity protected	5	86	4%
6.4. (Road) safety increased	6	56	2%
Total	**55**	**2274**	**100%**

Source: EvD TSS Portfolio Review

Table 54: TSS performance ratings in sustainable transport

in # of ops	Rate of achievement of the outcome					
6. Sustainable transport, safety and inclusion improvements	Fully achieved	Largely achieved	Not achieved	Not yet due	Cancelled	Total
6.2. Energy savings, reduced greenhouse gas emissions	1	6	1	5		13
6.3. Environment and biodiversity protected			1	3	1	5
6.4. (Road) safety increased	1	3		2		6
Total	**2**	**9**	**2**	**10**	**1**	**24**

Source: EvD TSS Portfolio Review

Table 55: TSS TCs by Donor (2013-2016)

Donors	# of TCs	% of ops	Amount (€)	%
EBRD Shareholder Special Fund	51	45%	11,868,860	29%
Western Balkans Investment Framework	8	7%	9,352,000	23%
Government Of Kazakhstan - 20%; SSF - 80%	1	1%	3,486,629	9%
N/A	13	11%	2,290,000	6%
EBRD Shareholder Special Fund / Early Transition Countries Fund	3	3%	2,073,000	5%
Central European Initiative	7	6%	1,748,000	4%
TBC	8	7%	1,509,000	4%
Government Of Kazakhstan - 50%; SSF - 50%	1	1%	1,500,000	4%
Global Environment Facility (GEF)	4	4%	1,221,867	3%
Government Of Kazakhstan - 100%	1	1%	1,200,000	3%
Kazakh TC Fund	1	1%	1,200,000	3%
Japanese Technical Cooperation Fund	1	1%	885,000	2%
SEMED Multi Donor Account	1	1%	500,000	1%
Swedish Technical Cooperation Fund	5	4%	495,000	1%
French Technical Cooperation Fund	4	4%	400,000	1%
Czech Technical Cooperation Fund	1	1%	350,000	1%
SEMED Cooperation Fund	1	1%	250,000	1%
SEMED Project Preparation Facility	1	1%	71,000	%
SSF	1	1%	70,000	%
Taiwan Technical Cooperation Fund	1	1%	67,000	%
Total	114	100%	40,537,356	100%

Source: EBRD's Infrastructure TC Unit

Table 56: TSS portfolio IFI co-financing

Country	Operation Name	Op Id	EBRD €m	IFI	Product	IFI €m
Albania	Local And Regional Roads	40153	50	EIB	Loan	50
Albania	Fier and Vlore bypass roads	42319	53	EIB	Loan	53
Armenia	Armenia International Airport Phase II	39334	85	AsDB	Loan	10.8
BiH	Corridor VC	38716	205	EIB	Loan	300
BiH	Banja Luka to Doboj Road	41370	195	EIB	Loan	160
Croatia	HAC Restructuring Project	47716	250	World Bank	Loan	1,800
Greece	Greek Airports Privatisation Cluster A	47986	111	EIB	Loan	150
				IFC	Loan	91.9
				BSTDB	Loan	37.2
Greece	Greek Airports Privatisation Cluster B	48578	75	EIB	Loan	130.4
				IFC	Loan	62.2
				BSTDB	Loan	25.2
Kazakhstan	Kurty Buribaytal road project	47229	86	World Bank	Loan	181
Kosovo	Railway Rehabilitation Project	4527	19	EIB	Loan	73.3

Country	Operation Name	Op Id	EBRD €m	IFI	Product	IFI €m
		6				
Moldova	Moldova Roads Rehabilitation IV	45094	150	EIB	Loan	150
Serbia	Road Rehabilitation and Safety Project	44750	100	EIB	Loan	100
				World Bank	Loan	73.8
Slovak Republic	D4/R7 Highway PPP project (f. Project Falcon)	48345	148	EIB	Loan	426.9
Tajikistan	Dushanbe-Uzbekistan Border Road Improvement Project	42232	52	AsDB	Loan	100.1
				AIIB	Loan	22.5
Turkey	Mersin International Port Bond	45193	75	IFC	Bond	55.1
Turkey	Asya Port	44717	77	IFC	Loan	57.6
Ukraine	Pan-European Corridors	40185	450	EIB	Loan	450
Ukraine	UZ Electrification	45782	125	EIB	Loan	150

Source: OSP297 - BPN197 - Cumulative Co-financing

Table 57: TSS portfolio co-financing by co-financier type

Co-financier Type	Non-EBRD € million	% Non-EBRD	EBRD Finance € m	Amount per EBRD €
IFI	4,711	39%	3,090	1.5
Institutional	4,458	37%	4,831	0.9
Banks	1,999	16%	4,046	0.5
Local Govt Dept or Auth	663	5%	1,056	0.6
Bilateral FI	203	2%	285	0.7
European Commission	134	1%	789	0.2
Donor Government	5	0%	221	0.0
Total	12,173	100%	14,318	0.9

Source: OSP297 - BPN197 - Cumulative Co-financing

Table 58: TSS portfolio IFI co-financing by transition stage

	#	% of #	IFI amount €	€%
ETC	4	15%	283,466,800	6%
Moldova	1	4%	150,000,000	3%
Tajikistan	2	8%	122,622,623	3%
Armenia	1	4%	10,844,178	%
Non-ETC	22	85%	4,427,647,100	94%
Croatia	1	4%	1,800,000,000	38%
Ukraine	2	8%	600,000,000	13%
Greece	6	23%	496,998,139	11%
Bosnia and Herzegovina	3	12%	460,000,000	10%
Slovak Republic	1	4%	426,922,001	9%
Kazakhstan	1	4%	181,014,348	4%
Serbia	2	8%	173,800,000	4%
Turkey	2	8%	112,612,613	2%
Albania	3	12%	103,000,000	2%
Kosovo	1	4%	73,300,000	2%
Grand Total	26	100%	4,711,113,900	100%

Source: OSP297 - BPN197 - Cumulative Co-financing

Table 59: TSS portfolio IFI co-financing in SEMED

Op Id	Operation	Country	EBRD €	Organisation/country	Non-EBRD Amount €m
47006	Nador West Med Port	MOROCCO	200,000,000	Arab Fund for Economic & Social Development - Kuwait	175
48439	Project Kanga	Egypt	33,366,700	Institutional Investors - Multinational	154,3

Source: OSP297 - BPN197 - Cumulative Co-financing

Annex 5. Analysis supporting the evaluation questions

Table 60: TSS strategic focus areas and approach vs SPI

Focus Area	Strategic Approach	Associated SPI
Market-based transport	Promoting private ownership, financing and operation of transport infrastructure, where necessary, by engaging firstly on a non-sovereign basis financing SOEs;	At least 60 per cent of projects structured on a private or non-sovereign basis (calculated as an average of cumulative project numbers over a five year period.)
	supporting the creation and expansion of competitive markets for transport services;	None
	improving the efficiency of management of public sector transport assets.	By supporting sector reform and restructuring enable the transformation of 3-5 sovereign clients into commercially-oriented entities (or part of their operations into commercially-oriented ring-fenced activities), which can raise finance on a non-sovereign basis or contract-out operations to the private sector.
Sustainable transport	Promotion of low carbon transport	Reduce CO_2 emissions by a doubling of the Transport Sustainable Energy Initiative (SEI) contribution to 25% of Transport annual business volume over the next five year period (2013-2018).
	environmental appraisal,	None
	pollution prevention and abatement,	None
	road safety planning design and investments,	Within five years all public sector road projects are subject to a road safety assessment that identifies the risks to be reduced and at least 50 per cent of such projects to include specific road safety components or initiatives to enhance the impact of the Bank's project on improving road safety in its COOs.
	biodiversity,	None
	social appraisal,	None
	resettlement and livelihood restoration,	None
	stakeholder engagement,	None
	economic inclusion and gender equality.	None
Broadening the offer	More logistics, intermodal transport, including postal services,	None
	intercity bus and coach services,	None
	road construction and maintenance, railway property development.	None

Source: EvD elaboration

Table 61: CRR4 transport-related priorities

CRR4 identifies transition opportunities by region (Eastern Europe & Caucasus, South-Eastern Europe, etc.). Transition challenges and opportunities are analysed for each of them by sector, including the transport sector. The section sets firstly market prospects, and in some cases priorities.

EBRD region	CRR4 transport-related priorities
Eastern Europe & Caucasus	None
South-Eastern Europe	Romania and Bulgaria: PPPs for the development of key road corridors; in the railway sector, implementation of reforms, funding of public service obligations, and development of railway stations on a concession basis (Bulgaria). Western Balkans: financing of Trans-European corridors (rail, roads) and regional/local roads; airport development and port terminals and airport concessions; Road PPPs (end of period).
Central Asia	Kazakhstan: Railways modernisation and commercialization, support to private rail operators, development of key roads on a PPP basis; port and airport infrastructure. Other countries: road sector (Kyrgyzstan); port (Turkmenistan).
Russia	Investment in railcars and shipping fleets (encompassing energy saving); port infrastructure and sector reform; more extensive PPPs (airports, roads); extension to regional infrastructure.
Central Europe	Large PPP transactions (motorways) and private sector rail activities (Poland), ports and regional airports
Turkey	Privatisation of state-owned ports and concession for road development.

Source: BDS10-020 (Final) Capital Resources Review 4: 2011-2015

Box 5: Bosnia road sector reform covenants

Bosnia & Herzegovina is an example of policy dialogue (covenants) that achieved a breakthrough after some 10 years of standstill: road maintenance in BiH is financed by fuel levy and vehicle registration collected at State level (BiH), then channelled to entities Roads and Motorways public companies. The increase in fuel levy (+2.5 cts/l for roads, and 0.1 cts/l for motorways) is critical to enhance the liability of SOEs and attract further financial contribution. To date, the Bank's strategy has not paid off, but expectations were high during the field mission (December 2017) that a positive decision could be taken before the end of the year. The Bank's first project on Corridor VC was instrumental in corporatizing the then Directorate for motorways.

