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European Bank
for Reconstruction and Development

IEvD
Independent Evaluation
Department

THEMATIC EVALUATION

# “Flying together”

## An Evaluation of the EBRD’s engagement in economies more advanced in transition (2010-2024)

**IEvD ID: SS25-198**

EBRD INDEPENDENT EVALUATION DEPARTMENT • June 2026

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This report was prepared by IEvD independently and is circulated under the authority of Gabriele Fattorelli and Samer Hachem, covering for the Chief Evaluator, Head of IEvD role at the time of publication. It was prepared under the supervision of Gabriele Fattorelli, and the team consisted of Shireen El-Wahab, Senior Evaluator of IEvD, Dr Natalia Kryg, Principal Evaluation Manager II, Natalia Lakshina, Evaluation Analyst and Claire D'Alessio, Consultant Analyst and with the support of Andrew Kilpatrick, Independent Consultant. Valuable contributions also came from IEvD's Martin Schunk, Analyst, and Anushka Bilandani, Intern. The Internal Peer Reviewers were Olga Mrinska and Samer Hachem. The External Reviewer is Michael Florian, Senior Evaluation Specialist at Asian Development Bank. This report also benefitted from the assistance of Co-Pilot to accelerate the sifting and aggregation processes. Two sentiment analyses were conducted as part of the report: One was developed using Co-Pilot and another one using natural language processing approaches.

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# Abbreviations

| | |
|---|---|
| ABI | Annual Bank Investment |
| AfDB | African Development Bank |
| AI | Artificial Intelligence |
| AMI | Annual Mobilised Investment |
| ATCs | Advanced Transition Countries |
| ATQs | Assessment of the Transition Qualities |
| BPN | Business Performance Navigator |
| CLO | Collateralised Loan Obligation |
| CSOs | Civil Society Organisations |
| DFI | Development Finance Institution |
| ECB | European Central Bank |
| EIB | European Investment Bank Group |
| ESG | Environmental, Social and Governance |
| ETCs | Early Transition Countries |
| EU | European Union |
| FMDI | Financial Market Development Index |
| GCAP | Green Cities Action Plan |
| GDP | Gross Domestic Product |
| GET | Green Economy Transition |
| GFC | Global Financial Crisis |
| GPPF | Greek Project Preparation Facility |
| HFSF | Hellenic Financial Stability Fund |
| IDB | Inter-American Development Bank |
| IEvD | Independent Evaluation Department |
| IFC | International Finance Corporation |
| IFIs | International Financial Institutions |
| IMF | International Monetary Fund |
| IPO | Initial Public Offering |
| KPIs | Key Performance Indicators |
| LATs | Economies Less Advanced in Transition |
| LP | Limited Partner |
| MATs | Economies More Advanced in Transition |
| MDBs | Multilateral Development Banks |
| MREL | Minimum Requirement for Own Funds and Eligible Liabilities |
| NBG | National Bank of Greece |
| NIB | Nordic Investment Bank |
| NLP | Natural Language Processing |
| NPL | Non-Performing Loans |
| OECD | Organisation for Economic Co-operation and Development |
| PD | Probability of Default |
| PDM | Private Direct Mobilisation |
| PE | Private Equity |
| PIM | Private Indirect Mobilisation |
| PPP | Public Private Partnership |
| PPOs | Policy Priority Objectives |
| RA | Regional Allocation |
| RLE | Regional-level Evaluation |
| RRF | Recovery and Resilience Facility |
| RO | Resident Office |
| RoRC | Return on Required Capital |
| SCF | Strategic and Capital Framework |
| SEMED | Southern and Eastern Mediterranean |
| SLB | Sustainability-Linked Bond |
| SMEs | Small and Medium Enterprises |
| SOEs | State-Owned Enterprises |
| SPA | Summary Project Assessment |
| TC | Technical Cooperation |
| TI | Transition Impact |
| TOMS | Transition Objectives Measurement System |
| TQ | Transition Quality |
| VC | Venture Capital |
| VCIP | Venture Capital Investment Programme |
| WBG | World Bank Group |

# Glossary of selected terms

| Terms | Definition |
|---|---|
| **Additionality** | The evaluation adopts the MDB Harmonised Framework for Additionality in Private Sector Operations (2018) which defines additionality in terms of the interventions made by MDBs "*to support private sector operations that make a contribution beyond what is available in the market and do not crowd out the private sector*".[1] |
| **Annual mobilised investment (AMI)** | Annual mobilised investment is defined as the volume of commitments from entities other than the Bank made available to the client due to EBRD's direct involvement in mobilising external financing during the year. |
| **Economies Less Advanced in Transition (LATs)** | The group of countries less advanced in transition is defined in the Bank's SCF 2026-2030. It includes all countries of operations outside the EU and Türkiye.<br><br>It is defined based on the EBRD's 2024 Assessment of Transition Qualities (ATQs) and includes all economies with transition quality rankings equivalent to or below Montenegro. |
| **Economies More Advanced in Transition (MATs)** | **For the purposes of this evaluation, economies more advanced in transition are those economies in the EBRD region ranked above Montenegro in the 2024 EBRD's ATQs ranking table as used in the EBRD 2026-30 Strategic and Capital Framework.**<br><br>Traditionally, in line with internal convention and practice at the Bank, Advance Transition Countries (ATCs) were identified as those countries more advanced in transition according to the Bank's Assessment of the Transition Qualities (ATQs) or based on their membership of the EU. The Bank no longer uses this term and does not apply a definition of advanced market contexts within its economies of investment. |
| **Innovation** | In this evaluation, innovation refers to first-of-kind products, services, standards, practices, business models or financing structures in a given market or segment. Under EBRD's Enhanced Approach to Additionality, innovation contributes to both financial and non-financial additionality where EBRD enables actions not available from the market on comparable terms, including innovative financing structures, risk-sharing arrangements, first-time capital-market instruments or fund/platform structures, as well as standard-setting, knowledge transfer, and policy dialogue beyond prevailing market practice. Under TOMS 2.0, innovation is relevant to transition impact through newly introduced "project novelty" channel within the systemic change assessment. |
| **Private Direct Mobilisation** | Private Direct Mobilisation is financing from a private entity on commercial terms due to the active and direct involvement of a MDB leading to commitment. |
| **Private Indirect Mobilisation** | Private Indirect Mobilisation is financing from private entities provided in connection with a specific activity for which an MDB is providing financing, where no MDB is playing an active or direct role that leads to the commitment of the private entity's finance. |

[1] Multilateral Development Banks' Harmonized Framework for Additionality in Private Sector Operations

| Terms | Definition |
|---|---|
| **Repeat engagement** | A recurring challenge across evaluations is the absence of a standard definition for "repeat clients" at EBRD. While the term typically refers to entities with multiple successive engagements with the Bank over time, its application is broad. It encompasses a wide range of repeat engagements, ranging from a successive credit line projects to distinct transactions involving different instruments, sectors, or objectives. Repeat clients are also referred to as existing or pre-existing clients.<br><br>In this evaluation, the term is defined as operations with existing clients involved in more than one of Bank's transaction, help mobilise private finance, advance reforms and standards, and scale innovation - as well as where risks, such as incumbent entrenchment and diluted additionality, may arise. |
| **Total Mobilisation** | Total mobilisation is equal to the sum of Annual Mobilised Investment and Private Indirect Mobilisation. From Q4 2023, EBRD began reporting both AMI and Total Mobilisation to share a more holistic view of mobilisation delivery that captures a more complete array of third-party investor activities. |
| **Transition impact** | Transition Impact (TI) refers to the effects of Bank's intervention on a client, sector or economy that contribute to transition towards a well-functioning and sustainable market economy, characterised by six key transition qualities, e.g. competitive, well-governed, green, inclusive, resilient, and integrated). In the EBRD's transition concept, these qualities refer respectively to dynamic and competitive markets; quality institutions and governance processes; environmental sustainability; access to economic opportunity; the ability to withstand shocks; and stronger internal and cross-border economic integration.<br><br>TI is reflected through:<br><br>(i) project-level effects (project outputs and outcomes) — including direct results and wider economic effects such as job creation, productivity improvements and financial deepening; and<br><br>(ii) market-level effects (systemic change) - transformational and lasting changes to market structures, behaviours or institutions triggered by a project or group of projects. Systemic change triggers may include introducing novel products, practices, services or business practices; changing market structures, for example through entry of new players or consolidation that spurs competition; skills transfer and diffusion; and policy change that affects the entire targeted market. |

# The evaluation in a "snapshot"

## A – Scope & Approach

### The Evaluation in a snapshot 1 – Overview

**Objective & Scope of the evaluation**

**The objective of this evaluation is to provide a thematic assessment of the relevance, additionality and demonstration effects of the EBRD's engagement in a selected group of economies that are "more" advanced in transition.** The evaluation utilises the term "more advanced in transition" to describe these economies, thereby maintaining consistency with the recent adoption by the Bank of the term countries "less advanced in transition," which replaces the previous designation "early transition countries."

For this purpose, the evaluation identified a selection of countries that 1) ranked at or above Montenegro in EBRD's 2024 assessment of transition qualities (ATQs) ranking table used in the SCF 2026-30 and 2) are also classified as "High Income" by the World Bank Group as of 2024.

**This cohort of 12 includes: Bulgaria, Croatia, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, and Slovenia.**

**This dual-filter methodology reflects the evaluation's aim to examine EBRD's activities across contexts of both economic development and improving market maturity.**

This list thus excludes: 1) Türkiye, whose ATQ ranking is above Montenegro but does not meet the second high-income criterion applied in this evaluation and 2) Kazakhstan and Ukraine which do not meet the transition threshold and are also filtered out by the income criterion, being classified as upper-middle-income economies.

**By average ATQ rating**

| | | |
|---|---|---|
| 1. Estonia | 13. Türkiye | 25. Moldova |
| 2. Lithuania | 14. Montenegro | 26. Mongolia |
| 3. Czech Republic | 15. Serbia | 27. Kosovo |
| 4. Slovenia | 16. Georgia | 28. Azerbaijan |
| 5. Latvia | 17. North Macedonia | 29. Egypt |
| 6. Poland | 18. Armenia | 30. Tunisia |
| 7. Slovak Republic | 19. Kazakhstan | 31. Uzbekistan |
| 8. Hungary | 20. Jordan | 32. Kyrgyz Republic |
| 9. Greece | 21. Ukraine | 33. Lebanon |
| 10. Croatia | 22. Albania | 34. Tajikistan |
| 11. Romania | 23. Morocco | 35. Turkmenistan |
| 12. Bulgaria | 24. Bosnia and Herzegovina | |

**Countries highlighted in current SCF category**

| | | |
|---|---|---|
| Early transition countries | Western Balkans | Southern and eastern Mediterranean |

Source: Strategic and Capital Framework 2026-2030

**Evaluation Period**

**This evaluation covers the period 2010-2024, with an emphasis on the period 2016-2024.**

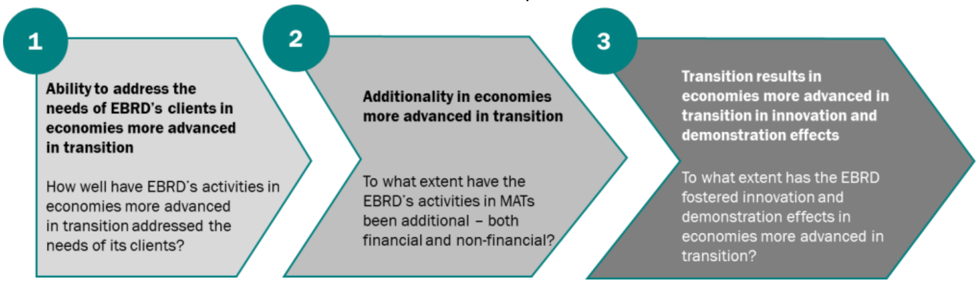
A long-term perspective is needed to capture a full strategic and market cycle and to assess how the EBRD's value proposition has evolved over time.

Some evaluation findings, building on the revised transition impact concept, however, emphasise the period 2016-2024 which aligns with the adoption of the six transition qualities in 2016.

## The Evaluation in a snapshot 2 – Approach & Methods

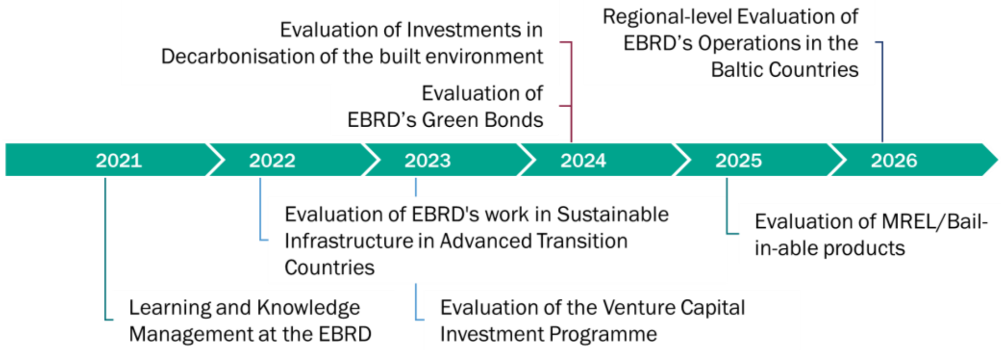
**Key Evaluation Questions**

**This evaluation aims to determine how relevant and effective the EBRD has been in economies that are more advanced in transition by maintaining additionality, fostering innovation, and enabling replication effects.** To respond to this overarching evaluation question, the evaluation identified a set of three evaluation sub- questions:




**Evaluation Approach & methods**

**This evaluation builds on evaluation findings from previous evaluation work, including:**




**The evaluation used a mixed-methods design, triangulating evidence:**

- **In depth desk review** 1,000+ documents + **Qualitative stakeholder evidence:** 138 interviews with 190+ stakeholders.
- **Portfolio analysis**: 1,367 investment projects approved 2010–2024 and validation of self-evaluation: 69 validated self-evaluations; selected TC operations plus policy engagement.
- **Targeted survey of EBRD staff:** 212 invited; 52% response rate.[2]
- **Two media sentiment analyses**: an AI-supported scan across all 12 markets (2010–2024) and natural language processing deep dives in Greece and Croatia (each 2,076 articles; Greece: 28,541 text segments/4,401 EBRD mentions; Croatia: 38,139/3,751); and,
- **Three in-depth case studies:** Selected activities in three more advanced transition economies (Greece, Croatia and Lithuania), which were chosen using structured criteria including: 1) critical mass of investment, 2) market diversity, 3) sector relevance, 4) stakeholder access, and 5) efficiency/cross-fertilisation to test how additionality, innovation and demonstration effects played out in practice. In addition, the evaluation includes a targeted review of selected projects where demonstration effects were an explicit transition objective.

[2] Further details in annexes available upon request

# B – Summary of evaluation insights

| The Evaluation in a snapshot 3 – Key Findings | |
|---|---|
| **1. To what extent was the Bank relevant?** | • **Engagement in MATs was relevant to the Bank's business delivery, accounting for an average of 26.6% of annual bank investment (ABI) from 2010-2024 (euro 4.24b c.a. 26% of total ABI & 25% of total number of projects signed in 2024)**<br>• Financial performance was strong, and the portfolio delivered more resilient returns on capital than in other countries less advanced in transition (c.a. 90% private sector share; and disbursement rate almost twice as fast than in economies less advanced in transition).<br>• **The Bank focused on engagement that met private sector needs, orienting investment toward areas of higher transition gaps and innovative instruments to unlock systemic impact.**<br>• Over the years, the EBRD acted very effectively as a counter cyclical investor in crises, and was perceived as a distinctive and relevant partner from the broad range of its clients.<br>• **Overall, Bank's activities aligned, complemented and reinforced the delivery of initiatives of other IFIs, EU frameworks and national development priorities.** |
| **2. To what extent was the Bank additional?** | • **Evidence clearly indicates that over the evaluation period, the Bank provided both funding and specialised knowledge beyond what was available in the market, adapting its approach as circumstances evolved ("unanticipated additionality").**<br>• **On the other hand, the Bank's current systems are not able to fully capture how EBRD creates value, limiting systematic capture, measurement and learning on additionality.**<br>FINANCIAL ADDITIONALITY<br>• **Equity was a high-value channel of financial additionality**, where equity capital remained structurally scarce in specific segments and periods, reinforced by the Bank's higher risk appetite.<br>• **Innovation and first-mover behaviour was a significant source of additionality, with material evidence of subsequent diffusion.**<br>• **Over the past three years, average private direct mobilisation was notably higher in less advanced economies compared to MATs, whereas indirect mobilisation showed the opposite trend.** Overall, total mobilisation in more advanced economies was more than triple that in countries Less Advanced in Transition (approximately €49 billion to €15 billion) while AMI from 2020-2024 reached €2,990m (in 2024 it was €1.2b in MATs v €2.9 in LATs).<br>NON FINANCIAL ADDITIONALITY<br>• **The Bank's credibility, signalling and standard-setting helped reduce perceived risk for the market:** the evaluation finds that reducing uncertainty and shaping market behaviour constituted a core source of EBRD's non-financial additionality in more advanced markets.<br>• **Repeat engagements were a key channel for deepening additionality through more ambitious follow-on operations;** evaluation evidence suggests that the trust and mutual understanding built through repeated engagements increased innovation and risks-taking on new products and instruments.<br>• For instance, in Greece, repeat engagements with Alpha Bank, Eurobank, and Piraeus Bank showed a clear trajectory from crisis repair (2015 recapitalisation; trade finance) to market development (capital-market reopening; MREL/Tier II) and then innovation (synthetic securitisation - Project Ermis II, late 2022).<br>• **The Bank's policy and capacity building work was pragmatic, additional, and complementary, helping drive systemic change**; evidence shows that the EBRD's legal and regulatory inputs carried particular weight (for example covered bond frameworks in Lithuania, SOE reform support in Croatia, etc.). |

| **The Evaluation in a snapshot 3 – Key Findings** | |
|---|---|
| **3. To what extent did the Bank generate "demonstration effects" and drive innovation?** | • **The Bank drove innovation both *directly* – by introducing examples of new technologies and risk structures – and *indirectly* by supporting standards improvement and commercially focused market behaviour.**<br>• **Evidence shows that replication & demonstration effects were amplified, depending on how EBRD engaged on the ground and how visible and credible its interventions were to the wider market.** In particular, three reinforcing factors mattered: local presence, visibility and signalling, and crisis-period engagement.<br>• **Frameworks and sequenced engagements shaped strong demonstration effects by combining repetition, standardisation, sustained policy dialogue and cumulative learning** (i.e. various MREL/bail-in-able frameworks and covered bond frameworks, which were frequently supported by the Bank early on and over time became standard practices).<br>• **Client- and peer-level demonstration effects were strong where interventions visibly shifted standards and behaviour, but uptake depended on local capacity, timing, context and incentives.**<br>• **Systemic market-level demonstration effects emerged most strongly where EBRD interventions reshaped market architecture and behaviour.**<br>• **The evaluation found that, while the Bank's approach to capturing demonstration effects has evolved conceptually under the revised Transition Objectives Measurement System (TOMS) important limitations remain**, particularly evident in more advanced markets where demonstration effects often materialise through indirect, time-lagged and system-level channels. |

## C – Two recommendations to strengthen the Bank's additionality and contribution to systemic change

### Recommendation 1> Introduce a more systemic additionality framing by enhancing the Bank's ex ante additionality approach, complementing it with sector/market-level framing and developing an effective feedback loop.

| Relevant Issues | *Recommendation* |
|---|---|
| • The current assessment based on the Enhanced Approach to Additionality (2020) remains limited to investments and does not cover the full range of the bank's activities that in many circumstances ensure strong additionality. For example, the evaluation found that non-financial additionality remains under-estimated and under-reported, confirming findings from previous evaluations.<br><br>• The current binary approach employed by the EBRD does not provide a tool to understand, compare and prioritize additionality across the Bank's activities. Across MDBs, rigorous additionality assessment has proven to be a useful tool to capture contributions to markets and ensure robust mobilisation.<br><br>• Systemic and sector-wide effects emerge through frameworks and sequences of repeated operations, none of which are visible in a project-only model;<br><br>• There is no rigorous and systematic ex-post verification of the assumptions underlying the current narrative of the Bank's additionality; there is an increasing need across MDB to develop system-thinking approaches to capture how MDBs create value at portfolio, sector and market levels, and reflect the cumulative effects of repeated and sequenced engagements. | To strengthen its strategic positioning and transition contribution, particularly in advanced markets, the EBRD should enhance its approach to additionality by:<br><br>1) Carrying out a feasibility study and pilot testing a more granular ex-ante additionality assessment, which includes defining levels of additionality and establishing mechanisms to capture portfolio- and market-level additionality dynamics: *and*<br><br>2) Undertaking regular ex-post additionality assessments to create an effective feedback loop aimed at identifying patterns and drivers of "unanticipated" additionality and integrate those insights into both ex-ante assessment and monitoring. |

## Recommendation 2> Strengthen the Bank's ability to effectively capture and communicate outcomes by positioning replication and demonstration effects more explicitly in its impact framework.

| Issues related to the recommendation | *Recommendation* |
|---|---|
| • Evidence shows that EBRD's interventions triggered important replication and demonstration effects within and across advanced markets, contributing significantly to promoting transition, responding effectively to crises and generating innovation.<br><br>• However, the evaluation found that those effects are not "intentionally" designed and strategically planned.<br><br>• There is no consistent ex-post review and assessment of EBRD's replication and demonstration effects, within and across countries; these effects remain largely unobservable and thus underestimated, though, as confirmed by the evaluation, they remain at the very core of the Bank's transition concept.<br><br>• Finally, evidence shows that demonstration effects often materialise through indirect channels that are not captured by project-level systems. | **Enhance the Bank's capacity to promote and capture systemic change – and better tell its impact story – by explicitly embedding replication and demonstration effects within its impact framework, supported by effective monitoring, ex-post assessment, and continuous learning.**<br><br>In this context, the Bank should consider:<br><br>1) Placing replication and demonstration effects as key channel for systemic change (market effects) and ex-ante develop, monitor and ex-post assess these demonstration effect pathways to ensure a solid feedback loop.<br><br>2) Taking into account that demonstration effects often materialise through indirect channels that are not captured by project-level systems, undertake deep dive assessments across EBRD's portfolio and regions to identify patterns and drivers of demonstration effects.<br><br>3) Building further mechanisms for regular cross-country learning on specific interventions and reuse of tested solutions while relying on Resident Offices to ensure policy continuity and effective market communication. |

# 1. INTRODUCTION: Background and Context

1. **An evaluation of the Bank's experience in more advanced economies is now more relevant than ever, as geopolitical fragmentation, renewed uncertainty on the international stage, and rising fragility in multiple regions have increased the importance of confidence, credibility and market shaping roles in more advanced market contexts, where shocks transmit rapidly through financial systems.**[3] By deepening understanding of EBRD's additionality, demonstration effects and innovative capabilities, the evaluation also aspires to inform operations in other EBRD economies. At the same time, the Bank is sharpening its strategic direction under the recently approved SCF 2026-30, with increased emphasis on systemic change, institutional learning and clarity of value proposition across different market contexts. This evaluation responds to the growing need to support the institution's understanding of how impact and systemic change materialise in more mature and complex contexts.

