



Approach Paper

Cluster Evaluation: EBRD projects with Water Supply components (2016-2025)

EBRD INDEPENDENT EVALUATION DEPARTMENT

July 2026

The Independent Evaluation Department (IEvD) at the EBRD reports directly to the Board of Directors and is independent from the Bank Management. This independence ensures that IEvD can perform two critical functions: reinforce institutional accountability to achieve results and provide objective analysis and relevant findings to inform operational choices and to improve performance over time. IEvD evaluates the performance of the Bank's completed projects and programmes relative to objectives. Whilst IEvD considers Management's views in preparing its evaluations, it makes the final decisions about the content of its reports and Approach Papers.

The views expressed herein do not necessarily reflect those of EBRD Management or its Board of Directors. Responsible members of the relevant Operations team were invited to comment on this Approach Paper prior to internal publication. Any comments received will have been considered and incorporated at the discretion of IEvD.

This approach paper is circulated under the authority of Gabriele Fattorelli and Samer Hachem, covering for the Chief Evaluator. It was prepared under the supervision of **Samer Hachem, Director of Sector, Country and Project evaluations**, by **Alejandra Palma** (Principal II, Evaluation Manager) with the support of **Regina Husakova**, Associate Director, Senior Evaluation Manager and **Sofia Keenan** (Evaluation Analyst).

© European Bank for Reconstruction and Development
Five Bank Street
London E14 4BG
United Kingdom

Web site: www.ebrd.com

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, including photocopying and recording, without the written permission of the copyright holder. Such written permission must also be obtained before any part of this publication is stored in a retrieval system of any nature.

Contents

Abbreviations	4
1. Introduction.....	6
1.1. Objective and scope.....	6
1.2. Rationale for the focus on water and the Water and Sewage Systems subsector.....	7
2. Context	7
2.1. Water supply and sanitation: global context	7
2.2. EBRD's approach to water investments	10
2.3. Portfolio analysis	11
2.4. Previous relevant evaluations	14
3. Evaluation methodology	15
3.1. Evaluation approach	15
3.2. Evaluation questions.....	17
3.3. Sample selection	18
3.4. Risk and mitigating actions	23
4. Administrative arrangements.....	23
4.1. Evaluation team	23
4.2. Management counterparts	24
4.3. Deliverables and dissemination plan.....	24
4.4. Indicative timetable.....	25
ANNEXES.....	26
Annex 1. Strategic fundamentals.....	26
Annex 2. Portfolio analysis	30
Annex 3. Population analysis	37
Annex 4. Cluster (sample) selection	50
Annex 5. Evaluation matrix.....	52

Abbreviations

ABI	Annual Bank Investment	GEFF	Green Economy Financing Facility
ADB	Asian Development Bank	GET	Green Economy Transition
ARC	EBRD Audit and Risk Committee	GIS	Geographic Information Systems
ASB	Advice for Small Businesses	GOV	Well-governed transition quality
BG	Business Group	GRE	Green transition quality
CAG	Cyprus and Greece	GrCF	Green Cities Framework
CAS	Central Asia	IEvD	Independent Evaluation Department
CEB	Central Europe and the Baltic states	IFI	International Financial Institution
COM	Competitive transition quality	IFRS	International Financial Reporting Standards
COP28	28th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change	INC	Inclusive transition quality
CSD	Climate Strategy and Delivery	INT	Integrated transition quality
DAC	Development Assistance Committee	KR	Kyrgyz Republic
DCF	Donor Co-Financing	MDB	Multilateral Development Bank
EBRD	European Bank for Reconstruction and Development	MEI	Municipal and Environmental Infrastructure
ECG	Evaluation Cooperation Group	MIS	Management Information System
EEC	Eastern Europe and the Caucasus	NGO	Non-Governmental Organisation
EQ	Evaluation Question	NRW	Non-Revenue Water
ESAP	Environmental and Social Action Plan	OECD	Organisation for Economic Co-operation and Development
ESD	Environment and Sustainability Department	OL	Operation leader
ESIF	EBRD Sustainable Infrastructure Framework	OPID	Operation ID
ETC	Early Transition Countries	PE	Policy Engagement
EU	European Union	PTQ	Primary transition quality
EvalNet	DAC Network on Development Evaluation	RES	Resilient transition quality
FI	Financial Institutions	SA	Standalone Operation
Fwk	Framework	SCF	Strategic and Capital Framework
GCAP	Green City Action Plan	SDG	Sustainable Development Goal
		SDG 6	SD Goal 6 (Clean Water and Sanitation)
		SEE	South-Eastern Europe
		SEI	Sustainable Energy Initiative

SEMED	Southern and Eastern Mediterranean	TI	Transition Impact
SIC	Sector/Industry Classification	TIMS	Transition Impact Monitoring System
SO	Sub-operation	TRK	Türkiye
SOV	Sovereign	TQ	Transition quality
SRI	Sustainable Resource Initiative	UN	United Nations
SSA	Sub-Saharan Africa	UNDRR	United Nations Office for Disaster Risk Reduction
STQ	Secondary transition quality	WS	Water Supply
SWIFT	Sustainable Water Infrastructure Framework for Transition	WWS	Water and Sewage Systems
TC	Technical Cooperation		

1. Introduction

1.1. Objective and scope

The Independent Evaluation Department (IEvD) 2026–2028 Work Programme and Budget includes a project cluster evaluation of EBRD projects with water supply components. It is not a thematic, sectoral or strategic evaluation of EBRD's engagement in the water sector, nor of the overall approach to water. Nor is it intended to assess an overall shift towards a more integrated approach in the water sector. Rather, it is a cluster evaluation of projects with a focus on water supply. This focus reflects the need to maintain a reasonably homogeneous population that supports comparability, evaluability, identification of patterns and cross-cutting lessons, and generalisation of findings.

The rationale for the chosen cluster population and the exclusion of other water project categories is detailed in Section 3.3: Sample Selection. Nevertheless, the evaluation will assess the selected cluster of projects in their country and sector context and, at the project level, where evidence shows more integrated approaches, these will be captured, documented and reflected through the proposed assessment framework and analysis.

At EBRD, water-related operations span multiple industry classifications. Sector/Industry Classification (SIC) codes assign each operation to its primary economic activity, supporting portfolio reporting, aggregation, and analysis. Box 1 summarises the water-related SIC codes observed in EBRD datasets and their typical portfolio coverage. These include Water and Sewage Systems and Municipal Services (under Municipal and Environmental Infrastructure (MEI)/Sustainable Infrastructure), which are the subject of this evaluation, but also Water Transportation (Transport, Sustainable Infrastructure) and Water, Purifying and Bottling (Food and Agribusiness, Corporate Sector), which are not covered in this evaluation.

This cluster evaluation centres on a targeted sample of projects with a focus on water supply, including operations with integrated water supply and wastewater components, that are comparable across core characteristics such as operational and transition objectives (see section 3.3). Based on an initial review of project documentation, these operations centre on rehabilitating and upgrading water supply systems, improving service reliability and efficiency, and strengthening utility operational performance. In several cases, infrastructure investments are complemented by capacity-building measures and tariff reforms. Together, these elements contribute to transition objectives primarily associated with Green, Competitive, Well-governed, and Resilient transition qualities.

The evaluation aims to identify cross-cutting findings, lessons, and systemic issues. Focusing on a cluster of projects, the evaluation examines relevance, including additionality, and the effectiveness and efficiency of the Bank's support, including technical cooperation (TC) and policy engagement (PE), and their contribution to intended outcomes. The evaluation aims to generate evidence-based insights to inform institutional learning relevant to the Bank's transition objectives and future water operations, where appropriate.

The evaluation covers the 2016-2025 period. The evaluation cluster sample is drawn from projects signed within a ten-year period, spanning two EBRD strategic cycles. The ten-year timeframe is applied to reflect the extended implementation and operationalisation timelines characteristic of infrastructure projects. The sample is purposefully selected from the population

of Water and Sewage subsector projects. Further details of the sampling approach are provided in Section 3.3.

1.2. Rationale for the focus on water and the Water and Sewage Systems subsector

Access to safe, reliable and sustainable water services remains a major global development challenge, with progress falling short of internationally agreed objectives. Despite global commitments under Sustainable Development Goal 6 (Clean Water and Sanitation), persistent gaps in service provision, system sustainability and resilience continue to affect water supply and sanitation systems, particularly in emerging and transition economies. Multilateral development banks, including EBRD, play an increasingly important role in addressing these challenges through investment, technical support and policy engagement in the water sector.

These challenges are directly relevant to EBRD's strategic priorities and evolving operational footprint. Under its Strategic and Capital Framework 2026–30 and the Green Economy Transition (GET) Strategy for 2026–30, the Bank has reinforced its focus on climate mitigation and adaptation, resilience, and efficient use of natural resources across core economic systems, including cities, urban infrastructure and utilities. Water supply systems sit at the intersection of these objectives, given their central role in protecting human health, enabling inclusive economic activity and strengthening resilience to climate-related risks such as droughts and flooding.

The relevance of water sector challenges is further underscored by EBRD's recent expansion into Sub-Saharan Africa, where the Bank has identified climate shocks and infrastructure gaps as central transition constraints, and where global monitoring under SDG 6 continues to indicate significant gaps in access to safe drinking water and service sustainability.

Against this backdrop, the cluster evaluation focuses on investments within the “Water and Sewage Systems” subsector, with particular emphasis on operations centred on water supply, including wastewater operations with significant water supply components (see section 3.3 on sample selection). This focus reflects the central role of water supply in addressing service gaps, supporting resilience and delivering transition outcomes across economies where EBRD invests.

