Management response

"Evaluation of EBRD's support to Energy Security in turbulent times (2017-24)"

6 January, 2026

1. Executive summary

Management appreciates the timely focus by IEvD on energy security and acknowledges the constructive effort to examine the Bank's crisis responses in the energy sector and longer-term transition objectives.

Management agrees that energy security is a growing priority across EBRD regions of operation and that strengthening resilience, market integration, and transition pathways will remain key strategic themes. We welcome recognition in the report that the Bank's energy supply activities delivered timely, flexible, and context-sensitive crisis response.

While Management agrees that coherence is important, we believe there is already a clear approach on how to promote energy security that is internalised in the EBRD's Energy Sector Strategy (ESS) 2024-2028. We would like to highlight, however, that as recent experience shows the energy security treats evolve over time and differ by country or region, and do not fit in one single definition, e.g. COVID pandemic and war on Ukraine.

Management agrees that private sector mobilisation catalyses innovation and scale. The Bank' work in Egypt and energy sector is a prime example.

We also agree that diversification of energy supply and regional integration fortify energy security and that expansion and upgrade of power networks and storage solutions are important to integrate renewable energy sources. Management has committed to these principles through its interventions. Recent examples include support for diversified gas trading and electricity interconnection in Moldova; Kambarata HPP project between countries in Central Asia; ElMed interconnection and the market coupling of Western Balkan countries into the EU single electricity market.

Management's detailed comments on the recommendations of the study are provided below.

2. Recommendations

Recommendation 1: *To promote efficient, resilient, and diversified energy systems across its region, the EBRD should adopt a coherent, organisation-wide approach to implementing energy security on the supply side that is tailored to each country's specific needs -and fully integrated into future Country Strategies and the Transition Impact framework- ensuring that country-level perspectives on energy security are presented to the Board with clearly defined lending and governance priorities for each context.*

Management **Agrees** with this recommendation.

Management agrees to continue internalising Energy Security-related diagnostics and capture progress-to-date on Energy Security within Country Strategies documents and any relevant Sector updates, as energy security is country-specific and ultimately determined by the political economy of that country. Management agrees that under TOMS 2.0, Energy security narratives from the 6 Transition Qualities (or as relevant) can be captured, without an explicit Theory of

Change (ToC) requirement. Within the context of sampled cases (e.g. Ukraine), Management can report on EBRD's impact story related to energy security supply side activities.

While the Bank does not have/need a specific ToC named "energy security," this priority (in its different sub-components and pathways) will be embedded and adequately captured in the updated TI methodology, TOMS 2.0, under several transition qualities and their own ToC.

Energy security components will primarily sit under the "preparedness for future shocks" high level objective (HLO), which is part of the Resilient quality. In this HLO, there will be a track about improved "infrastructure/ services resilience and supply chain resilience," to capture increases in capacity and diversification of supply sources to mitigate demand and supply shocks, as well as reductions in the risk of energy supply interruption via better technologies, connectivity, and reduced losses. The Resilient TQ also captures the provision of emergency financing under the "effective crisis response" HLO. Better energy management, i.e. through energy efficiency or advanced energy management technologies and increases in renewable energy capacity will be captured via the Green TQ. Integrated TQ captures improved interconnection capacity between countries, or transmission capacity within the country, cross-border market or system integration, network extensions as well as gasification of areas which are currently not linked to the national gas network. Competitive TQ captures improvements in operational and financial performance of relevant companies leading for example to lower costs, as well as better affordability. Finally, policy reforms aimed at improving energy security will be captured through the new policy methodology under relevant HLOs and relevant TQs depending on the targeted outcomes of the specific intervention. The outputs, outcomes and impacts linked to "energy security" is the aggregate effect of projects and other activities under all these relevant tracks.

Management recognises that the threats to Energy Security, and the Bank's capacity to address those, are highly country and project specific. The specific objectives and activities will continue to be reflected in country strategies, using the current approach that is based on the country diagnostics that identifies challenges, assessment of prospects for addressing those successfully, and the role the Bank can play.

Finally, the Bank recognises that the green energy transition offers many opportunities also to foster greater energy security through the transition to a more resilient, distributed energy system, that relies increasingly on indigenous renewable resources. Accordingly, when implementing the Bank's GET 2030 strategy the Bank will seek to identify and maximise such opportunities.