2. **As per the EBRD's mandate, this evaluation recognises that graduation is a country decision and therefore did not include the concept of graduation in any of its lines of enquiry.** In addition, the evaluation focuses on contribution, not attribution. While attribution is not claimed, the concentration, timing and sequencing of the Bank's interventions provide credible evidence of whether it contributed value that would not plausibly be replicated by alternatives alone.

3. **For this purpose, the evaluation identified a selection of countries that: 1) ranked at or above Montenegro in EBRD's 2024 assessment of transition qualities (ATQs) ranking table used in the Strategic and Capital Framework 2026-30 and 2) are also classified as "High Income" by the World Bank Group as of 2024. This cohort of 12 includes: Bulgaria, Croatia, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic, and Slovenia.** This dual-filter methodology reflects the evaluation's aim to examine EBRD's activities across contexts of economic development and improving market maturity. This list thus excludes: 1) Türkiye, whose ATQ ranking is above Montenegro but does not meet the second high-income criterion applied in this evaluation and 2) Kazakhstan and Ukraine which do not meet the transition threshold and are also filtered out by the income criterion, being classified as upper-middle-income economies (Figure 1).

4. **Although all economies covered in this evaluation are described as more advanced in transition, the group is heterogeneous in terms of economic, political and development history, including in income trajectories, market maturity and exposure to external shocks.** In addition, while several economies were classified as high-income at the start of the evaluation period in 2010,[4] Latvia and Lithuania reached high-income status in 2012, Hungary and Croatia moved between income categories from 2012-2016, and Romania and Bulgaria attained high-income status in 2021 and 2023, respectively. IEvD also notes heterogeneity in EBRD engagement; for example, in the case of Czechia, which graduated in 2007 but where crisis drove temporary re-engagement for EBRD. Re-engagement was time-bound between 2021-2026 and activity was concentrated around COVID/post COVID conditions.

5. **This evaluation covers the period 2010-2024, with an emphasis on the period 2016-2024.** A long-term perspective is needed to capture a full strategic and market cycle and to assess how the EBRD's value proposition has evolved over time, with reference to the heterogeneity described above. Some evaluation findings, building on the revised transition impact concept, emphasise the period 2016-2024 which aligns with the adoption of the transition qualities in 2016.[5]

[3] The Independent Evaluation Department (IEvD) Work Programme 2026-28 includes a thematic evaluation of the Bank's engagement in economies more advanced in transition aimed at assessing the Bank's additionality over time and its ability to contribute to demonstration effects.

[4] Croatia, Czechia, Estonia, Greece, Hungary, Poland, the Slovak Republic, and Slovenia.

[5] This evaluation was conducted in close coordination and complementary with the regional-level evaluation of EBRD's operations in the Baltics: IEvD (2026) Regional-level evaluation of EBRD's Operations in Baltic Countries (2016-2024).

6. **The evaluation's treatment of additionality is grounded in the MDB Harmonised Framework for Additionality in Private Sector Operations (2018), which provides a common conceptual basis for distinguishing financial and non-financial additionality across multilateral development banks.**[6] And, in order to look at demonstration effects and replication, the evaluation explored two main demonstration effects pathways: (i) client and peer-level influence, and (ii) systemic market-level effects, with replication as one possible outcome.[7] (Box 1).

**Figure 1: List of EBRD's countries by ATQ Ranking [**

| By average ATQ rating | | |
|---|---|---|
| 1. Estonia | 13. Türkiye | 25. Moldova |
| 2. Lithuania | 14. Montenegro | 26. Mongolia |
| 3. Czech Republic | 15. Serbia | 27. Kosovo |
| 4. Slovenia | 16. Georgia | 28. Azerbaijan |
| 5. Latvia | 17. North Macedonia | 29. Egypt |
| 6. Poland | 18. Armenia | 30. Tunisia |
| 7. Slovak Republic | 19. Kazakhstan | 31. Uzbekistan |
| 8. Hungary | 20. Jordan | 32. Kyrgyz Republic |
| 9. Greece | 21. Ukraine | 33. Lebanon |
| 10. Croatia | 22. Albania | 34. Tajikistan |
| 11. Romania | 23. Morocco | 35. Turkmenistan |
| 12. Bulgaria | 24. Bosnia and Herzegovina | |

**Countries highlighted in current SCF category**

| Early transition countries | Western Balkans | Southern and eastern Mediterranean |
|---|---|---|

Source: Strategic and Capital Framework 2026-2030

7. **Finally, a note on the limits of this report: first, data over the evaluation period (2010–2024) is affected by changes in systems and definitions, particularly pre-2016, limiting full comparability over time.** Data on technical cooperation and mobilisation are inconsistent and evolving and are therefore interpreted and presented cautiously. Separately, evidence on additionality and demonstration effects is inherently challenging. Findings therefore rely on triangulation and a mix of quantitative and qualitative sources. Finally, the report uses illustrative cases to examine mechanisms rather than provide representative coverage.

**Box 1: Understanding the evaluation's approach to demonstration effects pathways**

1. Client and peer demonstration effects (Level 1)

Innovations introduced at project level trigger behavioural shifts within the client and, over time, among peers and market participants. Typical manifestations include:

- Adoption of stronger governance, ESG, disclosure or risk management practices.
- Replication of transaction structures, KPIs, documentation for more advanced markets or reporting standards by other issuers.
- Changes in lending behaviour, market expectations or product usage among domestic market actors.

2. Systemic market level demonstration effects (Level 2)

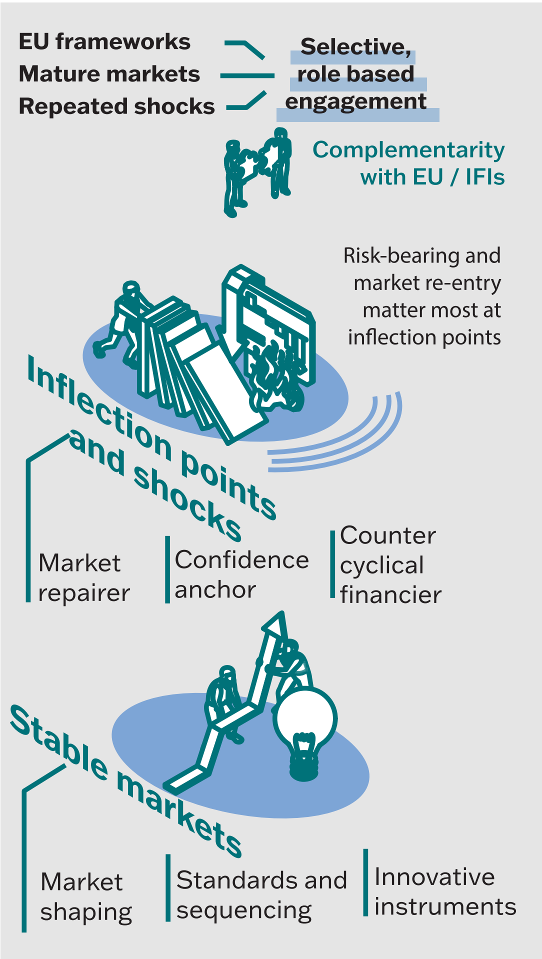
Innovations scale beyond individual firms to influence market architecture, regulatory frameworks or investor behaviour. Typical manifestations include:

- Emergence of new market segments (e.g. Sustainability-linked bond -SLBs-, MREL eligible instruments, covered bonds).
- Regulatory or policy uptake of frameworks piloted through EBRD operations.
- Expanded investor participation, deeper markets, and cross-country diffusion of standards or instruments.

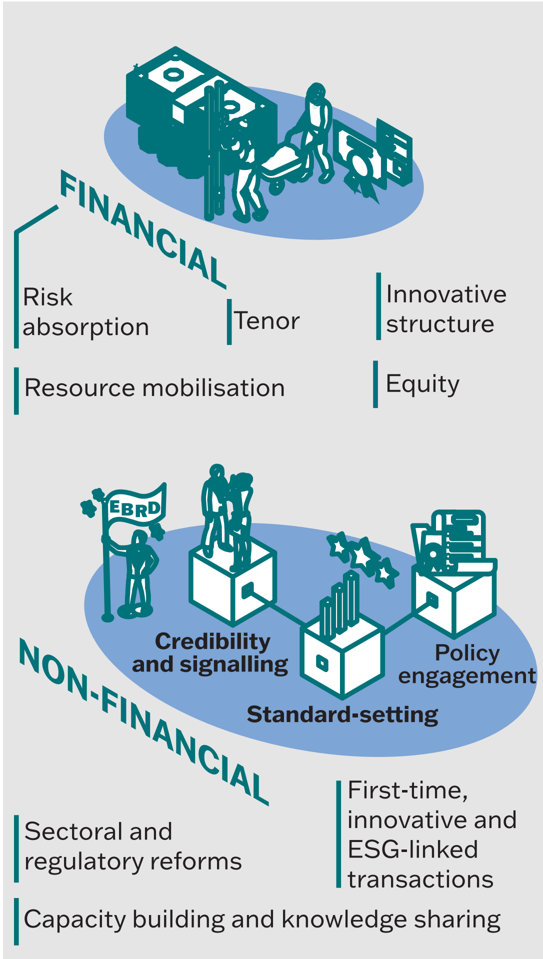
[6] Multilateral Development Banks' Harmonized Framework for Additionality in Private Sector Operations.

[7] Recognising that a third pathway is internal to the Bank, regarding institutional learning within EBRD, and covered by the previous learning and knowledge evaluations. See Mid-term Evaluation of EBRD Strategic and Capital Framework 2021–25 Technical Report: Learning and Knowledge Management (2025) and Learning and Knowledge Management at the EBRD: Summary Report (2021).

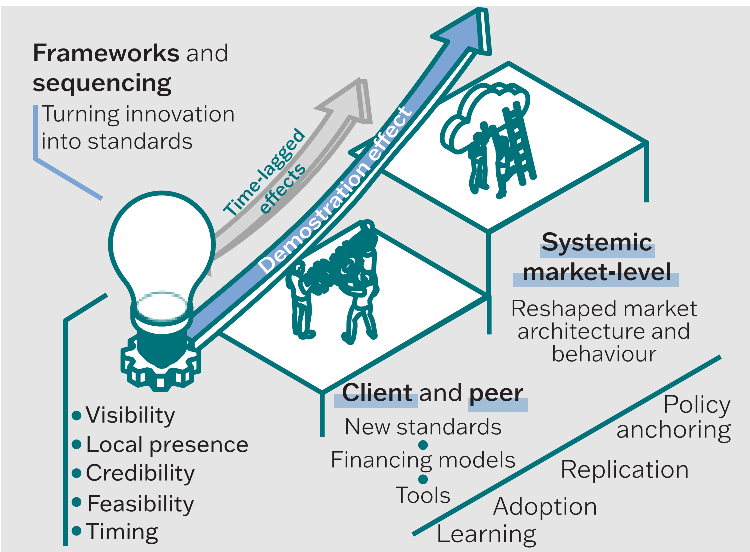
**Relevance** comes from timing, role and market shaping, not from financing alone.




**Additionality** is increasingly system level, cumulative and role based, exceeding what project by project systems can capture.




**Demonstration** effects are cumulative, indirect and time lagged — and therefore poorly captured at project level.

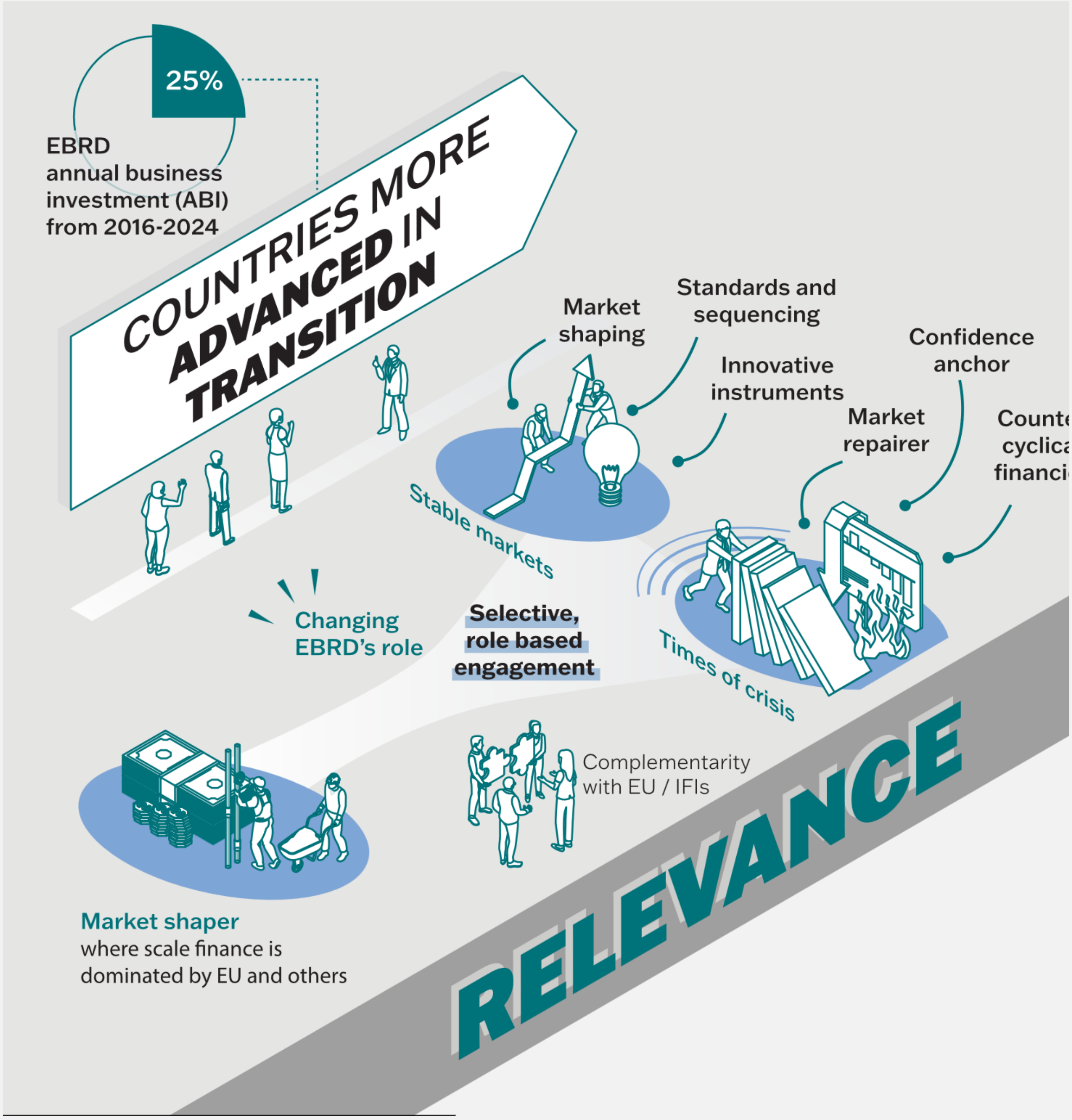




Suboptimal internal system for looking at additionality

# 2. HOW RELEVANT?

**Overall, the Bank was extremely relevant to its clients, shaping markets, absorbing shocks, repairing markets and promoting innovation and standards that mobilised investment beyond its own financing.**

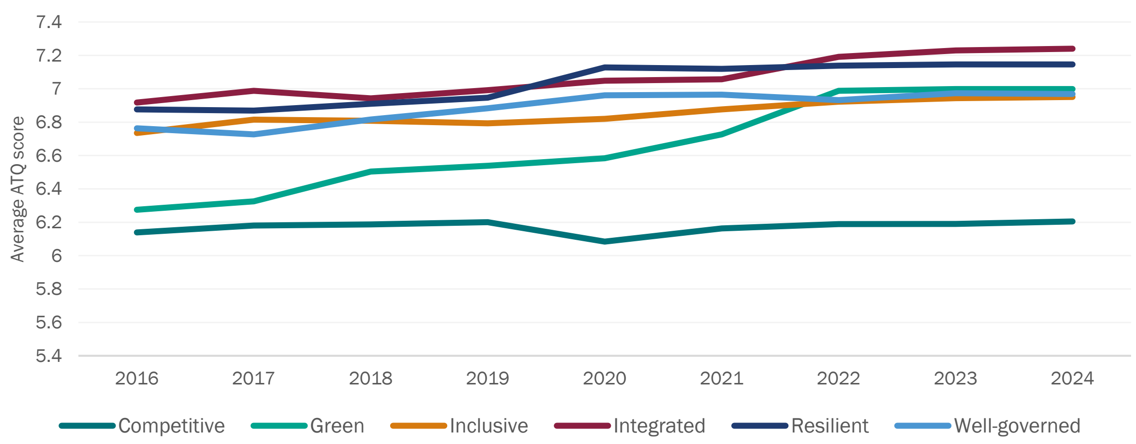


## 2.1 Despite overall progress, transition trajectories in the MAT economies were uneven, reflecting the impact of overlapping shocks (i.e. the Eurozone crisis, COVID-19 pandemic, Russia's war on Ukraine, etc.).

8. **Despite overall progress, MATs remain on an incomplete and non-linear transition path.** Transition progress was irregular over time as measured by the Bank's Assessment of the Transition Qualities (ATQs) scoring system (Figure 2). The World Bank Group's income classification also indicates the uneven development progress over time in these more advanced markets, though all were classified High Income in 2024, countries like Croatia and Hungary moved between income classifications multiple times during the evaluation period, and Romania and Bulgaria only attained High Income status for the first time in the early 2020s. Layered shocks impacted the transition trajectory of all the economies, including through inflation surges (notably in Hungary and the Baltics), capital market volatility, and structural challenges such as labour shortages and the need for an accelerated green transition. Hungary, Romania and Bulgaria also experienced credit downgrades due to fiscal and governance issues, though most more advanced markets maintained investment-grade ratings overall.

9. **While there was a drive to converge with the EU acquis and other international standards in more advanced transition economies, market and institutional gaps have not closed.** Certain transition gaps grew temporarily or improved only in fits and starts. Transition challenges tended to increasingly emerge during shocks, sequencing failures, or in complex market segments such as green transition or capital markets. While most ATQ scores improved across the group, competitive stalled, never surpassing approximately 6.2 on average, and falling somewhat in 2020-21. Well-governed also suffered setbacks, notably in 2017 and 2022. Resilient increased steadily until 2020 but plateaued for the rest of the evaluation period.

**Figure 2: Transition progress in advanced economies was not linear, 2016-2024**




Source: ATQ scores country assessments

10. **Within this broader context, capital-market conditions across the group generally strengthened over the past decade, reflecting cumulative EU acquis alignment, regulatory upgrades and development progress**. However, progress has been uneven and capital markets remained comparatively shallow relative to the advanced benchmark economies included in the Financial Market Development Index (FMDI) comparison. Here 'shallow' refers to the depth, liquidity and diversification dimensions captured by the FMDI (alongside enabling conditions such as legal/regulatory frameworks and market infrastructure).

11. **Across the period under evaluation, the 12 economies within the scope of this evaluation operated within an environment shaped strongly by EU policy frameworks, funding instruments and institutional alignment**. All the economies included in the evaluation were EU members by 2013, with later joiners being Bulgaria and Romania in 2007 and Croatia in 2013. Euro adoption was uneven: several adopted the currency during the evaluation period while others remained outside the Eurozone.[8] EU accession had a significant influence on these economies in terms of policy direction and financing flow.

12. **Over the past decade, all 12 more advanced economies were affected by overlapping external shocks, including the Eurozone crisis, the COVID-19 pandemic and Russia's war on Ukraine.** These shocks went through financial systems, contributing to volatility, inflationary pressures and heightened uncertainty over long time periods and were particularly significant in countries with greater exposure to energy and trade disruptions. For example, following the global financial crisis, Croatia faced stalled or negative GDP growth, falling state revenues, high levels of external debt in foreign currencies, significant NPL levels and high unemployment. SME access to finance and foreign direct investment were scarce for much of the 2010s, indicating the lasting systemic effects of crisis.