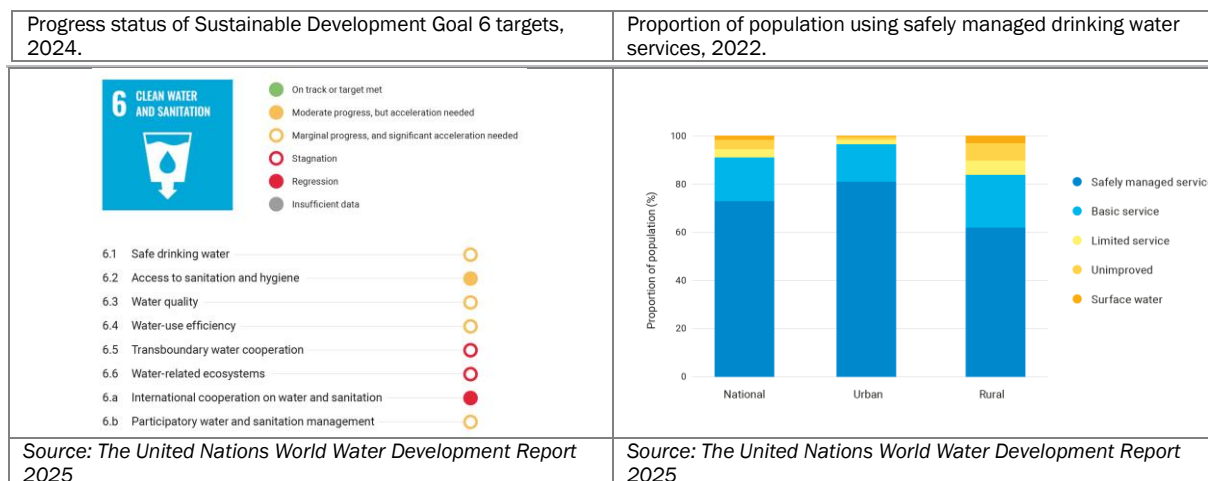
2. Context

2.1. Water supply and sanitation: global context

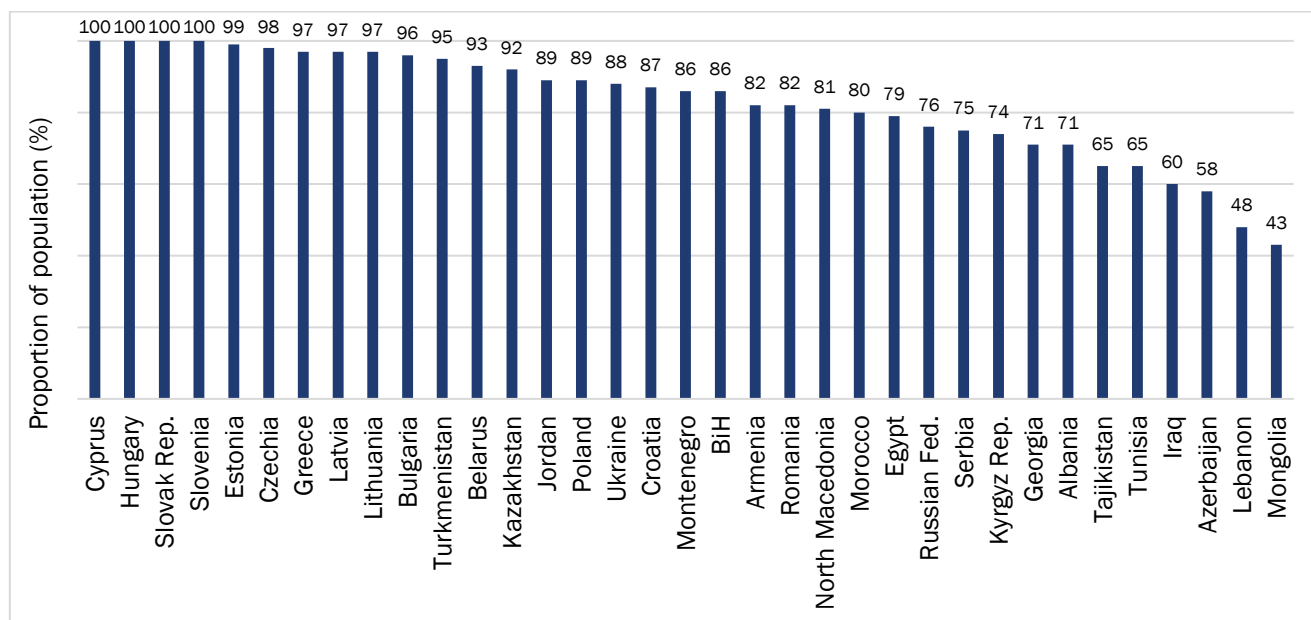
Ensuring universal access to safe and reliable drinking water remains a major global challenge. Global monitoring under Sustainable Development Goal 6 indicates that progress across drinking water, sanitation and wastewater targets is insufficient to meet the 2030 deadline. As of 2024, an estimated 2.2 billion people worldwide lacked access to safely managed drinking water services, while only around half of domestic wastewater was safely treated, underscoring persistent gaps not only in access but also in service sustainability and environmental protection.^{1,2}

¹ UN-Water (2024), *SDG 6 Progress Report: Summary and Acceleration Needs*.

² WHO/UNICEF Joint Monitoring Programme (2024). *Progress on Drinking Water, Sanitation and Hygiene: 2024 Update*.

Figure 1: Progress status of Sustainable Development Goal 6 targets, 2024

Water supply systems are facing growing pressures linked to demographic and economic trends. The UN World Water Development Report highlights rising demand for municipal water services driven by urbanisation and population growth, alongside ageing infrastructure and limited investment in operation and maintenance, particularly in low- and middle-income countries.³ These pressures affect both the reliability of existing services and the capacity of utilities to expand or modernise systems in response to growing demand.

Figure 2: Proportion of population using safely managed drinking water services Latest available year (2024)

SDG 6: Indicator 6.1.1: Safely managed drinking water services refer to the use of an improved drinking water source that is (i) located on premises, (ii) available when needed, and (iii) free from faecal and priority chemical contamination.

Source: UN Water. <https://www.sdg6data.org/en/charts/column>

Note: Data are reported at the national level. Country names follow EBRD nomenclature. The chart excludes five EBRD economies, Kosovo, Moldova, Türkiye, Uzbekistan, and West Bank and Gaza, for which national-level data for 2024 were not available.

³ UNESCO (2024). UN World Water Development Report: Water for Prosperity and Peace.

Operational and institutional challenges in water supply systems

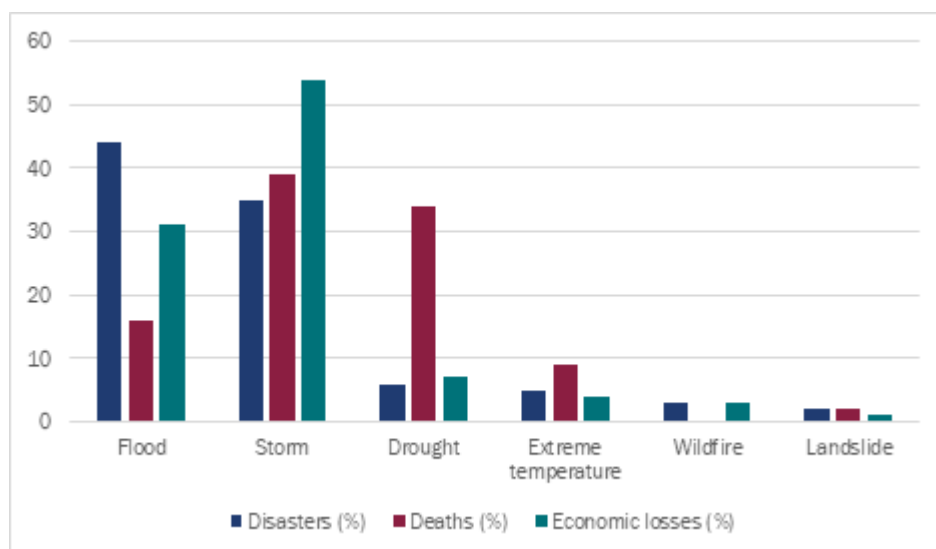
Beyond coverage gaps, the performance of water supply systems is constrained by structural, financial and institutional weaknesses. One persistent challenge is the high level of water losses in distribution systems, commonly referred to as non-revenue water, encompassing both physical losses (leakages) and commercial losses (metering inaccuracies and unbilled consumption), which reduces effective water availability and undermines utility finances. Global estimates suggest that water losses amount to over 100 billion cubic metres annually, representing significant economic and resource inefficiencies, particularly in emerging and transition economies.⁴

International assessments by UN agencies and development partners consistently point to weaknesses in utility governance, limited cost recovery, capacity constraints and fragmented institutional responsibilities as key barriers to improving service quality and sustainability.^{1,3} World Bank water sector diagnostics similarly highlight that under-pricing of water services, weak financial viability of utilities and insufficient asset management constrain long-term investment and system performance, even where basic infrastructure coverage has been expanded.

Water supply, climate risk and resilience

Climate variability and climate-related shocks are increasingly shaping the operating environment for water supply systems. Floods and drought are among the most frequent and damaging water-related disasters globally and are projected to intensify as climate change affects hydrological patterns and extremes.⁵ Recent reports, such as the UNDRR 2024 Annual Report and the UN World Water Development Report 2024, confirm that nine out of ten natural disasters are water-related. These dynamics pose direct risks to water availability, water quality and infrastructure reliability, particularly for systems with limited storage capacity or aging networks.

Figure 3: Distribution of water-related disasters and impacts by hazard type (1970–2019)



Source: World Meteorological Organization (2021), *Atlas of Mortality and Economic Losses from Weather, Climate and Water Extremes (1970–2019)*, Figure 5.

⁴ Liemberger, R. & Wyatt, A. (2019). *Quantifying the Global Non-Revenue Water Problem*. Water Supply, IWA Publishing.

⁵ UNESCO (2024). *UN World Water Development Report*, section on floods and droughts.

Recent global analyses indicate that many water supply utilities remain poorly equipped to manage these risks, with limited uptake of resilience-building measures and constrained access to finance for climate adaptation.⁶⁷ Technical studies focusing specifically on drinking-water systems underscore that, while frameworks for resilience assessment are emerging, implementation remains uneven, and evidence on the effectiveness of adaptation measures is still limited.⁶ Strengthening the resilience of water supply services has therefore become an emerging priority for governments and development partners, alongside efforts to expand access and improve efficiency.

Implications for MDBs and economies where EBRD invests

The challenges outlined above have direct implications for how multilateral development banks engage in water supply projects. In many EBRD regions, water supply systems are characterised by aging infrastructure, institutional constraints and increasing exposure to climate-related risks, particularly in urban areas. This is set against a widening global financing gap, where projected infrastructure demands of US\$6.7 trillion by 2030 and US\$22.6 trillion by 2050 contrast sharply with current annual spending of just US\$0.164 trillion.⁸ Similar conditions are observed in other MDB regions, including those where development finance engagement is expanding, such as Sub-Saharan Africa, where particularly large gaps in access to safe drinking water and service sustainability exist, emphasising the importance of early institutional learning as engagement develops.^{1,2}

In this context, improving the performance and sustainability of water supply services often requires addressing a combination of technical, financial and institutional constraints, rather than infrastructure deficits alone. This context frames the operating conditions within which EBRD-supported water supply projects are designed and implemented.

2.2. EBRD's approach to water investments

Strategic fundamentals

A comprehensive review of the relevant strategic documents focusing on stated challenges, priorities and operational directions, the way water was positioned within them, and water-related references to regions and countries and indicators or monitoring provisions, where applicable, was conducted and is found in Annex 1. This section summarises this analysis and synthesises how the topic of water has been presented across the MEI and Infrastructure sector strategies, as well as in broader strategic frameworks, including Strategic and Capital Frameworks (SCFs) and Green Economy Transition (GET) documents covering the evaluation period:

Compared with the MEI 2012–18 strategy, which primarily positioned water and wastewater within the provision of essential municipal services and environmental compliance, the 2019–24 strategy expanded the treatment of water to include climate resilience, resource efficiency, innovation, circular economy approaches and “smart” urban infrastructure. The Infrastructure Sector Strategy 2025–29⁹ further broadened the framing of water and wastewater from a

⁶ Howard, G. et al. (2026). *The Vulnerability and Resilience of Drinking Water Systems to Climate Change*. *Current Environmental Health Reports*.

⁷ World Bank (2024). *Water Security and Climate Change: Insights from Country Climate and Development Reports*.

⁸ World Bank (2030 Water Resources Group), Finance for Scale; OECD, *Financing Water: Investing in Sustainable Growth*, OECD Publishing, Paris (2018). These figures represent cumulative global infrastructure requirements for water supply and sanitation.

⁹ MEI and Transport strategies merged into the Infrastructure Strategy in 2025.

municipal service subsector to an integrated infrastructure and resource-management issue linked to climate action, resilience, regional connectivity and nature-based solutions.

GET 2015 sought to increase activity in municipal finance to upgrade water and wastewater infrastructure and water management and broaden the environmental scope. GET 2021-2025 expanded the scope to address water quality, resilience and climate adaptation, addressing water stress and pollution as a critical risk. In GET 2030, clean water provision and wastewater treatment are considered core components of the urban system, and sustainable use of water to address water scarcity is considered an area of focus in the agrifood system. This reflects a more systemic and integrated approach, where water is integrated into core economic systems.

The prominence of the topic of water decreased over time in the SCFs. SCF 2016-2020 addressed water most extensively, primarily in relation to the Sustainable Resource Initiative (SRI), water efficiency, waste minimisation, food security and regional environmental challenges. By contrast, the SCF 2021-25 contained only two explicit references to water, referring to scarce environmental resources and to water within the discussion of the potential of digital technologies across sectors. The SCF 2026-30 also mentioned water only twice, in relation to water stress in EBRD regions, and the intention to leverage municipal and water sector frameworks at the sub-sovereign level.

In addition, EBRD launched its approach to nature in 2023 at COP28, presented as a statement on how the Bank could deliver more benefits for nature, and play a role in halting and reversing biodiversity loss by 2030. The approach outlined how EBRD would scale up nature action across three pillars: protect, invest and disclose.

Governance and delivery model

Responsibility for water and wastewater operations had remained primarily within the former Municipal and Environmental Infrastructure sector, now Infrastructure, with banking teams leading project origination and implementation. Strategic guidance relevant to water investments is provided through cross-cutting Bank frameworks on infrastructure, climate and green transition, while the Environment and Sustainability Department is responsible for environmental and social oversight of the Bank's projects.

Water projects are typically implemented with municipal or regional utilities as clients and frequently supported by technical cooperation, particularly in areas related to utility diagnostics, tariff setting, institutional reform and project preparation, project feasibility or technical due diligence. While water-related considerations also arise in other sectors, the present cluster evaluation focuses on direct water infrastructure investments, and engagement is therefore concentrated on banking teams and project-level counterparts directly involved in the selected investments.