BH Corridor VC 1 - The objectives of the operation were to i) transform the FBH motorways directorate into a SOE (with proper accountability and governance), ii) develop a corporate plan, (iii) continue introducing tariff reform and most notably of fuel levy. A post-signing TC was involved to provide institutional support to FBHMD and to support the project implementation (€500K). A fuel levy had finally been introduced in July 2009 which ensured financial sustainability to FBHMD. On the institutional side, it took a long time for the Parliament to find an agreement on the new law on roads providing for the transformation of the FBHMD into a company. However, the FBHMD was successfully turned into the Public Company Motorways FBH by 2011 and managed the project relatively well in spite of important political interferences. The situation improved significantly with the appointment of the new management and with new qualified staff joining the Company. A Corporate Plan was hence prepared and implemented by 2011, as well as a Management Information System (MIS), although delayed until 2014.

Banja Luka to Doboj Road - The intervention aimed at introducing tolls managed by a specialised private company, and further increasing the fuel levy. Tolls were successfully introduced across Republika Sprska but were not being collected by a private operator in 2015 due the failure of the PPP tender. The increase of the fuel levy is not yet effective.

BH Corridor VC 2 & Extension - Two TCs are financed by the EBRD Shareholders Special Fund (SSF) to increase the FBiH public company for motorways capacity to attract loans: to implement the Law on debt, debt issuance and guarantees (€250K), and assist the Company to obtain procurement

certification by internationally recognised institutions (€50K). Both loans are still not effective.

BH Flood Repair and Upgrade - The intervention will include Technical cooperation to assist FBIH in institutional capacity building: (i) improvement of the Company's management through adoption of ISO 9001 Quality Management Systems (TC €70K), (ii) enhancement of the procurement procedures of the FBIH Roads to achieve certification by internationally recognised institutions (TC €70K). The project is covenanted on an increase in the fuel levy and road user charges.

Box 6: Kazakhstan portfolio contribution to Outcome 1 detailed

Eastcomtrans (43675) - The financing from the Bank was to be used for the acquisition of rolling stock (500 gondolas) in 2015 and for the refinancing of the existing loans: i) Acquisition of rolling stock: up to US$ 30 million; and, ii) Refinancing of existing loans: up to US$ 110 million. The operation was approved in November 2014. The company is a growing private sector railway operational leasing company. The rail freight market was in crisis in 2014, in relation to regional political tensions. The Bank long-term tenure allowed the company to adopt a counter-cycle strategy that is paying off since 2016, as the rail activity is recovering, notably the mining industry that is the main client for gondolas. Eastcomtrans market share is about 15% and the new fleet and professional management have a distinctive contribution to achieving the outcome.

OLZHA (44817), Extension I and II - EBRD approved a loan in July 2013 for US$ 24.8 m to JSC Olzha from Kazakhstan, to refinance existing short-term commercial debt and to finance the acquisition of rail wagons. JSC Olzha is a minor player in the Kazakhstan rail freight market, although has a significant share of the LPG sector, with 9% of that market prior to project implementation. Half of the first loan was used primarily for the acquisition of LPG wagons. The collapse in the oil price and economic problems within Russia, Kazakhstan's biggest trade partner, severely affected the local economy. The second and third loans were primarily used for the acquisition of boxcars, used for transporting loose commodities, following declining demand in the energy sector. In November 2017, the market has started to recover and Olzha activity is growing. The market share of Olzha is about 1.5% of the 150,000 fleet of freight railcars in the country, with limited impact on the market.

DFF GT Globaltruck (48001) - The operation involves an equity investment of up to US$ 3.3 million (for up to 33% of the shares) in a holding company, GT Globaltruck Limited. The Sponsor is one of the leading regional road transportation companies in the CIS, with the bulk of its operations in Russia. The approval was granted in April 2016. The objective was to acquire of up to 300 trucks and trailers, introducing a new competitor on the market, with strong professional skills, regional experience and a new fleet. In 2017, the operation is to be cancelled as the Client did not find local management and decided not to set up a dedicated Company.

Air Astana - Technical Centre (47354) - Air Astana benefitted from a loan (signed October 2015) of US$ 14 million (€15.96 million), or its equivalent in KTZ, to finance the construction of the new technical maintenance centre for large aircrafts in Astana International Airport i.e. an aircraft hangar (including storage area and administration offices) and a garage for specialised vehicles. The operation is an important component of Air Astana commercial strategy, allowing to develop Astana as a regional and international hub, notably for marketing Europe-China low-cost full serviced flights. The centre is operational since late November 2017.

DFF: Niet Loan (46760) - The project was financed under the Corporate (Non-SME) Direct Finance Framework. It aims at the construction, equipment and placing into operation of the New Petrol Stations and modernization of the Borrower's existing petroleum depot located in Kulsary to increase its storage capacity up to 2,000 (two thousand) tonnes. The Bank finances 75% of the total investment of US$ 2.4m. The date of completion was originally anticipated in 2021. The project was completed in 2016. The link to the outcome is too tenuous to be accounted for as a contribution (but the operation does not fit with any of the 5 other outcomes).

Table 62: Country strategies approved October 2013 – July 2017 period

Country	Most recent country strategy date
Poland	17-Dec-13
Slovenia	24-Feb-14
Serbia	08-Apr-14

Azerbaijan	30-Apr-14
Moldova	30-Apr-14
Turkmenistan	07-May-14
Jordan	01-Oct-14
Morocco	11-Feb-15
Kyrgyz Republic	25-Feb-15
Cyprus	06-May-15
Bulgaria	08-Jul-15
Tajikistan	22-Jul-15
Romania	30-Sep-15
Turkey	14-Oct-15
Armenia	25-Nov-15
Albania	13-Jan-16
Estonia	10-Feb-16
Latvia	10-Feb-16
Lithuania	10-Feb-16
Hungary	23-Mar-16
Greece	22-Jun-16
Belarus	07-Sep-16
Kosovo	04-Oct-16
Georgia	14-Dec-16
Egypt	08-Feb-17
Montenegro	03-May-17
Croatia	07-Jun-17
Mongolia	07-Jun-17
Bosnia and Herzegovina	05-Jul-17
Kazakhstan	05-Jul-17

Source: Boldnet

Table 63: Country Strategies link to TSS outcomes

Country	Year	Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5	Outcome 6	Total
Albania	2016							1
Armenia	2015							
Azerbaijan	2014							1
Belarus	2016							1
Bosnia & Herzegovina	2017							1
Bulgaria	2015							
Croatia	2017							3
Cyprus	2015							1
Egypt	2017							2
Estonia	2016							
Georgia	2016							3
Greece	2016							1
Hungary	2016							
Jordan	2014							
Kazakhstan	2017							2
Kosovo	2016							1
Kyrgyz Republic	2015							1
Latvia	2016							1

Country	Year	Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5	Outcome 6	Total
Lithuania	2016							1
Moldova	2014							1
Mongolia	2017							1
Montenegro	2017							2
Morocco	2015							1
Poland	2013							1
Romania	2015							2
Serbia	2014							2
Slovenia	2014							
Tajikistan	2015							1
Turkey	2015							1
Turkmenistan	2014							1
Total		**13**	**6**		**11**		**3**	**33**

Source: EvD elaboration

Box 7: Project alignment with the TSS SPIs in Kazakhstan

Only in about two-thirds of cases did project documents in Kazakhstan make any reference to the sector strategy. Those that did not are largely on account of the number of extensions and SBIC projects. Usually, the evidence provided for strategic fit in the project documents consisted of quoting specific parts of the transport strategy to demonstrate alignment. Some examples include:

- The operation is consistent with the Bank's Transport Sector Strategy according to which "the Bank will continue to finance airport infrastructure and, should opportunities arise, consider financing associated services, such as aircraft maintenance."[49]
- The proposed Project is consistent with the Bank's Transport Sector Strategy, which states that "the Bank will enhance its support to the rail sector reform and state rail company restructuring and privatisation."[50]
- The Project complies with the Bank's Transport Strategy, which confirms that the Bank will continue to support rehabilitation, upgrading and construction of roads resulting in greater regional integration."[51]

Only one out of the fourteen projects attempted to explain the relevance (or contribution) to the specific SPI of the TSS. It was explained that "the proposed project is consistent with the Bank's Transport Sector Strategy…through the continuation of the locomotive renewal plan; it will also satisfy the Strategic Performance Indicator 3 (Sustainability Focus) of the Transport Sector Strategy."[52]

This means that in over 90% of the TSS projects in the biggest country of operation for the TSS, the strategic performance indicators of the TSS **were not given any consideration during the origination, preparation and approval of projects.** This draws into question the extent to which the strategy can claim to have guided the prioritisation or design of projects in countries of operation.

Table 64: Lack of mention of SPIs in delegated approvals

Op Id	Operation Name	Approval Body	BDS	Framework BDS
49115	RSF - Cargoline	Delegated - SBIC	Null Value	15 - 50
47997	Armenia Airport - Refinancing	OPSCOM	Null Value	Null Value
45475	LEF: Akel Logistics	SBIC	Null Value	15 - 50
46695	DFF: Luka Ploce-Liquid cargo terminal	SBIC	Null Value	15 - 50
46760	DFF: Niet Loan	SBIC	Null Value	15 - 50
47258	DFF: TLS Logistics	SBIC	Null Value	15 - 50
47609	DFF - AvtoTrans	SBIC	Null Value	15 - 50

47782	DFF: Interorient Marine Services Ltd.	SBIC	Null Value	15 - 50
48001	DFF - Project Silk Caravan	SBIC	Null Value	15 - 50

Source: EBRD Data Warehouse

Table 65: Lack of mention of SPIs in extensions etc.