13. **The importance of these external factors is reflected in the conclusions of the discussion of the EU-11 representatives, held in March 2026**, which emphasise the continued impact of Russia's war on Ukraine, the need for sustained policy dialogue to strengthen sectors affected by the war, and the importance of expanding risk-sharing mechanisms and the use of equity in the face of constrained private markets, uncertainty and insufficient risk-bearing capacity. EU policy direction and funding played a central role in shaping reform priorities and investment pipelines in more advanced markets, influencing both the demand for, and the role of, IFIs. EU funding instruments, notably Cohesion Policy funds and, since 2021, the Recovery and Resilience Facility (RRF) also provided significant structural support from the EU in more advanced markets.

14. **Finally, the absorption of funds varied between economies, though it has improved over the evaluation period, with average absorption rates for total EU funds at just 22% in 2010 before reaching the mid-high 90% range in the 2020s, approximating the EU28 trajectory.**[9] The EU28 average is 79% according to available data over the evaluation period. Estonia (79%) and Lithuania (78%) have been quicker at absorbing these funds. Croatia and Romania were initially slower to absorb these funds, with absorption rates of 53% and 60%; however, both reached about 83% in the early 2020s. Estonia and Lithuania also led in Cohesion Fund absorption specifically, with 72% and 75% to an EU average of 73%.

## 2.2 Engagement in more advanced transition economies was relevant to the Bank's business delivery, accounting for an average of 26.6% of annual bank investment from 2010-2024

15. **In terms of EBRD's activity in these economies, operations in more advanced economies accounted for an average of 26.6% of annual bank investment (ABI) per year from 2010-2024.** Between 2010 and 2021, ABI levels in MATs remained broadly steady. From 2023, however, ABI rose markedly, reaching €4.24 billion across 143 projects in 2024. This relative surge aligned with heightened demand following successive shocks, including post-COVID recovery, energy-security pressures and the green transition, and reflects the Bank's counter-cyclical response.

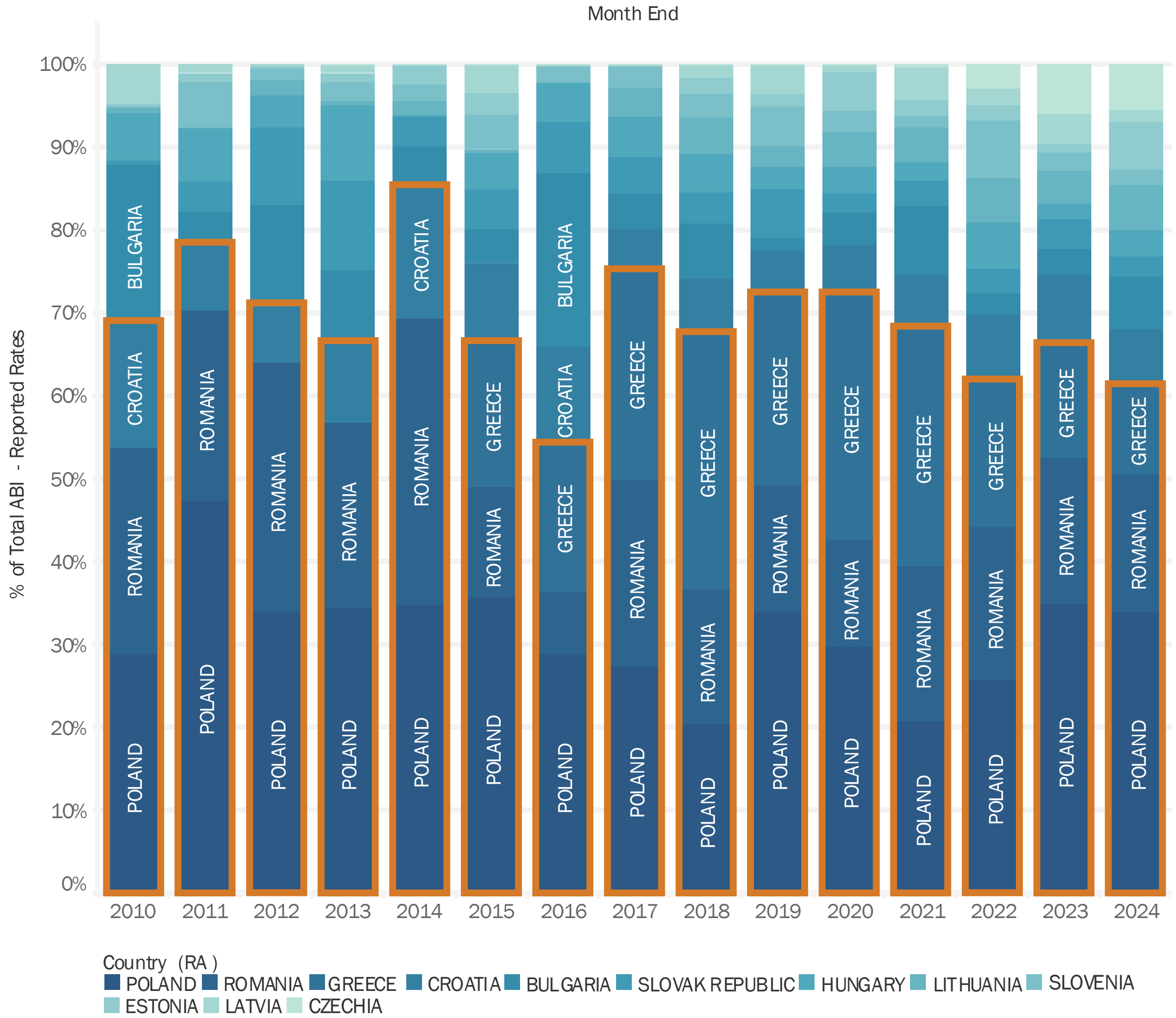
16. **Since 2010, the Banks's operational activities were heavily weighted towards a sub-group of countries, including Poland, Romania, Croatia, Bulgaria and Greece, making up the vast majority of ABI volume in more advanced markets. Activities in Poland accounted for 34% of ABI in this group of economies more advanced transition in 2024 and consistently accounted for more than a fifth of the total investment each year since 2010**. Poland also recorded the fastest growth over the last three years, coinciding with the onset of Russia's war on Ukraine. Romania is the

[8] Estonia entered the Eurozone in 2011; Latvia in 2014; Lithuania in 2015; Croatia in 2023; and Bulgaria in early 2026 (after the evaluation period). Czechia, Hungary, Poland and Romania have not adopted the Euro.

[9] Data as of 15 July 2025. Find downloadable data from the EU on funds absorption here: SF 2007-2013 Funds Absorption Rate.

second-largest market in terms of EBRD annual investment, accounting for 17% of ABI for this group in 2024. On the other side, Latvia, the Slovak Republic and Slovenia typically represented smaller shares, according to total ABI at reported rates. These trends are mirrored in the number of projects in each country approved during the evaluation period, with concentrations in Romania (405), Poland (384), Bulgaria (213), and Croatia (213). Estonia, Latvia, and Slovenia each had between 85 and 90 projects.

**Figure 3: Investment was concentrated in a few countries, with the top three countries[10] representing between 54 and 85 per cent of ABI, 2010-2024**




Note: The Country (RA) field includes country allocations of regional project ABI

Source: IEvD analysis based on internal operational data as of 16 April 2024.

[10] Poland, Romania and Croatia from 2010-2014 and Poland, Romania and Greece from 2015, when EBRD commenced its temporary mandate in Greece.

## 2.3 Financial performance was strong, and the portfolio delivered more resilient returns on capital than in other countries.

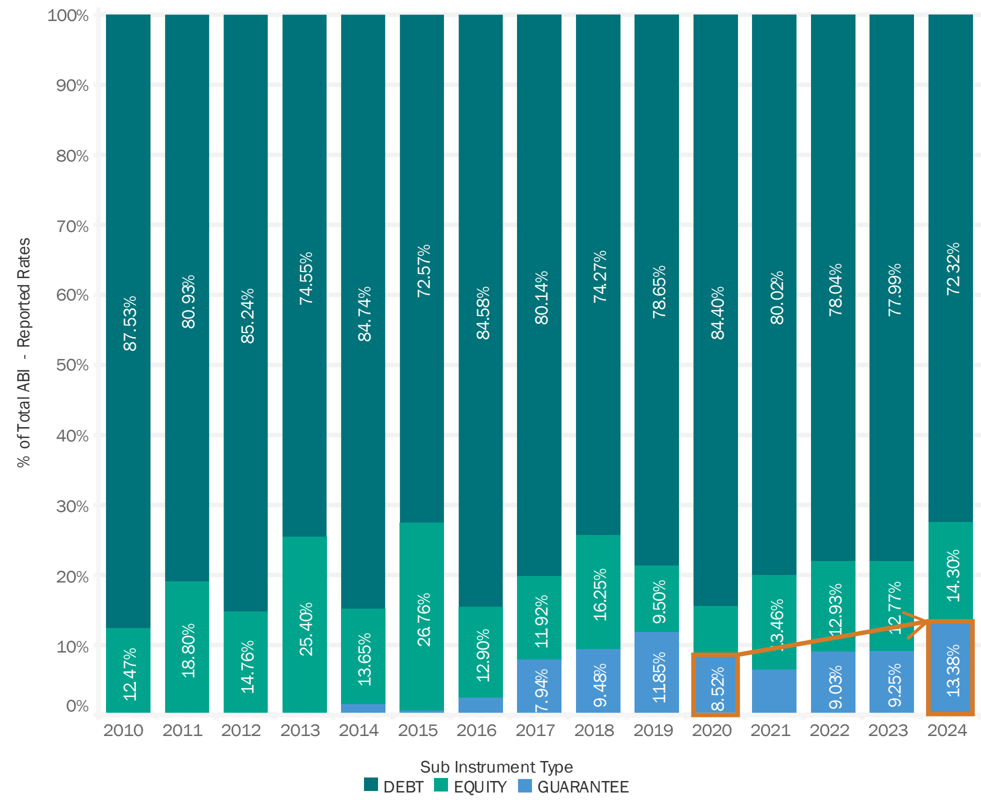
17. **Portfolios in economies more advanced in transition delivered more resilient returns on capital, even when investment volumes were stable.**

- Average return on required capital from more advanced economies from 2014-2024 was 12.7%, compared with 7.7% countries less advanced in transition.
- Returns in economies more advanced in transition also proved more resilient during COVID-19, falling to 7.4% in 2020 versus 5.7% in economies less advanced in transition in the same year.
- Further, these returns recovered more quickly than other regions to pre-pandemic levels. They also suffered less in 2022 from the start of the war on Ukraine than less advanced markets, when average return excluding Ukraine reached -13.1%, while EBRD's more advanced transition economies maintained positive returns.

18. **Overall, financial performance of EBRD's portfolio in more advanced economies was consistently strong.** Over the evaluation period, income generated from operations in economies more advanced transition grew faster than investment volumes. In 2024, Bank's activities in more advanced economies represented 31.6% of total Banking income, up from 19% in 2010 and 25% in 2016.

19. **The instrument mix reflects a dominance of debt over the evaluation period, though guarantees represented an increasing share of ABI from the mid-2010s.** Equity was consistent, remaining between approximately 10%-25% of ABI. This is relatively higher than equity and guarantee shares in economies less advanced in transition (Figure 4).

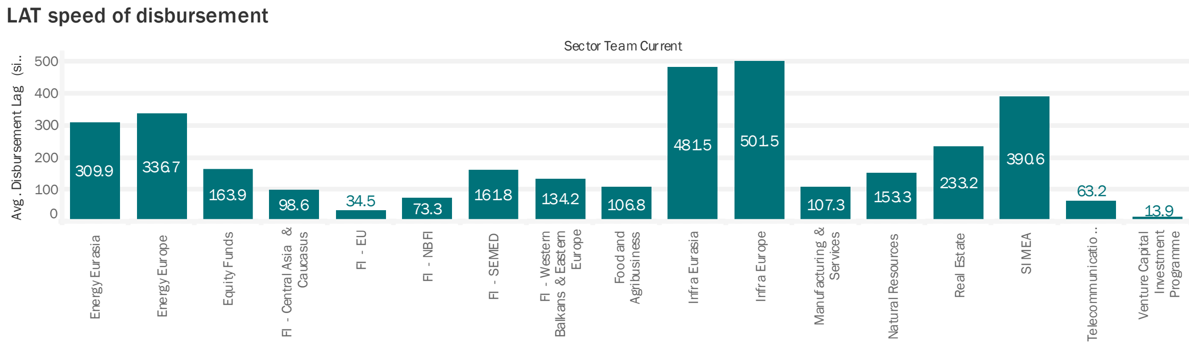
**Figure 4: Instrument share in MAT was dominated by debt with an increasing share of guarantees over time (i.e. +57% from 2020 to 2024)**

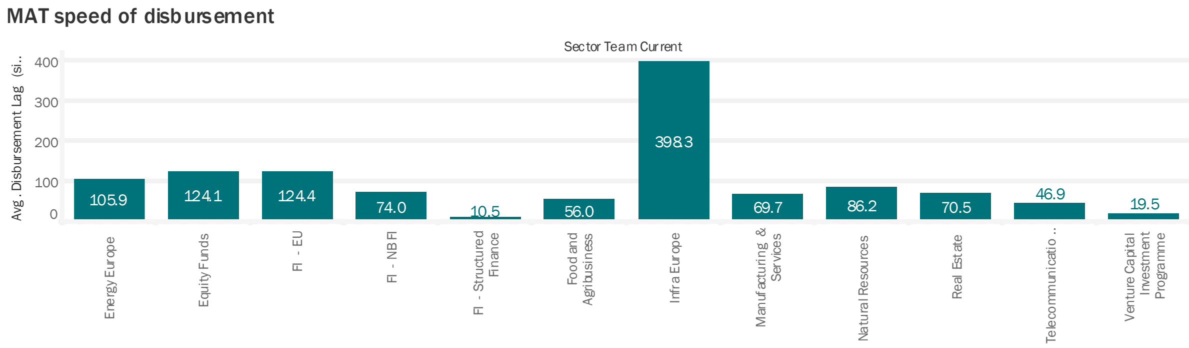



Source: IEvD analysis based on internal operational data as of 11 November 2025.

20. **Operational execution in more advanced economies was also comparatively efficient. The speed of disbursement (number of days between project signing and first disbursement) was more rapid than in countries less advanced in transition.** Such performance may reflect stronger client capacity, more mature market structures and greater readiness to absorb complex instruments (Figure 5).

**Figure 5: Disbursement was much faster in more advanced economies, with first disbursement on average 133 days after project signing in MATs as opposed to 207 days in LATs, 2010-2024**




Note: Excluding regional projects.

Source: IEvD analysis based on internal operational data as of 29 May 2025.

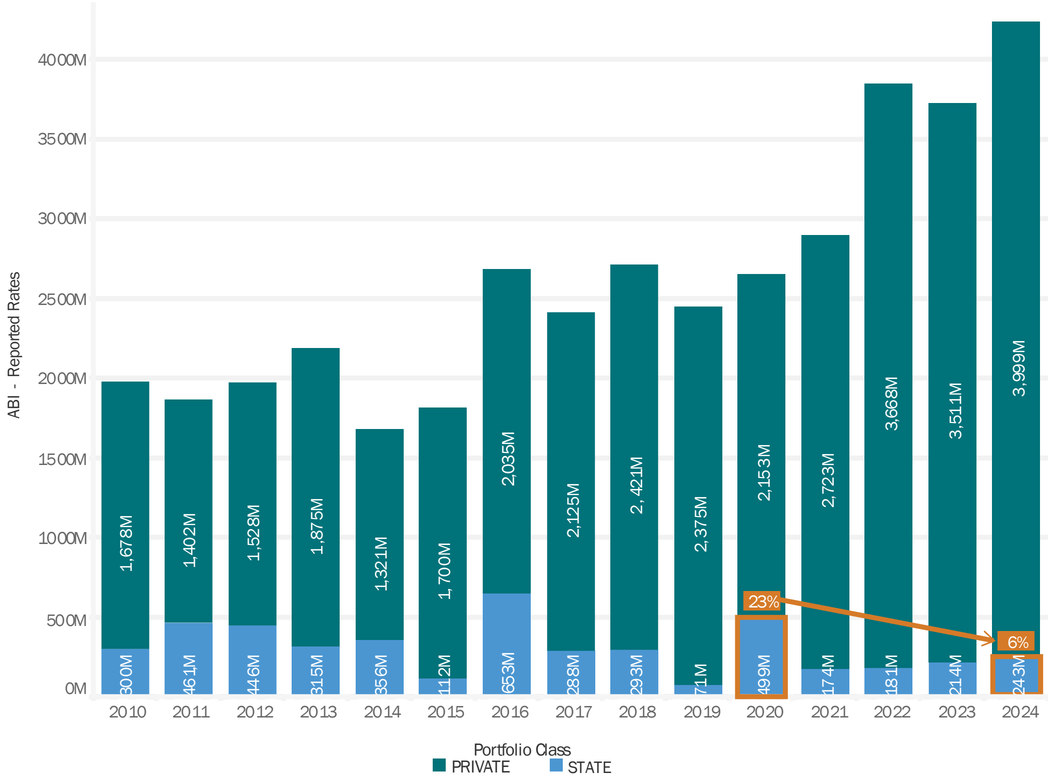
21. **Corporate recovery patterns further differentiate engagement in economies more advanced in transition.** Although recovery rates remained low across both groups, less advanced economies displayed higher corporate recovery rates both in relative and absolute terms. The divergence was most visible in FI Non-Bank Financial Intermediaries, Natural Resources, and Energy, where LATs showed recovery activity while more advanced markets did not.

22. **Finally, client probability of default in more advanced markets as compared to less advanced markets sheds light on the quality of engagement in more advanced transition economies.** Client probability of default in MATs over the evaluation period averaged 5.6 as compared to 6.3 in LATs, showcasing the resilience and greater sophistication of counterparties in the more advanced country grouping. While probability of default did fluctuate in more advanced transition economies, notably between 2016-17, the overall trajectory was stable between a narrow corridor of 5.4 and 5.9.

## 2.4 The Bank focused on engagement that met private sector needs, orienting investments toward focused areas of higher transition gaps and innovative instruments to unlock systemic impact.

23. **Over the years the Bank's more advanced economy portfolio has been dominated by private sector engagement, reducing state sector ABI in these countries to less than 10% by 2024, though some state sector investments remain in economies like Croatia, Latvia and Romania. In this way, the institutional commitment to private sector share is strongly binding in more advanced transition economies (Figure 6).**

**Figure 6: Private sector ABI (€) increasingly dominated the MAT portfolio (with state sector share of ABI declining from 23% in 2020 to only 6% in 2024)**




Note: EBRD's engagement in Greece began in 2015 and re-engagement in Czechia began in 2021.

Source: IEvD analysis based on internal operational data as of 10 November 2025.

24. **For example, in Croatia, state sector ABI has decreased, particularly since 2016. State ABI reached 68% in that year before trending downward to 2024, with gutters in 2019 (7%), 2021 (0%), and 2024 (12%). Bulgaria, Estonia and Slovenia have also held some state sector ABI, though it has been inconsistent and relatively small.** In Greece's case, any apparent state-sector ABI reflected targeted, time-bound engagement with the Greek power utility Public Power Corporation (PPC) in the energy sector during crisis recovery and market re-entry, rather than a sustained state-sector role.[11] Operations in Poland remained overwhelmingly private-sector focused during the evaluation period, with state-sector investment limited to energy and infrastructure and not appearing after 2020. The combined ABI in these

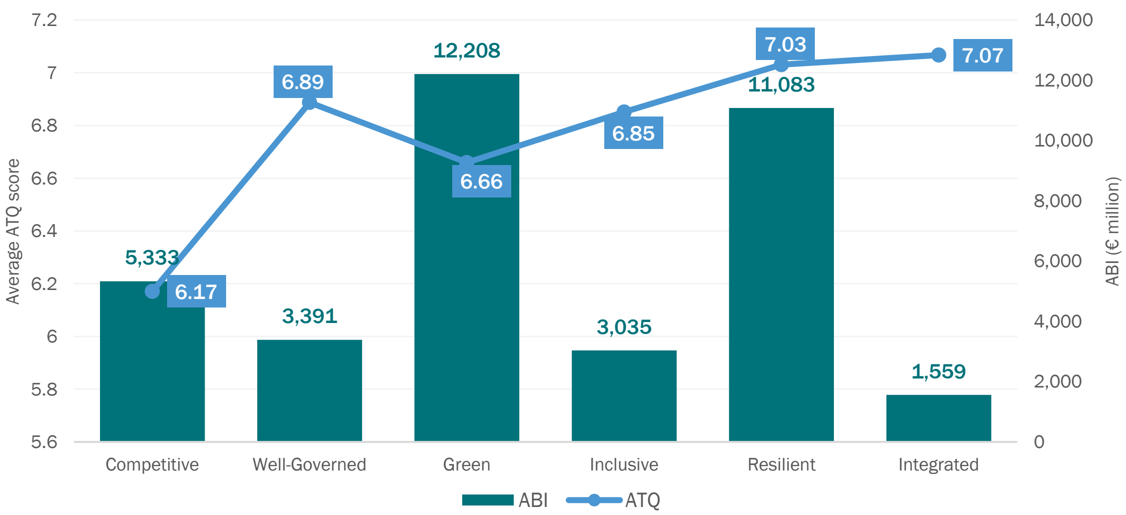
[11] PPC received EBRD support through: (i) a €160 million emergency liquidity facility under VISP ; (ii) participation in PPC's first sustainability-linked bond issuances in 2021 (€50 million in March 2021 and €25.5 million in July 2021); and (iii) an equity investment of €75 million in PPC's share capital increase in Q4 2021, which reduced the Greek state's shareholding from 51% to around 34%.

two sectors in Poland was greater in the private sector than state sector, specifically €598 million to €154 million, indicating focus on private operations including in sectors where the public sector may play a role.