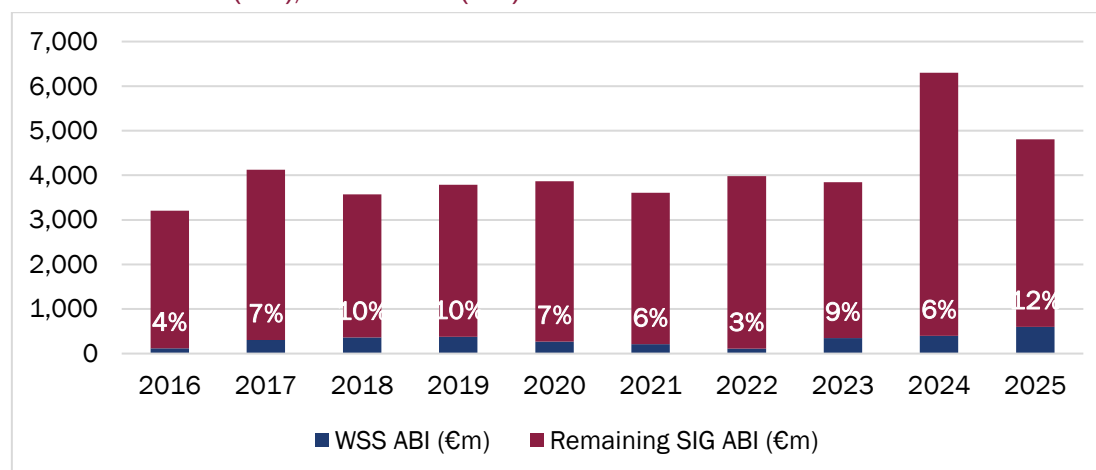
2.3. Portfolio analysis

This section provides an overview of EBRD's portfolio of water-related projects, focusing on projects classified under the Water and Sewage Systems (WSS) sub-sector. The analysis covers the period 2016-2025 and draws on internal EBRD portfolio signings to contextualise the scope of the evaluation and inform the subsequent sampling approach. A comprehensive portfolio analysis is presented in Annex 2.

Portfolio scale and composition

Over the period under review, investment in the **Water and Sewage Systems (WSS) subsector represented a relatively small but recurring component of EBRD's portfolio**. A closer look at subsectors' shares of Bank-wide ABI between 2016 and 2025 shows that Water and Sewage Systems ranked sixth among EBRD subsectors by cumulative investment volume. Aside from Financial Institutions, which accounted for substantially higher business volumes than any other subsector, cumulative WSS investment was broadly comparable to several subsectors occupying the third to seventh positions. As shown in Figure 4, WSS accounted for between 3% and 12% of annual Sustainable Infrastructure Group (SIG) ABI and represented around 8% of cumulative SIG investment over the evaluation period. While investment volumes fluctuated from year to year, water operations remained a consistent area of activity within EBRD's wider sustainable infrastructure portfolio.

Figure 4: EBRD investments in Water and Sewage Systems projects, compared to SIG Annual Bank Investment (ABI), 2016-2025 (€m)



Source: IEvD calculations based on EBRD data

Delivery model and client profile

The WSS portfolio is predominantly public-sector in nature. Approximately 96 per cent of projects are classified as state operations, with only a small share involving private sector counterparts. These projects are implemented by sovereign borrowers, municipal authorities or publicly owned water utilities, reflecting the public service mandate and ownership structures of the sector. This also points to the regulatory context of the sector in EBRD regions and implications for project design, implementation timelines and the maturity of observable results.

Operationally, around 30 per cent of WSS projects were approved as standalone operations, while approximately 70 per cent were sub-operations under frameworks, highlighting the prominence of programme-based delivery models in the subsector.

From a geographic perspective, water and sewage standalone projects are unevenly distributed across EBRD's regions. In terms of number of projects over the 2016-2025 period, operations were concentrated in a limited number of countries and regions, with the highest levels of activity observed in Central Asia and South-Eastern Europe, followed by more moderate engagement in Eastern Europe and the Caucasus and the Southern and Eastern Mediterranean. Other regions account for relatively few standalone water operations over the period.

Link to evaluation scope

The portfolio characteristics outlined in Annex 2 provide the context for the evaluation's scope and sampling decisions. The evaluation focuses on a targeted and purposefully selected subset of projects to support assessment against the evaluation questions. Further details on the definition of the population, sampling approach and cluster selection are presented in Section 3.3.

2.4. Previous relevant evaluations

This cluster evaluation builds on a body of evaluative work undertaken by IEvD and other multilateral development banks (MDBs) that, while not focused exclusively on water supply, provides relevant evidence and lessons for assessing EBRD's engagement in the water sector.

Within EBRD, the **Interim Evaluation of the Green Cities Programme (2016–21)** examined the relevance and efficiency of a flagship municipal programme in which water and wastewater investments feature prominently alongside other urban infrastructure sectors. The evaluation assessed the use of framework-based delivery models and policy dialogue through Green City Action Plans (GCAPs), and highlighted recurring constraints related to municipal administrative capacity, lengthy project preparation and implementation processes, and weaknesses in monitoring and results frameworks. These findings are directly relevant for understanding the operating context of water supply and sanitation investments implemented through municipal and sub-sovereign counterparts.

IEvD also published a thematic **evaluation of the Bank's policy dialogue and reform engagements. "Moving the wheels of change" – An evaluation of the EBRD's policy dialogue performance and results (2017–2023)** assessed how policy dialogue is designed, implemented and sequenced with investment operations, and the extent to which results can be evidenced and attributed. The evaluation highlighted the long-time horizons over which policy reforms materialise, the importance of institutional capacity and client ownership, and persistent challenges in tracking outcomes beyond immediate outputs. These findings are directly relevant to water sector operations, where policy dialogue on utility governance, tariff reform and regulatory frameworks frequently accompanies investment projects and where results typically emerge over extended periods.

Earlier IEvD work has examined municipal and environmental infrastructure delivery models more broadly. In particular, the **Evaluation of Private Sector Participation in Municipal and Environmental Infrastructure Projects (2014)** analysed governance arrangements, institutional capacity, tariff setting and financial sustainability in predominantly public-sector utility services, including water and wastewater. That evaluation highlighted structural constraints to private participation, the central role of public utilities and sovereign or municipal sponsors, and the implications of state-led delivery models for implementation timelines and the sustainability of results. This evaluation provides important contextual evidence for the characteristics observed in EBRD's water portfolio.

In addition, IEvD conducted the **Evaluation of the EBRD's Green Economy Transition Approach (2021–2025)**, which examined how green classification, additionality and results measurement operate in practice across infrastructure sectors. While not water-specific, this evaluation is directly relevant given the near-universal GET classification of water and sewage systems projects and the increasing framing of water investments within the Bank's climate, adaptation and resilience agenda.

Recent country-level evaluations have also addressed water investments as part of broader portfolio-level assessments. The **country-level Evaluation of EBRD Activities in Montenegro (2017–24)** identified limited progress in water and waste sanitation over the evaluation period and highlighted challenges related to the implementation and disbursement of municipal infrastructure projects, calling for reconsideration of the Bank's modalities of engagement with municipalities in these areas. Similarly, the **country-level evaluation "Moving the needle? The EBRD in Uzbekistan (2017–22)"** examined investments within a system-wide assessment of EBRD activities, including water projects, which at the time remained undisbursed.

Beyond EBRD, evaluations conducted by other MDBs, notably by the World Bank Group, have reviewed support to water supply, sanitation and municipal infrastructure. These evaluations consistently identify challenges related to project preparation, institutional and implementation capacity, financial sustainability of utilities, and the difficulty of measuring results beyond outputs in long-horizon public infrastructure investments. Such findings reinforce the relevance of examining how financing, technical cooperation and policy dialogue interact in the water sector.

Looking ahead, a number of forthcoming IEvD evaluations will address issues related to the water sector. Planned work includes programme- and thematic-level evaluations of the Green Economy Financing Facility (GEFF) (covering green investments delivered through partner financial institutions, including water efficiency, wastewater treatment, water rationalisation and reuse, and climate adaptation), EBRD's Environment and Social Policy, alignment with the Paris Agreement, a results and impact evaluation of the Green Cities Programme (2016–26), and a future thematic evaluation on water security and scarcity. These evaluations will cover additional angles and generate complementary evidence on the water sector.

In light of this, the present cluster evaluation is deliberately focused on project-level water direct investments, with particular emphasis on water supply operations and projects with significant water supply components. The focus is intended to avoid duplication with other evaluative work underway or planned within IEvD's work programme. As such, this cluster will also inform IEvD's forthcoming thematic evaluation Water Security and Scarcity, planned for 2028.

3. Evaluation methodology

3.1. Evaluation approach

This cluster report adopts a mixed-methods evaluation approach, consistent with IEvD practice for cluster evaluation. The evaluation is designed to generate cross-cutting insights by examining a group of projects sharing common characteristics, with a focus on identifying patterns, recurring issues and lessons relevant to EBRD's water projects. This is not a thematic, sectoral, or strategic evaluation of EBRD's engagement in the water sector.

Cluster evaluation employs a bottom-up methodology that builds understanding through systematic project-level assessments and horizontal synthesis of findings. The approach begins with rigorous definition of the project population based on shared characteristics, followed by comprehensive contextual analysis encompassing both institutional frameworks and external market dynamics. From this population, a purposeful sample (cluster) is selected to maximise learning potential through diversity of implementation contexts rather than statistical representation; the key question being whether the sample captures sufficient variety to illuminate the range of relevant scenarios and contextual influences affecting project outcomes.

Individual project evaluations are conducted using a common evaluation matrix, enabling systematic synthesis across cases to identify patterns, distinguish context-dependent variations, and uncover systemic issues. These project-level findings are validated and deepened through strategic stakeholder consultations that confirm whether identified patterns reflect genuine characteristics of the project type. The ultimate objective is to generate actionable insights about what works, what challenges consistently emerge, and under what conditions different outcomes occur, with findings directly applicable to informing future operations of similar nature.

Reflecting the characteristics of the water portfolio, with predominantly public-sector operations and long implementation horizons, the evaluation assesses project design, delivery arrangements and results achieved to date. It recognises that earlier operations within the sample period are expected to have generated observable outcomes, while more recent operations are included to assess design quality, relevance, additionality, and implementation progress, given that results may not yet be observable. The approach explicitly recognises that outcomes in the water sector often materialise over extended periods and are shaped by institutional, regulatory and political-economy factors beyond the control of EBRD.

The evaluation is structured around a common set of evaluation questions (Section 3.2) and a shared evaluation matrix (Annex 5), applied consistently across the targeted project sample. These questions examine the relevance of water projects, the effectiveness of project design and delivery (including the use of financial instruments, technical cooperation and policy dialogue), efficiency and evidence of results. The evaluation does not seek to attribute sector-wide or system-level outcomes to individual projects, but rather to identify cross-cutting patterns and factors influencing performance across the cluster.

Evaluation methods

Projects constitute the primary unit of analysis, with portfolio-level and contextual analysis used to situate individual operations within the Bank's broader engagement in the water sector. The evaluation uses standard IEvD methodology and combines desk-based review of project documentation and monitoring data with qualitative evidence from interviews with EBRD staff and external stakeholders. Evidence is triangulated across sources to strengthen robustness and support consistent application of the evaluation framework.

Given the implementation status of the sample, the evaluation will not systematically verify outcome indicators across all projects, and will instead assess evidence of results and implementation progress where available.

IEvD will work with external technical experts who will provide support for the application of a range of techniques to independently verify reported results and assess performance using innovative methods. Geographic Information Systems (GIS) analysis may be used selectively to support the assessment by spatially contextualising projects and triangulating available evidence. This may include mapping infrastructure and assessing alignment with local needs and environmental conditions, as well as estimating service coverage where feasible. The use of GIS would be intended to support interpretation and plausibility checks, rather than serve as a standalone means of verifying project results.

The evaluation may incorporate selected mezzo-level elements, depending on feasibility in time and budget. These would consist of desk-based analysis of the broader population of water supply projects to support findings from the cluster. This may include a review of progress against TIMS benchmarks, based on reported monitoring data and supplemented, where available, by clarifications from Banking colleagues. Such analysis would be interpreted in light of project maturity, including time since signing and disbursement levels. In addition, the evaluation may examine selected portfolio-level features, such as disbursement patterns or concessionality levels, where relevant, to provide further context.