Op Id	Operation Name	Approval Body	BDS	Approval process/history
43675	Eastcomtrans loan	Board	14 - 320	12 November 2014 - Board approved; 20 November 2014 - Addendum 1; 23 June 2016 - Addendum 2; Addendum 3 - 18 July 2017
44467	Croatia: HZ Infrastructure Modernisation	Board	13 - 251	Operation Change Report was submitted in August 2014, the Board document was approved on 12 November 2013
46227	Olzha loan extension	Board	13 - 162	After Board document was approved - 26 March 2014, there was extension of Phase III - 17 December 2014, followed by a specific memo submitted in June 2016.
46852	KTZ Local Currency Loan	Board	14 - 232	Board approved 17 September 2014; info memo submitted 17 October 2014; operation change Report submitted 8 May 2015 and 20 November 2015; memo for approval submitted 8 December 2015 and 11 March 2016; a specific memo submitted 17 November 2017
47150	Olzha Phase III loan	Board	13 - 162	14 January 2014 - board approved, 24 June 2016 - final review submitted
47229	Kurty Buribaytal road project	Board	15 - 261	Board approved - 9 December 2015; 22 April 2015 - operation change, 29 July 2016 - Another operation change Report
48365	Sadakhlo-Bagratashen Bridge Project	Board	12 - 242	Operation change report was submitted 21 October 2016 and Board approved on 14 December 2016.
48820	Kurty-Buribaytal Road Project Extension	Board	15 - 261	Original board - 18 November 2015, extension 18 August 2016
48999	BH Corridor VC 2 - Extension	Board	Null Value	Original Board - 24 September 2008; Addendum 1 was submitted 25 March 2013; Addendum 2 was submitted on 6 October 2015; Addendum 3 was submitted 2 December 2015; Addendum 4 was submitted on 26 august 2016; 25 March 2013 - Extension Board approved 21 September 2016; 1 August 2016 - Operation Change Report

Source: EBRD Data Warehouse and Boldnet

Box 8: Croatia: HAC restructuring project

The project was a sovereign guaranteed loan of up to €250 million to HAC (Croatian Motorways Company), a state-owned operator of the highway network, to support a €2 billion debt refinancing programme planned by HAC and the Government of the Republic of Croatia. The EBRD loan funds would accompany €1.8 billion of commercial bank loans supported by a World Bank guarantee, and was expected to be backed by a partial counter-guarantee from the Republic of Croatia. In this particular case the guarantee is aimed to enable HAC to raise commercial bank loans with longer tenors and more advantageous pricing than currently provided. The EIB is not able to finance balance sheet restructuring.

Financing Plan for the Tranche A is expected to include:	
EBRD Loan €200 million World Bank guarantee €1,800 million **SOURCES TOTAL: €2,000 million**	Refinancing of debt obligations €1,998 million Front-End Fee €2 million **USES TOTAL €2,000 million**

Source: BDS15-207 (23-9-2015) Croatia: HAC Restructuring Project

Table 66: EBRD SEMED transport investments

Portfolio Class	Amount (€ m)	%
Non-Sovereign	**41.7**	**5%**
PRIVATE	**41.7**	**5%**
Water Transportation	41.7	5%
Sovereign	**776.**	**95%**
STATE	**776.**	**95%**
Ports and Harbours	200.	24%

	Operations		
	Rail Transportation	160.	20%
	Railroad Rolling Stock Equipment	416.	51%
Total		**817.7**	**100%**

Source: EBRD Data Warehouse

Box 9: Improving infrastructure funding – fuel levy increase in Bosnia and Herzegovina

The EBRD had mandated (as part of its Corridor VC road projects) a minimum increase of the fuel levy for the motorways in the entities from the current equivalent of €5 cents to not less than €7.5 cents. This required the passing of a law to do so, and the passing of it was also a condition on facilities from international partners such as the IMF, EIB and European Commission. The law, though delayed, was eventually passed in December 2017, which not only unlocked €220 million of already committed funds from EBRD for projects in the portfolio, but a €880 million from various partners.[53] This co-ordination of conditionalities and objectives enabled these partner institutions to bring to bear their combined influence (and financing of over €1 billion) to bring about tangible change in the sector and country. Nevertheless, the World Bank did not participate in this effort.

Source: EvD elaboration

Box 10: Harmonising IFIs policies during TSS

Feedback received during the evaluation indicated that harmonisation in environmental and social policies between IFIs has been a long-standing priority since at least the 2005 Paris Declaration on Aid Effectiveness and has largely been achieved and is now regularly monitored during the E&S policy update cycle of each IFI. For example, EBRD undertook benchmarking exercises when recently revising the environmental and social policy in 2014 to be consistent with IFC and EIB. One potential area that was highlighted as requiring possible harmonisation in future is mobility for the disabled to become enshrined into formal policies – provided that the emphasis on road safety in the multilateral agenda translates into specific points of interest related to that.

On the other hand, interviewees expressed the view that the harmonisation of procurement rules had not taken place among IFIs. Each IFI generally continues with its own particular set of rules and even in co-financed transport projects, each IFI tends to apply its own rules to the particular part of the project it is financing – e.g. section of road project. Even where there has been tangible progress (such as standard tender documents for all IFIs) exceptions persist, for instance with the EIB - which also happens to be the most frequent transport co-financier for EBRD by number of operation. To mitigate this, in 2015 the EBRD's Procurement Policy and Advisory Department drafted a Memorandum of Understanding (MoU) of 'mutual reliance' with the EIB. The MoU broadly set out an approach where a leader is chosen among the two organisations on co-financed projects to manage the whole procurement process on co-financed projects. The effectiveness of this agreement may however be weakened as the EIB (and other institutions) is reforming its procurement policies and so differences may increase in near term.

Source: EvD elaboration

Box 11: Joint IFI Initiatives during TSS

Over the years, EBRD has sustained participation in the Working Group on Sustainable Transport at least until 2015 but has not been able to confirm any other work in this regard since.

On the Multilateral Development Bank Road Safety Initiative, EvD notes that the World Bank's Global Road Safety Facility has agreed to fund the EBRD to conduct an analysis and create a toolkit to be shared among the MDBs on occupational safety practices for vehicle fleets and work is expected to commence in 2018.[54]

Source: EvD elaboration

Box 12: OE&E debt portfolio management reform: Infrastructure Power and Energy

A dedicated, specialised function is being created to oversee debt portfolio management (DPM) at the Bank, with the aim of allowing for deeper client insight, early detection and resolution of issues and proactive exposure management – ultimately leading improved quality of our portfolio and the creation of capacity devoted to new business.

The DPM function is split into four groupings based on the nature of respective portfolios. Financial institution, SME, Corporate Debt and *Infrastructure Power and Energy*. An OEE-led process review is currently underway and it is anticipated that this *Infrastructure Power and Energy team* will assume responsibility for the debt portfolio management for MEI, Transport, Power & Energy, as operations in these three sectors were deemed as having the greatest similarities among the rest of the Banks debt portfolio.[55]

According to information received, the current timetable to have this team functioning is by end of the year with the first full year of operations in 2019. The next TSS will need to bear this impending change to the portfolio management architecture in mind and how it is expected to affect implementation of operations in the transport sector going forward.

Table 67: Transport undrawn commitment ratios by portfolio class (2013-17)

Transport Private Portfolio					
Year	Operating Assets	Undrawn	Undrawn Ratio	# Projects	Portfolio
2013	832,492,526	241,424,933	**22.48%**	32	1,073,917,458
2014	1,096,726,977	370,955,736	**25.27%**	40	1,467,682,713
2015	1,251,262,645	441,539,409	**26.08%**	48	1,692,802,054
2016	931,848,091	513,074,300	**35.51%**	50	1,444,922,391
2017	1,154,160,257	249,440,930	**17.77%**	56	1,403,601,187
Transport State Portfolio					
Year	Operating Assets	Undrawn	Undrawn Ratio	# Projects	Portfolio
2013	2,699,250,227	2,025,008,079	**42.86%**	96	4,724,258,306
2014	2,913,182,629	2,329,581,620	**44.43%**	98	5,242,764,249
2015	2,812,642,906	2,739,178,597	**49.34%**	104	5,551,821,503
2016	2,995,745,774	2,625,901,046	**46.71%**	103	5,621,646,820
2017	2,798,818,285	3,047,540,036	**52.13%**	103	5,846,358,321

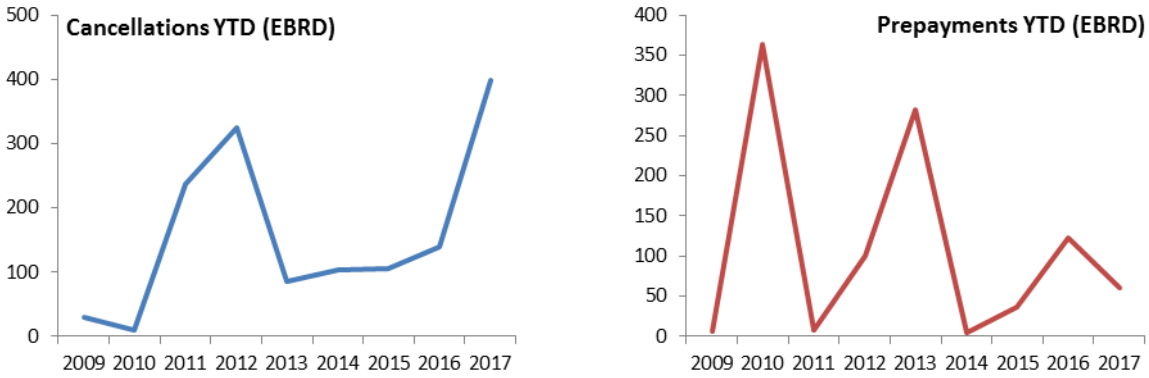
Source: Preliminary Management Comments on the TSS review