25. **Normalised by project activity, engagement in more advanced market contexts over 2016-2024 shows a consistently higher rate of new client acquisition compared to less advanced economies.** This suggests that EBRD's role in these markets includes continued entry into new counterparties alongside relationship deepening, rather than a purely/majority repeat-client model. Poland stands out for a higher new to existing client ratio, while Bulgaria and Croatia were closer to an even share of new and existing. The share of operations with new clients increased in 2019 after falling slightly in 2013 and 2017. Sectorally, the financial institutions sector stands out for a large proportion of operations with existing clients, while energy, manufacturing and services, and equity funds have far more new than existing clients.

26. **The Bank consistently aligned its engagement with both EBRD strategic priorities and national objectives, and this engagement was in areas marked by ongoing transition gaps (Figure 7).** The majority of investments focused on addressing Green and Resilient transition gaps rather than Integrated ones. An analysis of technical cooperation (TC) deployment over the years confirms that EBRD's portfolios in more advanced markets have emphasised infrastructure, green transition and capital markets, corresponding with the most pronounced transition gaps. Romania, Croatia and Greece were the largest beneficiaries, with Technical Cooperation frequently accompanying investments to support system-level initiatives such as capital market development, PPP preparation and financial sector reform.

**Figure 7: Distribution of ABI and ATQ scores indicated investment concentration on larger transition gaps, 2016-2024**

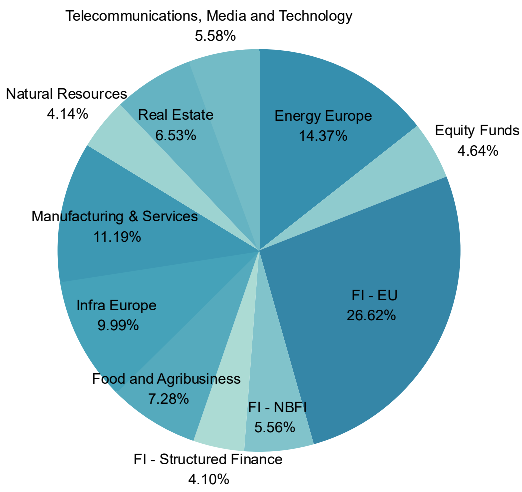



Source: ATQ scores as of 2024; IEvD analysis based on internal operational data as of 22 July 2025.

27. **The Bank's stated Policy Priority Objectives (PPO) also reflect this emphasis on remaining structural market gaps, especially climate transition, capital market deepening and governance reform, with strong links to investment unlocking.** Green transition and decarbonisation were the dominant themes across PPOs – which were the existent policy prioritisation tool in the Bank from 2017-2021. Within the governance reform arena, focus centred on utilities, State Owned Enterprises and regulatory bodies. There was also prominence among the selected priorities for policy work on integration/EU alignment, specifically for regional capital markets in the Baltics, and covered bonds/procurement frameworks. The PPOs provide less systematic coverage of integration, competitiveness and inclusion, reflecting a rather standardised reform agenda of the three priority areas. Since 2021 Policy Compacts have become the Bank's tool for reflecting country strategy priorities from a policy perspective. Evidence from available Policy Compacts, though by their nature much wider in activities than PPOs, broadly support and continue PPO themes (finance, governance, competitiveness, green transition, infrastructure).

28. **Evidence suggests a pattern of delivery focus on systemic reform, not project level outputs.**[12] **These patterns of prioritisation and delivery may be seen in part against the EU landscape and its impact on national priorities.** With deeper banking systems and EU presence in more advanced markets, EBRD migrated towards capital markets, shaping innovative green finance markets and equity (Figure 8). The EU as an anchor institution reduced the need for EBRD support for integration to an extent. It also drove regulatory requirements for SOEs, thereby providing certain niche levers in support of governance reform. Green transition met EU policy demand, allowed innovation and supported large volumes to help meet the institutional commitment to GET financing.

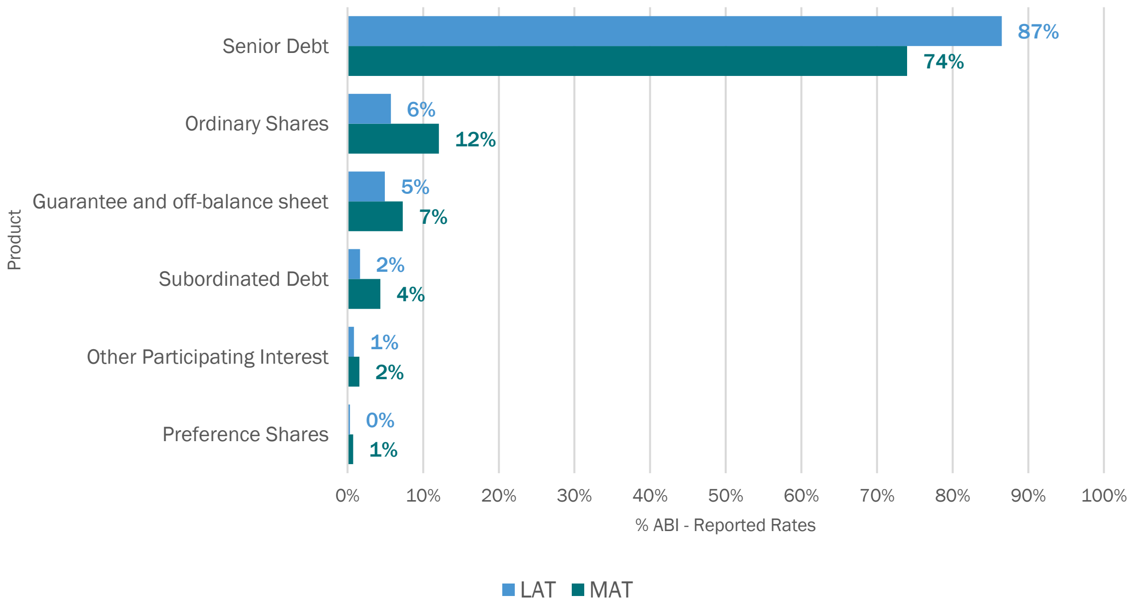
**Figure 8: ABI targeted financial innovation and green transition, 2010-2024**




Source: IEvD analysis based on internal operational data as of 25 March 2026.

29. **EBRD's role was pronounced in equity and other risk-bearing instruments, where private investors were unwilling to take first-loss positions or engage in or governance heavy positions (Figure 9).** More advanced economies have a significantly larger share of unlisted equity, bail-in-able products, and covered bonds, inter alia than economies less advanced in transition. In the latter, local currency, trade facilitation and risk-sharing operations are more prevalent, indicating the different market needs between the two groups.

**Figure 9: Equity and guarantees were approximately twice as prevalent in MATs as compared to LATs, 2010-2024**




Source: IEvD analysis based on internal operational data as of 11 November 2025.

[12] Including ABI and TC trends and PPOs/Policy Compacts.

30. **In addition, the EBRD served as a vital architect for private capital, maintaining a sophisticated presence across the 12 economies**. In these mature markets, including Poland, Greece, Romania, and the Baltic states, the Bank's strategy has evolved from providing basic transition capital to fostering high-growth ecosystems through targeted private equity (PE) and venture capital (VC).

31. **By the close of 2024, this commitment reached its peak of annual bank investment volumes in Romania (€955 million), Poland (€1.35 billion), and the Baltic states of Estonia, Latvia and Lithuania (€654 million).** These deployments have been increasingly funnelled through equity funds that prioritise three core strategic enablers: digitalisation, green transition and economic inclusion.

32. **In the venture capital space, the EBRD acted as a cornerstone investor for local fund managers, providing the necessary stability to attract third-party private finance**. Recent initiatives such as Movens Fund 2 in Poland and the E2VC Fund III exemplify this approach, targeting early-stage technology startups that are poised to lead the region's digital transformation. Parallel to its VC activities, the Bank's private equity engagements, which often involved tickets between €2 million and €25 million, supported mid-cap businesses and SMEs in scaling their operations and adopting rigorous corporate governance standards.

33. **The Bank's influence extended beyond direct capital; it actively shaped the regulatory landscape to deepen local capital markets**. For instance, in Croatia, the EBRD collaborated with the Ministry of Finance to develop a strategic framework for capital market development through 2030, while in Estonia, it supported legislative reforms to enhance the enforceability of financial contracts. Whether through backing Lithuania's first green securitisation or increasing equity stakes in regional champions like Green Genius, the EBRD remained a pivotal partner in ensuring these advanced markets continue to innovate and integrate into the global financial system.[13]

34. **Furthermore, the Bank is perceived and acts as a distinctive and relevant partner, particularly timely and additional in its crisis response. In the EU Accession and Early Post-Accession period, media sentiment toward the Bank was broadly positive to mixed.** EBRD was portrayed as a pragmatic bridge-builder facilitating EU-compliant reforms, banking sector stabilization, non-performing loan (NPL) resolution frameworks, and commercialisation/privatisations. Local and international media credited EBRD's catalytic equity and risk-sharing instruments with enhancing investor confidence and competitiveness in new EU member states such as Romania and Bulgaria. After this period, sentiment evolved toward expectations of higher additionality in green finance, productivity and investment climate reforms.

**Box 2: Sentiment analysis approach[14]**

- Sentiment analysis is a methodological and systematic approach of extracting and assessing sentiment expressed in text samples. In this evaluation, sentiment was assessed at entity-level with specific references to EBRD.
- Two complementary sentiment analysis were applied: (1) An AI-supported qualitative scan, leveraging Copilot's research agent and (2) a machine learning-focused sentiment analysis, using automated data collection from publicly available online media for natural language processing approaches in the context of Greece and Croatia.
- The AI-supported sentiment analysis used structured prompt engineering to qualitatively assess attitudes and perceptions across 12 countries over the period 2010–2024. The natural language processing-driven analysis covered 2,076 media articles in each of Greece and Croatia, providing a quantitative assessment of sentiment expressed toward EBRD.

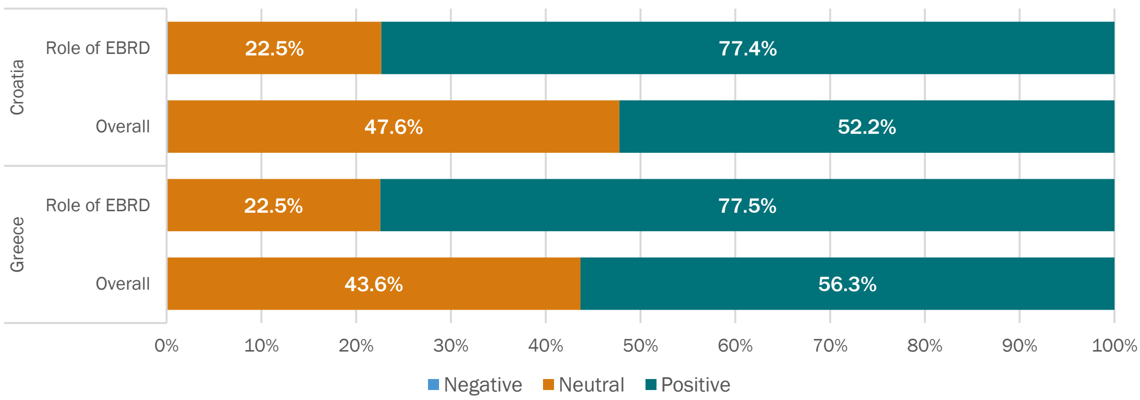
[13] This finding is echoed by the Regional-level evaluation of EBRD's operations in the Baltics in relation to pan-Baltic capital market development activities.

[14] Source: Mäntylä et al. (2018), IEvD elaboration based on Technical Note 5, available on request

35. **Media coverage emphasized EBRD's green pipelines, corporate and bank bond programs, and support for capital-market instruments. Some criticism mainly concerned potential overlaps with EU funds and EIB in energy and municipal infrastructure sectors.** The Bank's increased strategic selectivity is overwhelmingly described as a strategic choice by market participants and key stakeholders on the ground, leading to increased focus, selectivity, and adherence to predefined strategic priorities. At the same time, there was also concern that such selectivity limits EBRD's ability to respond opportunistically, reducing flexibility for engagement that does not fit easily into strategic priorities.

36. **The in-depth natural language processing-driven sentiment analysis of text segments from Croatian and Greek media further supports this finding, reinforcing the positive perception of the role of EBRD in those two economies (Figure 10).** The analysis shows that media coverage in both Greece and Croatia was overwhelmingly positive or neutral, with reporting focused primarily on the EBRD's role as a financier, partner and crisis-response actor. Negative sentiment appeared only episodically and was linked to specific controversies or early-stage delays, suggesting no sustained public criticism of the Bank's presence in either country.

**Figure 10: The natural language processing-driven sentiment analysis of text segments signals more positive sentiment on the role of EBRD**




Source: IEvD media sentiment analysis (2026).

37. **Media depicted EBRD's crisis response in the region as timely and additional, particularly in its rapid pivot to liquidity, working-capital support and risk-sharing with banks to sustain private-sector activity. Coverage highlighted EBRD's speed and focus on SMEs as a strength, especially in the early phases of the COVID-19 crisis, and EBRD was widely seen as agile and ambitious in de-risking energy investments**, supporting diversification and accelerating renewables, grids and decarbonisation under highly volatile conditions during the latest geopolitical crisis following Russia's war on Ukraine.

38. **Evidence highlighted the Bank's risk appetite, ability to mobilise private capital and alignment with EU climate and energy objectives, with coordination concerns largely secondary to its role as a frontline actor in strengthening energy security and investor confidence.**[15] In the latest time period (2022-2024), the war on Ukraine and the energy price shock shifted sentiment decisively toward viewing EBRD as a key actor in energy security and diversification and accelerated green investment. Coverage emphasized speed, risk appetite and private capital mobilization in renewables, grids, storage, and industrial decarbonization, with neutral-to-positive views on coordination with EU and other IFIs.

[15] Supported by stakeholder interviews and portfolio analysis.

39. **Separate to this, the nature of media coverage suggests that EBRD is considered a trusted and recognised source of knowledge during crises**. According to the NLP media sentiment analysis, in both 2020 and 2022, there were spikes in mentions in Croatia; more than half of the coverage focused on EBRD forecasts and assessments of the expected macroeconomic impacts on Croatia, rather than on detailed reporting of specific policy measures or investments. This indicates that the observed media spikes reflect the EBRD as a source of economic analysis and forward-looking insight during periods of heightened uncertainty.

## 2.5 EBRD's activities aligned with, complemented and reinforced the delivery of initiatives of other IFIs, EU frameworks and national development priorities.

40. **Media coverage generally framed the EBRD as a complementary, private-sector-oriented financier and policy interlocutor, distinct from the EU's instruments and the EIB's sovereign/municipal focus while helpful to funds absorption**. Material from international media and independent think-tanks highlighted the EBRD's role in capital-market deepening, energy transition financing, and corporate governance improvements, and more generally presented EBRD as reinforcing EU directives and frameworks, especially post-2020. Some international media also noted EBRD's role in bridging private financing gaps during the early Recovery and Resilience Facility rollout, especially where national absorption capacity was thought to be constrained.

41. **The evaluation found that the Bank helped translate EU-driven reforms and policy priorities into bankable, market-level outcomes, particularly where risk appetite, structuring capacity or implementation discipline were constrained.** EBRD's strategic direction and portfolios in economies more advanced in transition concentrated on infrastructure, green transition, and capital markets, reflecting evolving priorities which aligned with emerging EU-wide, global priorities and EBRD strategic priorities. More directly, EBRD activities supported making EU money usable through project preparation, structuring, governance and credibility.

42. **Qualitative evidence suggests a difference between funding availability and capacity to absorb, and indicated that without the Bank, EU funds might be absorbed less effectively, more slowly and with weaker market outcomes.**[16] In Greece for example, senior government actors described EU funds (especially RRF) as large but operationally demanding. They stated that EBRD helped design co-financing frameworks, acted as a trusted intermediary between the European Commission, national authorities, and banks, and reduced execution risk for first-of-kind RRF transactions. In practice, EBRD operationalised EU reforms through concrete market instruments and standards. For example, PPP frameworks in Greece; covered-bond legislative drafting and inaugural issuances in the Baltics; support to NPL frameworks and platforms aligned with EU financial-stability objectives.[17]

43. **Secondly, the Bank helped fill the gap between large-scale EU instruments and market needs for first-mover risk-taking, structuring or private-sector mobilisation, especially in capital markets and financial intermediation.** The economies considered in the evaluation were not capital constrained and EBRD did not compete on volume. Rather, EBRD's smaller, targeted engagements addressed private-sector innovation, risk-bearing and market creation needs, for example, via early MREL-eligible issuances (Poland, Greece, Romania); sustainability-linked bonds in Romania; NPL resolution platforms in Greece, or Covered bonds work in the Baltics and Slovak Republic (Figures 11-13).[18]

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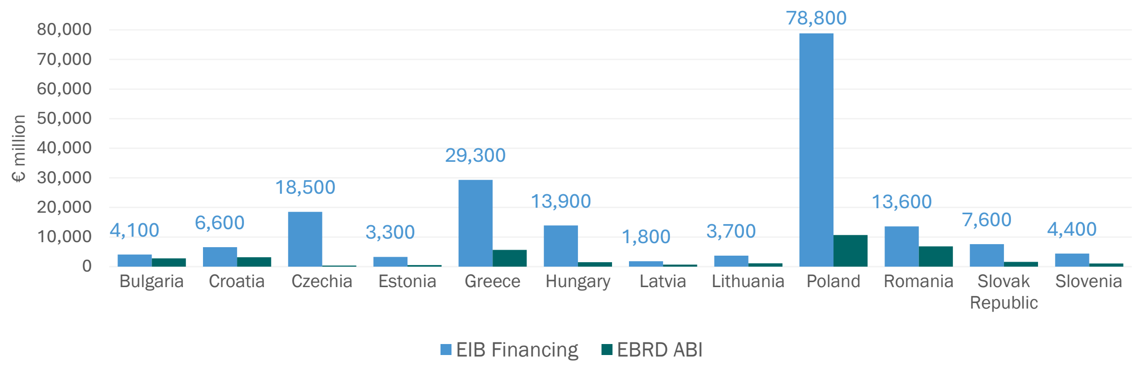
[16] As expressed by stakeholders in interviews and EBRD banker survey responses.

[17] Discussion on value added within the Regional-level Evaluation of EBRD's Operations in the Baltic Countries p17 para 53 and p9 para 33.

[18] Ibid

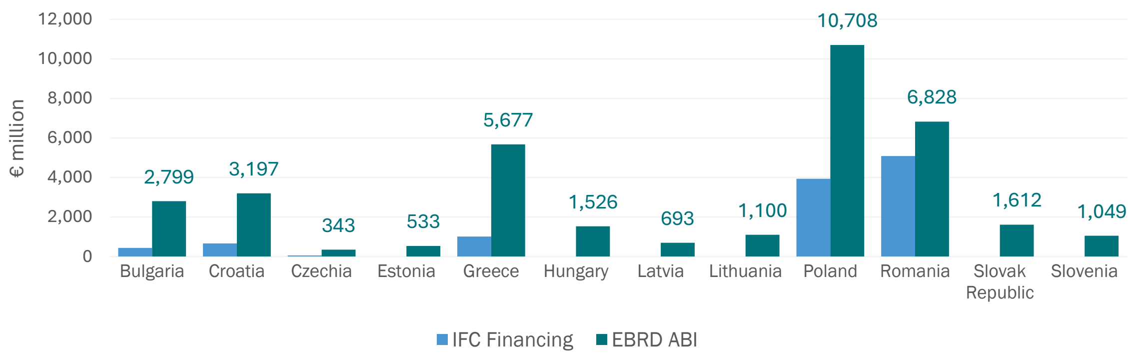
**Figure 11: EIB dwarves EBRD funding to MATs, 2010-2025**




Note: EBRD engagement in Greece began in 2015, and re-engagement in Czechia in 2021, so volumes are not directly comparable to EIB investment from 2010.

Source: EIB investment map; IEvD analysis based on internal operational data as of 11 November 2025.

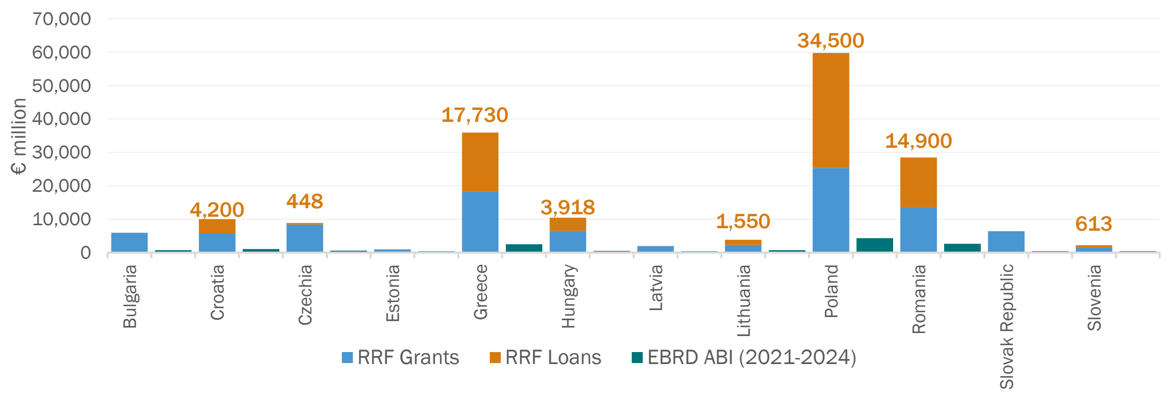
**Figure 12: IFC invests less than EBRD, 2010-2025**




Note: EBRD re-engaged in Czechia in 2021, so volumes are not directly comparable to IFC investment from 2010.