To ensure transparency and credibility, the evaluation explicitly acknowledges data and evidence limitations where they arise. This approach supports both accountability and learning by generating practical, evidence-based insights relevant to the design and implementation of future EBRD water investments.

3.2. Evaluation questions

This cluster evaluation is guided by the following overarching question:

How do EBRD water supply projects contribute to transition impact in economies where the Bank invests?

This question is addressed through three evaluation questions, aligned with the OECD-DAC criteria of relevance, efficiency and effectiveness. The questions are applied consistently across the selected sample of water projects and related activities, and reflect the characteristics of the portfolio, which is predominantly public-sector, implemented over long time horizons, and composed largely of ongoing operations that have reached a meaningful level of implementation.

Together, the evaluation questions provide a structured framework for assessing project design, delivery performance, and progress towards intended results, while recognising that, for many water investments, outcomes and impacts materialise gradually and extend beyond the timeframe of the evaluation.

EQ1: To what extent do the objectives and design of EBRD water supply projects and related activities respond to the needs and priorities of their clients, and countries/economies of investment more broadly?

This question assesses the relevance of EBRD water investments in relation to the needs and priorities of project clients and the broader country or municipal contexts in which they operate. It examines whether project objectives and design appropriately address key challenges in the water sector. The evaluation will also assess climate-related, environmental, institutional and economic governance considerations as part of project design and quality at entry.

The assessment also covers the relevance, coherence and additionality of EBRD water supply projects. It examines the extent to which project objectives and design respond to client and country needs, align with EBRD strategic priorities, complement other interventions in the sector, and provide financial and non-financial additionality. The assessment also considers the role of concessional financing in enabling project viability and affordability. Detailed assessment criteria are set out in Annex 5.

EQ2. To what extent are EBRD water supply projects and related activities designed and implemented efficiently?

This question examines the efficiency of project design and implementation processes. It focuses on the quality and completeness of project preparation, the appropriateness of financing instruments and risk-mitigation measures, and the effectiveness of arrangements for project implementation and supervision.

Given the public-sector orientation of the portfolio, the analysis pays particular attention to factors that influence efficiency in water investments, including procurement and contracting arrangements, institutional capacity constraints, implementation timelines and disbursement performance, and the use and management of technical cooperation. The question also considers how effectively EBRD responds to implementation challenges as they emerge, including adjustments to project design or delivery arrangements where conditions evolve over time.

EQ3. To what extent are EBRD water supply projects and related activities achieving, or demonstrating credible progress towards, their intended results and transition outcomes, and what unintended effects, positive or negative, have emerged?

This question assesses progress towards the achievement of intended results at the project level. The assessment will be applied in a maturity-sensitive manner. For projects at more advanced stages of implementation, the evaluation will examine the extent to which intended outputs and outcomes have materialised, based on available evidence. For projects that are ongoing or at earlier stages, the analysis will focus on the plausibility of results and early evidence of implementation progress. It will include how project outcomes have contributed to transition, as assessed through the transition qualities. Notably Green and Resilient (improvements in the sustainability and reliability of service delivery and operational performance), Well-governed (progress on tariff reform and financial sustainability, as well as institutional and governance outcomes), and Inclusive (improved access to services where relevant across the portfolio).

The assessment also considers the likelihood that achieved or emerging results will be sustained over time, based on prevailing financial, institutional, operational and regulatory conditions, without extending the analysis to system-wide or sector-level impacts. The analysis will not seek to systematically verify outcome indicators across all projects, but will instead identify patterns in performance and analyse the factors that enable or constrain the achievement of results across different project contexts.

3.3. Sample selection

The evaluation applies a purposeful sampling approach, with the individual project as the unit of analysis. The evaluation is not designed to assess any framework facility as the subject of evaluation (i.e. frameworks do not constitute the primary unit of analysis). Frameworks are not intended to be represented proportionally and are not a criterion for cluster selection. However, sub-operations (SOs) under frameworks are retained as valid project-level units within the population and sample, alongside standalone operations (SAs). SO status is treated as a contextual variable to be examined (for example, whether framework affiliation influences delivery patterns). An in-depth portfolio analysis of the project population is presented in Annex 3, while the detailed cluster selection process is presented in Annex 4.

Step 1 – Defining the population

Timeframe. The population is defined as operations first signed in 2016–2025, a ten-year period selected to reflect long infrastructure implementation timelines and to span two EBRD strategic cycles. Operations signed prior to 2016 are excluded.

Subsector scope and data cleaning. The evaluation team first identified all projects classified under the Water and Sewage Systems (WSS) SIC, including older classifications such as Water Supply and Water and Sewage, resulting in 113 projects (€3,047 million ABI). To check for SIC coding potential inconsistencies, the team additionally reviewed the Municipal Services subsector to identify water-related operations, adding 17 further projects and bringing the water-related set to 128 projects (€3,471 million ABI) for descriptive analysis.¹⁰

¹⁰ Two projects overlapped across both SICs, WSS and Municipal Services, therefore, the total number of projects is 128 instead of 130.

Thematic classification (IEvD typology). A portfolio categorisation exercise was undertaken. This involved reviewing project documentation and portfolio data, which resulted in an IEvD-specific typology (not a Bank categorisation) to classify projects by primary investment focus. The exercise shows that the portfolio of selected projects comprises multiple structurally different types of interventions. Descriptions for each category are presented in Table 4 of Annex 2. Table 1 presents the results of the application of the categorisation to the water-related portfolio.

Table 1: IEvD project typology of water-related investments by number of projects and volume

Category	Number of projects	% of projects	ABI (€m)	% of ABI
Water supply	23	18%	349	10%
Integrated water supply and wastewater	49	38%	676	19%
Wastewater / sanitation infrastructure	36	28%	1,189	34%
Environmental remediation / pollution control	2	2%	74	2%
Irrigation / Water Conservation	6	5%	882	25%
Irrigation / Water Management	5	4%	153	4%
Emergency / liquidity support	4	3%	135	4%
Flood protection / urban drainage infrastructure	2	2%	8	0%
Energy efficiency / renewable energy for water systems	1	1%	0	0%
Total	128	100%	3,471	100%

Cluster population (water supply focus). For the project-level cluster, the evaluation focuses on water supply investments, including integrated water supply and wastewater projects where water supply is one of the principal components.

These categories share sufficiently similar characteristics and together form a coherent population that supports comparability at project level. The two groups together account for 72 unique operations (65 WSS and nine Municipal Services), totalling €1,025 million ABI.

The remaining categories below are not included in the cluster because their primary investment objectives differ in ways that would reduce coherence and comparability within a single analytical cluster (comprehensive details for each category in Table 4 of Annex 2):

- **Irrigation:** Agriculture-specific delivery dynamics and complex attribution pathways limit comparability
- **Standalone wastewater and sanitation:** Distinct service category focused on wastewater collection, treatment and sludge management
- **Environmental remediation and pollution control:** Primary objective is pollution reduction

- **Flood protection and urban drainage:** Focus on stormwater management and flood risk reduction (climate resilience)
- **Energy efficiency and renewable energy for water systems:** Primary investment focus is energy generation and efficiency
- **Emergency and liquidity support:** Finance working capital rather than physical infrastructure.

Step 2 – Portfolio analysis to inform purposeful selection

Portfolio analysis was conducted on the defined population to understand not only the distribution of individual characteristics, but also relationships between them. The analysis shows that the population is geographically concentrated, with Central Asia comprising 36 projects (50%) and South-Eastern Europe 25 projects (34.7%), while EEC, Türkiye, CEB and SEMED collectively account for 11 projects (15.3%). The analysis also documents differences in average project size by region and the distribution of projects across a small-scale baseline (below €15 million), a mid-scale range (€20 million–€65 million), and mega-scale outliers (above €70 million).

The portfolio is also structured predominantly through frameworks: within the population, suboperations account for 88% of projects and 77% of ABI, and the analysis describes differences between standalone and suboperation profiles across regions and frameworks. The analysis further shows that standalone operations are used almost entirely for sovereign deals, while suboperations are predominantly non-sovereign, with notable regional patterns (including a hybrid approach in Türkiye).

Finally, transition objectives were analysed using transition qualities as proxies for ex-ante expectations. The portfolio is anchored by Green as the primary quality, and the analysis identifies dominant primary–secondary pairings (including Green–Resilient and Green–Well-Governed, as well as high-volume Green–Competitive and the frequent Well-Governed–Competitive pairing).

Step 3 – Purposeful sample selection

The portfolio analysis in step 2 aimed to reveal the relationships between different characteristics, including, among others, the regions that consistently have larger projects and sovereign vs sub-sovereign operations patterns. The sample is purposefully selected to capture the diversity of operational contexts.

Sampling criteria

- **Timeline:** There are 72 unique OpIDs with annual investment volumes signed over the evaluation period. These can be split into two five-year periods to cover both older projects (49%), which in principle would be more mature and advanced in their implementation, and newer operations (51%) to explore whether time has affected project features.
- **Project size:** Projects from the small (up to €15 million), mid (€20 million to €65 million) and mega scale (above €70 million) ranges in terms of average size.

- **Region:** Coverage of the regions with the largest number of projects and largest share of ABI (CAS), as well as the more underserved regions (SEMED).
- **Sovereign and non-sovereign:** Standalone operations are used almost entirely for sovereign deals. Conversely, suboperations are predominantly non-sovereign deals. Unique OpIDs with annual investment volumes signed over the evaluation period present an overall even split, but markedly differ when segregated by type of framework. For standalone projects, 90% of projects are sovereign, whereas this is the case for 50% of suboperations.
- **Framework type:** Approximately 90% of the project population are suboperations under frameworks, with the remainder being standalone projects. The sample aims to mirror this distribution.
- **Transition objectives:** Transition qualities are used as proxies for ex-ante expectations. Coverage of the main transition quality pairings, with Green predominantly as primary (+ resilience, competitiveness), and also including projects with other transition qualities, such as Well-governed as primary instead of Green.

Sample draw

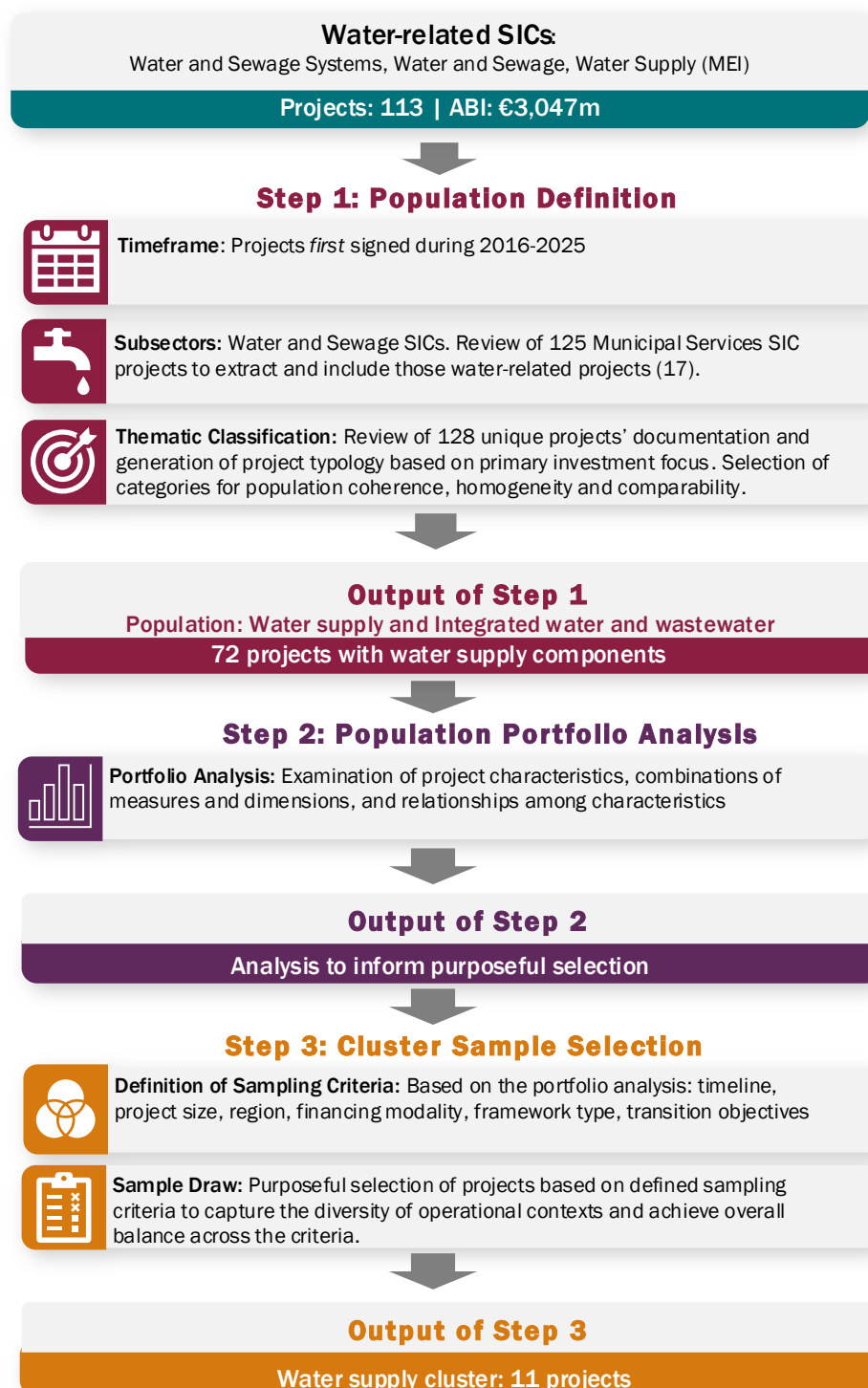
The sample spans the full implementation period (2016–2025), including at least one recently signed operation, and ensures representation across regions, with particular weighting towards Central Asia and South-Eastern Europe, where the portfolio is most concentrated. It also maintains variation across framework types (SO and SA), sovereign and non-sovereign exposures, and project size (small-, mid- and mega-scale), while limiting duplication within economies, except where justified (e.g. Romania) to reflect programme-based approaches. In terms of transition qualities, the sample reflects the distribution observed in the population by prioritising projects with Green as the primary objective, complemented by a Well-Governed primary case to preserve analytical contrast. Secondary transition qualities are selected based on the most common pairings in the portfolio, notably Green–Resilient and Green–Well-Governed. The project sample is purposefully selected to ensure coverage of key dimensions of the water portfolio while supporting the evaluation’s learning objectives.