Table 68: Summary undrawn commitment ratio Transport and EBRD portfolios (2013-17)

Undrawn Commitment Ratio - excl. Guarantees				
Year	Transport Private	Transport State	Transport Portfolio Overall	EBRD Portfolio overall
2013	32%	42%	39%	29%
2014	30%	43%	40%	29%
2015	25%	48%	42%	30%
2016	31%	47%	43%	28%
2017	16%	52%	44%	29%

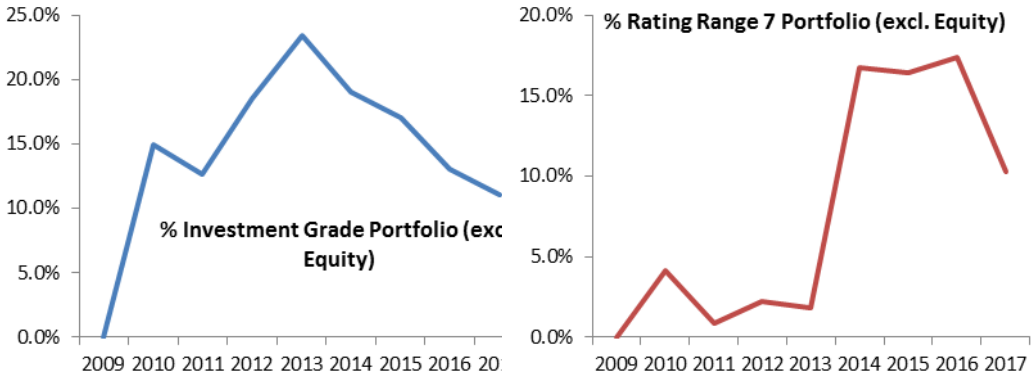
Source: EBRD Data Warehouse

Figure 25: Cancellations and prepayments in the transport sector 2009-2017



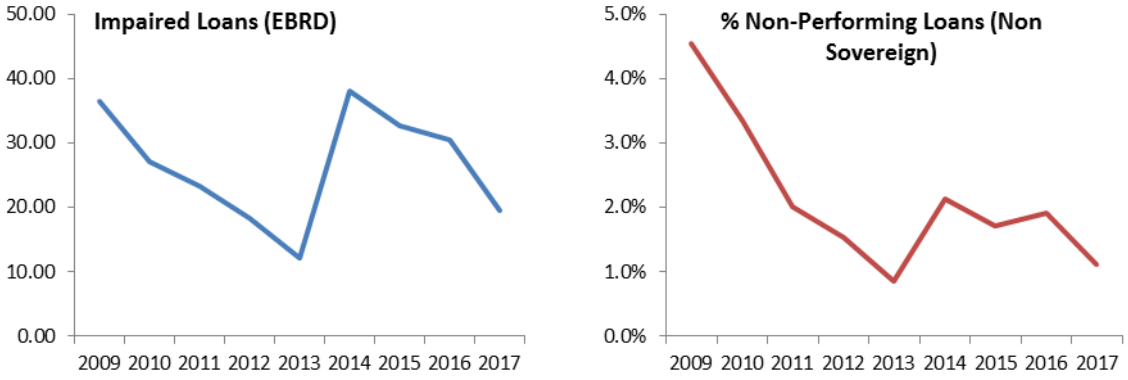
Source: EBRD Data Warehouse

Figure 26: Percent of transport portfolio that is investment grade and high risk



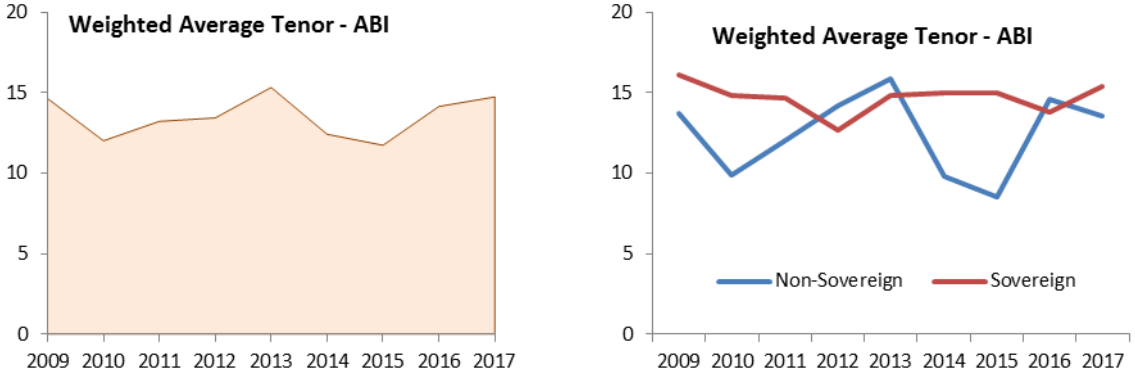
Source: EBRD Data Warehouse

Figure 27: Impaired loans and NPL ration in transport portfolio



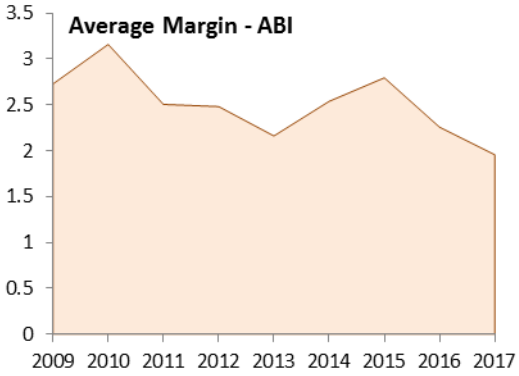
Source: EBRD Data Warehouse

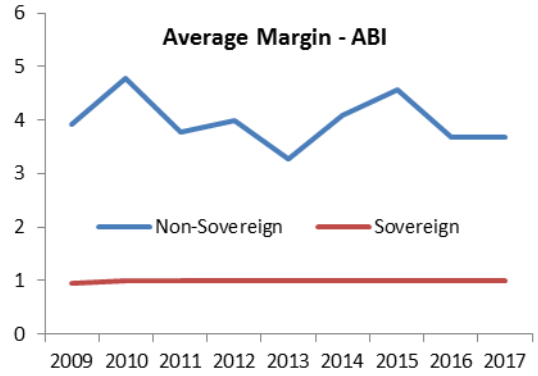
Figure 28: Weighted average tenor in transport ABI and by sovereign risk



Source: EBRD Data Warehouse

Figure 29: Average margin of transport ABI and by sovereign risk





Source: EBRD Data Warehouse

Annex 6. Reflection of past experience by the TSS

According to the EBRD evaluation policy, one of the responsibilities on Management is to ensure that relevant evaluation findings and lessons are adequately reflected in matters placed before the Board.[56] The policy also states that the lessons and findings from evaluation should be *demonstrably taken into account* by Management in the design and approval process for new operations, programmes, policies, strategies and processes. Accordingly evaluations assess for not only references to past experience and lessons but evidence of how these have been used to shape the design of the evaluation subject.

Box 13: EvD Special Study on the Transport Operations Policy, 2011 (SGS11-113)

EvD produced an evaluation of the Bank's TOPs – the first such exercise for the Bank's transport sector – with a coverage that included all Bank policies from 1992, 1997 and 2005 [reference]. The study made five recommendations for the Bank's 2013 TSS document to consider:

- The Bank needs to more realistically align overall sector reform expectations with individual infrastructure project expectations and deliverables.
- The Bank needs to place more emphasis on MDB/Donor cooperation.
- In light of climate change implications, the new TOP should place more emphasis on environment and commensurate technologies.
- A more holistic or indeed 'integrated' approach needs to be adopted by the Bank in infrastructure (transport) projects during project preparation.
- Sector policies accountability needs strengthening.

Management generally considered the recommendations reasonable and in most cases already being implemented. Audit Committee minutes show the following:

- underlined the Committee's request for better recognition of the role of TC in policy dialogue and the need to clearly define what the Bank wanted to achieve through policy dialogue.
- the Committee had also stressed the need for close cooperation between MDBs in the sector; and for the EBRD's part to clearly identify what was its value added.
- in general, emphasis needs to be given to the evaluability of the new strategy.

The 2013 TSS did include a section on "Evaluation of the previous policy and projects". It primarily referenced the EvD Special Study of the Transport Operations Policy reported to the EBRD Board of Directors in April 2011 (SGS11-13).[57] The TSS relayed the ratings produced by the EvD study before summarising how the key lessons and recommendations from the EvD Special Study were to be taken into account in the development of the Bank's future transport operations. Evaluations consider that the identification of lessons in an approval document is not sufficient to demonstrate learning, but that – something must have been done differently as a result if there is a relevant lesson. Therefore EvD below examines to which extent the TSS fulfilled this requirement.

Recommendation 1: EvD 2011 transport study	TSS Response
Relationship between (Sector) TI & (Physical) Project Objectives: The Bank needs to more realistically align overall sector reform expectations with individual project expectations and deliverables.	This Strategy recognises the need to set realistic reform expectations and deliverables, while maintaining a level of aspiration for the transition process. TC and policy dialogue are clearly recognised as core tools for the Bank to advance transition in the transport sector (Section 4.5).

The TSS response speaks to something different from the recommendation. The recommendation calls for a more realistic alignment between sector reform objectives with the actual deliverables on a project by project basis. The response states it recognises the need to set realistic reform expectations, which is not strictly speaking addressing the substance of the recommendation.