Source: IFC country pages; IEvD analysis based on internal operational data as of 11 November 2025.

**Figure 13: The EU's Recovery and Resilience facility (2021-2026, budgeted) outstrips EBRD ABI (2021-2024)**

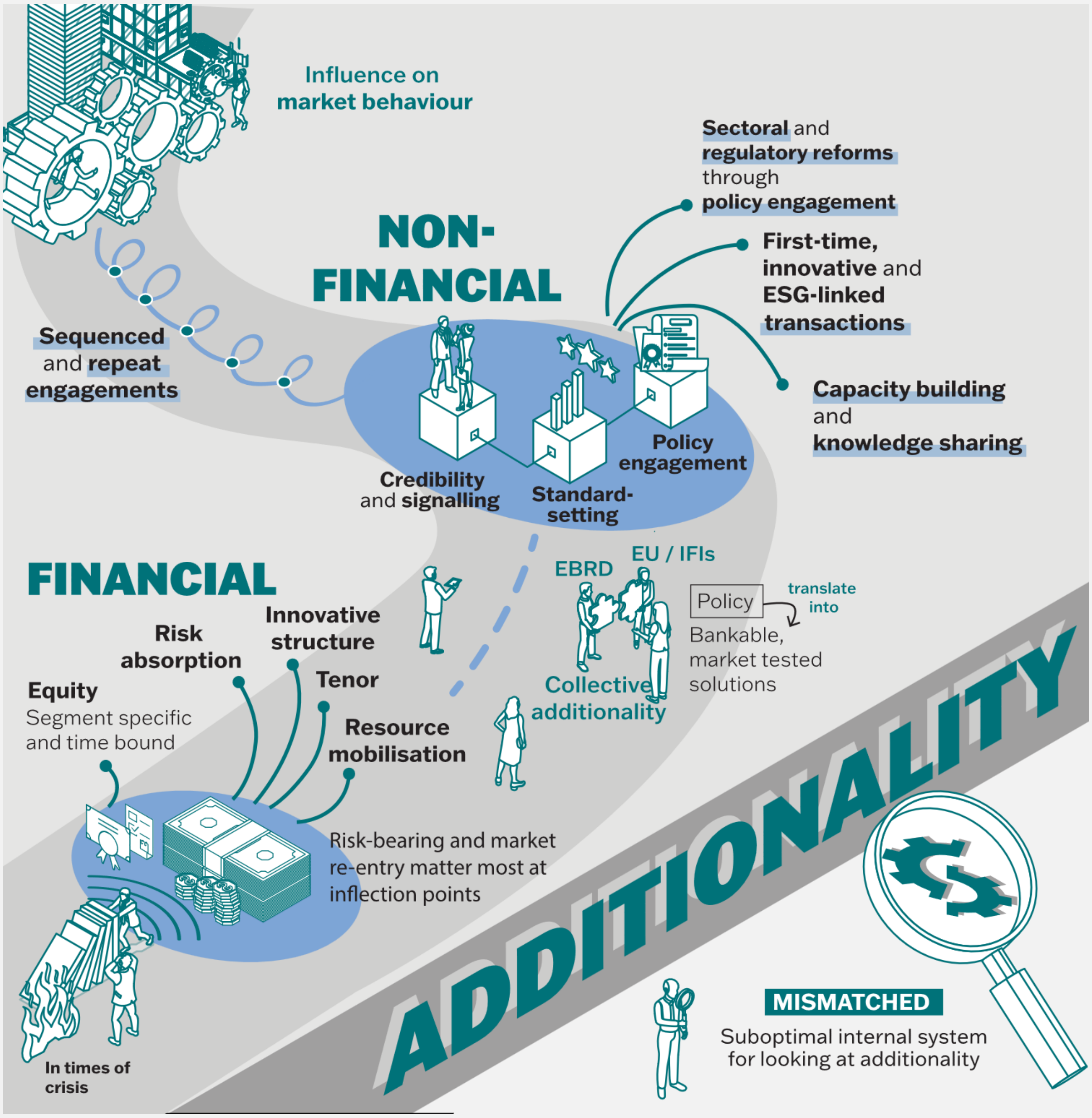



Source: RRF country pages. IEvD analysis based on internal operational data as of 11 November 2025.

44. **Furthermore, evidence shows that the Bank made particularly strong contributions when it was involved upstream, bridging EU policy objectives and market transactions.** In Poland and the Baltics, for example, early participation enabled EBRD to help translate EU regulatory objectives into functioning markets through MREL-eligible instruments and covered bonds. In Greece, early EBRD involvement was catalytic in capital-market reopenings and NPL platforms when rigidity and delays constrained RRF-related co-financing.

# 3. HOW ADDITIONAL?

**EBRD provided financing and expertise that were additional to the market, with its role shifting over time. In stable contexts, it focused on standard setting, innovation and market shaping, while in periods of stress, additionality was driven by risk bearing and market re-entry. As a result, additionality is increasingly systemic, cumulative and role based, exceeding what project by project frameworks can capture.**



## 3.1 The Bank combined financial resources with specialised non-financial additionality exceeding market provision, tailoring its approach to changing circumstances, with notable effectiveness in crisis contexts.

45. **Across economies more advanced in transition, EBRD's financial additionality most consistently took the form of long-tenor financing, counter-cyclical terms and risk absorption. These features were particularly evident in transactions undertaken during periods when commercial lenders shortened maturities or withdrew altogether.** Extended tenor emerges as the most consistently documented feature across approved operations, reflected in contractual maturity profiles relative to prevailing market conditions at approval. Qualitative evidence reinforces this finding: clients consistently valued access to longer maturities above other financial terms, especially during periods of market stress when financing became shorter-dated or unavailable.

46. **At the same time, evidence indicates that the Bank's additionality often exceeded what was anticipated at approval.** This reflects the fact that additionality in more advanced markets frequently evolves during implementation through changing market conditions, client behaviour, or follow-on engagement. Innovative risk-sharing financing arrangements generated impact by facilitating projects that commercial financiers would not undertake without the Bank assuming or reallocating specific risks, including first-loss, market-entry, or structuring risks, that private financiers are unwilling to bear. For example, in loan syndications for Greek corporates, EBRD's participation helped crowd in commercial lenders by taking on market-entry and structuring risks. Similarly, the Greek Intrum NPL platform combined EBRD risk capital with private investors to address distressed assets at a time of heightened uncertainty. Crisis-period equity support to one bank in Hungary absorbed first-loss risk and contributed to balance sheet stabilisation when private capital was constrained.

47. **EBRD demonstrated a materially higher risk appetite in these markets on the whole**; while varying by country,[19] across FI operations in the group of economies more advanced transition, 41.1% of annual bank investment fell within the two highest risk product categories, compared with around 6% in LATs. This reflects the greater use of equity and other complex, risk-bearing instruments rather than higher underlying counterparty or country risk and calls and expectations for the Bank to take on greater risk.[20]

48. **More broadly, the Bank's additionality became more pronounced during periods of stress, with its counter cyclical role emerging as a recurrent and material source of both financial and non-financial additionality.** When market based finance retrenched (such as FDI, cross border lending), EBRD expanded its engagement, including in crisis affected eurozone countries such as Greece and Cyprus. Evidence from Czechia where EBRD's crisis driven re engagement during COVID 19 provided liquidity support and risk sharing instruments further highlights that even in advanced contexts, additionality can re-emerge under conditions of stress.

49. In 2022, Russia's war on Ukraine profoundly reshaped the geopolitical and financial environment across the EBRD region, increasing volatility and uncertainty and reinforcing the importance of the Bank's counter-cyclical role. During this period, the Bank's additionality became more pronounced, as its ability to provide stabilising interventions served as a key anchor for both financial and non-financial outcomes. EBRD engagement was especially important as market-based finance retreated from advanced markets under acute stress.

50. **During such major shocks, this countercyclical role was delivered through a combination of financing, signalling and continuity functions. EBRD provided balance sheet support through recapitalisation, liquidity provision and NPL resolution that helped stabilise financial systems and sustain market functioning.** In Greece, for example, the Bank contributed to the recapitalisation of systemic banks and maintained trade finance during periods when private lenders

[19] Exceeding 20% of ABI (2010-24) in Latvia and Lithuania, but remaining closer to 5% in Romania and the Slovak Republic. The Regional-level Evaluation of EBRD's Operations in the Baltic Countries explore EBRD's selective use of equity as part of its additionality discussion in Section 2.4, inter alia.

[20] As illustrated by insights from the recent Regional-level Evaluation of EBRD's Operations in the Baltic Countries (2026), and the opinions from market participants.

withdrew. In Lithuania, stakeholders similarly described EBRD as a reliable counterparty supporting the stability of the banking sector.

51. **At the same time, the Bank played an important market-signalling role, helping sustain investor confidence and prevent disorderly exits**. Its engagement in Greece following the sovereign debt crisis supported the gradual restoration of market trust, contributing to the reopening of corporate bond markets once credibility had been re-established. The Bank also ensured continuity of investment and reform pipelines during periods of heightened uncertainty. In Croatia, following the global financial crisis and during COVID-19, EBRD anchored complex infrastructure and corporate transactions that private financiers were unwilling to support alone, enabling projects to proceed despite fiscal constraints and elevated risk. Similar patterns were observed following Russia's war of Ukraine, when EBRD supported continued investment in energy security and renewable energy in countries such as Poland and Romania. Across these cases, crisis-period additionality was not limited to the provision of finance. It combined risk-sharing, balance-sheet support, confidence effects and the preservation of investment and reform momentum. These functions were mutually reinforcing and often became visible only over time, rather than at the point of project approval**.**

52. **In conclusion, the evidence indicates that the Bank adapted its instruments and role in response to changing conditions.** During periods of crisis, it shifted rapidly towards liquidity provision, working capital support and risk-sharing, while in the aftermath of shocks it played an important role in de-risking investment, particularly in areas such as the energy transition.

## 3.2 Equity remained a high-value channel of financial additionality where equity capital remained structurally scarce in specific segments and periods, reinforced by the Bank's higher risk appetite.

53. **It should first be noted that equity markets in MATs are less developed than those in other advanced European economies, particularly in certain segments and during periods of stress** For example, public equity markets in the Baltics are among the smallest in the EU despite steady growth in the early 2020s; in the Slovak Republic, the 2022 country diagnostic indicates that only 3% of enterprises saw equity as a relevant source of funding, compared to 11% in the EU-27 countries.

54. **The evaluation found that EBRD's equity investments made a significant contribution to market-level change by strengthening governance, transparency and long-term strategic orientation, particularly in privatisation and restructuring**. In both Poland and Slovenia, for instance, evidence suggests that these investments played a catalytic role in anchoring privatisations and establishing credible market benchmarks for performance and governance.

55. **In Poland, EBRD's equity participation in the restructuring of a major telecom operator appears to have been instrumental in improving operations and strengthening investor confidence in the privatisation process**. This was followed by further telecom privatisations and subsequent sector consolidation, ultimately culminating in the creation of a leading telecom-media group. Taken together, this trajectory suggests that EBRD-backed restructuring support helped lay part of the foundation for subsequent market-led innovation, including Poland's first corporate green bond.

56. **In Slovenia, the Bank's equity stake in the first privatisation of a state-owned bank appears to have contributed materially to improved efficiency, a sharp reduction in non-performing loans and restored investor confidence**. The transaction also helped normalise private ownership in the banking sector and was followed by consolidation through acquisition by an international strategic investor. This points to a broader shift in market expectations and behaviour, rather than a one-off project effect.

57. **Additionally, evidence shows EBRD additionality was framed around (i) anchor/cornerstone participation that mobilises other investors and provides a confidence signal, (ii) non-financial value add through governance, integrity and environmental and social standards embedded in legal documentation and oversight arrangements, and (iii) the Bank's ability to operate through higher-value instruments, especially equity, which unlocked systemic impact rather than competed on financing volume.** Several project validations by IEvD explicitly describe EBRD as a cornerstone

investor and note that "funds would probably not have been raised without DFI participation, and notably the Bank's anchor commitment."[21]

58. **Furthermore, as expected, equity interventions were particularly highly valued during crisis periods**, when uncertainty and risk aversion constrained private capital. By combining stabilising capital with governance strengthening, EBRD equity supported crisis-response restructuring and market confidence. Channels included FI recapitalisation where EBRD's ordinary share equity anchored recapitalisations and unlocked follow-on investors, PE/VC fundraisings where EBRD acted as the first institutional Limited Partner enabling first close, and pre-IPO equity and capital-markets readiness where EBRD acted as a pre-IPO anchor, imposing governance/disclosure standards required for market access.[22]

## 3.3 Innovation and "first-mover" behaviour were a significant source of additionality, with material evidence of subsequent diffusion.

59. **Advanced market contexts functioned as a testing ground for sophisticated financial instruments and first-mover investment in new sectors.** This is illustrated by first-of-kind or market-reopening transactions, including EBRD's early anchor role in post-crisis Greek corporate bond issuances; Public Power Corporation's sustainability-linked bond (SLB) Eurobond issuance in 2021, which was a first ever SLB across EBRD economies of operations;[23] the introduction of a covered bonds framework in the Baltics; and Romania's first listed sustainability-linked bonds, where innovative structures had limited or no domestic precedent. In Poland, EBRD was a pioneer institutional investor in the residential private rental sector and student accommodation. In these cases, financial additionality stemmed from EBRD's willingness to engage in untested formats, while non-financial additionality was delivered through standard-setting, including the design of documentation, KPI frameworks, disclosure practices and investor communication.

60. **The Bank's treatment of its ambition in innovation evolved over time.** Financial structures considered innovative in the pre-2014/15 period were no longer framed as such later in the evaluation period, reflecting diffusion and market normalisation. As a result, innovation was not always treated as a potential driver of replication or demonstration effects in project documentation and was less frequently used as an explicit additionality argument for repeat clients, despite continued evidence of product diffusion at market level. In the absence of a formal, standalone definition of innovation in EBRD, variation has emerged in how innovation-related additionality is articulated and evidenced over time, particularly for repeat or follow-on transactions.

61. **Notwithstanding these framing challenges, instrument-diffusion analysis and qualitative evidence confirm a high concentration of financial innovation in economies more advanced in transition,** supporting the assessment that these economies served as enabling environments for product development and testing. More sophisticated instruments such as MREL-eligible debt, sustainability-linked bonds (SLBs) and green bonds, AT1 capital, covered bonds and synthetic securitisations typically debuted in more advanced economies before replicating more widely (Figure 14). The evaluation tracked diffusion of each of the above instruments from an originator MAT to others in the group and occasionally beyond, though uptake outside the more advanced group tended to concentrate in more advanced LATs such as Türkiye, Ukraine and Georgia, where clients and markets had more capacity to take on greater complexity.

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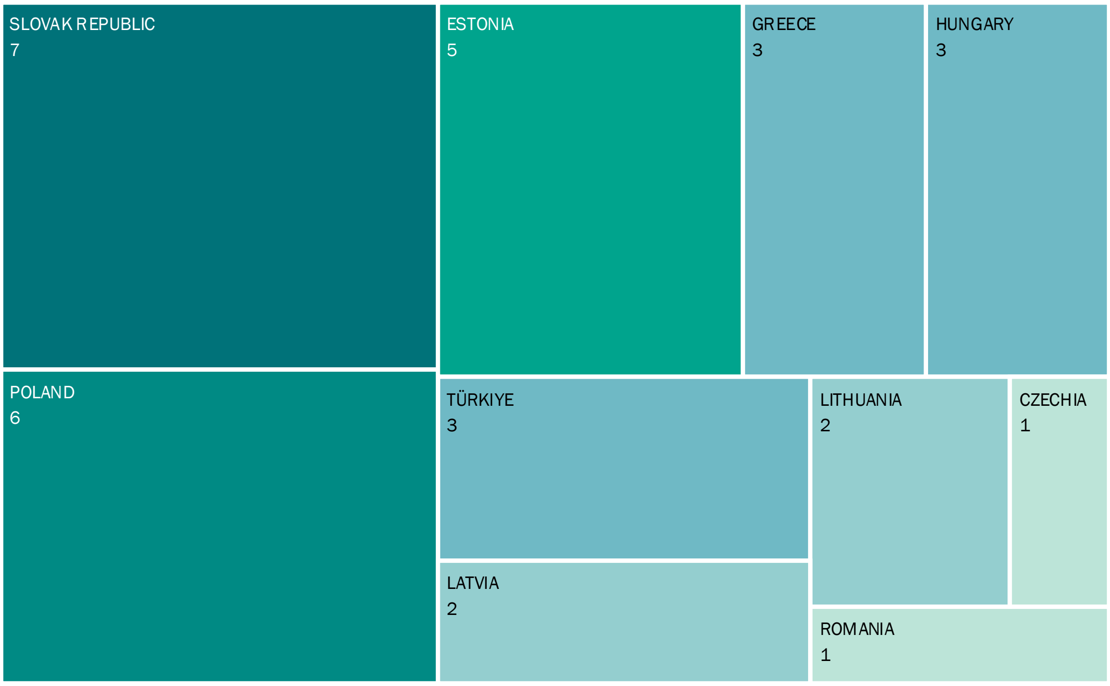
[21] Source: validation analysis

[22] The Regional-level Evaluation of EBRD's Operations in the Baltic Countries further emphasises the high value of additionality in the Baltics in periods of high stress.

[23] PPC's first SLB issuance was a €650 million SLB issued on 18 March 2021, with 5-year maturity and 3.875% coupon (paid semi-annually). The transaction was upsized from €500 million and was significantly oversubscribed. EBRD participated with €50 million (from an approved facility of up to €75 million), equivalent to 8% of the issuance. The bonds were expected to be listed on the Irish Stock Exchange. PPC subsequently issued a second SLB in July 2021 (EBRD investment €25.5 million), with a 7-year maturity (maturing 31 July 2028).

**Figure 14: Covered bond operations in EBRD economies reflect strong uptake in Slovak Republic, Poland and Estonia**[24]




Source: EvD analysis based on internal operational product classification data as of 5 November 2025.

## 3.4 Over the past three years, average private direct mobilisation was notably higher in less advanced economies compared to more advanced, whereas indirect mobilisation showed the opposite trend.

62. **Average annual mobilised investment (AMI) was greater in economies less advanced in transition than in the more advanced transition economies, with an average per country amount (AVG) of €249m per year to (AVG) €340m per year for the 2020-2024 period.** The evaluation noted that a larger proportion of AMI in countries more advanced in transition consisted of private direct mobilisation.[25] Overall, AMI from 2020-2024 reached €2.9b in economies more advanced transition (in 2024 it was €1.2b in MATs v €2.9 in LATs).

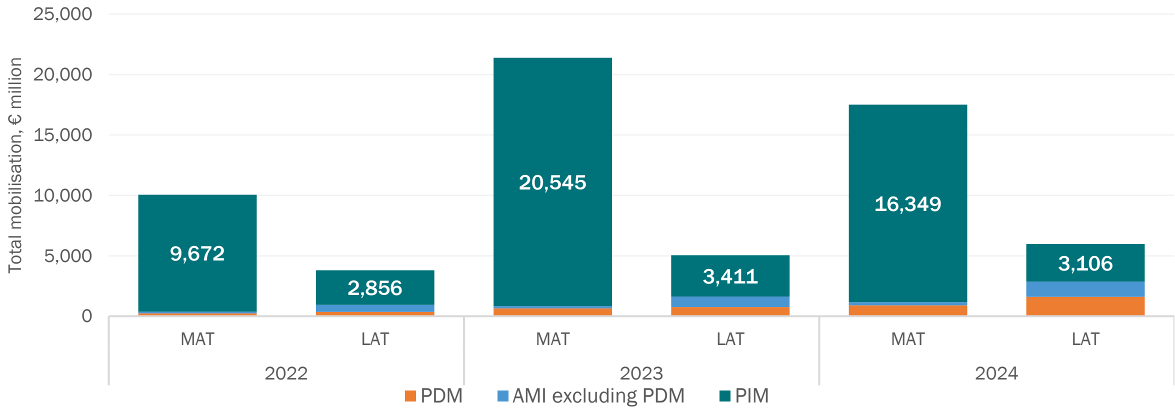
63. **In volume terms, private direct mobilisation (PDM) has generally been higher in less advanced economies, with 2020 representing an exception when advanced economies mobilised more direct private investment. This appears to reflect the impact of COVID-19 rather than a structural shift.** However, while private finance mobilised directly by EBRD was, on average, greater in less advanced economies than economies more advanced in transition, the indirect mobilisation in more advanced markets resulted in much larger mobilisation volumes overall in those countries, indicating strong market signalling effects of EBRD engagement.

[24] In the Baltic countries – Estonia, Latvia, and Lithuania – all covered bonds have been issued from Estonia. However, two used pan-Baltic assets, explaining Latvia and Lithuania's inclusion in the covered bond diffusion analysis.

[25] AMI is composed of private direct mobilisation (PDM) combined with limited public direct mobilisation and de-risking mechanisms.