Each project contributes to the overall balance across the defined sampling criteria (signing year, size, region, financing classification, and transition objectives). Any substitutions should preserve this balance by selecting projects that meet the full combination of criteria, rather than matching on a single dimension (e.g. replacing a Kyrgyz Republic project with another Kyrgyz Republic project). Although not statistically representative, the sample is designed to reflect the diversity of the water supply project population.

Figure 5 summarises the three-step process used to define the project population, analyse its characteristics and select the cluster sample.

The resulting sample comprises 11 purposefully selected projects.

Figure 5: Process of identifying the project level cluster sample



3.4. Risk and mitigating actions

The evaluation is subject to a number of limitations, which are addressed through the proposed approach.

First, access to clients and external stakeholders and their willingness to engage with the evaluation team will be important for obtaining perspectives on sector-level challenges, implementation realities and the relevance of EBRD's support in water and wastewater operations. Limited engagement could constrain the depth of qualitative insights. This risk will be mitigated through close coordination with relevant Banking and portfolio teams to facilitate access, while preserving both the requirements of independent evaluation and the relationship between the Banking teams and clients.

Second, the quality, consistency, availability and accessibility of internal monitoring and reporting data may affect the strength of evaluative evidence, particularly in a portfolio-level assessment spanning multiple countries, instruments and implementation modalities. The evaluation team will engage proactively with banking operation leaders to build trust and rapport in order to facilitate timely access to relevant data and documentation through Bank information systems, in line with the EBRD Evaluation Policy and applicable confidentiality provisions. Evidence will be triangulated across multiple sources to address data limitations.

Third, the availability and reliability of third-party data used for contextual analysis and independent verification may vary across countries. This risk will be mitigated through the use of specialised sector expertise within the evaluation team and targeted use of external data sources, ensuring that assumptions and limitations are transparently reflected in the analysis.

Fourth, external factors beyond the Bank's control, including regulatory conditions, fiscal constraints, climate-related shocks and implementation capacity, influence outcomes in the water sector. In line with IEVD practice, the evaluation will focus on assessing contribution and plausibility rather than attribution, situating findings within the broader operating context.

4. Administrative arrangements

4.1. Evaluation team

The cluster evaluation will be led by Alejandra Palma, Principal II, Evaluation Manager, with analytical support from Sofia Keenan, Evaluation Analyst, and contributions from Regina Husakova and Shireen El-Wahab, Associate Directors, Senior Evaluation Managers, all from the Independent Evaluation Department (IEVD).

The evaluation team will be supported by external consultants with substantive expertise in the water sector and experience with the EBRD and/or other multilateral development banks. Specialist expertise in geographic information systems (GIS) will also be engaged to support spatial analysis where relevant.

Samer Hachem, Director of Sector, Country and Project Evaluations, will provide overall guidance to the evaluation. Regina Husakova, Associate Director, Senior Evaluation Manager, will act as internal methodological peer reviewer. In addition, an internal review panel will further examine

draft outputs as part of IEvD's quality assurance and approval processes. An external reviewer will be appointed at a later stage.

4.2. Management counterparts

The Board of Directors and Management are the main counterparts for this evaluation. IEvD will follow the established protocol of communication with the focal points in the Impact team.

Management counterparts for the evaluation will include relevant Banking teams, in particular Infrastructure teams and other Bank functions involved in the design and implementation of water operations, including CSD, PSD and ESD. The evaluation team will engage with operational leaders of the projects selected for evaluation to ensure a continuous flow of information, as well as with the respective directors and heads of relevant banking and portfolio teams.

Engagement will also include teams responsible for the provision and management of technical cooperation, including donor-funded support accompanying water investment projects. Environmental and Social specialists and other technical specialists may be consulted where relevant.

To ensure smooth and efficient fieldwork and engagement with clients and other external stakeholders, the evaluation team will initiate early consultations with Resident Office Heads and operational leaders in the countries included in the sample. Engagement with external stakeholders, particularly clients and relevant government authorities, will be instrumental to the evaluation.

Support from Management counterparts in facilitating access to these stakeholders and project sites will therefore be critical, and engagement will be conducted in close coordination with the relevant operational teams.

Management counterparts will be consulted at key stages of the evaluation process, including during the review of the approach paper, throughout data collection and for factual validation of findings. Engagement with Management will be conducted in line with IEvD practices, while safeguarding the independence of the evaluation.

4.3. Deliverables and dissemination plan

The key deliverable from this evaluation will be the final evaluation report, presenting findings, lessons and recommendations. The report will be accompanied by annexes, including project-level summaries and portfolio analysis.

The final report will be presented before the Audit and Risk Committee in line with IEvD procedures. Management will be invited to provide formal comments on the draft evaluation, which will be published alongside the report. The report will be published in Pegasus.

In line with the Bank's Access to Information Policy, an external version of the report will be prepared and published on the IEvD website, subject to applicable disclosure requirements and confidentiality considerations. The publication will also be promoted on social media, e.g. via the LinkedIn platform. The report will be shared with the relevant networks, which may include the

DAC Network on Development Evaluation (EvalNet), the Evaluation Cooperation Group (ECG), and evaluation departments in partner IFIs for further distribution.

The final version of the evaluation report will also be shared with all external stakeholders who took part in the interview programme.

4.4. Indicative timetable

The cluster evaluation's anticipated timeline is presented below and is subject to change during implementation.

Table 2: Evaluation milestones and expected dates

Milestone	Delivery
Approach Paper finalised and approved	July 2026
Consultants recruited	July/August 2026
Preparatory work for the interview programme completed	July/August 2026
Interview programme, including field work, completed	September/November 2026
Draft with executive summary circulated to internal peer reviewers	December 2026 / January 2027
Final draft approved by Director	December 2026 / January 2027
Draft distributed to Management	January 2027
Final report distributed to the Board	February 2027
External publication of the report	February 2027
Communication of evaluation results across networks and through social media	March 2027
Dissemination event(s)	March 2027 onwards

ANNEXES

Annex 1. Strategic fundamentals

The **MEI Strategy 2012–2018** identified the delivery of **sustainable essential services** as its main objective. **Water and wastewater are included within these services**. The strategy referred to service deficits, particularly in ETC countries and in regions such as **SEMED, Central Asia and Russia**, where access gaps are identified. It noted that **Azerbaijan, Morocco, Romania, Russia, Tajikistan and Uzbekistan** each had more than one million people without access to improved water. It also referred to lower levels of access to water at EU standards, and identified challenges including urbanisation, affordability constraints and the scale of investments required to meet environmental standards. Core themes included decentralisation, commercialisation and environmental improvement. In relation to water and wastewater, the strategy referred to support for utility corporates, capacity building for regulators and client agencies, and the use of framework operations or fund structures to reach smaller communities. Water and wastewater accounted for **45 per cent of MEI commitments over 2005–2011**.

The **MEI Strategy 2019–2024** included water and wastewater among the Bank's "traditional urban subsectors" within essential municipal services. Its objective was to promote accessible, sustainable municipal infrastructure. The strategy referred to challenges including water pollution and scarcity, climate-related risks to water supply, and gaps in access to services. It specified that the most pressing water service gaps were in **rural Romania, Mongolia and the rest of Central Asia**, and that wastewater infrastructure gaps were present in **Romania, Bulgaria, SEMED and Eastern Europe and the Caucasus**. It also noted that water demand was increasing and availability was declining, while water was deemed a cross-cutting issue affecting sectors including agriculture and energy.

The strategy referred to investments in rehabilitation and expansion of infrastructure, efficiency improvements, reduction of losses, alternative water sources such as desalination, climate adaptation measures and environmental compliance. It also listed activities including flood protection, urban drainage, water reuse, irrigation, smart water systems and sludge management. In addition, the results framework included indicators such as **access to drinking water and sanitation, water saved (m³/year), and wastewater treated, avoided or reduced (m³/year)**, as well as context indicators on population access to safe drinking water and improved sanitation.

The **Infrastructure Strategy 2025–2029** included water within infrastructure sectors covering water production, storage, distribution, wastewater collection and treatment, irrigation infrastructure, water resources management, and urban/storm water drainage and "blue" infrastructure. It referred to water as **critical, increasingly fragile and scarce** in many economies where the EBRD invests, particularly in **SEMED and Central Asia**, where water stress is identified as a significant issue. The document also refers to high levels of system losses, noting that non-revenue water can exceed 80 per cent of **supply** in some cases.

The strategy discussed measures to address these challenges, including demand-side approaches such as loss reduction, metering, pricing and water conservation, and supply-side approaches including desalination and water reuse. In relation to desalination, the document specifies countries with strong potential, including **Egypt, Jordan, Morocco and Tunisia**, and referred to public-private partnerships as a viable delivery mode. The need for **integrated water management** was also presented. **Water access in Sub-Saharan Africa** was described as uneven,

with large disparities between countries and between urban and rural areas, and where sanitation gaps were more acute. In **Ukraine**, damage to water and wastewater infrastructure and identification of priorities for reconstruction and restoration of services were highlighted.

Finally, the performance monitoring framework includes water-related indicators such as the **number of beneficiaries with improved access to water services, irrigation services and wastewater services; water saved, reused and/or recycled (m³/year); wastewater treated, avoided or reduced (m³/year); water use efficiency (sector- or country-specific).**

The **GET 2015** positioned environmental sustainability within the Bank's transition mandate and operational model. The approach built on the Sustainable Energy Initiative (SEI) and the Sustainable Resource Initiative (SRI), which extended the Bank's sustainability activities beyond energy efficiency to include water and materials efficiency and waste minimisation.

Water appeared throughout the document in relation to resource efficiency, environmental sustainability, municipal infrastructure, climate resilience and water scarcity. The approach identified significant and worsening water scarcity in the **SEMED** region and stated that the EBRD region included "some of the **most water stressed countries** in the world", specifically in **SEMED and Central Asia**, including **Uzbekistan, Egypt, Jordan, Tunisia, Morocco and Turkmenistan**. The document referred to challenges including inadequate regulatory and incentive frameworks, high water losses, insufficient financing for infrastructure, and affordability constraints affecting access to water and wastewater services. The approach identified municipal finance activities including upgrade of water and wastewater systems and water management as areas for scaling up Bank investment. It also referred to irrigation modernisation and water efficiency technologies in agriculture, particularly in **SEMED and Turkey**. The document referred to work on aggregate environmental impact indicators combining energy, water and materials efficiency.

