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Thematic

Approach Paper

Evaluation of EBRD's activities in Advanced Transition Economies 2010-2024

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This Approach Paper is circulated under the authority of the Chief Evaluator, Véronique Salze-Lozac'h. It was prepared under the supervision of Gabriele Fattorelli, Director of Corporate, Thematic and Knowledge Evaluations Division of IEvD, by Shireen El-Wahab, Associate Director and Dr Natalia Kryg, Principal II of IEvD, and with the support of Natalia Lakshina and Martin Schunk, Evaluation Analysts of IEvD,

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Abbreviations

ABI	Annual Bank Investment
ADB	Asian Development Bank
AfDB	African Development Bank
AEB	Agreement Establishing the Bank
AMI	Annual Mobilised Investment
ATC	Advanced Transition Country
ATE	Advanced Transition Economy
ATQ	Assessment of Transition Qualities
CEB	Central Europe and Baltics
CLE	Country level evaluation
COO	Country of Operation
CS	Country Strategy
CSDR	Country Strategy Delivery Reviews
CSRF	Country Strategy Results Framework
IEvD	Independent Evaluation Department (EBRD)
OCE	Office of Chief Economist (EBRD)
PPO	Priority policy objective
SCF	Strategic and Capital Framework
SIP	Strategy Implementation Plan
SPM	Strategic portfolio management
TC	Technical Cooperation
TQ	Transition Quality

1. Introduction

1.1. Purpose

The Independent Evaluation Department's (IEvD) of the European Bank for Reconstruction and Development (EBRD) has launched a thematic evaluation, as part of its 2025-27 Board-approved Work Programme[1], to examine the Bank's activities in advanced transition economies. Traditionally, in line with internal convention and practice at the Bank, Advance Transition Countries (ATCs) are 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, which therefore includes the countries of Central Europe and Baltics (CEB) region, namely Croatia, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic, and Slovenia, as well as Romania, Bulgaria, Greece, Cyprus, Kazakhstan, Ukraine and Türkiye.

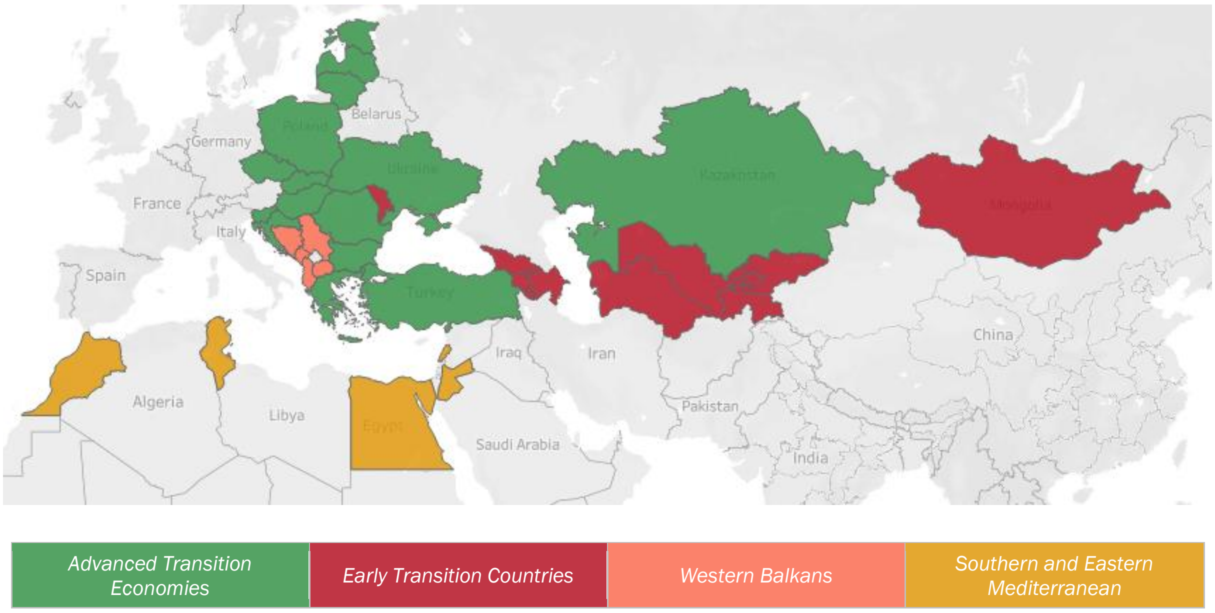
This evaluation refers to Advanced Transition Economies (ATEs), defined as countries ranked at or above Montenegro based on the ATQs ranking in the latest Strategic and Capital Framework (Fig. 1) and classified as High Income by the World Bank Group (Annex 1).

As further elaborated in the Evaluation Methodology (Chapter 3), this evaluation covers Croatia, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Slovak Republic, Slovenia, Romania, and Bulgaria. The evaluation uses the term of EBRD's ATEs and high-income countries interchangeably.

This evaluation considers the evolving nature of the EBRD's engagement in these markets to better understand EBRD's value added along the transition trajectory. As these economies mature, the Bank's transition mandate and the instruments used to deliver impact may require recalibration. This evaluation will help understand what works well and what the Bank continues to bring to ATEs—where market gaps may be less obvious and competition with other institutions, particularly the EU-institutions like EIB, is more pronounced.

[1] BDS24-206 (Rev 1) IEvD Work Programme and Budget 2025-2027.

Figure 1: Classification of EBRD's countries of operations under the current SCF 2026-30



Source: Report of the Board of Directors to the Board of Governors Strategic and Capital Framework 2026-30 (BDS25-020).

1.2. Rationale

This evaluation emerges at a moment of strategic importance. The EBRD is entering a new strategic phase with the launch of its Strategic and Capital Framework (SCF) 2026–30, which places greater emphasis on achieving systemic impact and strengthening resilience in the face of overlapping crises. It also highlights the importance of piloting innovative approaches in ATEs, with a view to adopting and scaling these models in newer regions of operation, such as Sub-Saharan Africa (SSA).

Equally important is the geopolitical landscape, which renders the demonstration of efficiency and additionality of multilateral development banks (MDBs) critical. With this in mind, this evaluation aims to furnish evidence of the EBRD's relevance, additionality, and mobilization capacities within ATEs, reinforcing the institution's credibility and operational effectiveness in maturing markets. It aims to consider the way in which EBRD works within the local and international system in these economies, furthering understanding of the idea of mutual reliance, as part of external coherence.

The evaluation will provide critical insights into the EBRD's raison d'être for investments in advanced transition economies. It will explore whether and how the Bank's operations in these economies contribute to systemic transformation beyond individual transactions. Areas of focus include the Bank's role in fostering innovation, delivering demonstration effects, and catalysing reforms that could be applicable across other countries of operation, particularly those still navigating early transition challenges.

Ultimately, this evaluation will aim to offer comprehensive evidence supporting strategic choices and the evolution of the Bank's operational model in an increasingly diverse and competitive development finance landscape, ensuring that the EBRD continues to wield significant influence and impact, even in the most advanced and competitive markets.

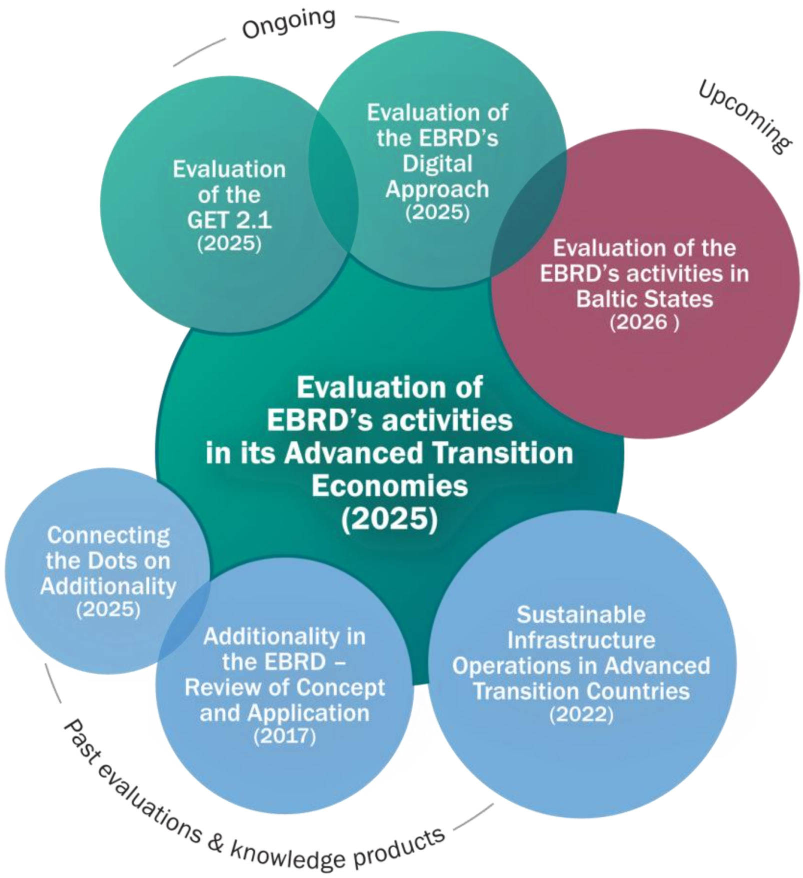
1.3. Previous and upcoming relevant evaluation work

Over time, a substantial body of evaluative work has examined various dimensions of the EBRD's approach to ATEs. This includes focused evaluations of specific sectors, knowledge products on additionality, and country-level case studies embedded within broader sectoral or thematic evaluations. This evaluation builds on and draws from recent evaluative work and knowledge products that provide conceptual clarity, practical insights, and empirical evidence on additionality and the Bank's role in supporting transition in ATEs. Previous evaluations have also helped shape the approach adopted in this study. Particularly detailed insights are drawn from evaluations of EBRD's work in Sustainable Infrastructure in Advanced Transition Countries, Decarbonisation of the built environment, Green Bonds and MREL/Bail-in-able products.

In addition, this evaluation will be delivered in close co-ordination and synergy with the regional evaluation of EBRD's activities in three Baltic states, which is part of IEvD's Board approved Work Programme for 2025-2027[2]. While the scope of the two evaluations differs, they share several common themes that will be addressed in a coherent manner—drawing on complementary expertise, aligned timelines, harmonised evidence-gathering methodologies, and mutually reinforcing findings. This evaluation will also be coordinated with upcoming relevant evaluations of the Bank's institutional commitments on Green (including the GET 2.1 thematic evaluation and the Energy Security evaluation) and on Digitalisation (Evaluation of the Bank's Digital Approach).

[2] BDS24-206 (Rev 1). IEvD Work Programme and Budget 2025-2027

Figure 2: ATEs country coverage through ongoing and forthcoming evaluations



Source: IEvD elaboration based on Work Programme 2025-2027 and previous Work programmes

a) Coverage in recent IEvD evaluations indicates gaps and informs the focus of this evaluation

To ensure value added, this evaluation prioritises countries and sectors that have not been the focus of recent in-depth assessments, especially where additionality in ATEs remains underexplored. It also considers the number and relevance of active recommendations from past IEvD evaluations to avoid duplication and to pinpoint knowledge gaps. For example, while countries such as Romania or Lithuania have featured in evaluations related to decarbonisation and financial sector resilience (e.g., MREL), the number of recommendations explicitly addressing additionality in these contexts has been limited—indicating room for deeper inquiry.

Table 1: Coverage in recent IEvD evaluations

Recent IEvD Evaluation Reports	Evaluated period	In-depth coverage of ATEs?	In-depth coverage of additionality?	Total number of recommendations / Of which relevant
EBRD's approach to Early Transition Countries	2017-2022	No	No	3 / 0
EBRD Green Bond Investments	2017-2022	Yes	Yes	5 /0
EBRD's Policy Dialogue Performance and Results	2017-2023	No	No	4 / 0

Recent IEvD Evaluation Reports	Evaluated period	In-depth coverage of ATEs?	In-depth coverage of additionality?	Total number of recommendations / Of which relevant
EBRD Investments in Decarbonisation of the Built Environment	2016-2022	Yes (Greece, Lithuania, Romania)	Yes	4 / 1
EBRD's MREL & Bail-in-able products	2016-2023	Yes (Poland, Romania)	Yes	4/ 1
EBRD's support to sustainability and private sector participation in Transport	2017-2022	Yes (Türkiye, Greece, Bulgaria)	Yes	5 / 0

Source: IEvD (2025).

b) Selected insights from recent evaluation work

Insight 1: There are systemic patterns and emergent trends in how MDBs deliver additionality, most notably that there is diminishing financial additionality in mature markets (except during crises).

A recent Connecting the Dots insight note on additionality[3] highlights that as local capital markets deepen and competition from commercial financiers increases, MDB's financial additionality declines—particularly in repeat engagements and low-risk sectors. This is also reflected in the findings of the cluster evaluation on EBRD's Sustainable infrastructure in Advanced Transition Countries (2021). Further, the evaluation of the Transition Impact and Additionality of EBRD's MREL and Bail-in-Able Instruments (2024) found that in cases of repeat transactions, additionality was sometimes limited unless accompanied by innovations or market-building interventions.

Insight 2: Non-financial additionality remains underexploited: The evaluations find strong, though uneven, evidence of non-financial additionality through policy dialogue, support to regulatory reform, and the testing of new instruments or models.

The Cluster Evaluation on EBRD's Sustainable Infrastructure in Advanced Transition Countries (2021) highlighted that non-financial additionality—especially through technical cooperation and policy dialogue—was often the most distinct EBRD contribution in advanced contexts. In addition, the Evaluation of the EBRD's Green Bonds (2024) demonstrated the Bank's value in helping issuers adopt higher ESG standards, which improved investor interest and market credibility. In ATEs, where green finance frameworks are more developed but still unevenly adopted, the Bank's advisory role and early engagement were instrumental in promoting demonstration effects and strengthening market norms—particularly around climate reporting and transparency.