64. **This underscores the importance of the "additionality test", particularly indirect mobilisation where causality is understood as difficult to demonstrate. Indeed, the term "mobilisation" implies a causal effect of attracting additional resources, which is often challenging to substantiate.** Assertions of indirect mobilisation are fundamentally tied to the additionality of the intervention. Therefore, additionality should not be viewed as a simple binary measure. If a rigorous additionality assessment substantiates the contribution to an intervention that would not have occurred without EBRD action, then it is reasonable to consider the associated indirect funding as mobilised.

**Figure 15: On volume, private direct mobilisation in LATs was higher than in MATs, while indirect mobilisation in MATs overtook LATs, 2022-2024**

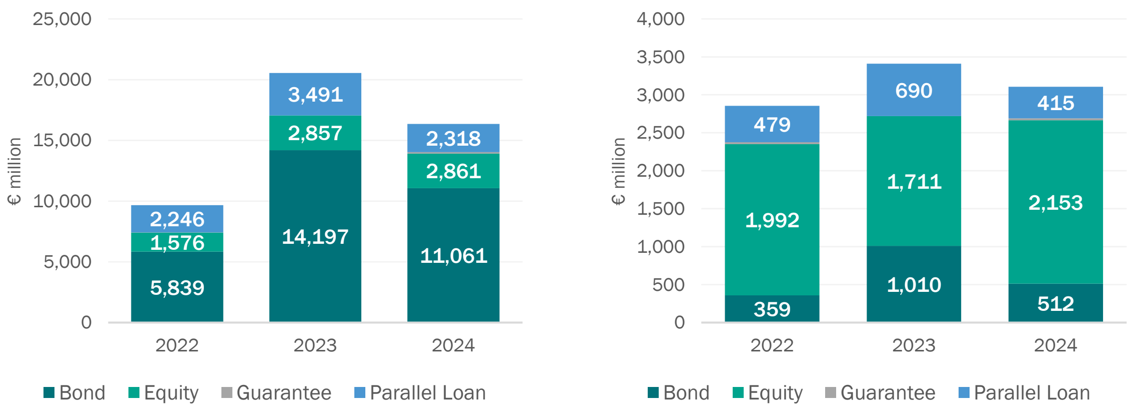



Note: PIM data available from 2022, meaning TM can be calculated from 2022 onward.

Source: IEvD analysis based on internal operational data.

65. **On a more granular level, private indirect mobilisation recorded from 2022-2024 in more advanced markets resulted primarily from bonds, while equity was the main source of private indirect mobilisation in less advanced transition economies (Figure 16).**[26]

**Figure 16: Private Indirect Mobilisation (PIM) includes relatively large amounts of bonds in more advanced transition economies (left), and more equity in LATs (right), 2022-2024**



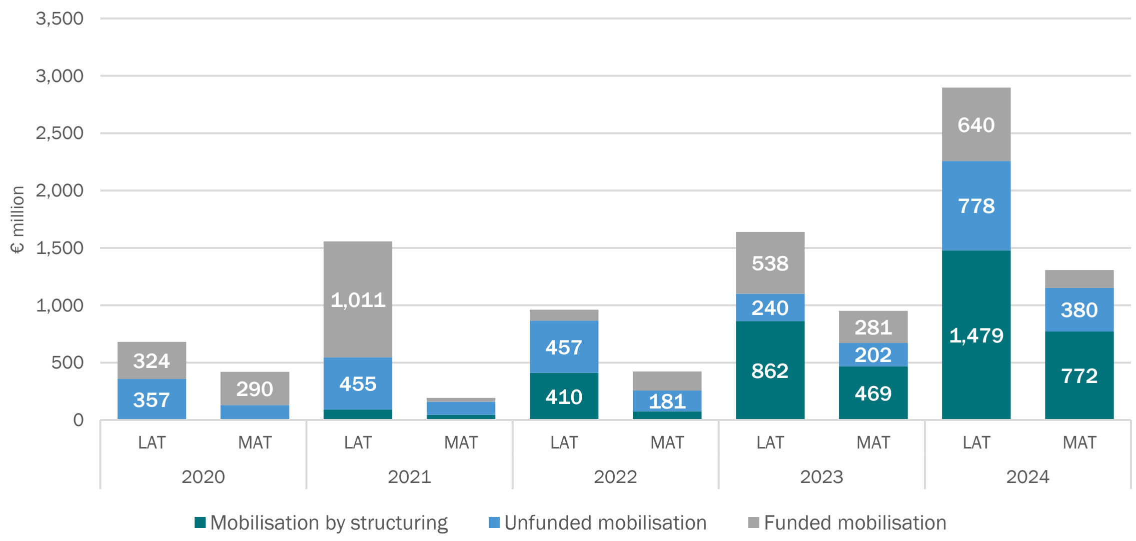

Note: PIM data is available from 2022.

Source: IEvD analysis based on internal operational data.

[26] Whilst data is not available pre-2022, recent mobilisation trends indicate increased volumes in more advanced markets over the observed period.

66. The composition of AMI by mobilisation instrument type – funded, unfunded, and mobilisation by structuring – varies across economies at different stages of transition (Figure 17). In both more and less advanced economies, a decline in funded mobilisation was accompanied by a corresponding increase in mobilisation by structuring. **However, economies at a more advanced stage of transition consistently displayed a somewhat greater reliance on mobilisation by structuring in 2021 and 2024, alongside a relatively higher share of unfunded mobilisation from 2021 onwards**. On-lending bonds and loans accounted for the largest share of AMI, while stable levels of unfunded risk participation helped sustain the overall contribution of unfunded mobilisation. By contrast, advisory, equity, and guarantee-driven mobilisation is not present in MATs. Geographically, the highest volumes were recorded in Romania, Greece, Bulgaria, and Lithuania, reflecting the prominence of A/B loans, parallel loans, unfunded risk participation, non-payment insurance, on-lending multiples, and other cross-border facilities.

**Figure 17: AMI by type[27] shows more mobilisation by structuring over time, 2020-2024**




Source: IEvD analysis based on internal operational data. The country allocations for regional projects in line with reporting and EBRD Debt Mobilisation team reporting practices.

## 3.5 The Bank's credibility and signalling reduced perceived market risk by lowering uncertainty and shaping market behaviour, thereby constituting a core source of EBRD's non-financial additionality in more advanced markets.

67. **Qualitative evidence emphasized the signalling strength of the Bank in reducing perceived market risk and crowd in private investors, ultimately contributing to indirect mobilisation.**[28] For example, in the Baltics, EBRD engagement reduced uncertainty for new instruments such as covered bonds; while legislative harmonisation was critical, investors required a credible early anchor to validate a new asset class. Subsequent covered bond issuances across the Baltics since 2020, with AA2–AAA ratings for inaugural deals, signalled strong framework credibility.

[27] Mobilisation is broken down by type, aligned with Management reporting on AMI. Funded mobilisation includes A/B loans and parallel loans; unfunded mobilisation includes unfunded risk participations and non-payment insurance; and mobilisation by structuring includes on-lending multiples, resilience and livelihood facilities, risk sharing facilities, and the trade facilitation programme.

[28] Interviews with over 50 stakeholders (i.e. supervisors, arrangers and issuers)

68. **In Greek capital markets, issuance broadened and secondary-market trading increased following EBRD-supported transactions**. Additional corporates accessed domestic bond markets during 2020–2022, often using structures similar to those initially supported by EBRD. By 2021–2023, secondary-market liquidity had increased relative to the pre-transaction period, suggesting that early Bank's involvement helped reset market expectations. Also, in Slovenia, the Bank's presence in banking transactions during periods of market uncertainty was reported to have very significantly helped restore investor confidence, facilitating the re-entry of international investors once conditions stabilised.

69. **The Bank's anchor participation influenced not only individual deal execution but also the functioning of the market itself.** In Greece, its early involvement in post-crisis corporate bond issuances helped validate the corporate bond market as a viable funding channel at a time when bank lending remained constrained and investor confidence was still fragile. Through its dedicated Greek Corporate Bonds Framework, the Bank explicitly sought to build market capacity, demonstrate the viability of new issues and support the creation of the critical mass needed for pricing benchmarks and improved liquidity.

## 3.6 Repeat engagements were a key channel for deepening additionality through more ambitious follow-on operations.

70. **Engagements with repeat clients, whilst not the majority of the portfolio, were significant and especially so in certain sectors, suggesting that repeat clients reflect sector strategy as much as client behaviour**. In practice these engagements were often progressive in design, deepening the instrument mix or linked to scaling or expansion logic, such as expansion of capacity or geography, new product lines (e.g. SME lending, green finance), or larger financing volumes over time. Patterns in approval documentation show frequent repeat clients supported in expansion phases, market gaps (e.g. SME lending, long tenor financing), and new instruments (green, structured, capital markets), with standard setting, demonstration effects and market development becoming more prominent sources of additionality.

71. **The evaluation found evidence that relationships helped build trust and mutual understanding between EBRD and its clients, which in turn increased willingness to undertake more complex transactions, take risks on difficult decisions, and adopt new instruments** – particularly where EBRD's presence reduced perceived risk and provided credibility with other market participants. This is evident in capital market development in the Baltics, corporate governance upgrades in large firms, and public sector restructuring cases. Repeat engagement allowed EBRD to progressively raise expectations and introduce more demanding standards over time, rather than front-loading them in a single transaction, influencing decisions as well as transactions.

72. **In this way, EBRD could more easily connect interventions across levels to turn projects into part of a broader reform trajectory. In part, this may be because once relationships are established, the cost of adopting new instruments or practices falls, making innovation more feasible**. At the same time, while trust often enabled initial innovation and further ambitious transition, wider market take-up depended on local incentives, capacity and policy conditions rather than trust alone. This is discussed further in Section 4 on innovation and demonstration effects.

73. **The evaluation observed instances where such long-term relationships enabled clients to take on new instruments, behaviours or transactions that they may not have done otherwise.** For example, in Croatia one main agribusiness client showed behavioural change driven by EBRD and enabled by the credibility of the relationship between the Bank and its client. Governance actions, including a corporate governance code and sustainability reporting, were initially adopted as a condition or enabling factor for financing. The new standards were then internalised, helped in part by embedding influence through governance roles and ongoing interaction with the EBRD. The changes brought about under successive projects became strategically beneficial, facilitating access to other investors over time (private equity, capital markets), and allowing the company to be ahead of EU regulatory standards. In this way, the company became a "beacon of corporate governance" influencing others by introducing non-financial reporting ahead of its peers and sharing its experience both through academic and industrial channels, within the country and overseas. Such influence depended on continuous engagement; a single project would likely not have achieved the same result.

74. **Furthermore, through its relationship as a key institutional investor on whom clients rely through multiple market cycles, EBRD helped provide informal validation on valuation and asset quality and facilitated transactions by serving as an anchor investor.** In Greece, for example, repeat engagements with systemic banks showed a clear trajectory from crisis repair to market development and innovation. Successive operations evolved from crisis-response instruments such as trade finance toward capital-market development through covered bonds, MREL-eligible instruments and, ultimately, more complex structures including synthetic securitisations. This sequencing illustrates how additionality was sustained not within individual transactions, but across portfolios of related operations over time. (Box 3)

**Box 3: Financial Additionality through sequential transactions: the case of systemic banks in Greece[29]**

- Across Greece's four systemic banks, financial additionality was reinforced through repeat engagements over multiple years, enabling EBRD to raise instrument ambition and sophistication over time, from crisis-period stabilisation (recapitalisation and liquidity/trade finance support) to capital-market reopening and then more complex instruments (MREL/bail-in, and selected structured finance). The Greece portfolio extract records multiple distinct operations per bank over the mandate period (Alpha Bank: 7; Eurobank: 7; NBG: 9; Piraeus Bank: 8), consistent with this sequential progression.
- As one of Greece's four systemic banks, Alpha Bank benefitted from EBRD's 2015 recapitalisation support and then signed seven transitions with EBRD over 2015-22, moving from crisis repair to capital-market deepening (e.g., Alpha Bank Covered Bonds project) and then into MREL/bail-in operations as instrument sophistication increased with the successive operations.
- EBRD's work with Eurobank and the National Bank of Greece (NBG), two other systemically important Greek banks, mirrored the trajectory of Alpha Bank. Beginning with the 2015 recapitalisation, EBRD then provided trade finance and capital market reopening measures (covered bonds, MREL, tier II issuances), with eight Eurobank operations signed between 2015 and 2022 and nine with NBG (2015-2020). This included Eurobank's MREL multi-issuance programme documented across several successive transactions and securitisation-type structures with NBG (SME's collateralised loan obligation).
- With Piraeus Bank, the fourth systemic bank in Greece, EBRD likewise engaged repeatedly through seven operations (2015–2024), progressing from recapitalisation and trade finance to capital-markets instruments (including a covered bond operation), later MREL/bail-in programmes, and – at the innovative end of the trajectory – a synthetic securitisation.

75. **In conclusion, engagement with repeat clients was a critical channel for speed, scale and policy leverage, particularly where successive operations raised ambition over time, crowded in private finance rather than displacing it, and allowed results to be tracked across operations and frameworks**. The priority suggested is to preserve what works in terms of strong relationships, rapid execution, and clear signals of credibility, while establishing robust safeguards (e.g., client criteria selection or limits on repeat financing) that prevent routine business practices and undue dominance by incumbents.[30]

## 3.7 The Bank's policy and capacity building work was pragmatic, additional and complementary, helping set standards and drive systemic change.

76. **Across advanced markets, the EBRD's legal and regulatory inputs carried particular weight; value came from a combination of alignment with needs (such as EU expectations), pragmatic hands-on support, convening power and non-partisan credibility, and was always backed by strong technical credibility.** In Croatia, for example, EBRD supported the operational interface of EU policy/funding requirements and expectation on closing gaps raised by the OECD Review and Guidelines on Corporate Governance of SOEs. Working alongside other development partners, pairing TC and financing, EBRD activities supported ownership policy, board practices, performance monitoring, procurement, and restructuring discipline. In the Baltics, EBRD helped introduce a pioneering regional covered bond framework. This new

[29] Source: Portfolio review, project document analysis, and stakeholder interviews.

[30] Previous evaluations suggest that these measures help keep opportunities open for new clients and sectors, especially in times of crises; cased on a literature review of 23 IEvD evaluation products concerning repeat clients published between 2016 and 2025, drawing on thematic, sector, country, programme and project evaluations. This includes the review of additionality and its application, evaluations of Early Transition Countries, MREL and bail-in-able instruments, green bonds, and decarbonisation of the built environment, inter alia.

financial instrument enabled access to longer-term, lower-cost funding, as well as helping Lithuania, Estonia and Latvia meet the EU Covered Bonds Directive requirements on time. It was described by an international industry expert as a distinctive and valuable contribution combining "*legal drafting and investment and ecosystem building*".

77. **The Bank contributed to the establishment, strengthening and operationalisation of governance, procurement, disclosure and ESG standards, with effects extending beyond individual transactions.** Levers included governance reforms, procurement practices, financial instruments embedding ESG and disclosure, and market signalling. More durable effects arose where policy, transactions and advisory reinforced each other, first-of-kind operations were credible and visible, and authorities were engaged and stable. The main limits were reported as contextual rather than technical: political economy constraints, weak absorptive capacity, and markets that were too small or not yet ready.

78. **The Bank set standards for ESG formats, for example in Romania's first listed sustainability-linked bond.** The Bank's early subscription, supported by its standard-setting role, was key for launching the country's first SLB, especially given the absence of domestic experience with key performance indicator (KPI)-based step-up structures. There have been clear replication effects, as KPI calibration approaches, reporting structures and documentation principles developed from this first SLB were reused or explicitly referenced by arrangers and advisers in subsequent ESG-linked bond preparations. Qualitative evidence further suggests that the transaction functioned as a reference point for later issuers, increasing familiarity with KPI-based step-up structures and lowering perceived execution risk for subsequent SLB and other labelled issuances. Evidence from validations also highlights the importance of non-financial additionality through EBRD's environmental and social requirements, and covenants that were treated as particularly material to the project performance.[31]

79. **Furthermore, EBRD acted as a quality anchor, with governance and procurement requirements that improved transparency, widened competition and enabled clients to operate at higher (e.g: EU-aligned) standards.** In Croatia, corporate governance and risk management improvements (linked to advisory/TA) contributed to improved credit ratings of the client company (a prominent SOE) and stronger risk management functions. Similarly, EBRD procurement rules and project implementation support introduced transparent, standardised procurement practices to build operational capacity in public agencies which further prepared clients for EU procurement compliance and contributed to a mindset of value for money and transparency. Importantly, many clients were found to have permanently adopted these higher benchmarks – and expectations – following EBRD engagement, with some network level diffusion.

80. **In conclusion, new standards also contributed to greater resilience by helping clients withstand shocks and improving preparedness for future financing**. Examples include the Greek infrastructure and municipal projects supported through this standard-setting and sequencing, such as Government Park "Andreas Lentakis" PPP, the Minagiotiko Dam PPP and Tavropos Irrigation Network PPP. Such system-level effects were strongest where policy engagement was sustained over time and combined with transaction sequencing, particularly across capital markets, PPP preparation and green-finance structuring, so that improved standards became repeatable market practice rather than one-off project features. These patterns illustrate that in more advanced markets, additionality is often realised cumulatively, through signalling, standards-setting and repeat engagements, rather than through one-off financial gap-filling. At the same time, the same features that underpin additionality (rigour, standards, safeguards) can also be seen as a challenge. Challenges of working with EBRD were cited as process burden, cost/competitiveness, and complexity, as well as stringency beyond EU norms or well-established frameworks, where calibration of requirements may be helpful, particularly in contexts where strict standards risk limiting uptake or slowing diffusion.

## 3.8 The Bank's existing binary approach to additionality is restrictive and does not enable the use of additionality as a dynamic and effective management tool for informed decision-making.

81. **Firstly, evidence strongly indicates that the Bank's current approach to additionality (Box 4) does not function as a meaningful management tool, as it is not well suited to capturing additionality through a binary, project-level, ex ante assessment embedded in the investment approval process.**

**Box 4: Understanding EBRD's current approach to estimate additionality in seven points[32]**

1. Standard (stand-alone) projects: Additionality is articulated in project review and approval documents and is assessed as binary (additional / not additional).
2. Financial and/or non-financial additionality must be justified against a credible market counterfactual. Validation occurs through Management committees.
3. Additionality triggers ("less clear" cases): Certain project characteristics trigger expectations of stronger evidence when teams are expected to provide more explicit counterfactual reasoning and supporting evidence, typically through narrative supported by indicative market data.
4. In the case of repeat transactions: Additionality is re-justified, not assumed. Guidance encourages demonstrating evolution of EBRD's role. In practice, this evolution is documented transaction by transaction, with no systematic aggregation across repeat engagements.
5. Frameworks-based operations: Additionality is assessed at framework approval or at sub-project level, depending on design. While frameworks enable sequenced and programmatic engagement, additionality is still captured at the approval point only. Cumulative, portfolio-level or sequencing effects are not systematically tracked.
6. Monitoring and ex-post verification: Financial additionality is considered delivered at signing and is not monitored ex post. Some non-financial elements may be indirectly reflected in TOMS/TOMS 2.0 indicators, but these were not designed to verify additionality delivery.
7. Management-led self-evaluation is not designed to systematically verify additionality delivery or to compare ex-ante claims with ex-post outcomes; additionality is therefore captured only indirectly. System-level or market-level additionality typically emerges only through evaluations and thematic reviews.

82. **The current assessment based on the Enhanced Approach to Additionality (2020) remains limited to investments and does not cover the full range of the Bank's activities that in many circumstances ensure strong additionality.** For example, the evaluation found that non-financial additionality remains under-estimated and under-reported, confirming findings from previous evaluations. Importantly, non-transactional contributions (including technical cooperation, policy engagement and advisory services) are not systematically articulated or captured as additionality in their own right Therefore, the existing approach fails to act as a tool to help Board and Management understand, compare and prioritize additionality across the Bank's activities.

83. **Evidence also shows that often the EBRD is more additional than what captured in the ex-ante assessment but there is no feedback loop in place to ensure that the ex-ante assessment is improved and refined based on ex-post evidence.** For instance, non-financial additionality was under-documented, despite being among EBRD's most distinctive contributions in more advanced economises. Elements of non-financial additionality – particularly standards-setting and policy linkages – are widely embedded in project design but the evidence suggests they are less consistently specified (which then limits tracking), tracked and evidenced in delivery, creating risks of formulaic justification and limited verifiability. This is compounded by a bias in monitoring systems towards what is readily measurable, with limited ability to capture implementation quality or outcomes of non-financial contributions.

[32] Source: IEvD desk research.

84. As illustration, in a 2022 Bulgarian project, non-financial additionality included standard-setting elements to improve equal opportunity within the client company. Monitoring benchmarks focused on conducting a survey and preparing an action plan but did not include milestones on implementation or the quality of follow-through, limiting verification of delivery. Similarly, a 2024 Polish project's Gender Smart tag was linked to the introduction of professional development programmes for women within the client company. However, monitoring benchmarks for this element focused on programme introduction rather than implementation quality or uptake. Overall, the evaluation evidence suggests that monitoring of non-financial additionality is weakened by a bias toward what is readily measurable and by reporting points that can occur before non-financial contributions materialise. This constraint is most acute for market-level effects. Comparative evidence confirms these challenges are not unique to EBRD. Several MDBs have either recently introduced or evaluated their approaches to additionality. It is therefore valuable to explore what the MBDs have done and what insights they give.

85. **Furthermore, the evaluation found that there is no rigorous and systematic ex-post verification of the assumptions underlying the current narrative of the Bank's additionality**. Additionality is therefore largely captured at approval and only indirectly revisited thereafter. This remains a missed opportunity for the institution to tell the story of its transition contribution, particularly vis-à-vis other sister MDBs and IFIs that have well-established systems to capture additionality of their activities.