The **GET 2021–2025** positioned climate and environmental action as a central area of Bank activity. The document stated that the approach would include climate action to reduce energy and carbon intensity and strengthen resilience to climate risks, alongside environmental action to address water issues and protect natural capital. Water appeared across several thematic areas, including Natural Capital, Cities and Environmental Infrastructure, Sustainable Food Systems, and Climate Adaptation and Resilience.

The approach described economies where the EBRD invests as facing environmental challenges "from air pollution to climate change, and from soil degradation to water pollution", while also referring to increasing stress on water systems from rising temperatures. Under Cities and Environmental Infrastructure, the document referred to **insufficient investment in water, wastewater** and waste management. Regional priorities included Central Asia with increasing exposure to climate risks related to **water availability**, sustainable water and soil management, enhanced water systems, and policy engagement on water governance. In **SEMED**, priorities included water efficiency technologies/practices, **water infrastructure** developments. The monitoring framework included "Net water use (m³/year)" and environmental finance classifications related to the sustainable use and protection of water and marine resources.

The **GET 2030** ambition positions water within the Bank's broader green transition objective of supporting open, market-orientated and private sector-led economies that deliver a green transition. The document states that EBRD regions continue to experience "climate change, air and water pollution, and degradation of nature at increasing rates", while also referring to "a strong commercial case for energy and water efficiency".

Water appears prominently under the urban and the agrifood economic systems. For the urban system, the strategy referred to Bank-supported plans and strategies prioritising water, solid waste and land use areas. Core subcomponents of this system include sustainable clean water provision and wastewater treatment to households and businesses. Under the Agrifood system, the strategy referred to practices for the sustainable use of water to address water scarcity. The document also referred to future shortages of water and food, increased competition for water and arable land, and the need for resilient critical infrastructure in sectors including water.

The approach presented EBRD Long-Term Strategy priorities by region and country. These included water in the **Western Balkans**, and efficient water management in **SEMED**. The approach also referred to historical EBRD financing in pollution prevention, solid waste management and wastewater treatment, noting the need for further integration of nature considerations into all of the Bank's activities.

The **SCF 2016–2020** identified common global and regional challenges as one of the Bank's three strategic priorities. Within this priority, the document referred to extending the SRI from energy to water and material waste, which included components designed to promote water efficiency and waste minimisation.

Water appeared primarily in relation to resource efficiency, food security and environmental management. The document referred to the carbon and resource (energy, water, waste) intensity of output in parts of the EBRD region and linked water efficiency to the Bank's Food Security Initiative, including support for efficient water and energy technologies. This SCF also referred to environmental impacts on water basins and air quality and identified continued engagement in the **Baltic Sea basin**, parts of the Mediterranean and **Central Asia**.

The **SCF 2021–2025** set out the Bank's strategic directions across its three operational sectors and identified three strategic themes for the period: supporting the transition to a green, low-carbon economy through GET 2021–2025; promoting equality of opportunity; and accelerating the digital transition. The document contained only two explicit references to water. The first referred to "increasingly scarce environmental resources such as water" in the context of environmental degradation, climate impacts and migration pressures. The second appeared within the discussion of digital transition, where the document stated that the "digital capture, interpretation and utilisation of data" could generate gains across sectors "ranging from energy, transportation and mining to water and agriculture."

The **SCF 2026–2030** positions support for the transition to green economies as one of the Bank's three core strategic themes. The document states that extreme weather events have become more common across the EBRD regions, and that economies in **SEMED and Central Asia** are exposed to severe risks of **water stress**. It also links water to strengthening economic governance at the sub-sovereign level, through leveraging EBRD municipal frameworks such as Green Cities and **water sector frameworks**, with a focus on policy support and capacity building in public procurement, crisis response, and the mobilisation of blended finance.

Strategic summary

Compared with the MEI 2012–18 strategy, which primarily positioned water and wastewater within the provision of essential municipal services and environmental compliance, the 2019–24 strategy expanded the treatment of water to include climate resilience, resource efficiency, innovation, circular economy approaches and "smart" urban infrastructure. The Infrastructure Sector Strategy 2025–29 further broadened the framing of water from a municipal service

subsector to an integrated infrastructure and resource-management issue linked to climate action, resilience, regional connectivity and nature-based solutions.

GET 2015 sought to increase activity in municipal finance to upgrade water and wastewater infrastructure and water management and broaden the environmental scope. GET 2021-2025 expanded the scope to address water quality, resilience and climate adaptation, addressing water stress and pollution as a critical risk. In GET 2030, clean water provision and wastewater treatment are considered core components of the urban system, and sustainable use of water to address water scarcity is considered an area of focus in the agrifood system. This reflects a more systemic and integrated approach, in which water is embedded into core economic systems.

The prominence of the topic of water decreased over time in the SCFs. SCF 2016-2020 addressed water most extensively, primarily in relation to the Sustainable Resource Initiative (SRI), water efficiency, waste minimisation, food security and regional environmental challenges. By contrast, the SCF 2021–25 contained only two explicit references to water, referring to scarce environmental resources and to water within the discussion of the potential of digital technologies across sectors. The SCF 2026–30 also mentioned water only twice, in relation to water stress in EBRD regions, and the intention to leverage municipal and water sector frameworks at the sub-sovereign level.

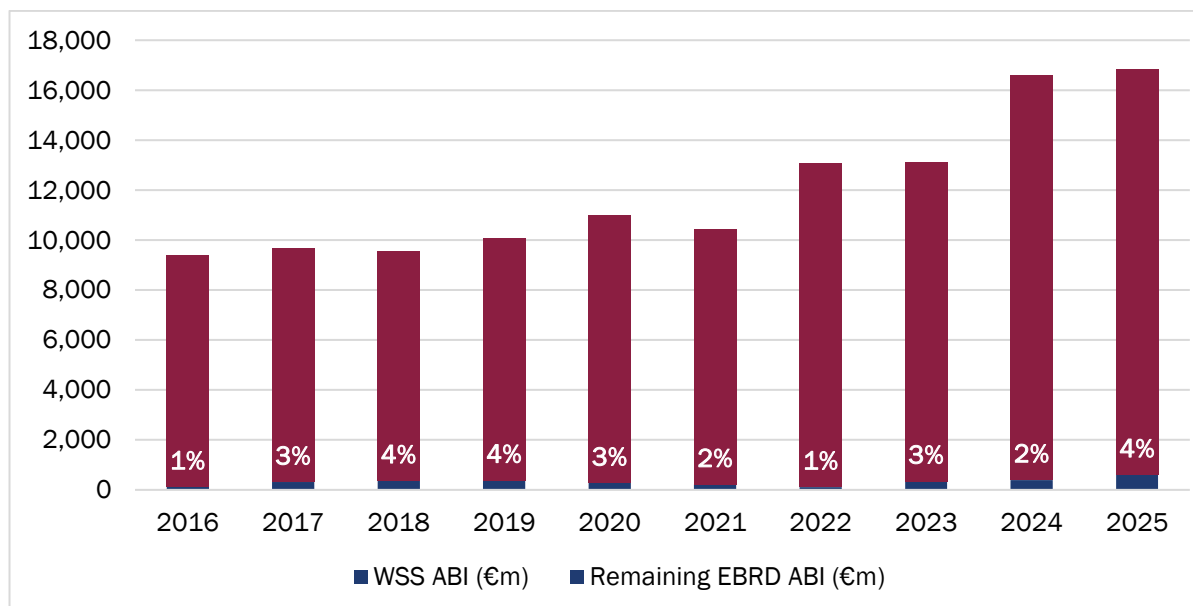
EBRD's 2023 Approach to Nature, launched at COP28, is presented as a statement on how the Bank can deliver more benefits for nature and scale up action on biodiversity. It is framed in response to the global nature crisis and associated market failures, such as the mispricing and overexploitation of natural resources, and positions this agenda as aligned with the Bank's transition mandate. The document sets out the Bank's role in contributing to efforts to halt and reverse biodiversity loss by 2030 and is structured around three pillars: Protect, Invest and Disclose.

Annex 2. Portfolio analysis

Bank-wide overview

While EBRD's total Annual Bank Investment (ABI) increased over the period 2016–2025, particularly from 2022 onwards, investment in the Water and Sewage Systems subsector (WSS) has remained a small and fluctuating component of the overall portfolio. Figure 6 shows that although WSS represents a relatively small share of total EBRD ABI, its contribution has fluctuated over the evaluation period, ranging from around 1% to 4% of annual investment volume. The data do not indicate a clear trend, but rather cyclical variation. Following a decline between 2020 and 2022, WSS regained share in 2023 and reached 4% in 2025, matching the highest levels observed during the period. Despite the substantial growth in overall EBRD investment volumes, WSS has remained a niche but consistent component of the Bank's portfolio, averaging approximately 3% of total ABI over 2016–2025.

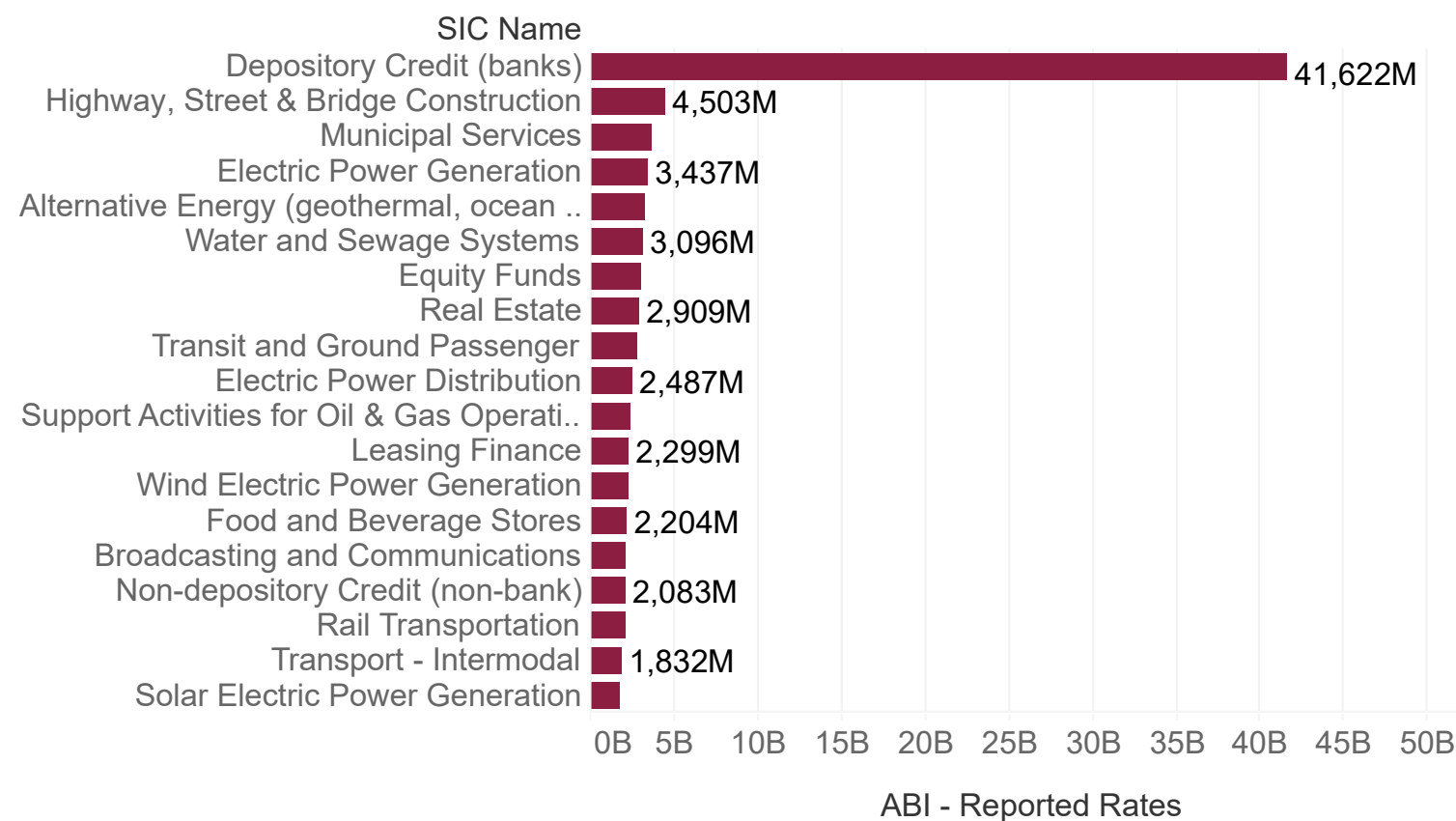
Figure 6: EBRD investments in Water and Sewage Systems projects, compared with EBRD total Annual Bank Investment (ABI), 2016-2025 (€m)



Source: IEvD calculations based on EBRD data

A closer look at subsectors' shares of ABI between 2016 and 2025 (Figure 7) reveals that Water and Sewage Systems ranked sixth by cumulative investment volume. Aside from FI in first place, with almost 10 times the business volume of the subsector in second place, the ABI volumes are very similar among the subsectors ranked third to seventh, with Water and Sewage Systems slightly above Equity Funds.