Finally, the Connecting the dots on additionality indicated that these contributions are especially critical in ATEs but are often insufficiently documented and not systematically tracked. IFC Additionality in Middle-Income Countries (IEG, 2023) found financial additionality was frequently

[3] IEvD-EBRD (2025). Connecting the Dots 10th Edition: Additionality as a Catalyst for Change: Insights from Evaluation. April 2025.

realised, but non-financial contributions—such as innovation and standard-setting—were less consistent and weakly monitored.

Insight 3: There are known limitations in the use of EBRD's ATQs

The Evaluation Synthesis of the EBRD's Approach to Transition Impact (2023) calls for caution with the use of Bank's tools for tracking additionality in advanced economies and beyond, particularly ATQs. The synthesis found that ATQs were inconsistently applied and often lacked analytical depth, especially in more sophisticated markets. In ATEs, ATQs were frequently used in a box-ticking fashion, with limited reflection on sectoral maturity, innovation relevance, or the evolving role of the private sector. The report called for a more integrated and diagnostic use of ATQs, linked to the country context and upstream transition diagnostics.

2. Context: Understanding the EBRD's approach in Advanced Transition Economies

As mentioned in the introduction, the evaluation defines Advanced Transition Economies (ATEs) as countries classified as advanced in transition based on the Assessment of Transition Qualities (ATQs) ranking at or above Montenegro,[4] and also those classified as High Income by the World Bank Group. This derives a group of 12 economies.[5]

The Assessment of Transition Qualities (ATQs), as applied by the EBRD during the evaluation period, offer a structured and data-driven lens to assess a country's progress across six core transition qualities: competitive, well governed, green, inclusive, resilient and integrated. While ATQs provide a valuable high-level benchmark of a country's proximity to the advanced economy frontier, they are not used in isolation. Strategy documents build on these metrics by incorporating country-specific insights, contextual complexities, and operational feasibility. This integrated perspective plays a critical role in shaping the Bank's strategic priorities and guiding its country-level interventions.

2.1. Overview of EBRD's activities in ATEs

Overall, the EBRD's ATEs constitute a substantial portion of the Bank's investment activities, with Annual Bank Investment (ABI) typically accounting for 24–29% of the EBRD ABI over the past eight years. Geographically, Poland stands out with the highest ABI among the ATEs, representing 34% of all ATEs' ABI in 2024. Over the last three years, Poland has also seen the steepest growth in ABI, especially since 2022. Romania follows, contributing nearly 17% of ATE ABI in 2024.

After a stable period between 2010 and 2021, ABI in ATEs rose sharply from 2023 onward, reaching a peak of €4.24 billion and 143 projects in 2024 (Fig.3).

This recent surge reflects increased demand and strategic engagement, particularly in response to crisis-related needs and the green transition. The data highlights the growing operational significance of ATEs within the Bank's portfolio – underscoring the relevance of this evaluation's focus on fragility, crisis response, and resilience in more advanced markets.

ABI in ATEs has been led by the Corporate Sector[6] and Financial Institutions[7] (FI), with both groups showing strong and relatively balanced contributions (Annex 2 – Fig.8). However, since 2020, Corporate sector has been the dominant recipient, peaking at € 1.88 billion in 2024.

[4] This includes Estonia, Lithuania, Czechia, Slovenia, Latvia, Poland, Slovak Republic, Hungary, Greece, Croatia, Romania, Bulgaria, Türkiye, Kazakhstan, Ukraine.

[5] This evaluation defines Advanced Transition Economies (ATEs) as a country group covering Croatia, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Slovak Republic, Slovenia, Romania, and Bulgaria.

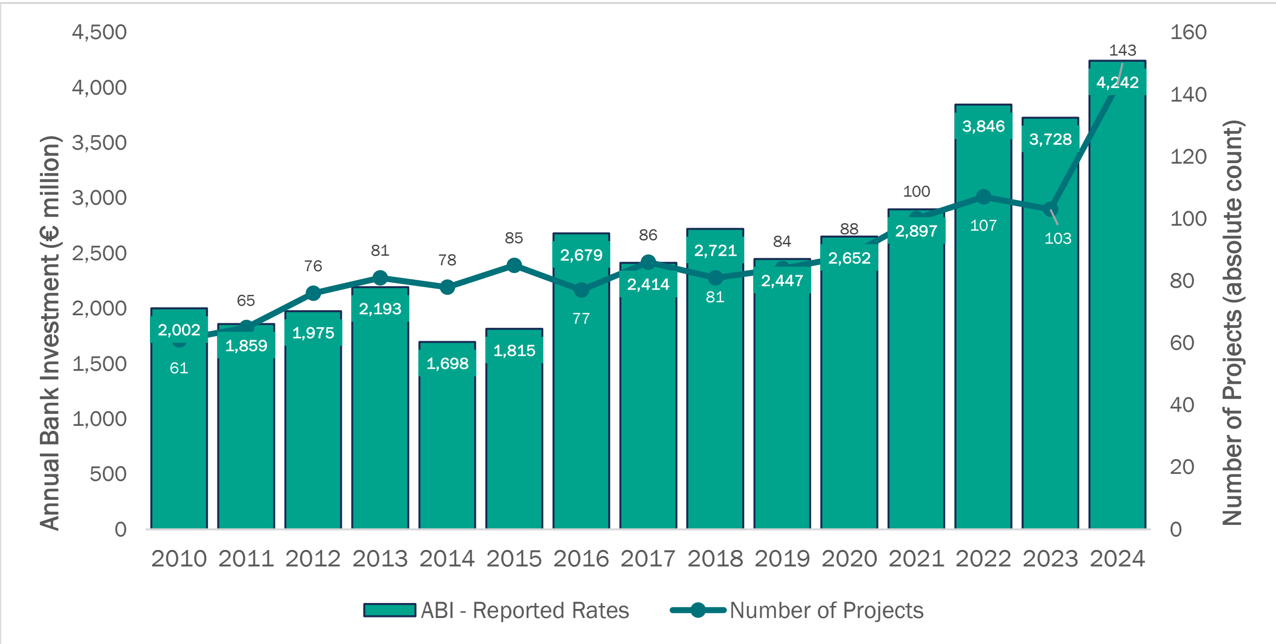
[6] Corporate sector includes Agribusiness, Telecommunication, Media and Technology, Manufacturing and Services, Property and Tourism, Real Estate, Equity Funds and Industry, Commerce & Agribusiness (ICA).

[7] Financial Institutions sector includes FI - Structured Finance, FI – Western Balkans & Eastern Europe, FI-EU and FI -NBFI (non-bank financial institution)

The FI Sector also saw notable growth, particularly in 2023. Sustainable Infrastructure Sector[8], while more volatile, has experienced consistent recovery since 2020, reaching its highest level in 2024, €907 million.

These investment patterns are mirrored in the number of projects per sector team (Annex 2 – Fig. 6), where FI—particularly FI-EU—has consistently led in volume, followed by Manufacturing & Services and Infa Europe, with a stable number of new projects signed in recent years. On the infrastructure side, Energy Europe has experienced the highest increase in project volumes during 2024.

Figure 3: Annual Bank Investment and Number of Projects in ATEs



Source: BPN portfolio data for Board approved and signed projects sources from Tableau as of 7 April 2025.

2.2. Innovation, scale and additionality in ATEs

The EBRD invests in ATEs for several interrelated reasons. Chief among these is the opportunity to sustain Annual Bank Investment (ABI) while piloting innovative financial instruments and policy approaches, that can be replicated in less advanced countries of operation. These investments in more mature markets enable the testing of complex financial structures, policy innovations, and sector reforms under stable institutional and regulatory conditions. The lessons learned from these contexts provide valuable insights into effective strategies and methodologies. This robust understanding serves as a blueprint for addressing similar challenges in less developed transition economies, thus promoting more widespread and sustainable economic development.

At the same time, there are concerns around the EBRD's additionality—defined as the unique value added by the Bank— particularly in higher-income countries that are further along in their

[8] Sustainable Infrastructure Sector includes Energy Europe, Natural Resources, Infra Europe, and Infra Eurasia.

transition. As these markets evolve, the distinct value that the EBRD can offer might diminish, especially with the availability of other financial resources and institutions such as the European Investment Bank (EIB). This raises questions about the Bank's role and continued engagement in these advanced economies.

Additionality is intrinsically linked to the concept of graduation, where the EBRD may withdraw or reduce operations in countries deemed to have reached an advanced stage of transition. The 1996 Graduation Policy introduced this principle, emphasising that graduation should be based on country demand and market segment needs. However, the absence of clearly defined operational criteria for what constitutes a "successful" market economy has long influenced internal and external debates about the Bank's continued engagement in such contexts. The Post-Graduation Operational Approach, adopted in 2021, allows for a phased continuation of operations post-graduation and re-engagement during times of crisis, thereby enabling flexibility while upholding the principle of additionality.

This evaluation does not seek to revisit or answer the institutional question of graduation. However, it will provide evidence relevant to that debate by assessing the Bank's additionality in mature markets, the distinct role it plays in periods of systemic or crisis-related stress, and the extent to which its instruments remain catalytic and non-duplicative. In this way, **the evaluation aims to inform ongoing reflections on the Bank's strategic engagement in ATEs, without pre-judging future decisions regarding graduation pathways.**

3. Evaluation Methodology

3.1. Evaluation Objective and Scope

The overarching objective of this evaluation is to examine the EBRD's purpose in ATEs. In particular, it will assess the rationale and effectiveness of trialling innovative programmes and investment approaches in more advanced markets as a means to inform and support replication in less developed regions within the Bank's portfolio.

The scope of this evaluation will cover both investments and advisory and policy engagement undertaken[9] by the Bank across ATEs since 2010, spanning three strategic capital framework periods[10].

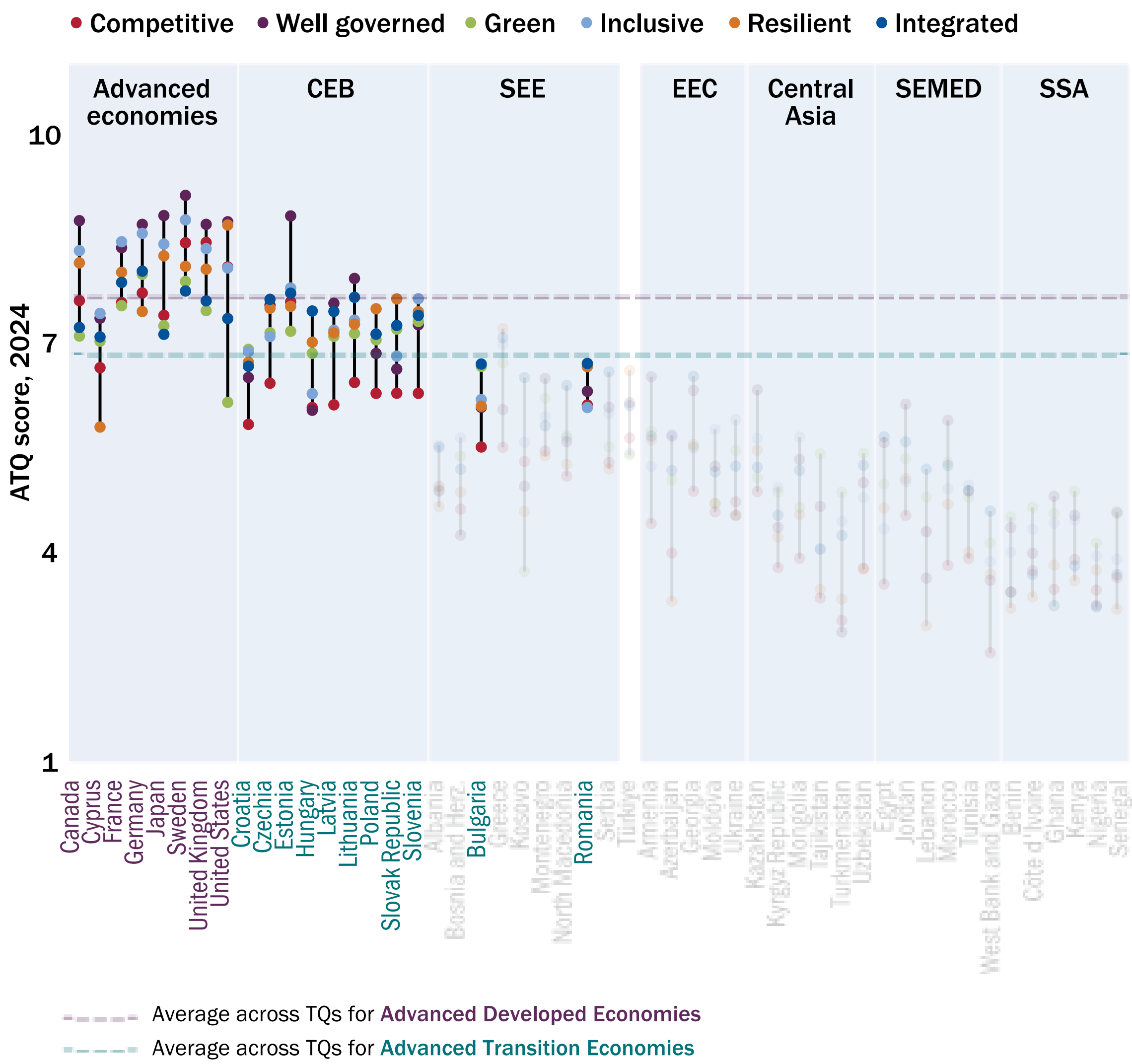
- **TIMELINE 2010-24:** Adopting a long-term perspective captures a full strategic and market cycle, encompassing both stable periods and economic disruptions. This balanced approach allows for a comprehensive analysis of transition achievements and extraction of valuable lessons. The thematic evaluation aims to understand how the EBRD's value proposition has evolved over multiple strategic cycles. A 15-year horizon aligns with this objective and supports the ambition of informing future Strategic Capital Frameworks and potential graduation pathways. The evaluation will identify innovative activities advantageous in ATEs and those with disparate effects. Capturing demonstration and replication effects, central to assessing systemic impact and innovation diffusion in ATEs, requires a sufficiently long observation window to materialize. Evaluation offices at peer institutions typically use 8-15 years to assess systemic outcomes like additionality, innovation, and demonstration effects. This time frame allows for meaningful change and institutional learning to be recognized and attributed.