However, as committed, the TSS did indeed provide a greater prominence to the role of TC and policy dialogue than the 2005 TOP in that there is frequent mention of the policy challenges and their centrality to the Bank's engagement and strategic approach. The 2013 TSS broke down its intended policy dialogue foci for the strategy period by region and elaborated on 2 case studies of successful policy dialogue.[58]

Table 69: TSS summarised policy dialogue focus by region

Region	Policy dialogue focus
CEB	Energy efficiency investments, financial sustainability of state railways and rolling out of PPP structures.
SEE	State railway restructuring and rail regulatory development, sustainable transport policies, institutional strengthening of road agencies, development of landlord ports, and the framework for PPPs particularly for roads, airports and ports.
Turkey	Corporate governance of SOEs and application of international best practice for project finance transactions, particularly PPPs, as well restructuring of the railway sector.
EEC	Institutional reform, commercialisation, restructuring and financial sustainability of SOEs, regulatory development, sustainable transport policies, framework for PPPs
Russia	Stronger regulatory framework; cost-based non-discriminatory tariff regimes and equal access to infrastructure for all market participants; implementation of PPP projects.
Kazakhstan	Rail restructuring, autonomous SOEs in road sector, developing the framework for PPPs and adopting best practice in the development of PPP projects.
Central Asia ETC	Separation of policy from management functions, infra from ops, increase state funding for road maintenance, SOE commercialisation and institutional strengthening.
SEMED	Commercialisation and restructuring of SOEs as well as development of the framework for PPPs

Source EvD Notes ETC – early transition countries, for other region definitions see Table 15

However the policy dialogue 'focus' in each region does not reveal what reform expectations the Bank has over the period – instead it covers a catalogue of challenges. There is also no elaboration of which sector reform challenges in particular were expected to be prioritised

during the TSS period (e.g. which policies/reforms in what countries). Most importantly, in reference to the EvD recommendation there is no attempt to align these policy dialogue 'focus' to Bank projects and deliverables. The minutes from the Audit Committee meeting show that the Board members emphasised the need to *clearly define* what the Bank wanted to achieve through policy dialogue. Linked to the lack of prioritisation mentioned earlier (and possibly as a result) the TSS also does not specify what it would consider to be a successful achievement of policy dialogue success in each region over the 5 year period vis-à-vis the focus.

In 2015 (partly in response to EvD policy dialogue insights from project and thematic evaluations) Management prepared an 'Enhanced and Structured Approach to Policy Dialogue'[59] which laid out a more focused approach which included i) clearly defining policy reform dialogue objectives and activities and ii) monitoring and measuring the results of policy engagement. It could be argued that the policy dialogue SPI is a clear definition of what the Bank was trying to achieve, but strikingly, the sections on the policy dialogue focus of the Bank in each region isn't linked in meaningful any way with the SPI target of 3-5 SOEs being turned into commercially orientated companies. Relatedly, this SPI was not considered a policy dialogue need/focus in four out of eight regions mentioned (CEB, Turkey, Russia and Kazakhstan) – which then raises the question, why was the policy dialogue related SPI selected despite not being considered relevant to about half of investments and deliverables under the TSS. The regions and countries where this was not a policy dialogue focus make about 49% of the investment under the TSS.

Moreover, although TCs were identified as a vital instrument for the Bank achieving its strategic aims – lessons and experience acquired from previous TC implementation were not covered at all. The TSS saw TCs as fundamental to achieving its aims with respect to sustainable transport, reform and restructuring, project preparation and implementation. The TSS also explained that the EBRD's public sector transport operations are heavy users of TC funding, with an estimated €30.3 million of TC funds used during the previous TOP period across the whole investment life-cycle, including feasibility, design, supervision, environmental and social impact assessments and procurement support. However, how well these TCs had been implemented and what lessons were identified from this experience were not covered at all in the TSS. EvD itself had conducted 15 TC focused evaluations in the transport sector between 2000 and 2010 and the findings from these could have been a useful and independent source for reflection on future use of TCs in the transport sector - which the TSS appears to have neglected.

Recommendation 2: EvD 2011 transport study	TSS Response
The Bank needs to place more emphasis on MDB/Donor cooperation.	IFI/donor coordination is central to the Bank's transport operations, both in terms of the investments and the reform agenda. IFI/donor co-financing and coordination are therefore central to the Bank's strategy (Section 3.4). Project teams are typically staffed by Sector and RO Bankers, reflecting the key co-ordinating role RO staff can play with other IFIs on the ground.

The recommendation here was for the Bank to place more emphasis on the IFI co-operation than in the past; however the TSS response merely recognised the importance of the topic and then describes the RO role. There is no indication of the extent of agreement with the recommendation and if so, what if anything was to be done differently to achieve this greater emphasis. The 2011 evaluation found that though such IFI cooperation had been well heralded on the corporate level, there was considerable scope for improvement at working levels and it

should be defined and monitored accordingly. Moreover Board members had previously stressed that "in coordination with other MDBs, the Bank needed to establish its niches by identifying its particular role and added-value – such as supporting large road projects.[60] The TSS did not attempt to explicitly identify any such niche. Moreover, the evaluation expected the EBRD's ROs to take a lead here, since they are closest to the intervention points and so recommended this role for ROs to be clearly enshrined in the next TSS and also prompt commensurate resource allocations (over and above the usual project generation and monitoring tasks). EvD found that the RO role was indeed explained more fully, but without any identification of specific objectives or monitoring framework for the task of IFI co-operation – as well any resource allocation.

Recommendation 3: EvD 2011 transport study	TSS Response
In light of climate change implications, the new TOP should place more emphasis on environment and commensurate technologies.	Sustainable transport, encompassing climate change, environmental and social impacts, and road safety, has been identified as one of the key pillars of this strategy (Section 3.2). All transport operations are conducted in accordance with the Bank's Environmental and Social Policy (Section 3.2).

This recommendation and response has the strongest element of demonstrated learning in the TSS. EvD confirms that sustainable transport was indeed made a key pillar (one of three strategic focus areas) for the TSS. In addition one of the four SPI's was tied directly to the Bank's Sustainable Energy Initiative - specifically to reduce CO_2 emissions by a doubling of the Transport SEI contribution to 25% of Transport annual business volume over the next five year period (2013-2018). On the other hand, it is less clear how the assertion in the TSS that "all transport operations are conducted in accordance with the bank's environmental and social policy" represented the placing of more emphasis on the environment – given that such compliance is mandatory, as a matter of policy for all operations of the Bank in all sectors.

Recommendation 4: EvD 2011 transport study	TSS Response
Integrated approach: A more holistic or indeed 'integrated' approach needs to be adopted by the Bank in infrastructure (transport) projects during project preparation.	This Strategy recognises the need to focus transition impact of sovereign deals on key reforms to promote private sector development (Section 4.1). Effective cooperation and consultation with other IFIs/donors is an important objective of this strategy (4.4).

There is, again, a disconnect between the EvD recommendation and the substance of the TSS response. The response does not speak to the recommendation directly, it does not indicate the extent of agreement with the recommendation and integrated approaches are not mentioned at all in the response. The minutes from the Audit Committee when the EvD study was presented show that "the Committee agreed that the new strategy needed to identify where to introduce the integrated approach, what it was expected to achieve and how to achieve it."[61] Review of FOPC minutes when the TSS was presented show that some Directors had expressed concerns about the total lack of mention for integrated approaches..[62] The approved strategy briefly touched upon the potential for integrated approaches to play a role in leveraging the impact of its policy dialogue. However, this was done in only the mildest of tones, noting that the use of integrated approaches "is not excluded under this strategy". The reason given was that:

"it has proven to be challenging to apply [integrated approaches] in the transport sector in the past, due to the uneven distribution of transport projects over time across the region. This has made it difficult to define the pipeline of projects which is essential to preserve the integrity of the approach."[63]

The argument appears to be based on the demand driven nature of the projects (uneven distribution of projects in the pipeline) which could reasonably apply to all sectors that the Bank operates in. Moreover considering the relatively long gestation periods for transport projects and the number of sovereign and repeat client (& SOE) projects, it is not clear why this pipeline problem should be any more pervasive in this sector, than others where the Bank has successfully applied integrated approaches.[64] Moreover despite a very general statement,[65] the strategy also did not develop any concept for cross-departmental cooperation in the transport sector– with for example the Legal Transition Team on PPP issues, or with the then OCE/ Economics Policy and Governance department on integrated approaches.

Recommendation 5: EvD 2011 transport study	TSS Response
Evaluability: Accountability of sector policies (and country strategies alike) needs strengthening.	This Strategy combines the need for accountability with the concomitant need for flexibility to respond to the dynamics of the changing environment in which the Bank will be required to operate over the life of the strategy.

The TSS response does not make it clear if it agreed that the accountability of the next sector level document needed strengthening, instead noting that accountability needed to be combined with flexibility. The above recommendation was derived from the finding in the TOP evaluation that the degree of flexibility built into the transport policy made it elusive to evaluate. It was found that this enabled the Bank Management to venture in almost any direction it could reasonably justify with project TOP compliance almost a given. It is recognised that the 2013 TSS did introduce a strategic performance framework and indicators to "provide a [more] quantifiable means of assessing whether certain strategic objectives have been met." Notwithstanding the shortcomings in the utility of these indicators overall (discussed in the section "What results have emerged so far".) a more substantive point is that – the lack of clear and evaluable objectives and prioritisation renders the TSS document still a relatively elusive evaluation subject. As demonstrated in the EvD results framework for the TSS –the document maintained the almost unlimited degree of operational flexibility that was seen in the previous TOP.