86. **Unlike most of the other MDBs that embed additionality within integrated frameworks (and in some cases score or benchmark it), the Bank has not developed a bank-wide systematic approach to additionality across its interventions, explicitly anchored in market-failure logic**. Rather, additionality continues to function primarily as an eligibility test for individual transactions, rather than as a structured framework for assessing contribution across interventions.

87. **Across MDBs, additionality is typically assessed ex ante at project approval, but institutions differ in how structured, revisited or integrated these assessments are over the project life cycle**. Several MDBs, including IFC, IDB Invest and AfDB, apply structured additionality frameworks that combine narrative justification with categorised sources of financial and non-financial additionality, often supported by internal guidance or indicative scoring to improve consistency across teams. In these systems, additionality is frequently articulated alongside development impact rather than treated as a fully separate construct. Some have also moved toward elements of full-cycle or staged approaches, in which additionality is (i) articulated ex-ante at approval, (ii) tracked during implementation, and (iii) reflected on ex-post. For example, IFC's AIMM framework and IDB Invest's assessment model explicitly link anticipated additionality at entry to subsequent supervision and completion-stage reflection, even where ex-post verification remains partial.

88. **Most MDBs, notably IDB Invest, AfDB, and EIB, use systems to input, assess and track additionality, and also use project-level scoring to capture contribution of their MDB inputs**. Concerning the scope of activities over which additionality is assessed, institutions such as IDB Invest have moved toward articulating additionality across a broader package of inputs, where investment, advisory services and upstream policy work may jointly underpin the additionality rationale for a project or programme. In these approaches, additionality may be framed at the level of a programme, platform or market-development agenda, rather than being confined strictly to the individual financing transaction. Others are also attempting to move beyond project level, including IFC, which is piloting a look at additionality within its country partnership frameworks. By contrast, other MDBs, including EBRD, continue to assess additionality primarily at the level of the individual investment transaction. Non-investment inputs such as technical cooperation, advisory services or policy dialogue are typically treated as supporting or enabling activities, but additionality is not systematically articulated, assessed or recorded independently for these inputs, nor aggregated across them at sector or market level.

89. **Additionally, in economies more advanced in transition, a project-by-project, ex-ante approach is increasingly mismatched with market realities and the Bank's SCF ambition towards systemic change.** Rather, and in contrast to impact, which is systematic, it treats additionality as a binary ex-ante eligibility concept applied to the Bank's investment transactions, i.e. a judgement about whether an intervention should proceed at all, required for the project approval by the Board. In more advanced markets, value was often created through portfolios of related operations, sequenced engagements and frameworks that built markets over time. The Bank's distinctive contribution often arose through sequences of related operations, repeat engagements that ratcheted ambition, and the interaction between

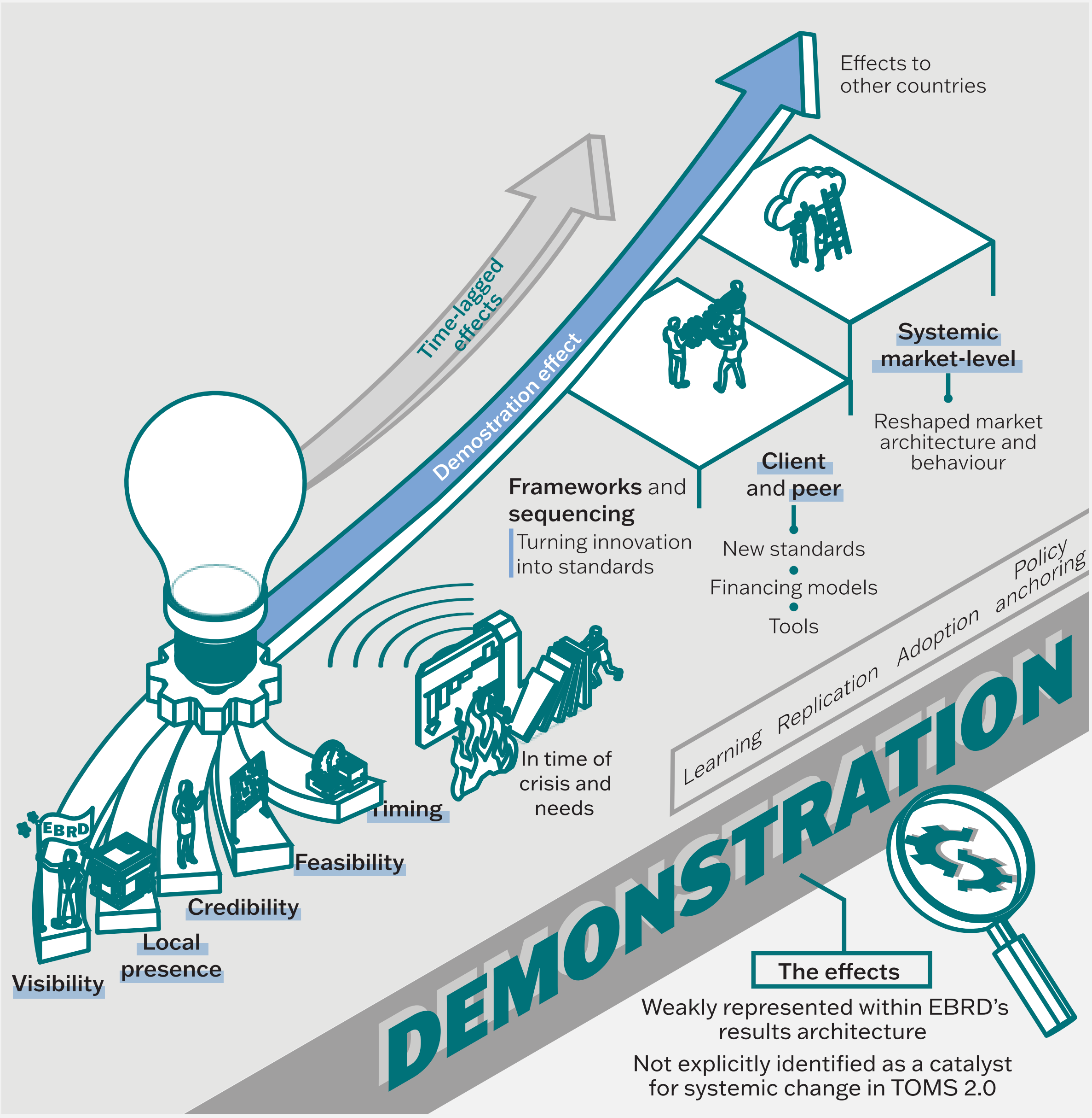
financial instruments and non-financial influence; it often became visible through demonstration effects, when EBRD-supported practices, standards or instruments were taken up by others and/or embedded in market or institutional frameworks.[33] Assessing additionality solely as a project-level, ex-ante attribute therefore risks mischaracterising how value is created in more advanced markets. Current systems do not systematically capture whether follow-on operations add *new* value beyond existing relationships. While repeat clients may trigger additional scrutiny, this remains transaction-specific rather than a structured, cumulative assessment of marginal additionality over time.

90. **In conclusion, the evaluation noticed that there is an increasing need to develop system-thinking approaches to capture how MDBs create value at portfolio, sector and market levels, and reflect the cumulative effects of repeated and sequenced engagements**. Systemic and sector wide effects emerge through frameworks and sequences of repeated operations, none of which are visible in a project only model; scrutiny of additionality of projects in advanced markets has repeatedly highlighted these limitations. The Bank's transaction-level approach to assessing additionality does not align with how value is created in more advanced markets, where contributions increasingly materialise at sectoral, market and system levels rather than at the level of individual transactions. For instance, the 2023 evaluation of the EBRD Venture Capital Investment Programme (VCIP) I illustrates this challenge. It pointed to limited integration with other Bank instruments (policy dialogue, SME support, innovation programmes), limiting wider system-level impact despite strong deal-level performance. This also points to the importance of coherence across EBRD instruments (financing, policy, advisory and institutional support), which in advanced markets often matters more for additionality than isolated transactions.

[33] This echoes similar findings from the Regional-level Evaluation of EBRD's Operations in the Baltic Countries.

# 4. WHAT RESULTS? DEMONSTRATION EFFECTS and INNOVATION

**The EBRD's involvement led to significant demonstration effects – often surprising, especially regarding influence on clients and peers. However, the Bank has yet to completely capture, monitor or report on the transition impact resulting from these effects.**



## 4.1 The Bank drove innovation both directly by supporting new technologies and risk structures, and indirectly by improving standards and catalysing commercially focused market behaviour.

91. **Across more advanced markets, EBRD supported innovation both directly and indirectly, driving innovation under specific market conditions and where other actors could not.** Directly, the Bank enabled first-of-kind or complex transactions that private actors were unwilling to undertake alone; indirectly, it raised standards and shaped expectations in ways that encouraged more commercially oriented market behaviour. In advanced markets, innovation often justified additionality at entry, but it only translated into transition impact where it proved viable, gained credibility and influenced behaviour beyond the original transaction (Box 5). At the same time, innovation is not a sufficient condition for triggering systemic change: Only where new approaches proved workable and credible did they contribute to broader market change.[34]

**Box 5: Overview of EBRD's approach to innovation[35]**

- **Innovation contributes to financial and/or non-financial additionality where EBRD enables actions not available from the market on comparable terms. This includes:**
  - i. innovative financial additionality, such as new or complex financing structures; novel risk-sharing arrangements; first-time capital-market instruments or fund/platform structures; and
  - ii. innovative non-financial additionality, including standard-setting (e.g. ESG, governance, disclosure); knowledge transfer, capacity-building, and policy dialogue that go beyond prevailing market practice. In practice, there is no standalone institutional definition or tagging of "innovation".
- **Innovation may therefore be framed in relation to being first-of-kind in a specific market or segment, introducing new risk-allocation or financing structures, or embedding non-financial contributions not yet mainstreamed in the market. The assessment is qualitative, transaction-specific and made at approval.**
- **Under EBRD's transition impact methodology innovation is treated as a potential driver of transition impact through the concept of project novelty,** which sits within the systemic change assessment. In this framing, a project is considered innovative insofar as it introduces new or rare products, services, standards, practices, business models or behaviours relative to the relevant market, with a plausible expectation of triggering market-level effects beyond the original transaction. Innovation therefore matters not because an intervention is new per se, but because it demonstrates feasibility and alters behaviour, expectations or practices in the wider market.
- **Currently "novelty" is identified and articulated based on professional judgement and explicit comparison with a credible market counterfactual.** The evaluation therefore treats innovation as relevant for wider transition impact only where it goes beyond novelty at approval and contributes to uptake, replication, or changes in behaviour, standards or market practice beyond the original transaction.

## 4.2 Evidence suggests that the Bank's demonstration effects, particularly replication, strengthened in proportion to the depth of its on-the-ground engagement and the credibility.

92. **Demonstration effects were amplified depending on how EBRD engaged on the ground and how visible and credible its interventions were to the wider market. In particular, three reinforcing factors mattered: local presence, visibility and signalling, and crisis-period engagement.**

[34] The ways in which such innovation translated into demonstration and replication effects are examined in subsequent sections and how innovation is treated within EBRD systems is explored in Box 5.

[35] Source: IEvD desk research (2025).

93. **Local presence through Resident Offices (ROs) and active Heads was a critical enabler of demonstration effects, not just a delivery convenience**. Evidence suggests that local presence matters because it helps EBRD translate innovative structures into something the local market trusts, understands and then copies. That comes through in three closely related ways: proximity and understanding market reality, including language and culture; credibility/signalling; and continuity of relationships. In terms of trusted innovation and expertise, EBRD's value was tightly linked to its ability to understand "the local mentality" and "the local client" in the eyes of many stakeholders. Many stakeholders expressed the view that EBRD's local knowledge plus its technical expertise made support credible and usable. There was wide perception that performance was better than expected precisely on those dimensions, and that an ability to understand what was needed, even during implementation changes, was helpful to getting things right for the client.

94. **In this respect, replication followed not only because of the transaction itself, but because the local team could embed and socialise the idea**. Local presence strengthened signalling, as witnessed in the case of covered bonds in Greece where the result was not just one successful deal, but where interviewees linked that credibility to the later proliferation of corporate bonds by other issuers. This relied on EBRD being sufficiently present and connected to local market actors for its endorsement to carry weight.

95. **Continuity of presence in the market seemed to encourage an enabling environment for demonstration effects.** Qualitative evidence reinforced this point, as one of the recurring themes was that continuity in client relationships is very important to build trust, and that agility, commercial adaptability and client focus are appreciated by clients and differentiate EBRD from other IFIs.[36] There are also risks when this continuity is not clearly managed, particularly in contexts where the Bank is reducing or ending its engagement. Evidence suggests that exit is experienced externally less as a technical closure of operations and more as a strategy and expectations management issue, with a need for clarity on changes, timeline, and what legacy is expected to remain.[37] In Greece, stakeholders pointed to uncertainty around the Bank's exit path and future role, including concerns about missed opportunities and lack of clarity on how ongoing initiatives (e.g. SME support, PPP preparation capacity) would be sustained. In such cases, limited articulation of exit strategies and legacy pathways risks weakening demonstration effects and reducing the Bank's ability to consolidate and transmit learning accumulated through sustained engagement. A structured approach to capturing and transferring knowledge mitigates the risk that learning generated in more advanced markets is not systematically retained or reused across the institution.

96. **Visibility significantly magnified demonstration effects by shaping market perceptions**. When EBRD-backed innovations were publicly visible, through media coverage, exchange announcements, conferences or public endorsements, they diffused more rapidly, perhaps as other market actors perceived them as validated and lower-risk. External development finance evidence reinforces this pattern: credible public signalling accelerated replication, particularly for new financial instruments and capital-market transactions. In this context, EBRD's visibility via high-profile listings, conference participation and recognition by exchanges and ministries helped convert one-off innovations into broader market signals. One example in the Slovak Republic demonstrated how the Bank's international experience can benefit clients: EBRD's experience in Serbia and Kosovo enriched discussions in the Slovak Republic about a district heating company's renewable energy project. Through this knowledge transfer, practices such as labelled bonds, PPP standards and new securitisation structures gained traction well beyond the original transaction.

97. **Crisis periods further impacted demonstration, sometimes amplifying and at other times suppressing demonstration effects.** Illustrative examples where crises amplified demonstration include post-crisis capital market reopenings in Greece, and the Erste Bank Hungary case, where a crisis-response balance sheet restructuring evolved into a broader demonstration of recovery and reform. By contrast, EBRD's investment in an energy-efficient retail centre in Bulgaria initially showed strong demonstration potential, but the combined effects of the global financial crisis

[36] The findings on the importance of local presence resonate with those from the recent Regional-level Evaluation of EBRD's Operations in the Baltic Countries.

[37] Qualitative evidence from in-country interviews, relevant stakeholders, and survey of EBRD bankers.

and shifts in consumer behaviour towards online shopping led to asset disposal, truncating the replication pathway despite initial positive signalling.

98. **Risk appetite and first-mover behaviour helped engender demonstration effects.** EBRD's willingness to enter stressed or untested segments, often counter-cyclically, helped change perceptions and draw others in. Illustrative examples include crisis-period engagement in Hungary, combining financial support with policy dialogue to unwind restrictive measures, EBRD's anchor-investor role in capital-market transactions in Poland, or early entry into NPL resolution in Greece, signalling that viable firms existed beneath distressed balance sheets.

## 4.3 Frameworks and sequenced engagements shaped strong demonstration effects by combining repetition, standardisation, sustained policy dialogue and cumulative learning.

99. **Several frameworks helped convert innovation into market standards by combining repetition, standardisation, sustained policy dialogue and cumulative learning.** This included various MREL/bail-in-able frameworks and covered bond frameworks, which were frequently supported by EBRD early on and over time became standard practice in more advanced markets.[38]

100. **Repeating similar transactions builds credibility and lowers risk perceptions over time as the market gains familiarity with an innovation and builds confidence in its viability.** As an illustration, the Secondary-Market PPP Refinancing Facility in Central and Eastern Europe showed that repeated refinancing transactions can create recognisable secondary markets and attract institutional investors.

101. **Frameworks also help teams refine templates, term sheets, and due-diligence processes, creating standard practices that investors, arrangers and regulators may treat as reference points.** Capital market work on covered bond legislation and synthetic securitisations used consistent documentation that later influenced deals in neighbouring economies; in this similar way, synthetic securitisations appeared first in Greece before diffusing to Croatia and Poland.

102. **Additionally, the longer time horizon of frameworks enables sustained policy dialogue, increasing the likelihood that innovations introduced by MDBs become part of standard national practice.** Concurrent policy dialogue in Romania, for example, allowed the Pestera and Cernavodă wind projects to support the expansion of wind capacity and more broadly, the Green Certificate market functionality.

103. **An important consideration is that demonstration effects may require time frames that extend well beyond the project life cycle to materialise, and frameworks hold space for this.** When conditions were not ideal for uptake of a new product at the time of its first introduction, frameworks allowed context to evolve while keeping institutional memory alive until demonstration effect could take hold. Covered bond frameworks in Lithuania, for example, have not immediately led to issuance there, while elsewhere in the region (Estonia) there has been issuance, in part due to market sizing; at the same time, market stakeholders appreciated the inherent value of prepared structures, giving optionality, for issuances when of sufficient size to access, and when need comes.

[38] For example, the Slovakian and Greek Covered Bonds Frameworks; MREL projects in the Baltic countries and Croatia.

## 4.4 Client and peer level demonstration effects were strong where interventions visibly shifted standards and behaviour, but uptake depended on local capacity, timing, context and incentives.

104. **The Bank's demonstration effects among its clients, in the form of knowledge transfer, advisory and capacity-building were overall significant, particularly where interventions introduced new standards, tools or financing models that visibly altered behaviour.**

105. **For example, PPP frameworks and SME turnaround funds generated institutional demonstration effects through repeat application.** Once PPP preparation processes, risk-allocation approaches and procurement documentation were standardised through EBRD-supported frameworks, authorities continued to prepare and tender projects independently and shared these approaches with peers in other countries. Similarly, early EBRD support to SME turnaround funds established governance and execution models that were later adopted by follow-on funds operating without EBRD capital.

106. In the case of public-private partnership (PPP) preparation in Greece, delivered through the Greek PPP Preparation Facility (GPPF), the Bank supported authorities in professionalising PPP project preparation by standardising feasibility analysis, value-for-money and affordability assessments, risk allocation and tender documentation. This approach was applied across multiple transactions – including the Andreas Lentakis Governmental Park, University of Thessaly student accommodation, and the Minagiotiko dam and irrigation PPP – creating repeatable templates rather than one-off pilots. Practices developed through this engagement were subsequently applied beyond Greece, such as in Uzbekistan and Egypt, proving diffusion of institutional know-how.

**Box 6: Examples of Demonstration Effects in Lithuania**[39]

- In Lithuania, the **Green Cities programme's** foundational institutional and financing results, specifically the work in Vilnius, **created a platform for future municipal access to sustainable** capital **market instruments**. Vilnius launched the programme in 2023 and approved its Green City Action Plan in 2025, aligning it with a Climate City Contract that targets an 80% reduction in city GHG emissions by 2030. Three GCAP-aligned investments (including a trigger project) with cumulative EBRD ABI of €85 million, alongside parallel funding from EIB, NIB and private investors, are intended to support GCAP priorities in public transport and decarbonisation of the built environment; however, it remains too early to assess city-level outcomes and municipal bond issuance is still constrained because current legislation does not allow cities to issue bonds, implying that any future access would require legal changes and a substantial build-up of municipal expertise and capabilities.
- In parallel, extensive capacity building for ILTE (formerly INVEGA) over 2016-19 helped establish a qualified team and roll out equity instruments previously missing from its portfolio, which subsequently enabled ILTE's entry into equity markets and its evolution into a significant limited partner in local PE and VC funds.

107. **System-level demonstration effects affecting competitive dynamics also came from high-impact restructuring and privatisation cases**. In Slovenia, the restructuring of a state-owned bank with EBRD as a minority investor demonstrated that private ownership could restore viability and competitiveness. The sharp reduction in non-performing loans, subsequent acquisition in 2021 and further sector consolidation indicate a shift in investor behaviour and market structure beyond the original transaction. In Poland, the Polkomtel privatisation demonstrated the feasibility and benefits of large-scale telecom privatisation; follow-on transactions and sector consolidation suggest that the effect operated at the level of market expectations rather than project replication.

[39] Source: Regional-level Evaluation of EBRD's Operations in the Baltic Countries (2026).

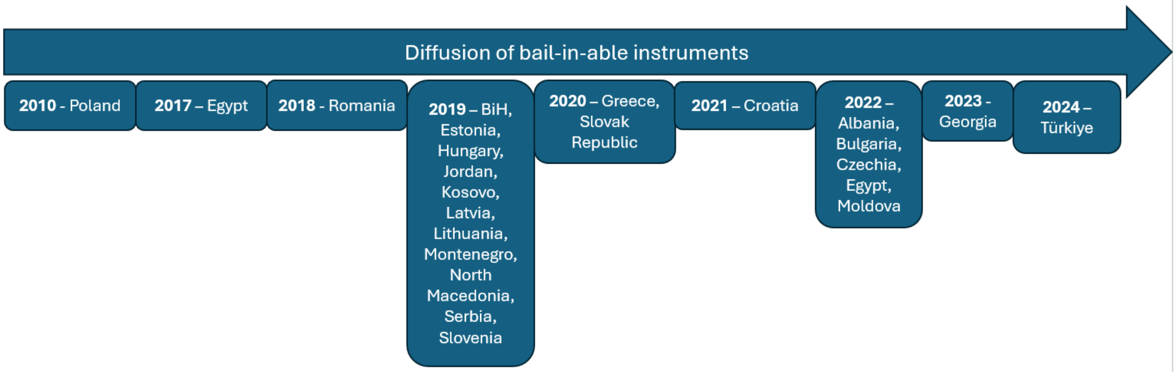
108. **Political context, regulatory uncertainty, market timing, visibility, and broader economic conditions play a decisive role in shaping whether demonstration effects emerge and endure.** External policy changes and local political fragmentation can interrupt otherwise promising pathways, as seen in several of the MAT economies. In Hungary for example, innovative transactions such as Budapest Airport refinancing and the M6 motorway equity sale attracted strong investor interest but did not translate into sustained market uptake; replication stalled as adverse conditions and regulatory uncertainty constrained the pipeline.