- **GEOGRAPHICAL SCOPE:** The evaluation will thus cover 12 countries: Bulgaria, Croatia, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Slovak Republic, Slovenia, and Romania. As mentioned in the Introduction, the evaluation defines ATEs as countries classified as advanced in transition based on 1) the ATQs ranking at or above Montenegro (Annex 2) and classified as High Income by the World Bank Group (Annex 1). Türkiye and Cyprus are excluded due to specific reasons: 1) Türkiye has a distinctive portfolio and is less advanced in income classification; 2) Cyprus's activities were focused narrowly on a specific sector. While Greece's engagement was tied to a temporary response to the sovereign debt crisis, the evaluation will include Greece in the in-depth case study because it offers valuable lessons on additionality through crisis, under the Recovery and Resilience Facility.

[9] This includes investments that have passed the concept review stage in project lifecycle, including those that have been signed, approved or cancelled prior to approval, but post Concept Review Memorandum stage

[10] SCF 2011-2015, SCF 2016-2020, SCF 2021-2025

Figure 4: ATQ scores for six key qualities of a sustainable market economy, 2024



Source: EBRD Transition Report 2024-25

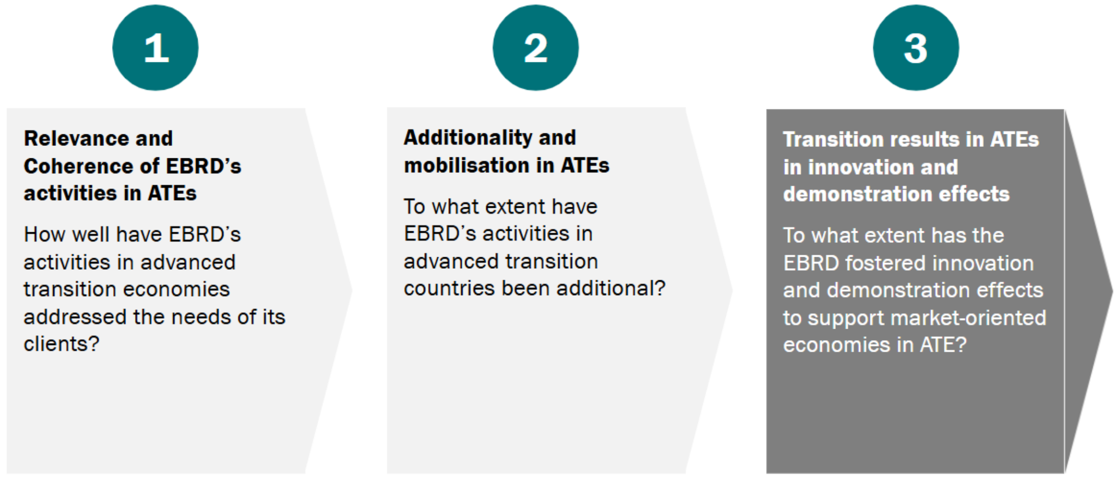
3.2. Evaluation Questions

The primary objective of this evaluation is to provide a comprehensive analysis of the EBRD's effectiveness in fulfilling its transition mandate within advanced transition economies in its region. This includes the crucial goal of piloting innovative programs, approaches, and investments in more developed economies that can eventually be replicated in other nations within the Bank's region.

This evaluation seeks to determine how relevant and effective the EBRD has been in advanced transition economies by maintaining additionality, fostering innovation, and enabling replication effects.

To respond to this overarching evaluation question, the evaluation identified a set of three evaluation questions framed around the OECD-DAC Evaluation Criteria of relevance (including additionality), and impact.

Figure 5: Evaluation questions overview



Source: IEvD (2025)

EQ1: Relevance and Coherence of EBRD's activities in ATEs - *How well have EBRD's activities in advanced transition economies addressed the needs of its clients?*

This question will examine the pertinence of the Bank's activities in advanced transition economies. The focus will be on the relevance of the work undertaken, as delineated by country strategy focal areas, the chosen instruments, and the designed activities.

Additionally, it will investigate the complementarity with other international and local stakeholders. This inquiry will also ask how well do EBRD's private sector support activities align with the strategic priorities of EBRD and the needs of local businesses.

EQ2: Additionality and Mobilisation of EBRD in ATEs - *To what extent have EBRD's activities in advanced transition economies been additional?*

The additionality question is framed around the MDB harmonised approach of additionality, covering both financial and non-financial additionality, including mobilisation.

Additionality is related to—but distinct from—other key MDB concepts and objectives. Whilst related to relevance according to the OECD-DAC criteria, its importance as one of the EBRD's founding principles, a point of discussion at board for ATE project approvals, and the increasing importance in the transformation of MDBs within a changing geopolitical context, invites this topic to be assessed separately. Additionality is assessed in the context of the landscape of development finance and private sector development. The evaluation will also explore how additionality manifested in selected ATEs compared to other countries of operations, across time and their relative levels of transition development.

EQ3: Transition results in ATEs in innovation and demonstration effects - *To what extent has the EBRD fostered innovation and demonstration effects to support market-oriented economies in ATE?*

This inquiry is twofold: firstly, it will examine innovation steaming from work in ATEs, both its potential and realised effects of replication and demonstration and seek to understand how these have resulted in transition results.

3.3. Evaluation Methods

This is a thematic evaluation focused on assessing the EBRD's delivery of additionality and transition impact in its ATEs. As such, it will cover all 12 countries identified as advanced. The thematic framing is chosen to explore systemic issues that cross country or sector boundaries, such as how EBRD maintains additionality in mature markets and whether successful interventions have replication potential for earlier-stage transition economies, regardless of whether they are now more advanced or still at an early stage of their transition journey.

The evaluation recognises that understanding demonstration effects and measuring additionality- particularly retrospectively- is inherently complex. The evaluation's methodological approach is grounded in the MDB harmonized approach to additionality, which provides the conceptual foundation.

To address the complexity of evaluating additionality and transition impact in ATEs, the evaluation adopts a mixed-methods approach, implemented in a sequenced and triangulated manner. This approach combines qualitative and quantitative tools to generate robust, evidence-based insights across the three EQs. Each method has been selected to address a specific dimension of the evaluation and is designed to complement the others—strengthening both analytical depth and validity through cross-verification. IEvD also incorporates time-segmented analysis (e.g., pre-/post-2016, crisis vs. stable periods) to account for shifts in market dynamics and Bank strategy.

The methodology includes a range of tools such as (i). Portfolio analysis of project-level documentation and additionality claims; (ii). Semi-structured interviews with Banking teams, clients, and other stakeholders; (iv). Targeted surveys to capture perceptions of distinctiveness and delivery; and (v) Case studies to explore in-depth how financial and non-financial additionality materialised in practice.

These are supplemented by optional analytical enhancements such as light-touch counterfactual analysis, econometrics, and external input notes to deepen specific lines of inquiry. Importantly, the design incorporates both broad coverage of the 12 ATEs and focused deep dives in three selected countries (Croatia, Lithuania, and Greece), ensuring both system-level understanding and contextual nuance.

Desk-based research: Review of EBRD's Country Strategies and Country Diagnostics and a structured literature view on additionality. This also includes input notes that are structured analytical papers commissioned to support the desk-based research phase by deepening specific areas of inquiry through external expertise and third-party data. For example, planned input notes include a country needs assessment of ATEs (supporting in particular EQ1), and a review of how additionality is measured, and incentivised across peer IFIs (EQ1 and EQ2).

Portfolio review and analysis (PRA) for multiple categories of projects, i.e., signed, cancelled (post Concept review stage, but pre final review stage), validated, between 2010 and 2024.It will also look into the pull of latest projects that have been subject to self-evaluation.

Semi-structured interviews with internal and external stakeholders—including EBRD banking teams, strategy units, resident offices, clients, and government counterparts

A targeted online survey of EBRD staff and, where feasible, clients, to provide a broader perception-based dataset on EBRD's relevance in ATEs—such as how well it addresses local private sector needs, the perceived distinctiveness of its offer, and areas where its value proposition could be strengthened. It will also explore the extent to which EBRD is perceived as additional in ATEs, identify which instruments, sectors, or practices are seen as most or least additional, and assess whether respondents believe the concept is applied consistently or diluted in increasingly competitive markets.

A light-touch counterfactual analysis (TBC – budget scenario 2) in selected case studies or at portfolio level and statistical and econometric techniques, potentially including analytical tools such as network and diffusion analysis to study replication effects

Three (3) country case studies: these have been selected based on a structured screening process (outlined in Annex) using four criteria:

1. Critical Mass of EBRD operations (i.e. Annual Business Investment [ABI], Technical Cooperation, number of projects);

2. Diversity of Market and Country Context, income level, and private sector maturity;

3. Sectoral Relevance and Learning Potential, with emphasis on areas like capital market development, financial inclusion, and innovation;

4. Feasibility and Access to Stakeholders, taking into account evaluation timing, country strategy cycles, and coordination with other IEvD evaluations.

Based on those criteria, the evaluation proposes three country case studies—Croatia, Lithuania, and Greece—to deepen the understanding of how EBRD maintains additionality and delivers systemic impact in its ATEs.

The selected cases represent a mix of geographies, sectoral themes, and strategic relevance. They also allow for exploration of both public and private sector interventions and reflect different positions along the transition journey. Country coverage and emphasis will vary depending on the nature of the evaluation dimension—e.g., some countries may be more central to questions on additionality, while others may offer richer insights into replication or systemic impact. For example, Lithuania may be particularly relevant for understanding regional capital market integration and digital innovation.[11]

These methods complement each other and integrate to address each evaluation question. The evaluation applies a sequenced and layered approach to methods, designed to align with each evaluation question and generate robust, triangulated findings.

Each method has been selected to address specific aspects of the evaluation questions, while also complementing and reinforcing the others across the evaluation cycle:

- EQ1 (Relevance): The evaluation begins with a desk review of Country Strategies and Diagnostics and a structured literature review, which provide the conceptual and strategic baseline (Step 1). Optional input notes will deepen this understanding by capturing private sector needs in ATEs and assessing alignment with EBRD strategies. These insights are then validated through semi-structured interviews with internal and external stakeholders (Step 2) and further tested via a targeted survey (Step 3). Finally, country case studies (Step 4) that will run in parallel to other methods synthesise the evidence and explore how relevance and alignment play out in operational reality.

- EQ2 (Additionality): The evaluation draws on the full range of methods to assess both the design and delivery of financial and non-financial additionality. Desk-based work and literature review (*Step 1*) benchmark EBRD's approach against other MDBs and explore how additionality is framed in strategy. Input notes analyse instrument-specific pathways for delivering additionality and review incentive structures. Interviews and surveys (*Steps 2–3*) assess operational behaviours and perceptions of distinctiveness. A detailed portfolio review and analysis (PRA) (*Step 3.2*) examines validated and unevaluated projects across ATEs from 2010–2024. Where feasible, light-touch econometric and counterfactual methods will be applied to test patterns of additionality (*Step 4*). Case studies (*Step 5*) will then explore how additionality manifests on the ground, including in project structuring, policy dialogue, and client engagement.

- EQ3 (Results – innovation and demonstration effects): Systemic results, replication, and demonstration effects are examined through a combination of methods designed to detect both intention and evidence of influence. Desk-based methods (*Step 1*) assess whether replication is a stated goal. Interviews and surveys (*Steps 2–3*) provide qualitative and perception-based insights into institutional learning and demonstration effects. PRA (*Step 5)* flags projects with replicable elements or systemic ambition. A range of potential quantitative techniques outlined in Box 2, Annex 3—including network and diffusion analysis, instrument lifecycle tracing, and temporal-spatial matching—will be used to trace the spread of innovations across countries and markets (*Step 6*). Case studies (*Step 7*) will confirm whether and how demonstration effects materialised in specific contexts.

Across all three questions, methods are applied **iteratively and complementarily:**

- Early-stage methods (e.g. desk review, literature) → Establish strategic intent

[11] All Lithuanian analysis and synthesis will be performed in close co-ordination with the Baltic states regional-level evaluation launched in May 2025 and due to be completed in May 2026.

- Mid-stage methods (e.g. interviews, survey, PRA) → Assess operational practice and perception
- Later-stage methods (e.g. econometrics, case studies) → Provide validation and contextual depth

3.4. Challenges and limitations

This evaluation is the first thematic evaluation of the Bank's activities in ATEs since 2020 and comes with potential challenges and limitations.

Assessing demonstration effects, or contributions towards sectoral change is challenging, with multiple actors, complex processes, and critical context-specific factors. This challenge is exacerbated at times by the limited data available from EBRD's internal monitoring on systemic changes. A longer period under evaluation will help uncover observable demonstration effects. Further, given that EBRD advisory does not consistently document decision making criteria, nor reporting of outcomes, advisory will be looked at in selected cases.