A more basic observation is that the reflection of past experience in the TSS is concentrated almost exclusively on the recommendations of the EvD special study, and largely overlooks the lessons derived from the Bank's own self-assessments over the years to the TSS. The self-assessments (XMRs and OPAs) produced by operations teams contain a range of findings and lessons, both general and specific and these are not treated in any systematic way in the paper. EvD identified at least 58 self-assessments on transport projects during the years 2009-12 which could have yielded useful lessons but were unemployed by the TSS.

Annex 7. TSS alignment with strategic and cross-cutting initiatives

Given that the TSS continues to be in effect - the extent to which the TSS continues to be aligned with the more recent Bank wide strategic and cross-cutting initiatives was also examined. EvD's analysis of the TSS reveals elements of cross-fertilisation and contribution to other important initiatives of the EBRD.

The transport strategy identified several opportunities to contribute to the EBRD's **Local Currency and Capital Markets Development** (LC2) Initiative. Launched in 2010, LC2 aims to strengthen local capital markets and to encourage the use of local currencies. Local capital markets provide a reliable source of funding, thereby contributing to financial resilience and sustainable growth by reducing reliance on foreign currency lending and borrowing. The transport strategy opens several opportunities for LC2, from public (railways) as well as private operators. Transport services are a capital-intensive activity in all modes and commercialized SOEs in charge of railways are privileged targets for local currency operations (KTZ in Kazakhstan). Loans in local currency are integrated in the transport sector strategy as a way to mobilize private capital and commercial funding. The strategy takes stock of mixed results in the main due to interest rate volatility but indicates innovative ways to stabilise the product.[66]

Issues related to gender equality are embedded in the TSS, with a few lines of action within the sustainable transport agenda as "Economic inclusion and Gender", anticipating upon the **EBRD's Strategic Gender Initiative (approved in March 2013).** The main opportunities identified are to promote equal opportunities in the work place, and design and implement the projects so as to ensure that services are sensitive and responsive to the needs of both men and women, be it physical access to the services or maximising the safety and use by women of the facilities the Bank finances.

Eventually EBRD approved in August 2015 its first **Strategy for the Promotion of Gender Equality (2016-2020**) that sets out how the Bank work to prevent gender discrimination and to promote gender equality within its mandate. Applying a gender perspective to infrastructure projects, such as transport can positively benefit both the public transport service providers and their customers who include women and men, as well as girls and boys, and society in general. The approach is mostly targeted on urban public transport, which is outside the scope of the transport strategy. Only travel safe of sexual harassment in railways and buses in a few countries in the region can be integrated in the future into the transport strategy

In terms of inclusion The Bank does not include in the TSS an actual inclusive transport agenda. The transport strategy does include a section with a comprehensive assessment linking transport to mobility and accessibility to reduce regional inequalities, as well as for groups that suffer disproportionately from poor access to markets and essential public services. A tentative link is made between mobility and economic diversification. The related strategic framework is however, minimal. The Bank commits to give more consideration to these issues, based on gap analyses to determine the existing exclusion groups and identify where the Bank could have an impact. The focus is correctly put on rural access but through a flawed reliance on regional road rehabilitation and national corridor investments.

Since 2013 the EBRD has been considering how to integrate economic inclusion in its work. Eventually in 2017 the Bank approved its **Economic Inclusion Strategy 2017-2021** aimed at accelerating the transition of countries across the EBRD region towards inclusive market economies by harnessing the power of the private sector to create equitable access to equal

economic opportunity and thereby foster the political and social sustainability of market economies. Lack of transport constitutes one of the major barriers to inclusion, namely, access to services that enhance economic opportunities. Infrastructure development and promotion of transport services are at the core of the transport sector strategy – specifically by aiming to release bottlenecks and increasing connectivity through transport services. However, the extent to which a market-based approach is still relevant to develop and modernize the road network to rural and underserved regions sought by the Economic Inclusion Strategy needs clarification.

Annex 8. Bibliography

Table 70: Documents related to TSS approval process and implementation

Year	Date	Reference	Title
2013	28-Aug	BDS13-205	Transport Sector Strategy (version submitted for public comment)
	28-Aug	BDS13-205 (Add 1)	Transport Sector Strategy: report on the invitation to the public to comment
	04-Sep	BDS13-205 (Add 2)	Transport Sector Strategy (slide presentation given at the FOPC meeting 4/09/2013)
	30-Sep	BDS13-205 (Rev 1)	Transport Sector Strategy (incorporates comments made at the two FOPC meetings)
	15-Oct	BDS13-205 (Rev 2)	Transport Sector Strategy (submitted for Board approval)
	18-Oct	BDS13-205 (Final)	Transport Sector Strategy (approved by the Board of Directors at its Meeting on 16 October 2013)
	27-Nov	BDS/M/13-19 (Final)	Minutes of the Board Meeting of 16 October 2013

Table 71: Relevant EBRD Strategic documents

Year	Date	Reference	Title
1992	27-Mar	BDS92-19 (Final)	Transport Operations Policy
1994	05-Dec	BDS94-161	Guidelines for the Bank's Operations in Shipping and Shipbuilding
1997	22-Jan	BDS97-8	Transport Operations Policy
2001	23-May	BDS01-54	Shipping Operations Policy
2005	26-Apr	BDS04-72 (Final)	Transport Operations Policy 2005 – 2008
2008	14-May	BDS08-067 (Final)	Environmental and Social Policy
2009	24-Apr	BDS09-096	Sustainable Energy Initiative: Phase 2 2009-2011 Deepening Transition Securing the Future
2010	29-Mar	BDS10-020 (Final)	Capital Resources Review 4: 2011-2015
2012	01-Mar	BDS12-020 (Final)	Sustainable Energy Initiative Phase 3 2012-2014
	28-Jun	BDS12-126 (Final)	Municipal and Environmental Infrastructure Sector Strategy
	7- Dec	BDS12-324	EBRD Evaluation Policy
2013	7-Mar	CS/FO/M/13-04	Minutes of the Meeting of the Financial and Operations Policies Committee
	22-Apr	BDS13-052 (Final)	Sustainable Resource Initiative
	9-Oct	CS/FO/M/13-20	Minutes of the Meeting of the Financial and Operations Policies Committee of 5 September 2013
	18-Oct	BDS13-205 (Final)	Transport Sector Strategy
2014	08-May	BDS14-091 (Final)	Environmental and Social Policy
2015	11 Mar	BDS15-050	Regional: Small Business Initiative – Restructuring and Consolidating EBRD Operational Facilities for SMEs
	08-Apr	BDS15-013 (Final)	Report of the Board of Directors to the Board of Governors: 2015 Annual Meeting – Strategic and Capital Framework 2016-2020
	01-Jul	SGS15-169 (Addendum 1)	Information Session: Green Economy Transition

	25 - Aug	SGS15-220 (Addendum 1)	Information Session: Enhanced and Structured Approach to Policy Reform Dialogue at the EBRD
	28-Sep	BDS15-203	Report by the Chair of the Financial and Operations Policies Committee on the Green Economy Transition Approach
	01-Oct	BDS15-196 (Final)	Green Economy Transition Approach
	16-Oct	CS/FO/M/15-22	Minutes of the Meeting of the Financial and Operations Policies Committee of 15 September 2015
2016	16-Feb	BDS15-230 (Final)	Strategy Implementation Plan: 2016-2018
	12 Apr	BDS12-138 (Addendum 1)	Tajikistan: Dushanbe - Uzbekistan Border Road Improvement Project Extension
	4 May	BDS12-138 (Addendum 1))	Meeting of the Board of Directors, 4 May 2016 Directors' Advisers' Questions Tajikistan: Dushanbe - Uzbekistan Border Road Improvement Project Extension
2017	01-Mar	BDS16-190 (Final)	Strategy Implementation Plan: 2017-2019
	16-Mar	SGS17-050 (Addendum 1) (Rev 1)	Information Session: GET Implementation Update
	28 Nov	BDS17-215	Extractive Mining Industries Strategy 2018-2022
2018	14 –Feb	SGS18-038	Operational Insights presented at Board Meeting 14 February 2018

Table 72: EBRD Results Architecture

Year	Date	Reference	Title
2013	12 July	SGS13-126	Nomenclature
2014	23 Sept	CS/FO/14-27	The Architecture of Transition Impact Results Frameworks in the Bank
2016	12 July	-	EBRD Strategic Planning Process
2017	18 Jan	CS/FO/17-01	Transition Results Management - Compendium of Standardised Indicators: Broad Architecture and Illustrations
2017	1 Nov	TR17-18	Transition Report 2017-18

Table 73: Relevant EvD reports

Year	Date	Reference	Title
2011	15- Apr	SGS11-113	Evaluation Department: Special Study on the Transport Operations Policy
2011	01-Sep	CS/AU/M/11-12	Minutes of the Meeting of the Audit Committee of 2 June 2011
2011	15-Apr	BDS11-113	Evaluation Department: Special Study on the Transport Operations Policy
2014	November	SS13-071	Railway Sector Evaluation Approach Paper EBRD Evaluation Department
2015	October	SS13-071	Russian Railway Sector Evaluation Special Study EBRD Evaluation Department
2015	December	SS14-078	Transactions with State-Owned Enterprises Special Study EBRD Evaluation Department
2016	12 May	CS/AU/16-21	Evaluation Department: Country Strategies – Initial Review
2016	06-Dec	BDS16-241	Evaluation Department: Work Programme 2017-19 and Budget 2017

Table 74: Other IFI documents

Year	Institution	Title
2010	AsDB	Sustainable Transport Initiative
2010	AsDB	Sustainable Transport Initiative Operational Plan
2011	EIB	EIB Transport Lending Policy
2013	World Bank	Improving Institutional Capability and Financial Viability to Sustain Transport An Evaluation of World Bank Group Support Since 2002
2017	MDB Working Group	Progress Report (2015-2016) of the MDB Working Group on Sustainable Transport