Recommendation 2: *To achieve greater transition impact in the energy security sector, the EBRD should systematically and consistently identify opportunities for leveraging structured policy engagement and technical assistance to its investments—especially with public operators and emergency liquidity support—to drive and sustain transformative reforms and institutional improvements across its countries of operation*.

Management **Partly Agrees** with the recommendation.

Management agrees on the value of better linking policy engagement with liquidity operations, but stresses that feasibility is highly context-specific, particularly, in fragile or conflict-affected countries like Ukraine. In such contexts, reforms may be constrained, and rigid linkages risk undermining timely crisis response. Further, Management welcomes the suggestion to capture lessons learned from integrating policy engagement with liquidity support.

To further enhance the effectiveness of this approach, Management proposes the incorporation of Sector Reform Roadmaps as part of the agreed action, where possible. These Roadmaps would provide a structured framework for identifying, collating existing EBRD policy work (i.e. under green transition or energy sector work), sequencing, and monitoring priority reforms in the

energy sector, tailored to the specific context of each country. By aligning all types of EBRD policy engagement and liquidity operations with clear milestones and timelines outlined in the Sector Reform Roadmaps, the Bank can better ensure that crisis-response interventions also lay the groundwork for coherent sustainable, long-term sectoral improvements, while retaining the flexibility needed for rapid response in volatile environments.

There is often a time lag between the urgency of crisis response and the time required to design and implement meaningful reforms. While some rapid, targeted adjustments can be achieved quickly, more transformational regulatory or institutional changes inevitably require sustained engagement over a longer period (for example, most results of comparator World Bank' contributions to transformational reforms are not visible until 10-15 years after). For example, in Ukraine, significant reforms in the energy sector have progressed despite the conflict, but the pace and scope of change have been constrained by the realities of wartime conditions and the need to prioritise system stability and service continuity.

At the same time, there are strong examples where the Bank has successfully integrated systemic reforms into its emergency support for energy security. The Bank's crisis-response operations are often designed to create space for broader engagement and deeper structural improvements. A notable illustration is Moldova's Energy Action Plan, a comprehensive set of reforms, covering market design, regulation, tariff policy, and governance that accompanied the Gas Emergency Loans. This demonstrates that well-structured crisis lending can be paired with targeted policy reforms to support long-term sector resilience.

With respect to capacity building and coordination with key stakeholders, it is important to recognise that comprehensive reform programmes, SOE restructuring, and institution-building efforts, particularly those involving politically sensitive decisions are typically delivered through large sovereign operations or dedicated emergency response frameworks. Such reforms are far more difficult to embed within private-sector transactions, where the focus is often on project-specific factors and where clients may not have the mandate or ability to implement wider sectoral changes.

Management believes that the Bank has done relatively well in leveraging liquidity support transactions for reforms on a case-by-case basis (e.g. ENERSAP in Moldova) and the introduction of Sector Reform Roadmaps as part of the agreed action will further support this process by providing an adaptable yet structured approach that ensures different EBRD policy work strands synergise and gaps identified if they exist. While formalising every aspect may be challenging in terms of reaching agreement on specific criteria, the Roadmaps offer a practical tool to guide engagement , provide an overview of multiple policy streams and measure progress, while still allowing for discretion and responsiveness to country-specific circumstances.

Recommendation 3: *To unlock the full potential of energy security through renewables, the EBRD should prioritise and accelerate investments in modernising and expanding grid infrastructure in the economies where it invests, in collaboration with other IFIs.*

Management **Agrees** with the recommendation.

Management agrees with the proposition that grid investment is fundamental to energy security and to integrating renewable resources.

The IEvD report rightly identifies the importance of grid investments as grid networks need as much, if not more, focus in terms of investment and reform effort as renewable generation. Given the multidimension of the needs to support both the public sector (transmission network operators are typically publicly owned) and private sector stakeholders, the EBRD works in collaboration with the MDB/IFI system to support reforms and investments in grid networks.

When feasible, the Bank will continue to find opportunities to collaborate with other IFIs to maximise financing and sharing expertise (e.g. Benin energy sector transaction, upcoming Kambarata project).

Finally, the Bank is already contributing to enhanced energy security in our CoOs through supporting grid operations.

As outlined in the EBRD's Energy Sector Strategy (2024 – 28), a critical priority for the Bank in the energy sector is the expansion and modernization of power networks and storage solutions to support the integration of renewable energy sources. This includes investments in grids and storage technologies, as well as policy engagement aimed at strengthening governance, regulatory frameworks, and the technical capacity of network operators.