This risk is partly mitigated by experience built up from conducting Country Level Evaluations (CLE), such as the recently conducted CLE for Uzbekistan, ongoing CLE for Montenegro and recently launched regional evaluation for Baltic states inter alia.

Assessing the validity of additionality claims also presents challenges. Unlike in other IFI, EBRD does not have comprehensive portfolio project data. This is another reason why this evaluation will try to look at contribution of results from a market-level system change perspective. In addition, given that literature evidence suggests that financial additionality is strongest at project inception but declines over time as markets mature and thus calls for EBRD to continuously adapt strategies and innovate financial structures to maintain relevance, there is a need to take a longer period studied under this evaluation, perhaps covering periods of crisis as well as pre-/post-crises episodes.

There remain sensitivities around the "graduation" issue - As with similar conversations in sister MDBs, there is a question of exit in these economies, that remains unanswered. The graduation question is a politically sensitive and this evaluation will need to be mindful of that. This evaluation does not intend to address this question, nor to provide any conclusion on the benefit or disadvantages of graduation. It offers an opportunity to take a step back and comprehensively assess the EBRD's activities in the ATEs context while gleaning evidence on additionality, relevance and effectiveness in this group of countries from 2010-24.

Finally, successful evaluation relies on unfettered and swift access to all relevant information. The evaluation team will rely on close cooperation with the Management, in particular the RO teams in the selected COOs, as ever, leaning on their support to help arrange consultations with the EBRD's clients, donor fund partners, and co-financiers. Engagement with Vilnius RO will be conducted in close co-ordination and synergy with the recently launched regional-level evaluation of EBRD's activities in Baltic countries 2016-24.

4. Administrative Arrangements

4.1. IEvD team, consultants and peer-review

The evaluation team is led by Shireen El-Wahab, Senior Evaluator at IEvD together with Natalia Kryg, Principal Evaluation Manager. In addition, three consultants, an analyst consultant and two impact experts, senior consultants, will also be recruited to provide analytical and methodological support in understanding the Bank's additionality and demonstration and replication effects.

Gabriele Fattorelli, Director of Corporate, Thematic and Knowledge division provides overall guidance on the evaluation, in close coordination with the Chief Evaluator, Véronique Salze-Lozac'h.

Internal peer reviewer is Olga Mrinska, who is leading the regional-level evaluation of EBRD's activities in Baltic states. External peer review will be sought from IEG colleagues.

4.2. Indicative Timeline

The evaluation team will work in close coordination with the team conducting the parallel evaluation of the EBRD's activities in the Baltic states, where Lithuania has also been selected as a case study. Fieldwork and interviews in Lithuania will be conducted jointly by both teams to ensure complementarities, avoid duplication, and reduce the burden on stakeholders and EBRD colleagues.

Country visits for the three selected case studies—Croatia, Lithuania, and Greece—are planned between July and October 2025. The finalisation and internal review of the draft report is expected in Q4 2025, with submission to the Board scheduled for early 2026. The final report is anticipated to be disseminated externally at the EBRD's 2026 Annual Meeting.

Table 2: Key evaluation milestones

Milestone	Delivery
Approach Paper finalised	May 2025
Desk review and data analysis start	April-July 2025
Evaluation field work	July-October 2025
Draft report for internal comments and peer review	November 2025
Draft distribution to Management	December 2025
Final report distributed to the Board for discussion at ARC	January - February 2026
External publication of the report	March - April 2026

Milestone	Delivery
TBC – External dissemination of the report at the EBRD Annual Meeting 2026 (Riga, Latvia)	**June 2026**

ANNEXES

Annex 1. ATEs: The approach used to define the evaluation geographical scope

This thematic evaluation focuses on the EBRD's activities in ATEs, defined as countries that meet two intersecting criteria: (i) they are rated among the highest on the Bank's ATQs, and (ii) they are classified as high-income economies according to the World Bank Group's country income classification. This dual-filter methodology reflects the evaluation's aim to examine EBRD's operations in countries where both economic development and market maturity challenge the Bank's traditional model of engagement and its ability to demonstrate additionality.

The use of both ATQ scores and income classification ensures consistency with the Bank's internal diagnostics while enabling external comparability. High-income status is determined based on Gross National Income (GNI) per capita, converted into U.S. dollars using the World Bank's Atlas method.[12] This approach aims to capture economic capacity and development level with reduced year-to-year volatility due to exchange rate fluctuations.

Applying this combined filter, the evaluation scoped 12 COOs: Croatia, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Slovak Republic, Slovenia, Romania, and Bulgaria. These countries have been consistently classified as high-income, and all scored above the ATQ benchmark of Montenegro in the 2024 assessment. This benchmark was selected to ensure methodological alignment with the methodology applied in the current SCF (2026-30).

Table 6 below summarises the rationale for inclusion and exclusion, showing how the countries were assessed against the dual threshold and clarifying the reasons why some were ultimately not included despite their apparent maturity or Bank presence. This list deliberately excludes countries such as Cyprus and Türkiye. Although Cyprus meets the high-income threshold, its EBRD portfolio was narrowly focused and largely limited to post-crisis engagements. It is also excluded from the SCF classification.

Türkiye, while significant in terms of EBRD exposure, is classified as upper-middle-income and is considered less advanced in its transition based on ATQ scores. In determining the geographical scope, this evaluation also carefully considers country coverage in both recent and upcoming IEvD evaluations – see Table 6. The goal is to avoid duplication while ensuring complementarity and strategic learning. From this point of view the evaluation team will be co-ordinating its work on Lithuania with the regional-level evaluation of EBRD's activities in Baltic states 2016-2024. Evaluation coverage will be further deepened through a combination of portfolio analysis and three country case studies (Greece, Croatia, Lithuania), selected to reflect both geographic diversity and variation in sectoral focus, strategic relevance, and EBRD activity levels. These countries will serve as focal points for in-depth examination of additionality, transition outcomes,

[12] World Bank country classifications by income level for 2024-2025

and replication effects, allowing for a richer understanding of the Bank’s engagement across the high-income COO group.

Table 3: Overview of country classifications and concentrations (ABI, ATQs, IEvD evaluations coverage).

Country	SCF Annex 3 Country Classification[13]	WBG Income Country group (2024)[14]	Country ABI (mln, 2024)[15]	Sector / product with biggest share of Country ABI (2024)	ATQ Avg. Rating (2024)[16]	Past IEvD Evaluation Coverage	Upcoming IEvD Evaluation Coverage	Sensitivity
Estonia	Advanced	High income (since 2006)	244	Energy Europe / Senior Debt	1.5		Regional-level evaluation of Baltic states 2016-2024 (WP-26)	Graduation
Lithuania (selected)	Advanced	High income (since 2015)	233	Energy Europe / Ordinary Shares	3.2	Decarbonisation (2016-22); Green Bonds (2017-22); Agribusiness (2019-23)	Regional-level evaluation of Baltic states 2016-2024 (WP-26)	
Czechia	Advanced	High income (since 2006)	228	Real Estate / Senior Debt	5.0			Graduation
Slovenia	Advanced	High income (since 1997)	77	FI – EU / Senior Debt	4.0			
Latvia	Advanced	High income (since 2016)	63	Energy Europe / Ordinary Shares	5.8		Regional-level evaluation of Baltic states 2016-2024 (WP-26)	
Poland	Advanced	High income (since 2009)	1,436	Manufacturing & Services / Senior Debt	6.7	SIG in ATCs (2011-19); VCIP (2012-19); Green Bonds (2017-22); MREL & Bail-in-able Products (2016-23);	GET 2.1 (WP-25); Digital Approach (WP-25)	High IEvD coverage

[13] BDS25-020 (Rev 2)
[14] World Bank country classifications by income level for 2024-2025
[15] Based on BPN data for Board approved and signed projects. ABI at reported rates.
[16] Based on ratings for all EBRD COOs. Excludes SSA. Average based on the ATQs ratings for all six Transition Qualities.

Country	SCF Annex 3 Country Classification[13]	WBG Income Country group (2024)[14]	Country ABI (mln, 2024)[15]	Sector / product with biggest share of Country ABI (2024)	ATQ Avg. Rating (2024)[16]	Past IEvD Evaluation Coverage	Upcoming IEvD Evaluation Coverage	Sensitivity
						Agribusiness (2019-23); Hydrocarbon (2010-19)		
Slovak Republic	Advanced	High income (since 2007)	101	FI - Structured Finance / Senior Debt	6.2			
Hungary	Advanced	High income (since 2007)	137	FI -EU / Senior Debt	9.5	SIG in ATCs (2011-19)		
Greece (selected)	**Advanced**	**High income (since 1988)**	**466**	**FI -EU / Senior Debt**	**11.2**	**Decarbonisation (2016-22); Transport (2017-22); Green Bonds (2017-22); Hydrocarbon (2010-19)**	**RRF Co-financing Framework Cluster (WP-26)**	**temporary EBRD engagement (debt crisis)**
Croatia (selected)	**Advanced**	**High income (since 2008)**	**277**	**FI -EU / Senior Debt**	**10.2**	**SIG in ATCs (2011-19)**		
Romania	Advanced	High income (since 2020)	707	Energy Europe / Senior Debt	12.0	Decarbonisation (2016-22); MREL & Bail-in-able Products (2016-23); Green Bonds (2017-22)		
Bulgaria	Advanced	High income (since 2024)	272	FI -EU / Guarantee and off-balance sheet	13.7	Transport (2017-22)		
Türkiye	Advanced	Upper middle income	2,634		18.8	PSO Infra (2010-20); Green Cities (2016-21); Transport (2017-22); Green Bonds (2017-22); Agribusiness (2019-23)		High IEvD coverage

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Country	SCF Annex 3 Country Classification[13]	WBG Income Country group (2024)[14]	Country ABI (mln, 2024)[15]	Sector / product with biggest share of Country ABI (2024)	ATQ Avg. Rating (2024)[16]	Past IEvD Evaluation Coverage	Upcoming IEvD Evaluation Coverage	Sensitivity
Kazakhstan	Advanced	Upper middle income	913		21.2	PSO Infra (2010-20); Solar (2022)	LCF (2016-24)	
Ukraine	Advanced	Upper middle income	1,908		26.7	PSO Infra (2010-20); RTE (2023); Agribusiness (2019-23); Solar (2022); Hydrocarbon (2010-19)		War
Cyprus	*excluded*	High income (since 2001)	0		7.0			Temporary EBRD engagement (banking crisis)
Russian Federation	*excluded*	High income (first in 2012, last in 2023)	0		23.3			Sanctions

Source: IEvD analysis (2025)

Annex 2. Understanding the Bank's Assessment of Transition Qualities (ATQs) approach

As part of its mandate to support the development of sustainable market economies, the EBRD systematically assesses the transition progress of each country of operations (COOs). This is captured through the transition indicators published in the annual Transition Report by the Bank's Office of Chief Economist. Today, this approach has evolved into the **Assessment of Transition Qualities (ATQs),** which provide a structured, data-driven view of the economy's progress across six transition qualities: competitive, well governed, green, inclusive, resilient and integrated.

ATQs serve more than a cross-country benchmarking tool – they are fundamental to how the Bank assesses transition progress at both the country and project level. They offer a consistent, comparable framework that supports the formulation of Bank's Country Diagnostics and Country Strategies.

While ATQs provide a high-level snapshot of where countries stand relative to an advanced economy frontier, strategy documents refine this view with country-specific knowledge, contextual nuances, and feasibility considerations, ultimately shaping the Bank's operational and strategic focus. See Box 1 for further details.

Box 1: Overview of the Assessment of the Transition Qualities – ATQs

- **The ATQ scores are created to assess the transition progress of the EBRD's countries of operations.** These scores reflect a judgment of the Bank's Office of Chief Economist (OCE), the Impact and Partnership Department and the Policy, Strategy and Delivery Department on the six qualities of a sustainable market economy, i.e., competitive, well governed, green, inclusive, resilient and integrated**.**

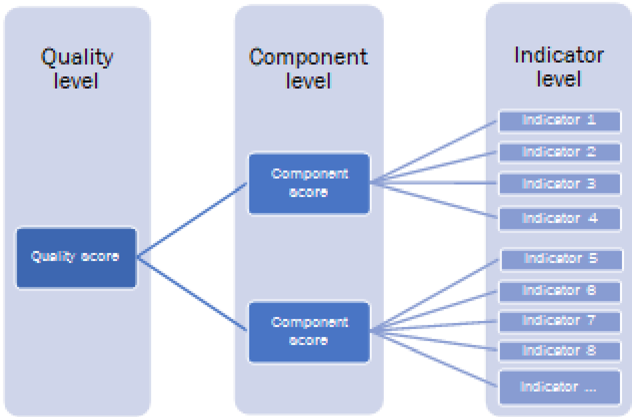
- **This approach measures the state of each quality and its components in a given economy, as compared with the other economies in the EBRD regions and selected developed economies, against a *frontier.*** [1] representing the best possible features of a sustainable market economy. Results are presented on a scale from 1 to 10, where '10' represents this frontier.

- **The frontier is set either by the best performance in this group of economies or by an unobserved theoretical value and provides a common benchmark against which all economies are assessed consistently and comparably.** The same frontier values are also applied across the years to ensure that computed scores are comparable and capture changes in underlying indicators through time.

- A set of indicators is defined in order to appropriately measure the characteristics of each quality. In addition, there is the consistent and explicit scoring of selected developed economies. These 'advanced comparators' are Canada, Cyprus, France, Germany, Japan, Sweden, the UK and the USA.

- Taken together, these countries also serve to define a so-called 'advanced zone' in which a super majority of advanced comparator countries lie.