Table 75: Kazakhstan case study documents consulted

Year	Title
EBRD	
2013	EBRD 2013, Kazakhstan Country Strategy
2013	EBRD Transport Sector Strategy (BDS13-205)
2015	BDS 15163, Kazakhstan: KTZ Balance Sheet Restructuring Project
2016	PEX16-715, Operation Performance Assessment Validation, Circle Maritime Invest (CMI)
2017	EBRD Transition report 2017-18
2017	BPN factsheet October 2017
2017	EvD Portfolio Review, October 2017
2017	PEX16-718, Operation Performance Assessment Validation, Olzha Loan
2017	EBRD 2017, Kazakhstan Country Strategy
2017	EBRD 2017, Kazakhstan diagnostic paper: Assessing progress and challenges in developing sustainable market economy
External	
2013	Bonin & Ali. 2013, Development of a Road Asset Management System in Kazakhstan
2014	Raimbekov & ali. 2014, Study of The State of Logistics in Kazakhstan, Transport problems Volume 11 Issue 4
2014	ADB 2016, Sector Assessment (Summary): Transport (Road Transport [Nonurban])
2014	Raimbekov & ali. 2014, Ibid
2016	BTI 2016, Kazakhstan country report 2013-2015
2016	BTI 2016, Ibid
2016	EEC , Eurasian Economic Integration: Facts And Figures, Library of Eurasian Integration
2016	EEC, (Eurasian Economic Commission) 2016, Eurasian Economic Integration: Facts And Figures, Library of Eurasian Integration
2016	ADB 2016, ibid
2016	ADB 2016, Kazakhstan: Country Partnership Strategy Final Review Validation, 2012–2016; Transport sector assessment
2017	OECD, 2017, Disclosure and Transparency in the State-Owned Enterprise Sector in Asia: Stocktaking of National Practices
2017	OECD Investment Policy Reviews: Kazakhstan 2017
2017	ADB 2017, A Railway Strategy for CAREC, 2017-2030

Table 76: Bosnia and Herzegovina case study documents consulted

Year	Title
EBRD	
2015	OPSCOM: 18 September 2015- BH Corridor Vc 2 Bosnia And Herzegovina FRM– 47372 – Agenda, Support Unit Comments, Secretariat Issues And Minutes
2017	EBRD 2017, Bosnia and Herzegovina mini-diagnostic paper: Assessing progress and challenges in developing a sustainable market economy (2017)
2017	EBRD Transition report 2017-18
2017	Bosnia and Herzegovina Country Strategy 2017-2022
2017	EvD Portfolio Review, October 2017
2015-2017	PMMS
External	
2014	Raimbekov & ali. 2014, Ibid
2016	FBiH 2016, Framework Transport Strategy

Annex 9. Consultations and Meetings

Table 77: EBRD interviews

Banking team	Title	Name	Position
Transport	Ms	Sue Barrett	Director, Head of Transport
	Ms	Marina Elliot	Associate Director, Snr Portfolio Mngr
Infrastructure Russia & Central Asia	Ms	Ekaterina Miroshnik	Director, Head of Infrastructure, Russia & CA
	Mr	Denis Kurbatov	Principal Banker
Infra Policy and Project Preparation	Mr	Matthew Jordan-Tank	Associate Director, Head Infra Policy and Project Preparation
E2C2	Mr	Gianpiero Nacci	Deputy Head of E2C2, Climate Fin, Dir Fin&Climate Resilience
Operational Strategy and Planning	Mr	Stephane Jucobin	Associate Director, Head of OS&Planning
	Mr	Akinola Edun	Associate, Management Information
Infrastructure TC Unit	Mr	Will Power	Associate, TC Manager, Infrastructure

Non-Banking team	Title	Name	Position
Country Strategy Coordination & Results Management	Mr	Christoph Denk	Director
	Ms	Anita Taci	Associate Director, Deputy Director
Procurement Policy Department	Mr	Jan Jackholt	Director
	Mr	Evgeny Smirnov	Associate Director, Proc. Policy Adviser
Gender Team	Ms	Itziar Perkins	Associate Director, Senior Adviser
Economics, Policy & Governance	Mr	Alex Chirmiciu	Associate Director, Lead Economist
Environment and Sustainability	Ms	Debbie Cousins	Associate Director, Head ESD Operations
Corp & Project Finance Credit Risk Mgmt	Mr	Peter Kone	Associate Director, Senior Risk Officer

Constituency (in alphabetical order)	Title	Name	Position
EIB	Mr	Boris Stein	Adviser
NethInds/Mongolia/FYR Mac/Armenia/China	Mr	Jaap Rooimans	Alternate Director
Spain/Mexico	Mr	Antonio Oporto	Director
Sweden/Iceland/Estonia	Mr	Jorgen Frotzler	Director
	Mr	Arnar Masson	Alternate Director
	Ms	Anna Bjornermark	Adviser

Table 78: Kazakhstan field mission Interviews

Institution	Title	Name	Position	Date	Location
RO Astana	Ms	Anar Omarova	Associate Director, Head of Astana	7/11/2017	Astana
RO Astana	Ms	Sholpan Dikhanbayeva	Principal Banker, Infrastructure, Russia and CA	7/11/2017	Astana
RO Almaty	Mr	Askar Namazbayev	Associate Director, Deputy Head Kazakhstan	7/11/2017	Astana
Committee for Roads	Mr	Satzhan Ablaliyev	Deputy Chairman	8/11/2107	Astana
KPMG	Ms	Assel Khairova	Managing Partner,KPMG in Kazakhstan and Central Asia	8/11/2017	Telephone
Lufthansa Consultants	Mr	Stanislav Solomko	Head of Market Russia & CIS	8/11/2017	Telephone
KazAutoZhol	Mr	Darkhan Shadykul	Managing Director	8/11/2017	Astana
KPMG			Team leader	8/11/2017	Telephone
S-K JSC	Mr	Aidyn Danabayev	Transport and logistics Directorate, Senior manager	8/11/2017	Astana
S-K JSC	Mr	Yerkhat Iskaliyev	Director, Transport and logistics Directorate	8/11/2017	Astana
Air Astana		Ibrahim Canliel	Vice-President Commercial group	8/11/2017	Astana
Eastcomtrans	Mr	Yevgeniy Plakhotin	Country CEO	9/11/2017	Almaty
Eastcomtrans	Ms	Zhaukhar Ospanova	Corporate financial manager	9/11/2017	Almaty
RO Almaty	Mr	Vladimir Sidorenko	Analyst, Infrastructure group	9/11/2017	Almaty
RO Almaty	Mr	Grigory Savva	Associate director, Infrastructure	9/11/2017	Almaty
OLZAH				9/11/2017	Almaty
World Bank	Ms	Aliya Karakulova	Transport & ITC Global practices	10/11/2017	Almaty

Table 79: Bosnia and Herzegovina field mission interviews

Institution	Title	Name	Position	Date	Location
RS Ministry of Transport and Communication	Mr	Nedjo Trninic	Minister	4/12/2017	Banja Luka
	Mr	Saša Dalipagić	Assistant Minister for Roads		
	Mr	Željko Matoc	Assistant Minister for Railways		
RS Autoput	Mr	Dusan Topic	Director Cabinet	4/12/2017	Banja Luka
RS Railways	Mr	Dragan Savanovic	Executive Director	4/12/2017	Banja Luka
BiH Railways Regulatory Board	Mr	Tihomir Naric	Manager	5/12/2017	Doboj
FBiH JP Ceste	Mr	Ljubo Pravdic	General Manager	6/12/2017	Sarajevo
	Ms	Amra Smailagić	Head of international investment		

FBiH JP Autoceste	Mr	Orhan Pasalic	Secretary of the Company	6/12/2017	Sarajevo
	Mr	Ermin Hadzimehmedagic	Head of Design Dept		
BiH Railways	Mr	Marinko Kontic	General Manager	6/12/2017	Sarajevo
	Mr	Zlatko Bevanda	Vice-GM for infrastructure		
	Mr	Nijaz Puzic	Vice-GM for Operations		
BiH Ministry of Transport and communications	Mr	Mladen Goluza	Head of Transport infrastructure dept	6/12/2017	Sarajevo
EU Delegation	Mr	Andrea Vera	Head of section	6/12/2017	Sarajevo
	Ms	Mariangela Fittipaldi	Programme manager		
	Ms	Amila Ibricevic	Political Advisor		
	Mr	Goran Filipovic	Programme manager		
FBiH Minister of Transport and Communications	Mr	Pavo Boban	Assistant for infrastructure of the Minister	7/12/2017	Mostar
	Ms	Sanela Jakubović	Head of strategic planning		
	Mr	Denis Lasic Minister	Advisor to the Minister		
RO Sarajevo	Mr	Josip Polic	Associate Director, Senior Banker, Sarajevo	8/12/2017	Sarajevo