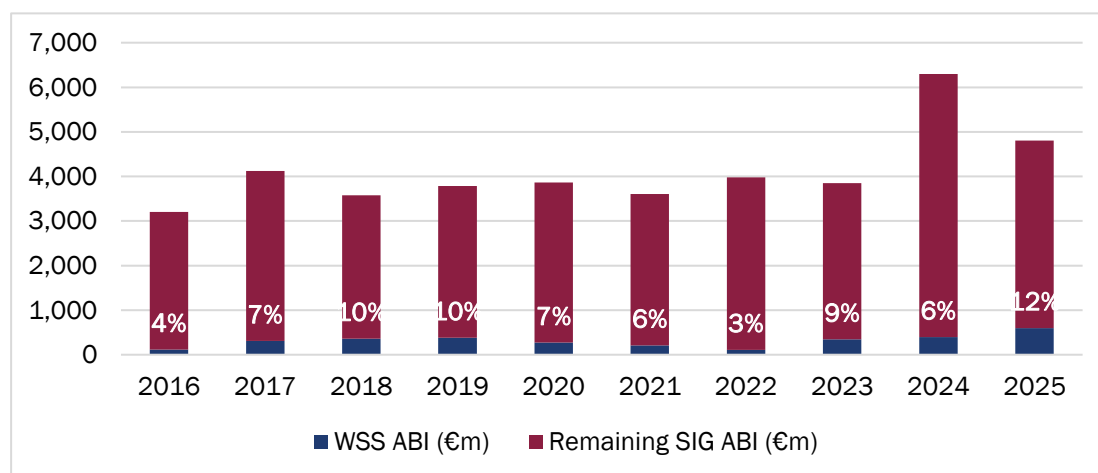
Figure 7: EBRD Annual Bank Investment (ABI) by top SICs, 2016-2025 (€m)



Source: EBRD Data in Tableau

Figure 8 presents Water and Sewage Systems (WSS) investment in the context of the Sustainable Infrastructure Group (SIG) portfolio. Over 2016–2025, WSS accounted for between 3% and 12% of annual SIG investment volumes and represented around 8% of cumulative SIG ABI over the evaluation period. The share varied from year to year, indicating the fluctuating but recurring contribution of water operations within the wider sustainable infrastructure portfolio.

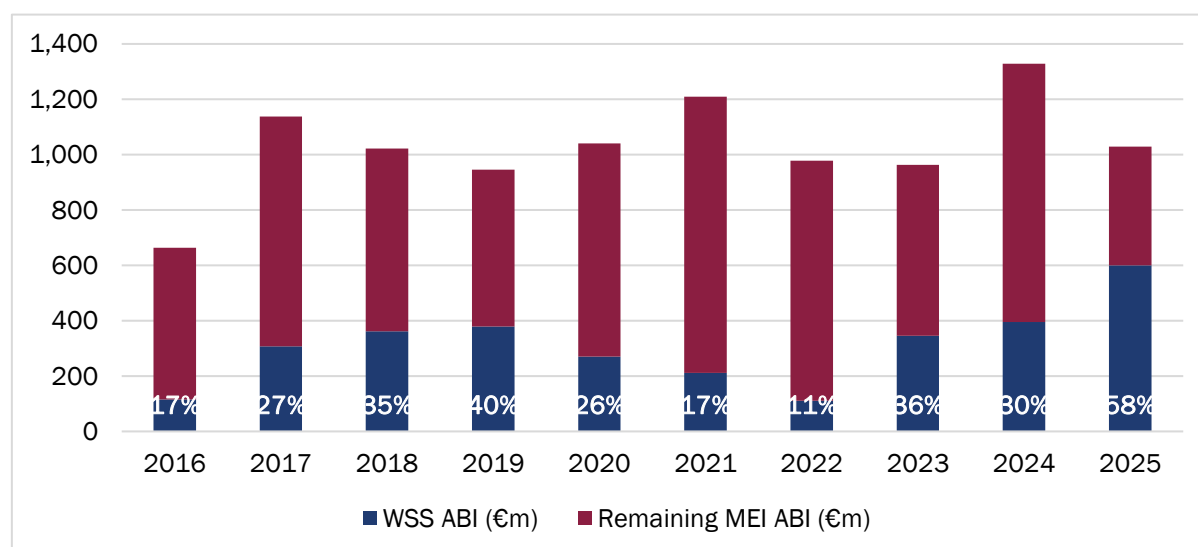
Figure 8: EBRD investments in Water and Sewage Systems projects, compared to SIG Annual Bank Investment (ABI), 2016-2025 (€m)



Source: IEvD calculations based on EBRD data in Tableau

Figure 9 shows the ABI share of the Water and Sewage Systems (WSS) subsector within the Municipal and Environmental Infrastructure (MEI) sector. Over 2016–2025, WSS accounted for between 11% and 58% of annual MEI investment and represented around 30% of cumulative MEI ABI over the evaluation period. This indicates that water operations formed a substantial, though variable, component of the MEI portfolio.

Figure 9: EBRD investments in Water and Sewage Systems projects, compared to MEI Annual Bank Investment (ABI), 2016-2025 (€m)



Source: IEvD calculations based on EBRD data in Tableau

Approach to defining the project population

With the purpose of conducting a cluster evaluation of EBRD's water supply projects, the evaluation team defined the project population as follows.

1. Evaluation timeframe

The population is composed of projects signed within the 2016-2025 ten-year period, spanning two EBRD strategic cycles. The timeframe is applied to reflect the extended implementation and operationalisation timelines characteristic of infrastructure projects.

The projects included are operations that were first signed during the evaluation period. Older, ongoing operations signed prior to 2016 are excluded.

2. Subsectors

All projects classified under the Water and Sewage Systems SIC, as well as those classified under Water Supply and Water and Sewage (older classifications), were selected, resulting in a total of 113 projects (€3,047 million). In addition, the evaluation team reviewed the descriptions of 122 projects under the Municipal Services subsector to identify water-related operations. Of these, 17 projects were determined to be water projects and were added to the total, bringing the overall count to 128 projects (€3,471 million).¹¹

3. Thematic classification

A portfolio categorisation exercise was undertaken. This involved reviewing project documentation and portfolio data, which resulted in an IEvD-specific typology to classify projects by primary investment focus. The categorisation shows that the portfolio of selected projects comprises multiple structurally different types of interventions. A description of each category is presented in Table 4 below.

Table 3: IEvD project typology and categorisation

Category	Brief description	Additional Information
Water supply	Projects primarily financing drinking water production, transmission, storage, or distribution, typically through rehabilitation or expansion of water supply assets operated by municipal or regional utilities.	Water supply rehabilitation and expansion, network rehabilitation, improvement of water quality
Integrated water supply and wastewater	Projects that include material investments in both water supply and wastewater systems, where neither component clearly dominates project scope or objectives.	Applied only when both water supply and wastewater components are central to project design.

¹¹ Two projects overlapped across both SICs, WSS and Municipal Services, therefore, the total number of projects is 128 instead of 130.

Category	Brief description	Additional Information
Wastewater / sanitation infrastructure	Projects where the main investment focus is wastewater collection, conveyance, treatment, or sludge management, including sewerage networks and wastewater treatment plants.	Classified where wastewater infrastructure is the dominant technical and financial component.
Environmental remediation / pollution control	Projects primarily addressing pollution reduction or environmental clean-up, such as lagoon remediation, drain rehabilitation, or pollution interception.	Water infrastructure is used as a means of pollution control rather than service delivery.
Irrigation / Water Conservation	Projects focused on improving agricultural water use efficiency, including irrigation modernisation, water savings, or efficiency upgrades.	Oriented toward reduced abstraction or losses rather than urban service provision.
Irrigation / Water Management	Projects supporting broader water resource or hydraulic management systems, including canals, reservoirs, flood control, or climate-resilient water infrastructure.	Emphasis is on allocation, resilience, or system management rather than end-user services
Emergency / liquidity support	Operations providing temporary liquidity or emergency financing to ensure continuity of essential public services, without financing physical infrastructure investments.	Working capital financing to address temporary revenue shortfalls and maintain continuity of essential services during crisis conditions; no capital investment or physical infrastructure financed.
Flood protection / urban drainage infrastructure	Projects primarily addressing flood risk reduction and stormwater management through the rehabilitation or expansion of drainage systems, river channels, and urban runoff infrastructure/climate resilience.	Water infrastructure is used as a means of managing water flows and preparing systems to cope with increased climate extremes, contributing to reduced flood impacts and improved water quality.
Energy efficiency / renewable energy for water systems	Projects financing energy efficiency improvements and/or renewable energy generation (e.g. solar PV), including dedicated energy infrastructure, to supply power to water and wastewater facilities such as pumping, treatment, or distribution systems.	Water infrastructure itself is not the primary investment; energy components (e.g. photovoltaic plants or rehabilitation of energy-intensive equipment) are implemented to support system operation.

Classification is based on primary categorisation in the EBRD portfolio. The application of the typology results in the following classification, presented by number of projects and ABI, with corresponding shares per thematic category¹²:

¹² In the review process, two water and sewage systems projects that appeared as 2025 signings in EBRD data were actually approved in 2026 according to DTM, thus removed from the analysis.

Table 4: IEvD project typology of water-related investments by number of projects and volume

Category	Number of projects	% of projects	ABI (€m)	% of ABI
Water supply	23	18%	349	10%
Integrated water supply and wastewater	49	38%	676	19%
Wastewater / sanitation infrastructure	36	28%	1,189	34%
Environmental remediation / pollution control	2	2%	74	2%
Irrigation / Water Conservation	6	5%	882	25%
Irrigation / Water Management	5	4%	153	4%
Emergency / liquidity support	4	3%	135	4%
Flood protection / urban drainage infrastructure	2	2%	8	0%
Energy efficiency / renewable energy for water systems	1	1%	0	0%
Total	128	100%	3,471	100%

The cluster evaluation focuses on water supply, and thus includes water supply projects, and integrated water supply and wastewater projects where water supply is one of the principal components of the investment. The other project categories are examined below for potential inclusion into the cluster. The focus is guided by considerations of comparability and attribution at project level:

- Irrigation related projects, while highly relevant, involve agriculture specific delivery dynamics and complex attribution pathways that limit cross project comparability within a single cluster, whereas water supply projects are characterised by more homogeneous intervention logics and delivery arrangements.
- “Standalone” wastewater and sanitation infrastructure projects differ in their interventions, with their primary focus being on the construction of wastewater treatment plants, wastewater collection, conveyance, or sludge management. While related, these operations are a distinct service category.
- Environmental remediation and pollution control projects have as their primary investment objective the reduction or management of environmental pollution loads, where water-related infrastructure is used as part of remediation systems.
- Flood protection and urban drainage projects focus on stormwater management and flood risk reduction. As such, they support risk mitigation infrastructure.
- The energy efficiency and renewable energy project for water systems’ primary investment focus is on energy generation and efficiency components, even if connected to water infrastructure or utility.
- Emergency and liquidity support operations support working capital and do not finance physical infrastructure investments.