Current ATQ structure



- **ATQ scores are composite indices built from a broad set of indicators, The structure of the ATQ is relatively simple: indicators feed into component level scores which are then aggregated to a final score at the quality level.** As a rule, indicators are aggregated using simple averages.

- **At the component level, however, some judgement is used in order to assign weights when calculating the composite score for each quality.** For example, under the current ATQs, financial stability is assigned a higher weight under the 'Resilient' transition quality than energy sector resilience as it is assumed that for most countries of operation, shocks to the financial sector are a more likely source of economy-wide instability than energy-related shocks.

- **The majority of indicators are quantitative, with some qualitative indicators**. Indicators have been constructed using a wide range of sources, including national and industry statistics, data from other international organisations such as the World Bank, IMF or UN, as well as surveys such as the Business Environment and Enterprise Performance Survey (BEEPS) and Life in Transition Survey (LiTS) and qualitative assessments prepared by experts in-house.

- **However, the choice of indicators is partly limited by the fact that they have to cover EBRD countries, ranging from Morocco to Mongolia, as well as advanced comparators outside the region**. Data limitations also mean that proxies and imputation had to be used for some observations. Similarly to any exercise based on statistical data that is published with some time lag, the outcome data used reflects past decisions by definition. This means that more recent reforms, and other changes, may take time to show in the data and therefore affect the ATQ scores

The ATQ concept with the frontier delineates the EBRD's advanced economies from those still in early transition stages. At the same time, the Bank's business model is anchored in individual country strategies. This flexibility is vital for maximizing the effectiveness of its initiatives and ensuring that all countries, regardless of their position on the frontier, benefit from its efforts to foster sustainable and inclusive growth.

Generally, ATEs, according to the definition, exceed the EBRD average across most TQs but fall short compared to advanced comparator countries outside the EBRD region. An exception to this trend is **Estonia**, which aligns with the performance of advanced comparators across several TQ.

Table 4: ATQ scores per transition quality and country group

ATQ scores per transition quality / country group	Comparative economies (advanced developed economies)[17]	Advanced transition economies (ATEs)	Early Transition Countries (ETCs)[18]	Sub-Saharan Africa (SSA)
Competitive	**Group average:** 7.74 Canada: 7.61 Cyprus: 6.65 France: 7.58 Germany: 7.72 Japan: 7.40 Sweden: 8.44 UK: 8.45 USA: 8.09	**Group average:** 6.27 Croatia: 5.84 Czechia: 6.43 Estonia: 7.59 Greece: 5.50 Hungary: 6.08 Latvia: 6.12 Lithuania: 6.44 Poland: 6.28 Slovak Republic: 6.28 Slovenia: 6.28 Bulgaria: 5.51 Romania: 6.11	**Group average:**4.04 Armenia: 4.41 Azerbaijan: 3.99 Belarus: 4.73 Georgia: 4.88 Kyrgyz Republic: 3.78 Moldova: 4.58 Mongolia: 3.91 Tajikistan: 3.34 Turkmenistan: 3.02 Uzbekistan: 3.77	**Group average:** 3.61 Benin: 3.43 Côte d'Ivoire: 3.73 Ghana: 3.47 Kenya: 3.90 Nigeria: 3.46 Senegal: 3.64
Well governed	**Group average:** 8.58 Canada: 8.76 Cyprus: 7.36 France: 8.37 Germany: 8.71 Japan: 8.83 Sweden: 9.12 UK: 8.71 USA: 8.74	**Group average:** 7.05 Croatia: 6.51 Czechia: 7.55 Estonia: 8.83 Greece: 6.05 Hungary: 6.04 Latvia: 7.57 Lithuania: 7.93 Poland: 6.85 Slovak Republic: 6.63 Slovenia: 7.27 Bulgaria: 6.08 Romania: 6.31	**Group average:** 5.05 Armenia: 6.52 Azerbaijan: 5.68 Belarus: 4.59 Georgia: 6.32 Kyrgyz Republic: 4.36 Moldova: 5.23 Mongolia: 5.33 Tajikistan: 4.66 Turkmenistan: 2.85 Uzbekistan: 5.00	**Group average:** 4.25 Benin: 4.35 Côte d'Ivoire: 3.98 Ghana: 4.80 Kenya: 4.53 Nigeria: 3.24 Senegal: 4.57
Green	**Group average:** 7.30 Canada: 7.10 Cyprus: 7.03 France: 7.54 Germany: 7.99 Japan: 7.25 Sweden: 7.89 UK: 7.47 USA: 6.15	**Group average:** 7.02 Croatia: 6.91 Czechia: 7.15 Estonia: 7.17 Greece: 6.72 Hungary: 6.86 Latvia: 7.10 Lithuania: 7.14 Poland: 7.05 Slovak Republic: 7.20 Slovenia: 7.31 Bulgaria: 6.67 Romania: 6.70	**Group average:** 5.17 Armenia: 5.73 Azerbaijan: 5.04 Belarus: 5.56 Georgia: 5.51 Kyrgyz Republic: 4.87 Moldova: 4.70 Mongolia: 4.64 Tajikistan: 5.41 Turkmenistan: 4.86 Uzbekistan: 5.42	**Group average:** 4.54 Benin: 4.50 Côte d'Ivoire: 4.65 Ghana: 4.56 Kenya: 4.87 Nigeria: 4.13 Senegal: 4.55
Inclusive	**Group average:** 8.30 Canada: 8.33 Cyprus: 7.43 France: 8.46 Germany: 8.58 Japan: 8.42 Sweden: 8.77 UK: 8.36 USA: 8.08	**Group average:** 6.95 Croatia: 6.88 Czechia: 7.10 Estonia: 7.79 Greece: 6.99 Hungary: 6.28 Latvia: 7.19 Lithuania: 7.33 Poland: 7.13 Slovak Republic: 6.81 Slovenia: 7.64 Bulgaria: 6.19 Romania: 6.08	**Group average:** 5.15 Armenia: 5.23 Azerbaijan: 5.65 Belarus: 5.52 Georgia: 5.50 Kyrgyz Republic: 4.93 Moldova: 5.77 Mongolia: 5.65 Tajikistan: 4.04 Turkmenistan: 4.45 Uzbekistan: 4.78	**Group average:** 4.18 Benin: 4.00 Côte d'Ivoire: 4.33 Ghana: 4.42 Kenya: 4.46 Nigeria: 3.95 Senegal: 3.90

[17] Canada, Cyprus, France, Germany, Japan, Sweden, UK, USA
[18] Armenia, Azerbaijan, Belarus, Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan and Uzbekistan.

ATQ scores per transition quality / country group	Comparative economies (advanced developed economies)[17]	Advanced transition economies (ATEs)	Early Transition Countries (ETCs)[18]	Sub-Saharan Africa (SSA)
Resilient	**Group average:** 7.82 Canada: 8.15 Cyprus: 5.80 France: 8.02 Germany: 7.46 Japan: 8.25 Sweden: 8.10 UK: 8.06 USA: 8.70	**Group average:** 7.14 Croatia: 6.73 Czechia: 7.50 Estonia: 7.53 Greece: 7.21 Hungary: 7.02 Latvia: 7.15 Lithuania: 7.27 Poland: 7.49 Slovak Republic: 7.64 Slovenia: 7.45 Bulgaria: 6.10 Romania: 6.66	**Group average:** 4.20 Armenia: 5.61 Azerbaijan: 3.30 Belarus: 3.48 Georgia: 5.55 Kyrgyz Republic: 4.22 Moldova: 4.70 Mongolia: 4.54 Tajikistan: 3.47 Turkmenistan: 3.33 Uzbekistan: 3.76	**Group average:** 3.48 Benin: 3.20 Côte d'Ivoire: 3.36 Ghana: 3.81 Kenya: 3.59 Nigeria: 3.74 Senegal: 3.18
Integrated	**Group average:** 7.51 Canada: 7.23 Cyprus: 7.09 France: 7.87 Germany: 8.03 Japan: 7.13 Sweden: 7.75 UK: 7.61 USA: 7.35	**Group average:** 7.25 Croatia: 6.67 Czechia: 7.63 Estonia: 7.72 Greece: 7.08 Hungary: 7.46 Latvia: 7.46 Lithuania: 7.66 Poland: 7.13 Slovak Republic: 7.26 Slovenia: 7.40 Bulgaria: 6.70 Romania: 6.71	**Group average:** 5.19 Armenia: 5.67 Azerbaijan: 5.18 Belarus: 6.17 Georgia: 6.52 Kyrgyz Republic: 4.53 Moldova: 5.15 Mongolia: 5.18 Tajikistan: 4.05 Turkmenistan: 4.24 Uzbekistan: 5.25	**Group average:** 3.50 Benin: 3.42 Côte d'Ivoire: 3.68 Ghana: 3.23 Kenya: 3.80 Nigeria: 3.21 Senegal: 3.68

Source: EBRD Transition Report, 2024-25, p. 118-119.
Note: Scores are on a scale of 1 to 10, where 10 represents a synthetic frontier corresponding to the standards of a sustainable market economy.

Annex 3. Portfolio overview

Preliminary portfolio analysis was carried out using Bank data available in BPN systems and on Donor Funds databases.

Table 2 represents volume of the ABI the Advance Transition Economies compared to the total EBRD ABI and the number of projects in the ATEs and in the EBRD as total. It also shows percentage distribution.

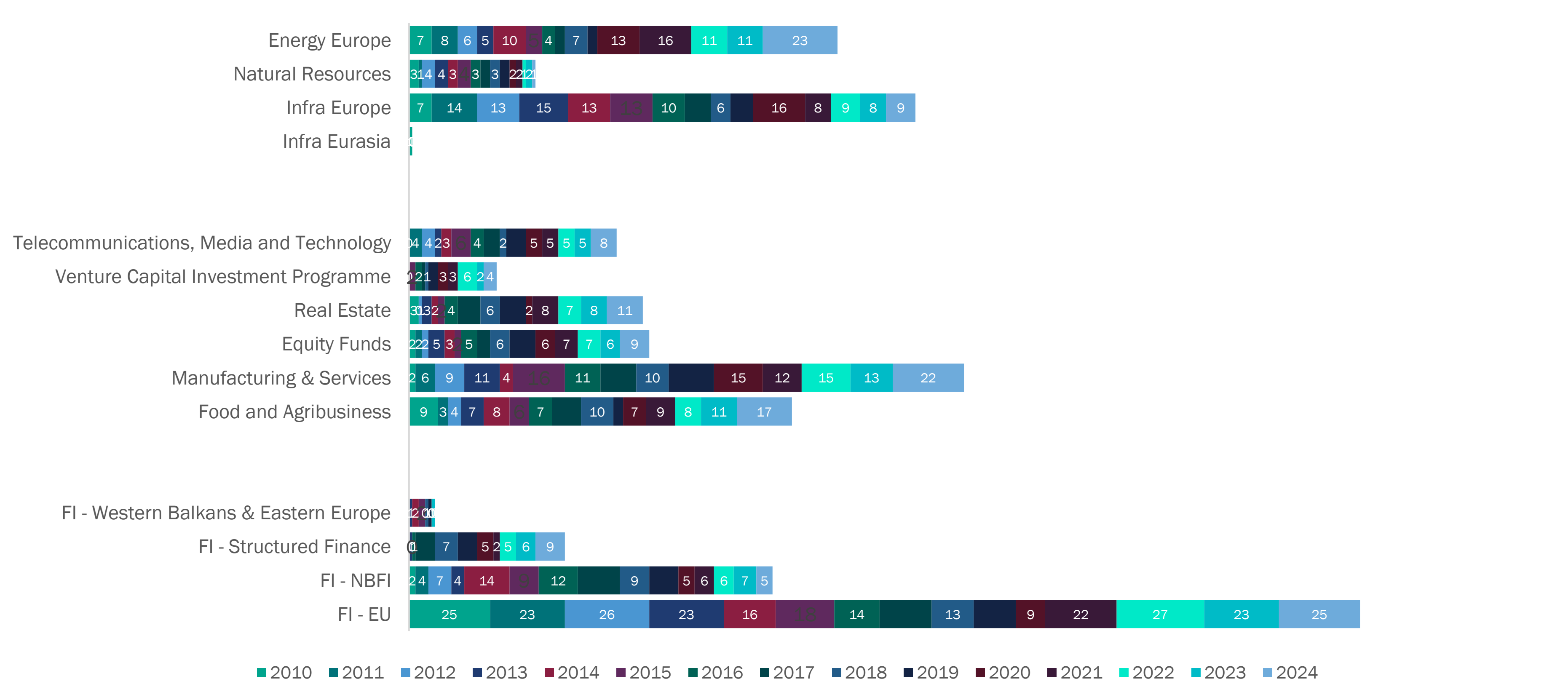
Table 5: ABI volume and projects in ATCs against ABI volume and projects in EBRD 2010-2024

Year (ABI sign.)	ABI (€ million) at reported rates		*As percentage of EBRD Total ABI*	Number of new projects (signed)		*As percentage of EBRD Total no. of projects*
	ATEs	***EBRD Total***		***ATEs***	***EBRD Total***	
2010	2,002	9,009	*22%*	61	386	*16%*
2011	1,859	9,051	*21%*	65	380	*17%*
2012	1,975	8,920	*22%*	76	393	*19%*
2013	2,193	8,498	*26%*	81	392	*21%*
2014	1,698	8,853	*19%*	78	377	*21%*
2015	1,815	9,378	*19%*	85	381	*22%*
2016	2,679	9,390	*29%*	77	378	*20%*
2017	2,414	9,670	*25%*	86	412	*21%*
2018	2,721	9,547	*29%*	81	395	*21%*
2019	2,447	10,092	*24%*	84	452	*19%*
2020	2,652	10,995	*24%*	88	411	*21%*
2021	2,897	10,446	*28%*	100	413	*24%*
2022	3,846	13,071	*29%*	107	431	*25%*
2023	3,728	13,129	*28%*	103	464	*22%*
2024	4,242	16,583	*26%*	143	584	*24%*

Source: BPN portfolio data sources from Tableau as of 9th April 2025.