End Notes

1 As approved by the EBRD Board of Directors on 16 October 2013 (BDS13-205 Final)
2 This sections covers the following three documents (i) Transport Operations Policy (BDS92-19), (ii) Transport Operations Policy (BDS97-8) and (iii) Transport Operations Policy 2005 – 2008 (BDS04-72)
3 Transport Sector Strategy p10 (BDS13-205)
4 As at Feb 2018
5 The 2011 EvD transport Special Study recommended that the accountability of sector policies needed strengthening. In particular it highlighted the weakness in the evaluability of the previous TOPs – with evaluability defined as the extent to which the expected objectives are verifiable in a reliable and credible manner. Evaluation Department: Special Study on the Transport Operations Policy (SGS11-113)
6 Minutes of the Meeting of the Audit Committee of 2 June 2011, point 4.9 (CS/AU/M/11-12)
7 This focus area is developed in the strategic framework under the title of 'transition", Section 3.1
8 This results framework (to the extent possible) takes the contents of the TSS exactly and exhaustively. The only external judgment contained - are on which level each stated objective should sit. This derived results framework is rendered to more fully reveal the rationale and objectives of the TSS as stated (it also contains the four SPIs identified in the TSS).
9 Results framework at EBRD focus on the ultimate transition objective of an activity or strategy and provide a logical conceptual (cause and effect) link on why the activity or strategy will lead to specific results and how it will link to the targeted objectives. In recent years the Bank has clarified its approach to results management Including revisions to the corporate scorecard [in 2014.]. In 2014 it introduced a new architecture of results measurement at various levels – institutional, country, activity – in which indications are also provided of the implications for sector strategies and initiatives.
10 A related point was made by the FOPC, where there was a view that it might have been helpful to clarify the linkages between the various pillars of the strategy to present a more a more unified view of the Bank's work.(Minutes of the Meeting of the Financial and Operations Policies Committee of 7 March 2013 point 3.3 (CS/FO/M/13-04) EvD adds that the lack of these linkages precludes an ex-post assessment of the plausibility of the TSS logic as these connecting relationships were never elaborated.
11 The Architecture of Transition Impact Results Frameworks in the Bank (CS/FO/14-27) clarifies that "Sector strategies and initiatives will have Performance Monitoring Frameworks (PMF) that set clear objectives and track performance through key output level indicators. Relevant outcome and impact level results are measured, monitored and reported at country level as part of CSRF and can be used as extracts to illustrate and discuss performance of sector strategies and initiatives."

12 Minutes of the Meeting of the Financial and Operations Policies Committee of 5 September 2013 Point 7 (CS/FO/M/13-20)
13 Relatively speaking contracting-out operations to the private sector is a less demanding proposition for SOEs than raising non-sovereign finance.
14 Minutes of the Meeting of the Financial and Operations Policies Committee of 5 September 2013 Point 5 (CS/FO/M/13-20)
15 EBRD Evaluation Policy, page 7 (BDS12-324)
16 The main instance in which additionality is mentioned is when reflecting on the exposure of the Bank in Ukraine. The TSS undertook in the short term to limit engagement in large sovereign transactions and generally apply a higher degree of selectivity for projects based on transition impact potential, additionality and sound banking. There was also a mention in passing with respect to the previous TOP evaluation, where the TSS noted that "certain countries, such as Poland, Latvia and Estonia achieved more modest [performance] ratings, reflecting a relatively advanced stage of transition, and the access to EU funding, which reduced the EBRD's additionality in these countries."
17 In this section mobilisation of parallel or syndicated finance is taken to indicate financial additionality, whereas co-financing by other IFIs is not considered a type of commercial mobilisation, although this has sometimes been claimed in Bank transactions.
18 However, this point was slightly diminished when as part of its geographic approach to the SEMED region, the TSS also noted that given the prevalence of the state in the transport sector, sovereign financing may be appropriate to addressing such funding gaps.
19 Transport Sector Strategy (BDS13-205)Section 4.1
20 "There was a welcome for the objective of reducing the level of sovereign investments" Minutes of the Meeting of the Financial and Operations Policies Committee of 7 March 2013 Point 3.5 (CS/FO/M/13-04)
21 Minutes of the Meeting of the Financial and Operations Policies Committee of 7 March 2013, Point 3.7 (CS/FO/M/13-04)
22 Transport energy saving potential is most often related to urban public transport and to transport-related buildings (railway stations), not to interurban transport activities themselves.
23 Approved by the Board of Directors on 16th April 2013, Sustainable Resource Initiative (BDS13-052 Final)
24 Section 3.1.2 BDS15-196 Green Economy Transition Approach
25 Supporting data is provided in Table 46
26 Though an EvD review of new country strategies found that compared with the old country strategies, before the Country Strategy Results Framework was introduced, there was more explicit identification of actionable priorities ("strategic directions") translated into 'key themes', with an improved selectivity and prioritization of Bank activities in the country. Evaluation Department: Country Strategies – Initial Review (CS/AU/16-21 (12-5-2016))
27 In Armenia, Bulgaria, Estonia, Hungary, Jordan, Slovenia contained a more explicit prioritisation of municipal infrastructure as opposed to transport – that is, where potential transport- related priorities are generally stated, but upon drilling down to connected activities and targets revealed an MEI focus
28 See Table 63: Country Strategies link to TSS outcomes
29 There were 22 cases (of the 82 evaluation projects) which were formally first approved prior to 18 October 2013, and thus the previous TOP was in effect. There were six cases where the Board document for the projects, were actually presented under the previous TOP before being extended during the TSS period.
30 The EBRD's public sector transport operations are heavy users of TC funding, with an estimated annual requirement of €6-10 million of TC funds.
31 AMI data in EBRD Data Warehouse only goes back to 2010
32 E.g. Neighbourhood Investment Facility and IPA Grant European Commission
33 Tajikistan: Dushanbe - Uzbekistan Border Road Improvement Project Extension (BDS12-138 Addendum 1)
34 Operational Insights presented at Board Meeting 14 February 2018 (SGS18-038)
35 This amount mobilised is also in line with the very broad estimate given in the TSS "The EBRD's public sector transport operations are heavy users of TC funding, with an estimated annual requirement of €6-10 million of TC funds."
36 Economic development in the Early Transition Countries is hindered by a number of factors: national debt is extremely high in most of the ETCs; reform and improvement of key institutions – banks, courts and regulatory authorities, state enterprises, infrastructure – is slow, as is the transition to democracy and stability; business skills are lacking; domestic markets are small, distances large, borders are difficult to cross (whether by goods or people); basic services from roads to telecommunications are not in good shape http://www.ebrd.com/what-we-do/sectors-and-topics/early-transition-countries-initiative.html
37 Section 4.4 Transport Sector Strategy (BDS13-205)
38 The Multilateral Development Bank Road Safety Initiative April 19, 2011 (http://www.worldbank.org/en/news/press-release/2011/04/19/development-banks-launch-initiative-to-promote-road-safety) and United Nations Conference on Sustainable Development, Rio+20 occurred on 20-22 June 2012.
39 Minutes of the Meeting of the Financial and Operations Policies Committee of 7 March 2013 (CS/FO/M/13-04)
40 Minutes of the Meeting of the Financial and Operations Policies Committee of 5 September 2013 Point 9 (CS/FO/M/13-20)
41 See Table 67 & Table 68
42 See figures 25-29
43 In the event of the deterioration of these conditions, the counterparts' capacity to meet its financial commitments on the obligation is impaired.

44 Environmental and social impacts are an important feature of the Bank's mandate, and as per the Bank's environmental and social policy - EBRD categorises projects at appraisal to reflect the level of potential environmental and social impacts and issues (with Category A being those projects associated with the highest E&S impact)
45 The data provided by the Infrastructure TC Unit covers the period 2013-16
46 Investment in this section refers to Net Cumulative Bank Investment (NCBI) as derived from the Banks' Data Warehouse database.
47 This is based on Standard Industry Classification (SIC) used in Banking's Data Warehouse which EvD has tried to group further.
48 As defined by Infrastructure TC Unit
49 Air Astana - Technical Centre (OPID: 47354)
50 KTZ Local Currency Loan (OPID: 46852)
51 Kurty Buribaytal road project (OPID: 47229)
52 KTZ balance sheet restructuring (OPID: 47598)
53 https://uk.reuters.com/article/bosnia-politics-loans/refile-bosnia-passes-delayed-law-to-unlock-1-1-billion-of-imf-eu-funds-idUKL8N1OE644
54 http://documents.worldbank.org/curated/en/677161516192289928/pdf/AR-GRSFAnnualReport-PUBLIC.pdf
55 E.g. Sovereign and municipal clients, project based transactions with continuity between origination and portfolio, tranched disbursements that have conditions precedent linked to specific project milestones and requirements, transition impact entwined with long-tailed implementation phases and sizeable TC support packages for implementation support and/or policy objectives, accompanied by related TC procurement processes.
56 EBRD Evaluation Policy, page 7 (BDS12-324)
57 The TSS incorrectly stated that the special study was on the Transport Operations Policy, 2005-2008 (BDS04-72 Final), when in fact the study itself stated that "The subject of this special study is the evaluation of the Bank's Transport Operations Policy (TOP) …with a coverage that includes all Bank policies from 1992, 1997 and 2005."
58 In Annex C - Serbian railway reform and Ukraine road sector reform) to demonstrate that it is an 'on-going process between the Bank and the governments of the region, where key policy issues, relevant to the Bank's mandate, are discussed and promoted.'
59 Information Session: Enhanced and Structured Approach to Policy Reform Dialogue at the EBRD (SGS15-220 (Add 1))
60 Minutes of the Meeting of the Audit Committee of 2 June 2011, Point 4.8 (CS/AU/M/11-12)
61 Minutes of the Meeting of the Audit Committee of 2 June 2011 point 4.9 (CS/AU/M/11-12)
62 Minutes of the Meeting of the Financial and Operations Policies Committee of 5 September 2013, Point 8 (CS/FO/M/13-20)
63 IBID
64 EvD notes that Integrated approaches have been applied to private equity in central and eastern Europe, Polish renewable energy, reform of the grain-value chain, Ukraine power sector and district heating, urban transport in Cairo, Almaty and Belgrade respectively.
65 "This Strategy also supports cross-sector collaboration in order to bring to bear the full expertise and experience of the Bank on transport investments, whether they are multi-user or dedicated facilities."
66 Under TSS, eleven local currency operations were signed for a total investment of €378 million. Kazakhstan takes the lion's share with 6 operations and 80% of the total investment. Other operations took place in Russia, Turkey and Poland.