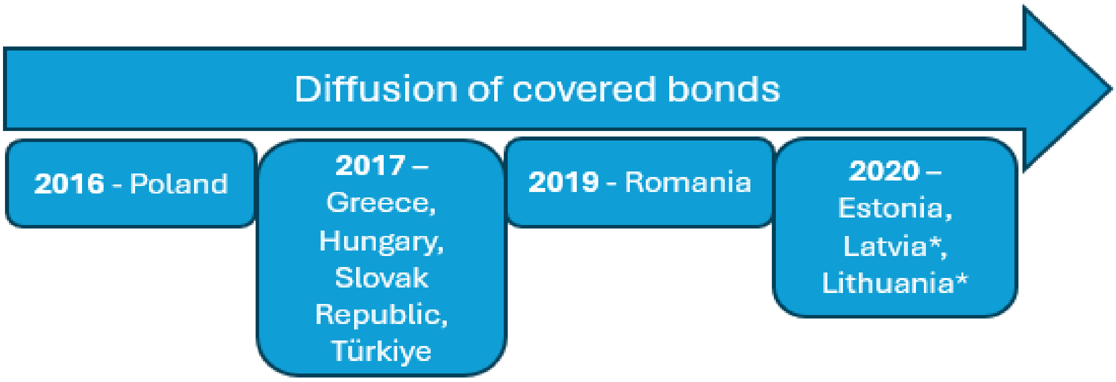
109. **Market timing also proved critical**. In Slovenia, a thermal power restructuring project was undermined by delays and overtaken by the shift to renewables, limiting its relevance as a replication model. Similarly, in Poland, a successful digital banking initiative strengthened governance and capital market development but failed to diffuse more widely, as innovation outpaced market readiness and peer incentives. In Bulgaria, an agribusiness project demonstrated improved standards but was not replicated due to perceived complexity and high investment costs. Taken together, these cases suggest that demonstration effects are not automatic outcomes of successful projects but depend on favourable conditions, practical feasibility, and alignment with market incentives.

110. **More specifically, financial instrument innovation often began in more advanced markets, with sophisticated, higher-risk or previously unused financial instruments being tested first in MATs. Successful applications subsequently diffused across issuers, intermediaries and jurisdictions in advanced economies and beyond (Figure 18).** In bail-in-able and MREL-eligible instruments, early EBRD involvement in Poland, Greece and Romania helped establish execution templates, documentation standards and investor acceptance at moments of heightened uncertainty. These early transactions were followed by regular issuance by domestic banks without EBRD participation, indicating that such instruments had become part of standard funding strategies rather than exceptional structures. In Greece and Romania, this marked a shift from reopened markets reliant on IFI participation toward market-led issuance.

111. **A more pronounced systemic effect is evident in covered bonds, particularly in the Slovak Republic**. Sustained EBRD policy dialogue from 2016 contributed to strengthening the covered bond legal framework ahead of the EU Covered Bond Directive in 2019. This enabled multiple commercial banks to enter the market as repeat issuers without EBRD involvement. Between 2017 and 2024, the ratio of covered bonds to GDP doubled, and by 2024 covered bonds financed around 38 per cent of residential mortgages, demonstrating incorporation of the instrument into core housing finance rather than reliance on EBRD-supported transactions. Similar dynamics were observed in Poland following early market-shaping transactions. Covered bonds have begun to spread outside the MAT region as well: while EBRD engagement on covered bond regulatory reforms began in eight more advanced economies, the Bank has begun policy work on covered bond frameworks in Ukraine, Georgia and Morocco as well.

**Figure 18: More sophisticated instruments tended to originate in MATs before spreading to less advanced economies**






Note: Covered bonds in the Baltics were issued from Estonia with pan-Baltic assets. Latvia and Lithuania are therefore included in the diffusion figure despite no covered bond yet being issued from those countries. The figure includes only transactions and not does address related policy/TC work.

Source: IEvD analysis based on internal operational product classification data as of 5 November 2025.

112. **Other innovative financial products such as green bonds, sustainability-linked bonds and synthetic securitisations also proved able to trigger demonstration effects under favourable conditions.** In Greece, Lithuania, Hungary and Romania, EBRD support to early labelled issuances contributed to market conventions on use-of-proceeds, disclosures and Key Performance Indicator design. Subsequent repeat issuances by corporates and financial institutions without EBRD involvement indicate that issuers and intermediaries internalised these methodologies. In Greece, Croatia and Poland, early EBRD participation in synthetic securitisations helped normalise risk-transfer structures with supervisors and arrangers, followed by transactions executed without EBRD financing.

## 4.5 While the Bank's approach to capturing demonstration effects has evolved, important limitations remain.

113. **While EBRD's approach to capturing demonstration effects has evolved conceptually under the next version of the Bank's Transition Objectives Measurement System (TOMS), limitations remain to capture demonstration effects where they materialise through indirect, time-lagged and system-level channels**. These challenges are not unique to EBRD. Across MDBs, there is no common definition of "demonstration effect", and institutional approaches to defining, tracking and incentivising it vary widely. While demonstration effects are increasingly recognised as central to systemic change, this diversity complicates comparability and contributes to persistent difficulties in evidencing how innovations translate into market-level outcomes.

114. **EBRD's treatment of demonstration effects has shifted over time.** Prior to 2016, demonstration effects were tracked explicitly through project-level transition objectives, such as evidence of restructuring, new financing approaches, or new products and processes. This captured client-level change, but remained project-bound and time-limited, failing to track market-level diffusion, replication and longer-term system effects.

**Box 7: What EBRD's pre-2016 practice shows: strengths and gaps**[40]

- **What EBRD did previously:**
  - Tracked demonstration effects using explicit categories under three transition objectives (restructuring, financing, new products/processes).
  - Set project-level benchmarks for behavioural change, new product uptake, or process adoption.
  - Captured client-level results clearly, especially in restructuring and new financing approaches.
- **What evaluation evidence shows was missing:**
  - One-third of validated projects set no market-level benchmarks, despite demonstration being central to their rationale.
  - Reporting stopped at project closure, which is too early to observe market diffusion or follow-on replication.
  - It was often impossible to distinguish EBRD-driven demonstration from broader market developments.
  - Frameworks and sequenced operations provided stronger pathways to replication, but this was not systematically recognised.

115. **Under TOMS 2.0, demonstration effects are to be embedded within broader systemic change channels.** However, this still would not fully capture how innovations diffuse, how replication occurs, or how market behaviour shifts over time. Embedding demonstration effects within systemic change channels under TOMS 2.0 represents a clear conceptual improvement, recognising that market shaping extends beyond individual transactions and that novelty alone is insufficient to generate systemic impact without sustained follow-through. However, several limitations remain.

116. **Demonstration effects continue to be identified primarily at approval, largely through novelty or first-of-a-kind features, with less systematic attention to how replication, and market update materialise over time after approval.** Evidence relies heavily on narrative reporting at self-evaluation (SPA) stage, which may occur too early in the project cycle to capture genuine demonstration or replication effects, particularly in capital-markets, regulatory-reform and other market-building interventions where impact unfolds over longer horizons.

117. **Furthermore, operational incentives for tracking demonstration effects remain weak: systemic change channels carry limited traction for delivery-rate metrics, constraining their visibility and use for learning rather than signalling the absence of impact**. A predominantly project-by-project lens continues to limit the capture of demonstration effects that often emerge through frameworks, sequenced operations, sustained policy engagement or cross-country diffusion, suggesting the need for complementary, selective ex-post learning at framework or market level rather than transaction-level validation only.

118. **Secondly, in principle, advanced markets are EBRD's institutional learning laboratories, where documentation, risk allocation and investor communication are progressively refined and internal confidence accumulates with each transaction. In practice, however, with no reporting or learning system, the institutional learning that emerges during implementation or becomes visible only years later through replication, is largely invisible to the organisation**. As a result, EBRD's ability to deliberately build on past experience, rather than rediscover it transaction by transaction, remains constrained. This is further compounded in exit contexts, where the absence of a structured framing governing closure and downsizing activities, including clear processes, roles and coordination arrangements, can limit the systematic capture and transfer of knowledge. In practice, learning does occur but remains more person-dependent than system-enabled. A clear example of effective institutional learning emerged from Greece's NPL experience, where lessons from early structuring informed subsequent approaches to secondary markets, investor signalling and policy sequencing. However, this learning was transmitted informally, primarily through staff movement and accumulated experience, rather than through formal toolkits, guidance notes or structured knowledge products.

[40] Source: IEvD desk research, primarily based on review of pre-2016 portfolio and its validations.

119. **Evidence from this evaluation shows that the Bank's most meaningful systemic contributions rarely materialise at project closure. Instead, they may emerge through behavioural adjustment by market participants, institutional and regulatory uptake, replication by peers, and cross-country diffusion of standards and practices.** The example of capital market development in the Baltics illustrates this gestation trajectory. Since as early as 2017, the EBRD has supported the development of securitisation frameworks in all three states. Lithuania adopted a new Law on Securitisation and Covered Bonds in 2022. This framework has been tested in Lithuania so far through an EBRD supported securitisation transaction that was the product of both upstream and downstream technical assistance from EBRD; Latvia has not yet introduced a comprehensive, dedicated securitisation law comparable to Lithuania, and Estonian legislation still needs to be revised to ensure full alignment with the EU securitisation *acquis*. With this case therefore, there has been recognition (including from international experts) of the validity and calibre of the new framework, commendations of its use, acknowledgement of the optionality given to the market, and through this, there is potential for further demonstration effect.

120. **Demonstration effects' dynamics unfold over time and across multiple actors, making them poorly suited to early, project-bound reporting.** Strengthening the evidence base therefore requires moving beyond project-level novelty towards tracking how innovations travel through markets, become embedded in institutions, and influence broader market practice. The evaluation recognises that replication is the strongest and most observable indicator of demonstration effect, **particularly in capital-market operations where data on subsequent issuances and market uptake are available.** However, it also finds that in more advanced markets many demonstration effects operate through indirect and longer-term channels, without taking the form of direct transaction replication. These include: diffusion of standards and practices, institutional and regulatory uptake, and sustained behavioural change among market participants. Such effects and signals are consistent with MDB experience in more advanced markets (Box 8).

121. **The evaluation found that in several circumstances the Bank's operations contributed to durable shifts in market systems and institutional frameworks that go beyond individual projects.** In more mature markets, such shifts may include regulatory adoption of EBRD-led approaches, increased market depth and resilience, and the establishment of new segments or standards. However, evidence of these changes typically emerges only after project closure, for example through sustained market activity during stress, expanding investor bases, or the development of yield curves and new segments. As these outcomes unfold over longer periods, they are not easily captured in standard project evaluations, even though MDB experience shows them to be among the most lasting impacts.

**Box 8: Potential pathways and indicators of demonstration effects in more advanced markets[41]**

- **Demonstration effects are signalled by different observable markers across distinct pathways and to different extents:** Observable changes within the client that can plausibly be demonstrated to peers, even if not yet replicated may be one indication.
- This may be seen through (i) successful restructuring or institutional strengthening following EBRD engagement; (ii) adoption of enhanced governance, ESG, disclosure or risk management standards; and (ii) internalisation of practices introduced through repeat engagements.
- **Separately, other market participants may respond to EBRD supported operations, even without direct transaction replication.** This might include: (i) diffusion of standards and practices to competitors or peers; (ii) uptake of transaction templates, documentation or structures by other issuers or financiers; and (iii) behavioural responses, such as improved disclosure, governance or risk practices.
- **Indicative evidence during the project life may include: regulatory changes following pilot transactions; formalisation of practices first introduced through EBRD operations; and clients becoming reference points for peers. In capital market operations, such effects may be observable through subsequent issuances or changes in market norms.**

[41] Source: IEvD desk research; review of evaluations from peer MDBs.

# 5. Lessons & Recommendations to further improve the Bank's additionality and transition impact

## 5.1 Overview of lessons emerging from the evaluation

- **The first lesson learned clearly emerging from the evaluation is that the Bank's role is most distinctive in periods of disruption, structural change, and first-of-kind activity, where it provides credibility, risk-bearing capacity, coordination, and standard-setting**. EBRD's role has adapted, shifting between market shaper, shock absorber and market repairer depending on the needs of the economy and level of structural challenge/development. In more stable and "fluid" market segments, its differentiation depended less on financing and more on how it structures transactions, signals quality, and sustains engagement.

  **This reinforces the Bank's value proposition as selective, catalytic, and innovation-driven rather than scale-driven alone.** The EBRD provided credibility, took risks, set and embed standards, sequenced reforms, changed behaviours, and maintained long-term engagement. All this also helped preserve transition in times of shock and heightened stress, where EBRD was a critical partner and highly additional.

- **Second, the Bank's role is particularly distinctive in areas requiring first-mover risk, coordination, and standard-setting, where alternative providers are less consistently able to operate or sustain engagement over time**. In these contexts, EBRD engagement is associated with faster development of markets, stronger standards, or more structured approaches than might otherwise have emerged.[42] EBRD's strongest value proposition lies in selective, catalytic, and innovative engagement rather than scale-driven alone.

- **The third lesson is that additionality in more advanced markets is increasingly systemic; it relates to when and how the Bank contributes. EBRD's contribution is delivered less through filling financing gaps and more through shaping how markets function via governance standards, sequencing of interventions, policy engagement, and credibility, where market failures are structural and transition incomplete.** These effects emerge over time and across portfolios, not necessarily within individual transactions, making project-level assessments insufficient to capture the Bank's role. Viewing EBRD activities here solely through project-level transactions risks overlooking the Bank's most important contributions, leading to debates about its relevance and additionality that do not reflect how impact is actually achieved.

  This has direct consequences for how additionality is understood and communicated in more advanced markets. In those economies, financial and non-financial contributions are closely interlinked and tend to materialise through implementation, sequencing, and sustained engagement rather than at the point of project approval.

- **Assessing additionality primarily as a binary attribute therefore risks understating the Bank's contribution and overstating concerns around substitution or crowding-out.** A more structural framing, focused on how the Bank contributes to addressing market-level constraints over time, understanding the profile and trajectory, would be better aligned with other MDB's good practices and its ambition to deliver systemic change.

  **Similarly, the absence of systematic ex-post verification limits the ability to distinguish genuine additionality from well-articulated but weakly evidenced claims, or potentially recognise unanticipated additionality.**

- **Finally, demonstration effects are indirect, cumulative, and time-lagged, and may reflect emergent additionality. These effects, through the diffusion of standards, behaviours, and regulatory approaches are a central channel of impact. They depend on local conditions, emerge over time, and are rarely linear.** As a result, project success does not automatically translate into market change, and the absence of rapid replication should not be interpreted as lack of impact.

[42] This conclusion also echoes a principal finding from the Regional-level Evaluation of EBRD's Operations in the Baltic Countries.

Strategic positioning in advanced markets remains unresolved. While the SCF does not explicitly target advanced markets, institutional commitments imply a continued role. With fiscal space tightening and fragilities persisting - their ripple effects felt through the long run, the Bank's role remains significant. This increases the importance of clearly understanding and articulating where the Bank is most additional and how it generates demonstration effects.

## 5.2 Two recommendations to strengthen the Bank's additionality and innovation

122. **Taken together, lessons learned and findings emerging from this evaluation clearly show that the Bank could benefit from more coherence between its strategic ambitions and the use of management tools to achieve them.** Clarifying how additionality is framed and providing further discipline through system level framing; treating demonstration as a designed pathway to impact, and recognising the role of advanced markets in supporting innovation and learning would strengthen the Bank's ability to articulate what it does differently, and align operational practice with the SCF 2026–30 emphasis on systemic impact.

123. **The recommendations of this report are therefore aimed at simplifying the Bank's work and providing stronger management tools,** while sharpening institutional clarity and improving accountability and learning both at the operational and institutional level. Each recommendation is designed to support the SCF 2026-30 strategic ambitions and is thus anchored as such.[43]

### Recommendation 1> Introduce a more systemic additionality framing by enhancing the Bank's ex ante additionality approach, complementing it with sector/market-level framing and developing an effective feedback loop.

| **Relevant Issues** | ***Recommendation*** |
|---|---|
| • The current assessment based on the Enhanced Approach to Additionality (2020) remains limited to investments and does not cover the full range of the bank's activities that in many circumstances ensure strong bank's additionality. For example, the evaluation found that non-financial additionality remains under-estimated and under-reported, confirming findings from previous evaluations.<br>• The current binary approach employed by the EBRD does not provide a tool to understand, compare and prioritize additionality across the Bank's activities. Across MDB rigorous additionality assessment has proven to be a very useful tool to capture contributions to markets and ensure robust mobilisation,<br>• Systemic and sector-wide effects emerge through frameworks and sequences of repeated operations, none of which are visible in a project-only model. | To strengthen its strategic positioning and transition contribution, particularly in advanced markets, the EBRD should enhance its approach to additionality by:<br>1) Carrying out a feasibility study and pilot testing a more granular ex-ante additionality assessment, which includes defining levels of additionality and establishing mechanisms to capture portfolio- and market-level additionality dynamics: *and*<br>2) Undertaking regular ex-post additionality assessments to create an effective feedback loop aimed at identifying patterns and drivers of "unanticipated" additionality and integrate those insights into both ex-ante assessment and monitoring. |

[43] The following recommendations complement those of the recent Regional- level Evaluation of EBRD's Operations in the Baltic Countries. Also, further upcoming studies may consider specific aspects of EBRD's engagement in more advanced economies. Finally, there are several pending recommendations with open actions from previous evaluations that relate to one of more of the topics covered in this evaluation which have been taken into account in the formulation of the recommendations for this evaluation.

| **Relevant Issues** | ***Recommendation*** |
| --- | --- |
| • There is no rigorous and systematic ex-post verification of the assumptions underlying the current narrative of the Bank's additionality; there is an increasing need across MDB to develop system-thinking approaches to capture how MDBs create value at portfolio, sector and market levels, and reflect the cumulative effects of repeated and sequenced engagements. | |

124. Absent further progress, questions around the Bank's relevance and additionality in more mature markets may persist, particularly where project-level narratives remain less compelling on a standalone basis. There is also a degree of credibility pressure, especially as peer IFIs move towards more integrated, full-cycle approaches that better articulate system-level additionality. In such a context, the EBRD may find it comparatively harder to evidence and communicate its contribution at the system level, which could in turn blur the clarity of its value proposition in advanced markets.

**Recommendation 2> Strengthen the Bank's ability to effectively capture and communicate outcomes by positioning replication and demonstration effects more explicitly in its impact framework.**

| Relevant Issues | *Recommendation* |
|---|---|
| • Evidence shows that EBRD's interventions triggered important replication and demonstration effects within and across advanced markets, contributing significantly to promoting transition, responding effectively to crises and generating innovation.<br><br>• However, the evaluation found that those effects are not "intentionally" designed and strategically planned.<br><br>• There is no consistent ex-post review and assessment of EBRD's replication and demonstration effects, within and across countries; these effects remain largely unobservable and thus underestimated, though, as confirmed by the evaluation, they remain at the very core of the Bank's transition concept.<br><br>• Finally, evidence shows that those effects often materialise through indirect channels that are not captured by project-level systems. | **Enhance the Bank's capacity to promote and capture systemic change – and better tell its impact story- by explicitly embedding replication and demonstration effects within its impact framework, supported by effective monitoring, ex-post assessment, and continuous learning.**<br><br>In this context, the Bank should consider:<br><br>1) Placing replication and demonstration effects as key channels for systemic change (market effects) and ex-ante develop, monitor and ex-post assess these demonstration effect pathways to ensure solid feedback loop.<br><br>2) Taking into account that demonstration effects often materialise through indirect channels that are not captured by project-level systems, undertake deep dive assessment across EBRD's portfolio and regions to identify patterns and drivers of demonstration effects.<br><br>3) Building further mechanisms for regular cross-country learning on specific interventions and reuse of tested solutions while relying on Resident Offices to ensure policy continuity and effective market communication. |

125. Without stronger documentation and integration, important non-financial contributions such as standards, governance effects, signalling, and policy-enabled additionality risk remaining under-recognised, limiting the Bank's ability to fully convey its role and impact. At the same time, if sequenced engagements and framework effects continue to sit largely outside formal systems, opportunities for portfolio-level learning and coherence may be constrained. This could reinforce a degree of fragmentation, where successful approaches are repeated but not systematically captured, reducing the scope for collective learning and more strategic scaling of market-shaping efforts.

126. **The Independent Evaluation Department commends Management's continued efforts to strengthen the Bank's toolkit for enhancing its contribution to transition impact and looks forward to supporting implementation of these recommendations.** Strengthening how additionality and demonstration effects are designed, evidenced and communicated will also serve a broader public good for the development community by improving comparability, learning and credibility across institutions.