Figure 6 shows number of projects approved in the ATEs during 2010-2024 as per current sector teams.

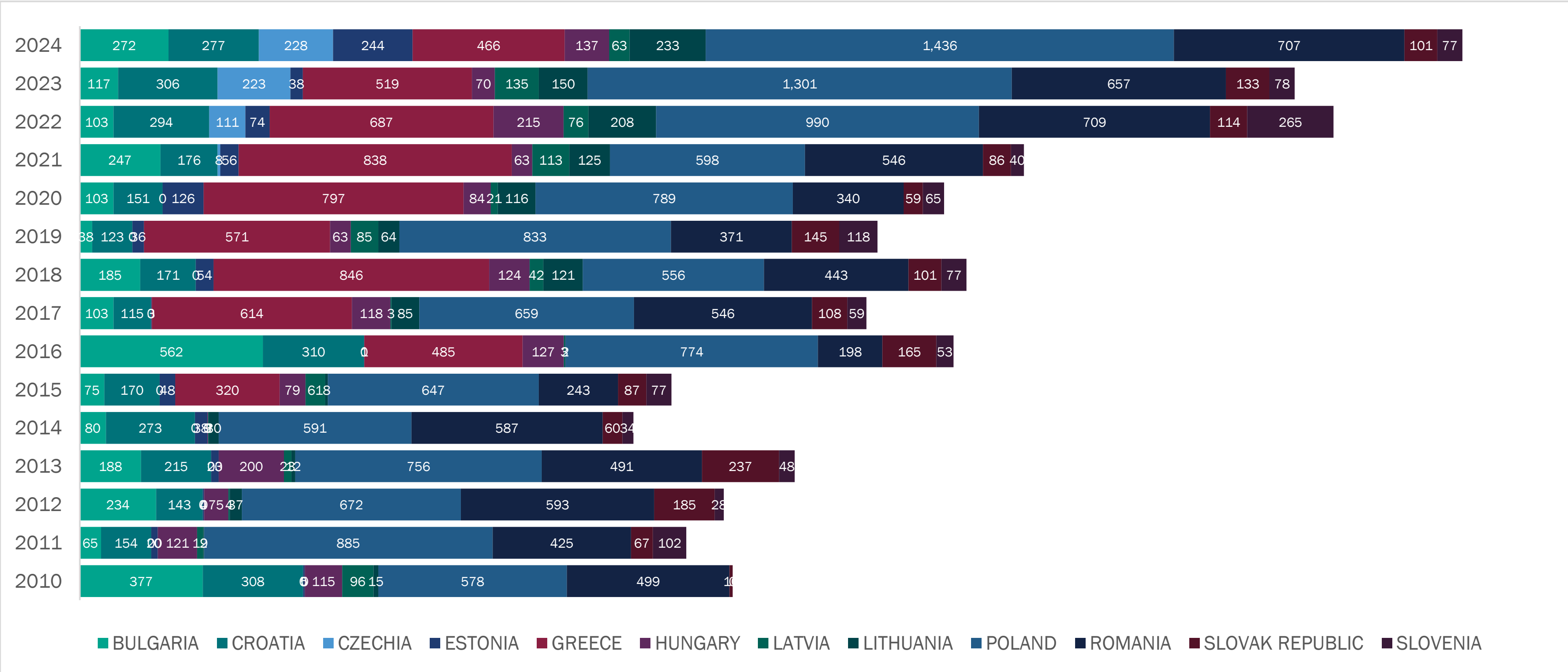
Figure 6: Number of projects per sector teams macro-sector SIG, Corporate Sector, and FI



Source: BPN portfolio data sources from Tableau as at 9th April 2025.
Note: ATEs include: Bulgaria, Czechia, Croatia, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Rep, Slovenia.

Figure 7 shows ABI in the ATEs during 2010-2024.

Figure 7: ABI reported rate in ATEs € million



Source: Tableau data 09/04/2025

Figure 8 gives a picture of the volume of the projects in the ATEs by industry groups: Corporate, FI and SIG during 2010-2024.

Figure 8: ABI by Industry group € million

Source: BPN portfolio data sources from Tableau as of 9th April 2025.
Note: ATEs include Bulgaria, Czechia, Croatia, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Rep, Slovenia,

Annex 4. Background on Evaluation Methods

Table 6: Step-by-step overview of the evaluation methods per evaluation question

EQ	Question	Methods	Comments
#1	**How well have EBRD's activities in advanced transition economies addressed the needs of its clients?**	• Desk review • Interviews • Survey • Input notes • Case study	By sequencing and layering multiple methods, the evaluation will generate **a multi-dimensional understanding of EBRD's relevance in ATEs.** Early analytical methods—including the desk review, literature review, and value proposition input note—will establish a robust baseline. Interviews and surveys will test and refine these insights by capturing lived experience and stakeholder perception. Finally, country case studies will draw together all strands to provide operational depth and contextual nuance. Where feasible, a light-touch counterfactual analysis will be introduced to help identify what might have occurred in the absence of EBRD support, enhancing the credibility and depth of findings on strategic fit. STEP 1: Desk-based research ➢ **STEP 1.1:** The evaluation will begin with **a desk review of EBRD's Country Strategies and Country Diagnostics** for selected ATEs. This review will examine how the Bank has positioned itself in response to evolving private sector needs and levels of market maturity. Particular focus will be placed on the extent to which strategic objectives have been narrowed in mature markets and whether instruments are appropriately tailored. The review will also explore how diagnostic insights—such as ATQ scores, private sector development challenges, and institutional capacity constraints—are integrated into strategic planning around additionality and transition objectives. This method provides the foundational evidence for assessing EBRD's strategic relevance and sets the stage for deeper inquiry. ➢ **STEP 1.2:** In parallel to the desk review, the evaluation will conduct **a structured literature review** on additionality, which will help address both EQ1 (Relevance) and EQ2 (Additionality). This review will assess how peer institutions—such as IFC, AsDB, and IDB Invest—conceptualise, measure, and operationalise additionality, including the use of scoring frameworks and incentive systems. By comparing these practices to EBRD's current approach, the review will provide critical external benchmarks to assess whether EBRD's strategic positioning remains relevant and differentiated in more mature transition contexts (EQ1). ➢ ***STEP 1.3: Input notes [*optional budget implication*]** will add depth by commissioning a dedicated 'value proposition'-like analysis of private sector needs in ATEs, drawing on external expertise and the use of third-party data and sources. This note will be used to independently assess the demand-side reality in ATEs—such

EQ	Question	Methods	Comments
			as what the private sector is asking for in terms of access to finance, capacity constraints, or reform priorities. These findings will then be systematically compared to EBRD's Country Diagnostics and Strategies to assess alignment. This comparison will help determine whether EBRD is targeting the right priorities or whether there are mismatches between strategic ambition and market needs. ➢ **STEP 2: Semi-structured interviews** with internal and external stakeholders—including EBRD banking teams, strategy units, resident offices, clients, and government counterparts—will build directly on findings from the desk review. They will test whether strategic positioning is well understood and effectively implemented in practice. Interviews will also identify whether and how country-specific needs are being met, and where gaps exist between strategic intent and operational delivery. ➢ **STEP 3:** To validate and extend these insights, the evaluation will conduct **a targeted online survey** of EBRD staff and, where feasible, clients. The survey will provide a broader perception-based dataset on EBRD's relevance in ATEs—such as how well it addresses local private sector needs, the perceived distinctiveness of its offer, and areas where its value proposition could be strengthened. The survey design will be informed by early themes emerging from the desk review and interviews, ensuring complementarity and enabling triangulation across sources. ➢ **STEP 4:** The evaluation will conduct four **in-depth country case studies**, each incorporating one or more sectoral or thematic deep dives focusing on a specific financial instrument, tailored thematic support or targeted group. The case studies will synthesise the evidence gathered from the desk review, interviews, surveys, and input notes to assess how strategic intent translates into practice. These will assess how EBRD's strategic positioning plays out in operational reality—how strategies are adapted to local market structures, and whether the choice of sectors and instruments aligns with the evolving needs of clients. Case studies will allow for both vertical integration (from strategy to implementation) and horizontal comparison across countries at different stages of transition. **Case study countries** have been chosen based on relative share of EBRD activities in ATE (investments and TC), potential for learning (with consideration to the status of the country strategy cycle), balance of diverse country situations and balance with coverage from other evaluations and feasibility/access to stakeholders. Market/sectoral coverage will be determined following the portfolio analysis. **These countries are: Croatia, Lithuania and Greece. Lithuania case will be conducted in close co-ordination with regional-level evaluation of EBRD's activities in Baltic states 2016-2024.**

EQ	Question	Methods	Comments
			➢ ***Step 5: Counterfactual Analysis (*Proposed Innovation*):** to further strengthen causal inference and enhance credibility, the evaluation may apply **a light-touch counterfactual analysis** in selected case studies or at portfolio level. This could involve identifying comparator countries, regions, or market segments within ATEs where EBRD was not present or where different strategic approaches were taken. Alternatively, it may apply a synthetic control approach using secondary indicators to model expected private sector conditions in the absence of EBRD engagement. While attribution will remain cautious, this approach will enrich the understanding of EBRD's additional strategic value and complement findings from interviews and casework.
#2	**To what extent have EBRD's activities in advanced transition economies been additional?**	• Desk review • Interviews • Survey • Input notes • Portfolio Review and Analysis (PRA) • Statistical/ Econometric Analysis • Case study	This evaluation question probes whether EBRD interventions in ATEs truly deliver additionality—meaning they provide value that would not otherwise be available from commercial or public sources. Given that ATEs are characterised by deeper capital markets, more capable institutions, and higher private sector maturity, demonstrating additionality in these settings requires not only a clear justification at entry, but also credible delivery during implementation. The evaluation therefore focuses on **assessing how additionality is claimed**, how it is **structured and delivered in practice**, and whether it is **perceived as genuine and distinctive** by key stakeholders. The evaluation combines strategic and project-level evidence, qualitative and quantitative insights, and stakeholder perspectives with rigorous portfolio testing. The methods are sequenced to move from institutional frameworks and theoretical grounding (Steps 1–2), through practice-based evidence (Steps 3–4), to deeper operational exploration (Steps 5–6). **STEP 1: Desk-based research** ➢ **STEP 1.1:** Unlike EQ1, where **the desk review** assesses overall strategic positioning, here it focuses more narrowly on how additionality is framed within country strategies and diagnostics: - Is additionality explicitly addressed in ATE country strategies? - Do strategies justify the Bank's role based on persistent market gaps or innovation needs? - Are ATQ scores, sectoral bottlenecks, or institutional weaknesses used to support the rationale for engagement? This step identifies how EBRD signals its additionality ex-ante and whether its strategic narrative evolves in more mature market contexts. It also provides a foundation for understanding how additionality expectations may vary across ATEs. ➢ **STEP 1.2:** The **structured literature review** supports EQ2 by situating EBRD's additionality model within broader IFI practice. It will examine how institutions like IFC, ADB, and IDB Invest: - Define financial and non-financial additionality;

EQ	Question	Methods	Comments
			- Operationalise additionality through scoring systems, ex-ante assessments, and monitoring frameworks; - Address the "graduation" challenge in upper-middle-income countries. This benchmarking allows the evaluation to identify gaps, strengths, or inconsistencies in EBRD's current approach and supports learning on how to sustain additionality in evolving market conditions. ➢ **STEP 1.3:** To move beyond conceptual definitions, **input papers** will offer deep dives into operational mechanisms. These include: - An analysis of how specific EBRD instruments (e.g., equity, blended finance, guarantees) deliver additionality in ATEs; - An assessment of how internal systems (e.g., scorecards, incentives) shape behaviour around additionality, including whether they sufficiently reward innovation, risk-taking, or catalytic impact; - A comparative assessment of how other MDBs adjust additionality criteria as countries transition. These notes provide a crucial bridge between formal definitions and practical delivery and help the evaluation interpret findings from interviews and portfolio analysis. ➢ **STEP 2: Semi-structured interviews** with EBRD staff and clients will focus on how additionality is understood, justified, and pursued operationally. They will explore: - Whether bankers perceive pressure to "stretch" additionality claims in competitive environments; - How additionality influences project structuring decisions—e.g., pricing, tenor, conditionalities, or TC integration; - Whether clients perceive EBRD's value proposition as distinct from other financiers, particularly in repeat engagements; - Whether additionality is monitored, revisited, or revalidated during implementation. This step provides a reality check on how additionality moves from board papers to operational behaviour. **STEP 3: Survey & portfolio review and analysis** ➢ **STEP 3.1:** The **survey** will gather broader perspectives from EBRD staff and clients to complement the interviews and test emerging hypotheses around additionality. It will explore the extent to which EBRD is perceived as additional in ATEs, identify which instruments, sectors, or practices are seen as most or least additional, and assess whether respondents believe the concept is applied consistently or diluted in increasingly competitive markets. The survey will be anonymised to encourage honest reflection on whether additionality is currently robust, overstated, or at risk of erosion in mature transition contexts.

EQ	Question	Methods	Comments
			➢ **STEP 3.2:** Portfolio Review and Analysis (PRA) is the empirical backbone of EQ2. It will: - Review all validated projects in ATEs from 2010–2024 to assess how additionality was claimed (e.g. risk appetite, standards-setting, policy links) and whether those claims were realised; a light review of the latest self-evaluations, SPAs, specifically their section on additionality will also be conducted for latest projects with clients with projects that fall within the validated sample. - Analyse a sample of unevaluated projects to capture patterns in how additionality is framed in the more recent Board approval documents; - Track patterns by instrument, country, sector, and time to assess where and how additionality is strongest or weakest. This step moves beyond intentions to test how well additionality is embedded in actual project delivery and will identify potential red flags (e.g., "rubber-stamp" justifications, reliance on financial additionality alone). ➢ **STEP 4:** Using PRA and external data, the evaluation will apply **statistical and econometric techniques** to model the drivers of additionality and to test how additionality outcomes relate to project and market characteristics. Some questions those techniques would attempt to answer are: - Do certain instruments or country characteristics systematically predict higher realisation of additionality? - Is additionality more likely in first-time engagements or in specific sectors? - Is there a relationship between additionality and transition outcomes, or is it mostly orthogonal? This step provides evidence of causality (where feasible) and tests whether EBRD's portfolio behaviour aligns with its stated principles. ➢ **STEP 5:** The **country case studies** will provide an in-depth examination of how additionality is delivered in practice within selected ATE contexts (Croatia, Lithuania[19] and Greece). Each case will include sectoral or thematic deep dives to assess whether project structuring—such as pricing, conditionalities, or partnership arrangements—reflected genuine risk-sharing or innovation. The studies will also analyse how technical cooperation and policy dialogue were used to create enabling conditions for private sector solutions that would not have materialised otherwise. They will explore whether EBRD's contribution had indeed a catalytic effect, for example by crowding in private finance, introducing replicable standards, or supporting the scale-up of innovative instruments or business models. Additionally, the case studies will examine how repeated

[19] Lithuania case will be conducted in close co-ordination with regional-level evaluation of EBRD's activities in Baltic states 2016-2024

EQ	Question	Methods	Comments
			engagements with the same clients or sectors balance the need for consistency with a credible, evolving justification of the Bank's additionality. Drawing on evidence generated through all prior methods, these case studies will offer a grounded understanding of what high- and low-quality additionality look like in real-world settings, and under which conditions EBRD's added value remains compelling.
#3	**What results have been generated by the EBRD's activities in advanced transition economies across the Bank's portfolio, for example in terms of replication of innovative approaches?**	• Desk review • Interviews • Survey • Input notes • Portfolio Review and Analysis (PRA) • Statistical / Econometric Analysis • Stats analysis • Case study	This evaluation question seeks to explore the extent to which EBRD's activities in ATEs have delivered systemic results that go beyond individual transactions—namely through demonstration, replication, and market-wide influence. The methods are designed to identify, trace, and test replication and demonstration effects. This includes qualitative evidence of learning and uptake, as well as quantitative approaches to detect patterns of diffusion. The evaluation will also assess the enabling conditions—such as technical cooperation, policy dialogue, institutional incentives, and knowledge-sharing—that underpin successful replication. ➢ **STEP 1: The desk review** of country strategies and diagnostics will assess the extent to which systemic impact, demonstration effects, or replication potential are explicitly targeted or mentioned in ATE engagements. It will examine whether EBRD's interventions in mature markets are positioned as test beds for innovation, and whether knowledge generated through these interventions is expected to influence operations in other contexts. This will also include review of references to demonstration in sector strategies or instrument guidance, where available. ➢ **STEP 2:** The **literature review** and **selected input notes** will provide the conceptual and comparative framing for understanding replication and demonstration. The evaluation will draw from recent literature and MDB practices to identify how institutions define, assess, and track systemic effects, and under what conditions replication is most likely to occur. An input note may explore how additionality, profitability, and systemic outcomes interact in mature markets, and whether there are tensions or synergies between project-level incentives and broader learning goals. This will inform the design of portfolio and econometric tools used later in the evaluation. ➢ **STEP 3: Semi-structured interviews** with EBRD staff, clients, and external counterparts will explore perceived demonstration effects and systemic impact. They will investigate whether innovative approaches piloted in ATEs have influenced practices in other countries—either within EBRD or among peer institutions. Interviewees will be asked to reflect on institutional learning, the role of policy dialogue or TC in enabling replication, and whether lessons from ATEs have informed broader product design, risk approaches, or operational models. These qualitative insights will help flag illustrative examples for case studies and test the plausibility of diffusion pathways.

EQ	Question	Methods	Comments
			➢ **STEP 4:** A dedicated section of the **staff and client survey** will gather perceptions on the effectiveness of EBRD as a demonstrator or knowledge catalyst. The survey will ask whether respondents believe successful projects in ATEs have led to replication, inspired uptake in earlier-stage countries, or triggered broader learning within the institution. This will provide an organisation-wide view of how demonstration is understood and experienced, and help identify potential cases for deeper investigation. ➢ **STEP 5: Portfolio Review and Analysis** (PRA) will examine both validated and unevaluated projects for evidence of demonstration effects. For validated projects, it will assess whether transition outcomes explicitly reference replication, systemic change, or the influence of TC and policy engagement. In unevaluated projects, the analysis will flag instances where the project design includes replicable features, innovative instruments, or potential demonstration ambition. The PRA will also track whether certain instruments or structures appear repeatedly across countries and markets, which may suggest scale-up or diffusion. This will also include looking at the quality of the portfolio. ➢ **STEP 6:** The evaluation will apply exploratory **econometric tools** to test whether certain innovations or instruments first introduced in ATEs were subsequently taken up in other EBRD countries. This may involve (***with optional budget implications***): - Regression models assessing whether prior use in an ATE predicts later adoption elsewhere (e.g., green bonds, blended finance structures); - Network or diffusion analysis to track the spread of policy approaches, structures, or implementation models; - Instrument life-cycle tracing to follow the evolution and geographical spread of new tools; - Temporal-spatial matching to examine sequential adoption patterns. While causal attribution will be treated cautiously and come with budget implications, these methods will help detect potential signals of replication and cross-country influence. ➢ **STEP 7: Country case studies** for Croatia, Lithuania[20] and Greece will explore how systemic outcomes, replication, and demonstration effects materialise in practice. Sectoral deep dives will trace how innovative approaches—such as financing structures, policy models, or partnerships—have led to broader market shifts, uptake in other regions, or institutional changes. The cases will examine whether demonstration was an explicit goal or emerged organically, how TC and policy dialogue contributed to enabling environments, and

[20] Lithuania case will be conducted in close co-ordination with regional-level evaluation of EBRD's activities in Baltic states 2016-2024

EQ	Question	Methods	Comments
			whether there were feedback loops that transferred lessons to other contexts. These in-depth studies will also assess barriers to replication and offer learning on how to design for scale from the outset.

Box 2: Input notes

- IEvD will commission input papers covering important topics for the evaluation. These are anticipated to include the following:
    - A country needs assessment of ATEs (supports EQ1 and EQ3)
    - An examination of additionality features of EBRD's financing instruments in ATEs (supports EQ2 and EQ3)
    - An exploration of relationship among additionality, transition impact and profitability including measurement of demonstration effect and scorecard incentives (supports EQ2 and EQ3). As one of the three principles in the Articles Establishing the Bank, additionality is the only one not to feature in the Bank's scorecard. This analysis will look at how the Bank incentivises and determines additionality, in line with this founding principle.
    - A comparative analysis of various IFIs' additionality scoring approaches and graduation-like policies. (supports EQ1 and EQ2).

Box 3: Statistical and econometric analysis

- The evaluation will aim to pursue multiple, complementary avenues to assess demonstration and replication effects of EBRD activities in ATEs with the support of an external export (within budget constraints). These could potentially cover:

Potential analytical tools

Potential analytical tool	Description	Relevance to EQ3	Feasibility and considerations
Econometric modelling	Use regression models to explore whether the introduction of specific products, instruments, or approaches in ATEs correlates with their subsequent uptake in other countries (e.g. green bonds, blended finance).	Tests for patterns consistent with replication or market demonstration.	• Strong analytical rigour • Requires sufficient observations and time lag • Attribution remains indirect
Network and diffusion analysis	Map the spread of similar project features, partners, or policy approaches across time and countries.	Identifies potential pathways of knowledge transfer or market influence.	• Useful for tracking peer or institutional learning • Requires robust tagging and project metadata across countries

Instrument life-cycle tracing	Trace when and where a given instrument or approach first appeared and follow its deployment across countries or regions.	Provides evidence of institutional learning and scale-up.	• Qualitative and narrative-friendly • Often anecdotal • Hard to systematise without comprehensive internal records
Temporal-spatial matching	Match early adopter ATEs projects with similar later projects in other COOs to identify potential replication clusters.	Suggests demonstration effect through sequential rollout.	• Conceptually intuitive • Matching is subjective • Causality unclear without supporting qualitative evidence.

The analysis will remain exploratory and contributory, not causal, and will be triangulated with qualitative evidence from case studies and interviews.

Box 4: Country case studies with nested industry/sector deep dives – criteria for selection

- The IEvD will conduct three country case studies, each embedding one or more nested sector or industry-level deep dives, to explore the EBRD's approach to additionality and transition results in diverse ATEs contexts.

Case study countries will be purposively selected based on the criteria outlined below:

1. Critical mass:
    - Prioritise countries with the largest cumulative ABI across selected TQ and number of projects (2016-24) in ATEs to ensure critical mass for analysis
    - Ensure the presence of significant policy dialogue as per presence of PPO, TCs, or sector-reform initiatives

2. Diversity of market and country context: Cover a range of ATEs contexts based on:
    - Aggregated TQs and ATQs (incl. sub-indices) performance
    - Income level
    - Financial market depth
    - Varying levels of private sector maturity – to be informed by narrowing Country Sector objectives over time, among other proxies

3. Sectoral relevance and learning potential
    - Ensure cases allow exploration of sectors where additionality is potentially declining
    - Learning potential also considers stage of country strategy implementation/development

4. Feasibility and Access to Shareholders
    - Ensure country cases are manageable within resource constrains and enable access to EBRD Staff, clients and counterparties for robust qualitative inquiry.

Carefully assess the overlaps and complementarities with the other ongoing/upcoming IEvD evaluations targeting ATEs.

Box 5: Country case study selection

This evaluation includes four in-depth country case studies to complement the broader portfolio analysis and deepen the understanding of how EBRD maintains additionality and delivers systemic impact in advanced transition economies (ATEs). The selection is based on a structured screening against multiple criteria: recent and planned IEvD coverage (to ensure complementarity), volume and trends in ABI and TC, strategic timing relative to the country strategy cycle, and potential for generating insights into replication, demonstration effects, and the role of specific instruments or sectors.

The preliminary analysis, followed by consultation with Management identified the following four countries for further investigation:

- **Croatia:** Not recently covered by IEvD. Home to one of the largest ABI/project volumes among the eligible countries (excluding Romania/Bulgaria), with a strong and growing trend. Offers a diverse public-private sector mix and may provide valuable insights into repeat engagements in the financial sector and/or the Bank's contribution to green transition (notably, it is the lowest scorer among ATEs on the Green ATQ). Croatia's strategy runs from 2023–2028, making this evaluation well-timed to inform its midpoint reflection. The country has a PPO (2018) on capital market development
- **Lithuania:** Not recently covered by IEvD. The country is a subject of just launched regional-level evaluation of EBRD's activities in Baltic states 2016-2024. Both evaluations will be delivered in close co-ordination, ensuring synergies in collecting evidence and engaging with the internal and external stakeholders. Lithuania has the highest ABI volume among Baltic states and ranks third overall (excluding Romania/Bulgaria). The case is relevant for exploring public sector reform, digitalisation, innovation, and capital market development. Due to high ABI across all three Baltic states, Lithuania may also offer a replication angle. With its country strategy due to end in 2026, this evaluation is strategically timed to contribute to the design of the next cycle, along with the regional-level evaluation of Baltic states. The country had two PPOs in the most recent years: PPO (2019) on bankruptcy law; PPO (2021) on development of the Regional Pan-Baltic Capital Markets.

- **Greece:** This case study shall replace the cluster evaluation tentatively scheduled for delivery in 2026 on Evaluation of the EBRD RRF Co-Financing Framework in Greece

The other ATEs were also assessed but not selected. They were assessed against the same four selection criteria as outlined in Box 3.

- **Bulgaria:** Although Romania has a larger ABI, it was recently covered under the 2024 energy security evaluation. Bulgaria is thus preferred to avoid duplication. Its diverse private sector portfolio, particularly in ICA and financial markets, offers strong learning potential. The current country strategy (2025–2029) provides a suitable window to generate forward-looking insights relevant to implementation. The country had PPOs for multiple years on capital market development, access to finance, resilient banking sectors. At the same time Bulgaria may not be fully considered in "advanced transition", particularly for what concerns specific sectors (i.e. financial sector), and thus offer comparatively limited lessons in a case study context.
- **Slovak Republic**: Not recently covered by IEvD. It has experienced a marked increase in ABI since 2020 and ranks fourth in number of projects (excluding Romania and Bulgaria). The Slovak Republic also presents an opportunity to examine equity operations and underexplored instruments. Its current strategy (2023–2028) aligns well with the timing of this evaluation to inform ongoing delivery. The country had PPOs for multiple years on capital market development, SOEs governance. At the same time Slovak Republic may not be fully considered in "advanced transition", particularly for what concerns specific sectors (i.e. financial sector), and thus offer comparatively limited lessons in a case study context.
- **Romania** meets three out of four selection criteria. It has a substantial TC portfolio and a project base composed largely of small-scale operations. As a later EU entrant, Romania may offer relevant lessons for less advanced transition contexts, particularly given its PPOs across several years on capital market development, access to finance, and SOE governance. It also presents comparative value for learning relevant to the Southern and Eastern neighbourhood (SSA). A key constraint is that Romania was recently covered under the Energy Security Evaluation, and for balance, should not be selected alongside Bulgaria.
- **Poland** meets two of the four criteria. It has the largest ABI and the most projects among ATEs, with considerable relevance across infrastructure, telecoms, and financial sectors. It is an EU country with numerous PPOs on green transition, energy security, and capital market development. However, due to its prominence, Poland has already been extensively covered in prior evaluations. This raises the risk of evaluation fatigue and reduces the added learning value of another deep dive at this time.
- **Hungary** meets two criteria—market diversity and sectoral learning potential. However, its portfolio has been declining in recent years, with most ongoing projects being legacy operations. Hungary is the lowest ATE performer on the "Well-Governed" ATQ and has had multiple PPOs related to governance and SOEs. While Hungary has been partially covered in earlier evaluations, including the Sustainable Infrastructure Group (SIG),

challenges include geopolitical sensitivities, overlap with EU cohesion funding (also seen in other countries), and limited relevance for less advanced transition economies.

- **Estonia** has a smaller ABI share among ATEs but is the top performer in terms of overall ATQ scores. As an EU country, it has contributed significantly to the Regional Pan-Baltic Capital Markets initiative, with a relevant PPO in 2021. Estonia represents a high-maturity case, which could yield useful insights but has limited replication value. Its inclusion in the upcoming Baltics evaluation and its association with ongoing graduation debates make it a less suitable standalone case for this thematic review.
- **Latvia** has the smallest project volume among the ATEs. As an EU country, it has also contributed to the regional capital market integration effort, notably with a 2021 PPO on Pan-Baltic Capital Markets. However, the limited number of projects and low standalone evaluative value reduce its priority. Additionally, Latvia will be covered in the Baltics evaluation, further limiting the need for separate treatment here.
- **Slovenia** has a modest ABI share and a narrow thematic focus. It is an EU country with PPOs in 2018 and 2019 on SOE efficiency. While the country has some unique features, its low strategic relevance and feasibility make it less suitable for case study selection.
- **Czechia** is a high-maturity EU country and the lowest scorer on the Competitive ATQ within the ATE group. It has returned to borrowing from the Bank after graduation, which adds a sensitive political dimension. While it could offer insight into post-graduation engagement, the potential for learning applicable **to other contexts is limited, and its inclusion could be contentious.**

Each country case will embed nested sectoral or industry case studies, selected based on detailed portfolio analysis. These deep dives will focus on specific sectors, instruments, or project types where EBRD's financial and non-financial additionality, as well as demonstration effects, can be meaningfully assessed. Examples may include green bonds, equity instruments, blended finance structures, or market-building initiatives.

Each case will combine desk review with remote and/or in-country consultations, using a common question protocol linked to the evaluation questions (EQs).

- For EQ1 (Relevance), the country studies will assess how EBRD has positioned itself to meet evolving country private sector needs, including the narrowing of country strategies and the Bank's strategic role in mature markets.

- For EQ2 (Additionality), they will examine whether and how EBRD has delivered financial and non-financial additionality in practice, taking into account the use of instruments, policy dialogue, technical cooperation, and local market conditions.

- For EQ3 (Results), the studies will explore evidence of systemic results, replication of innovations, and pathways through which successful models in

ATEs may influence operations in other countries through the specific sector or industry deep dive.

The nested sector studies will allow for a more granular and operational analysis, including engagement with clients, financial intermediaries, and public-sector partners. They will also help assess whether specific instruments or innovations demonstrated a tangible effect—e.g., whether green bonds or digital tools introduced in ATEs were later adopted in less advanced transition contexts.

Annex 5. MDB Harmonized framework for Additionality and its EBRD's application

The MDB harmonized framework defines the two types of additionality—financial and non-financial—and provides a harmonized set of definitions for each category.

It is not necessary for both types of additionality to be present in any given transaction. Additionality varies by country, sector, market and client context, all of which are dynamic and evolve over time. MDBs use the project design and due diligence processes to make sure that their interventions are additional, relative to the condition of the market in question.

Starting with financial additionality, the terms, conditions and structure of finance provided by MDBs can be materially different from what is available commercially. Demonstrating better financing structures can also contribute to market development. MDB terms may include innovative features that are new to a specific market. With regard to non-financial additionality, there are MDB private sector interventions that contribute to better project outcomes that would not have been required or offered by commercial financiers. Those can include, among other things, strong safeguards, capacity building for clients, potential for market creation, or other positive externalities.

Table 7: EBRD categorisation of financial and non-financial additionality

Category	Type	Definition
Financial Additionality	**Financing Structure**	MDBs provide financing that is not available in the market from commercial sources on reasonable terms and conditions. This includes local currency financing, increased amounts, extended tenor, or grace period.
	Innovative Financing Structures and/or Instruments	MDBs provide clients and partners with innovative financing structures that (i) add value by lowering the cost of capital or by better addressing risks and (ii) are not available in the market at a reasonable cost. It is understood that innovation is market specific; a structure could be considered innovative if it is new to a market even if may already exist in more developed markets.
	MDBs' Own Account Equity	MDBs provide equity that is not available in the market in a way that strengthens the financial soundness, creditworthiness, and/or governance of the client. Equity is a vehicle for additionality as it often strengthens the client's ability to take risk, leverage resources, and improve corporate governance.
	Resource Mobilization	MDBs are involved in mobilization of resources from private sources; that is, there is a verifiable role played by MDBs in mobilizing financing on commercial terms from an institutional or private financier.[7]
Non- Financial Additionality	**Risk Mitigation**	MDBs provide comfort to clients and investors by mitigating non-financial risks, such as country, regulatory, project, economic cycle, or political risks. Such comfort is often due to MDBs' reputation in the market, role as honest brokers, trusted and long-term client partnerships, signaling function for sound projects, convening power, close relationships with governments, and rigorous due diligence processes.

Category	Type	Definition
	Policy, Sector, Institutional, or Regulatory Change	MDBs' involvement in a project is considered additional when it is designed to trigger a change in the policy, sector, institutional or regulatory framework, or enhance practices at the sector or country level.
	Standard- Setting: Helping Projects and Clients Achieve Higher Standards	MDBs help raise the bar on standards. MDBs promote improved policies (for example, gender equality) and provide expertise in environmental, social, and governance standards (ESG) and on integrity and procurement best practice. Support to clients in meeting these standards is considered a form of additionality when ESG performance is likely to translate into improved impact and performance of the project, where clients lack the ability to meet such standards without support, and/or where laws and/or market practice do not reinforce such standards or require lower ones compared to MDBs' requirements. In this case, MDBs bring additionality by introducing changes in policies, providing guidance, establishing standards, and/or offering technical support and training, or introducing international best practices to client companies and their stakeholders. These are the kinds of issues that most private financiers would not necessarily prioritize systematically.
	Knowledge, Innovation, and Capacity Building	MDBs provide expertise, innovation, knowledge and/or capabilities that are material to the timely realization of the project's anticipated development impact, including support to strengthen the capacity of the client. Capacity-building support may be provided either in-house or by external experts.

[7] This aligns with how MDBs calculate and jointly report private investment mobilization. For guidance on relevant definitions, measurement methodology, and attribution details, please see the Reference Guide www.worldbank.org/mdbmobguide.

Source: EBRD's Enhanced Approach to Additionality Reference Guide August 2020, Multilateral Development Banks Harmonized Framework for Additionality in Private Sector Operations (2018)

Annex 6. EBRD graduation, post-graduation operational approach and their implications for evaluation

Overview of Key Graduation Actions

The EBRD's approach to graduation is guided by several key documents that outline the process, principles, and operational framework for transitioning countries out of EBRD operations. These include:

- **Graduation Policy (1996):**[21] Establishes the principle that the Bank's objective is achieved when it is no longer additional in a country
- **Graduation in Action: The Czech Experience (2007):**[22] Documents the first instance of a country graduating from EBRD operations.
- **Post-Graduation Operational Approach (2013[23], 2021[24]):** Defines a framework for engagement with graduated countries.
    - Post Graduation Operational Approach: Action Plan for Czech Republic[25]
    - Post Graduation Operational Approach: Action Plan for Estonia[26]
- **Post-Graduation Fund (2014):**[27] A €10 million fund supporting limited post-graduation activities.

Graduation Policy (1996) and Additionality

- The EBRD's Graduation Policy is founded on the principle that transition is successful when **a country no longer requires the Bank's additionality.**
- **The Policy defines the additionality in reference to the Bank's impact on a project**—ensuring that financing or expertise provided by the EBRD is not available from commercial sources on reasonable terms. Transition impact, in turn, refers to how a project affects broader economic development and market structures.
- **Graduation is anticipated as financial markets mature, reducing opportunities for the Bank's intervention.**
- However**, the policy also recognizes that crises may temporarily restore additionality.**

[21] BDS96-166. A Policy on Graduation of EBRD Operations. 11 November 1996
[22] BDS/CZ/07-01/F. Graduation of EBRD Operations in the Czech Republic
[23] BDS13-049 (F)
[24] BDS21-062 (Rev 1). Post-Graduation Operational Approach. 5 July 2021
[25] SGS14-223
[26] SGS14-080
[27] BDS14-042/F. Establishment of the Post Graduation Special Fund

Enhancing the Post-Graduation Operational Approach (2013, 2021)

- **The Approach notes that the EBRD's engagement in advanced transition countries should not be measured solely by investment volume but also by the Bank's expertise and policy engagement.** Over time, the Bank has refined country strategies to better align with transition progress and declining additionality

- **The Approach introduced a structured process for potential re-engagement in the event of a severe economic crisis.** This includes a lower voting threshold for reactivating EBRD operations in a graduated country under predefined crisis conditions, such as currency crises, banking crises, sovereign debt crises, or severe real economy downturns.

More recently, the Report of the Board of Directors to the Board of Governors (2022)[28] reaffirmed that graduation is a country-led process without fixed criteria for exit but based on a gradual narrowing of EBRD activities.

- It noted that advanced transition countries may still require targeted support in specific market segments, particularly in green transition areas.

The preparatory work for the new SCF 2026-30[29] reaffirmed that the Bank's additionality has increased due to external crises (COVID-19 and the war in Ukraine), contradicting earlier expectations that Bank activities in advanced transition countries would naturally decline.

Implications for Evaluation

The evolution of EBRD's graduation framework highlights several key considerations for evaluation:

- **Flexibility in Additionality and Crisis Response**
    - While additionality is expected to diminish as a country advance in transition, financial crises can temporarily restore the need for EBRD involvement, as seen during the global financial crisis (2008-09), COVID-19 pandemic, and the war in Ukraine

- **Beyond Investment Metrics: The Role of Policy Engagement**
    - EBRD's contribution in advanced transition countries is not solely measured by ABI. Instead, policy reform efforts, market-building activities, and advisory services play an increasing role.

[28] BDS22-018. Report of the Board of Directors to the Board of Governors: Update on Graduation. 16 February 2022
[29] SGS24-407 (Addendum 2). Board and Top Management Retreat: Strategic and Capital Framework 2026-30: Discussion Notes: Geographical Direction.

    - The 2021 Enhancing the Post-Graduation Operational Approach recognized that EBRD's influence in these countries includes fostering capital market development, regulatory improvements, and cross-border trade facilitation

- **Sector-Specific Graduation vs. Country-Level Graduation**
    - The Graduation Policy (1996) envisioned graduation as a gradual process where specific sectors or financial instruments phase out before full country graduation
- **Unintended Consequences of Graduation**
    - The experience of the Czech Republic's graduation (2007) showed that an abrupt transition could limit a country's access to financing during external shocks
- **Effectiveness of Post-Graduation Support**
    - The Post-Graduation Operational Approach (2013, 2021) provides for limited engagement through knowledge transfer, cross-border investment facilitation, and technical assistance. However, the Post-Graduation Special Fund (PGSF) has seen limited utilization (only €218,000 of €10 million spent).
- **Country-Led vs. Market-Driven Graduation**
    - The Graduation Policy does not impose rigid thresholds, but allows countries to initiate graduation when additionality declines
- **Comparative Benchmarking with Other IFIs**
    - Other International Financial Institutions (IFIs), such as the World Bank, IFC, and regional development banks, have different approaches to graduation.

Annex 7. Graduation approach at other IFIs

- **World Bank's International Development Association (IDA):** Since its establishment in 1960, 44 countries have graduated from IDA assistance, including nations like China, South Korea, and India. Graduation is based on assessments of a country's income per capita and creditworthiness. However, nine of these countries have relapsed into eligibility after not sustaining their graduate status

- **Asian Development Bank (ADB):** The ADB has a graduation policy for its developing member countries (DMCs). Since 1977, the bank has employed a three-tier classification system to determine eligibility for its Asian Development Fund (ADF) and to set limits on financing terms. As countries' economic conditions improve, they may transition through these tiers and eventually graduate from concessional assistance. Several countries have graduated from ADB's regular assistance, including Malysia, Hong Kong, China; the Republic of Korea; Singapore; and Taipei.

- **International Finance Corporation (IFC):** It does not have a formal graduation policy. IFC continues to engage with countries across various income categories, including those that have graduated from other World Bank financing arms like the International Bank for Reconstruction and Development (IBRD). While the IBRD may graduate countries based on specific criteria, these countries remain eligible for IFC operations for several years post-graduation.

- **European Investment Bank (EIB):** EIB does not have a graduation policy; all EU member states continue to have access to its financial resources to support their development objectives.

- **African Development Bank (AfDB):** AfDB Group has a Transition Framework for graduating and reversing countries which structures the approach, based on its Credit Policy for determining which countries are eligible for ADB funds, or just AfDB.

Source: Desk research and selected interviews (2025).

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