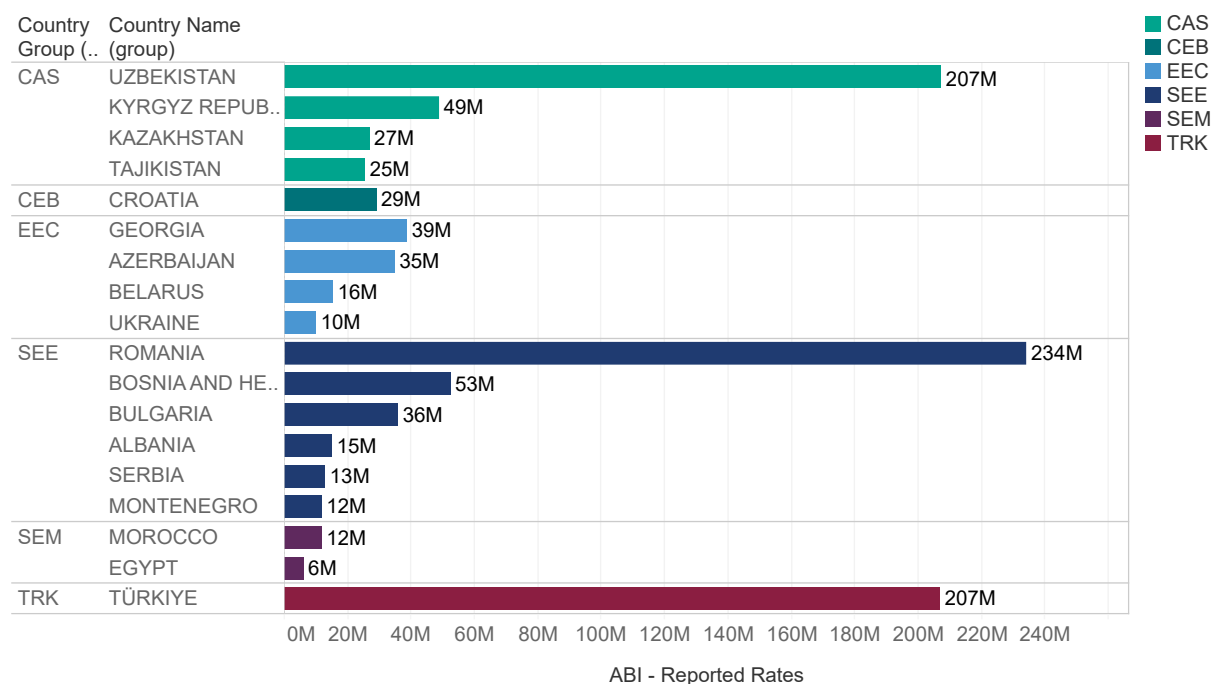
On this basis, these categories are not included in the cluster because they differ in their primary investment objectives, and their inclusion would reduce the comparability of interventions within a single analytical cluster.

Water supply and integrated projects share characteristics and form a sufficiently coherent population to support comparability. The two categories encompass 72 unique operations (65 Water and Sewage Systems and nine Municipal Services), for a total of €1,025 million in ABI, representing about 30% of the overall investment volume.

Annex 3. Population analysis

As shown in Figure 10, South-Eastern Europe currently leads in terms of investment volume, with Romania capturing the largest share, not only within its country group, but across all economies. Central Asia's share of volume is also significant, with Uzbekistan at the forefront by a great length with more than four times the investment volume of the next contender, the Kyrgyz Republic. Türkiye accounts for a significant portion of ABI, nearly equivalent to that of Uzbekistan. In the Central Europe and the Baltic states group, only Croatia reports ABI for projects in the population. In the SEMED region, ABI is modest for Morocco and Egypt, despite the region's larger gaps in the sector. Within Eastern Europe and the Caucasus, Georgia and Azerbaijan exhibit comparable volumes, followed by Belarus (where EBRD activities have been suspended since April 2022), with Ukraine recording the lowest share due to the overall reduction in projects amid the ongoing war with the Russian Federation.

Figure 10: EBRD water supply investments population (ABI) by country group and country, 2016-2025 (€m)

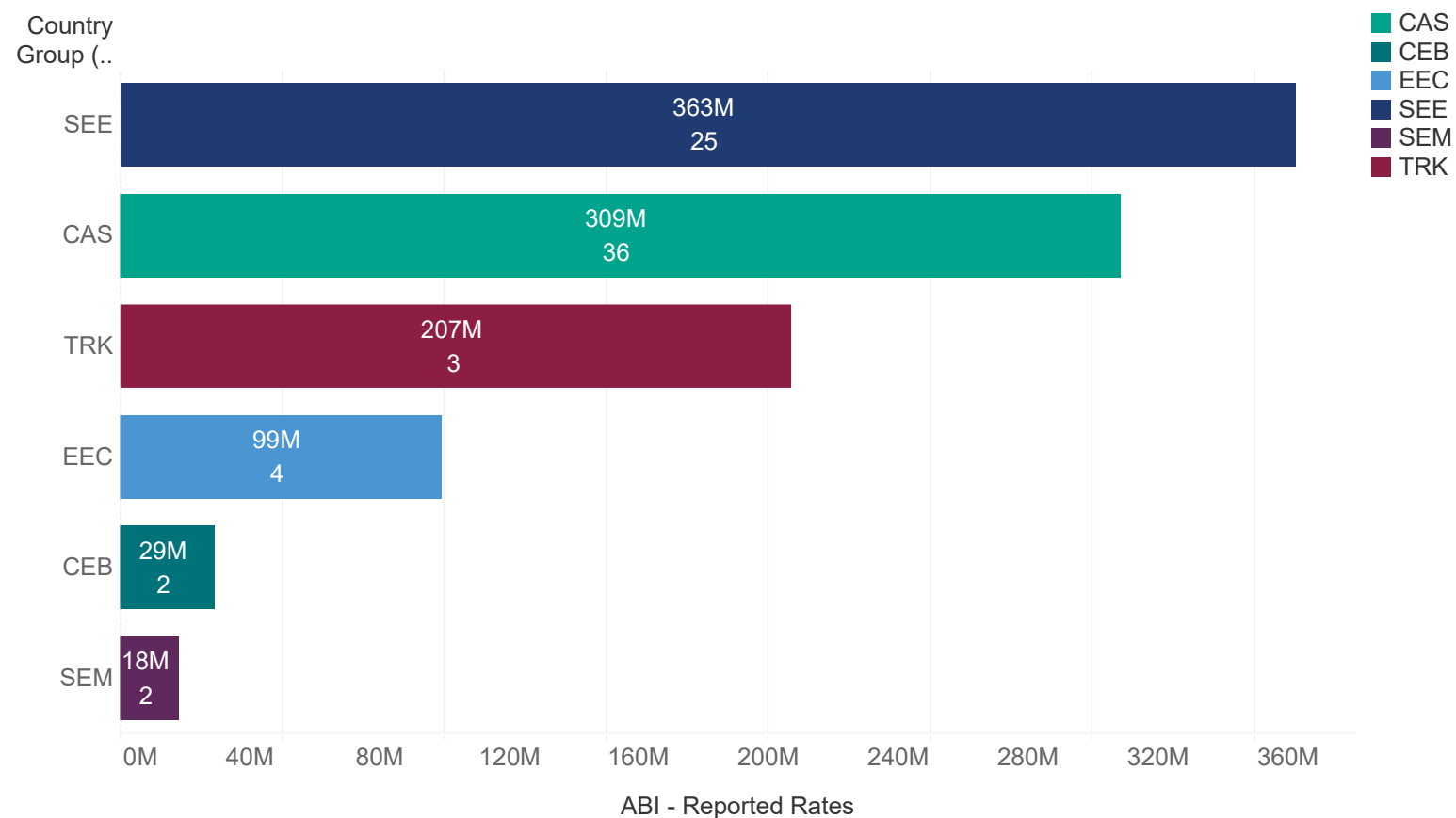


Source: EBRD data: DW Banking Operational

Cluster Evaluation: EBRD projects with Water Supply components (2016-2025)

Figure 11 shows that population portfolio is heavily skewed towards a single region, with Central Asia accounting for exactly 50% of it with 36 projects. South-Eastern Europe holds the second largest volume with 25 projects (34.7%). The remaining four regions (EEC, TRK, CEB, SEMED) collectively account for just 11 projects (15.3% of the portfolio volume).

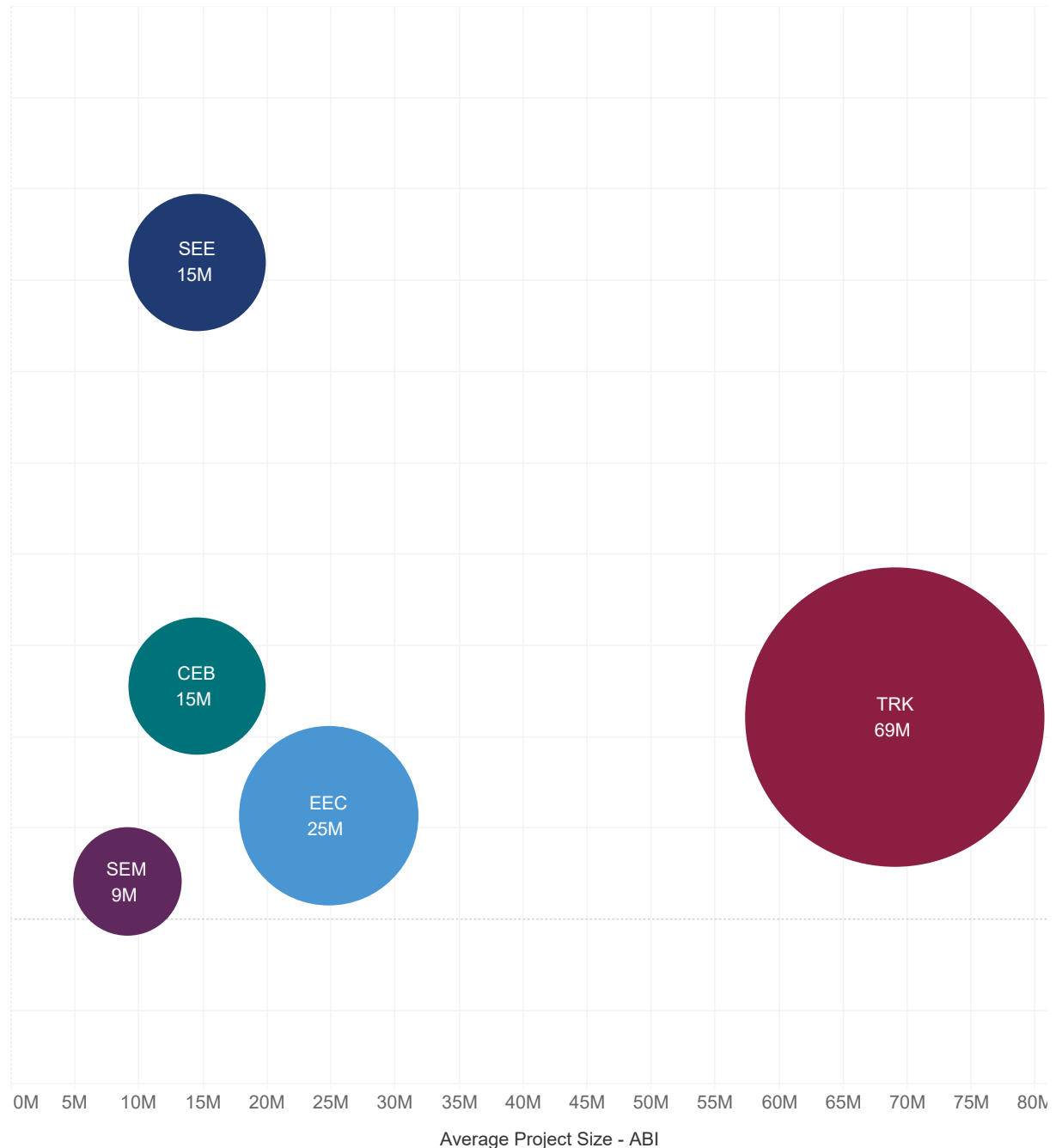
Figure 11: EBRD water supply investments population by country group – ABI (€m) and number of projects



Source: EBRD data: DW Banking Operational

Further analysis on the average project size (Figure 12) confirms that Türkiye has highest average project size, almost tripling that of the next region, with operations ranging from €27 million to €100 million ABI. The Eastern Europe and the Caucasus region follows, with projects varying from €10 million to €30 million in ABI. South-Eastern Europe and Central Europe and the Baltic states share the same average project size (€10 million lower on average than EEC). Finally, Central Asia and SEMED have the smallest average project sizes.

Figure 12: Average water supply project size per region (ABI (€m))

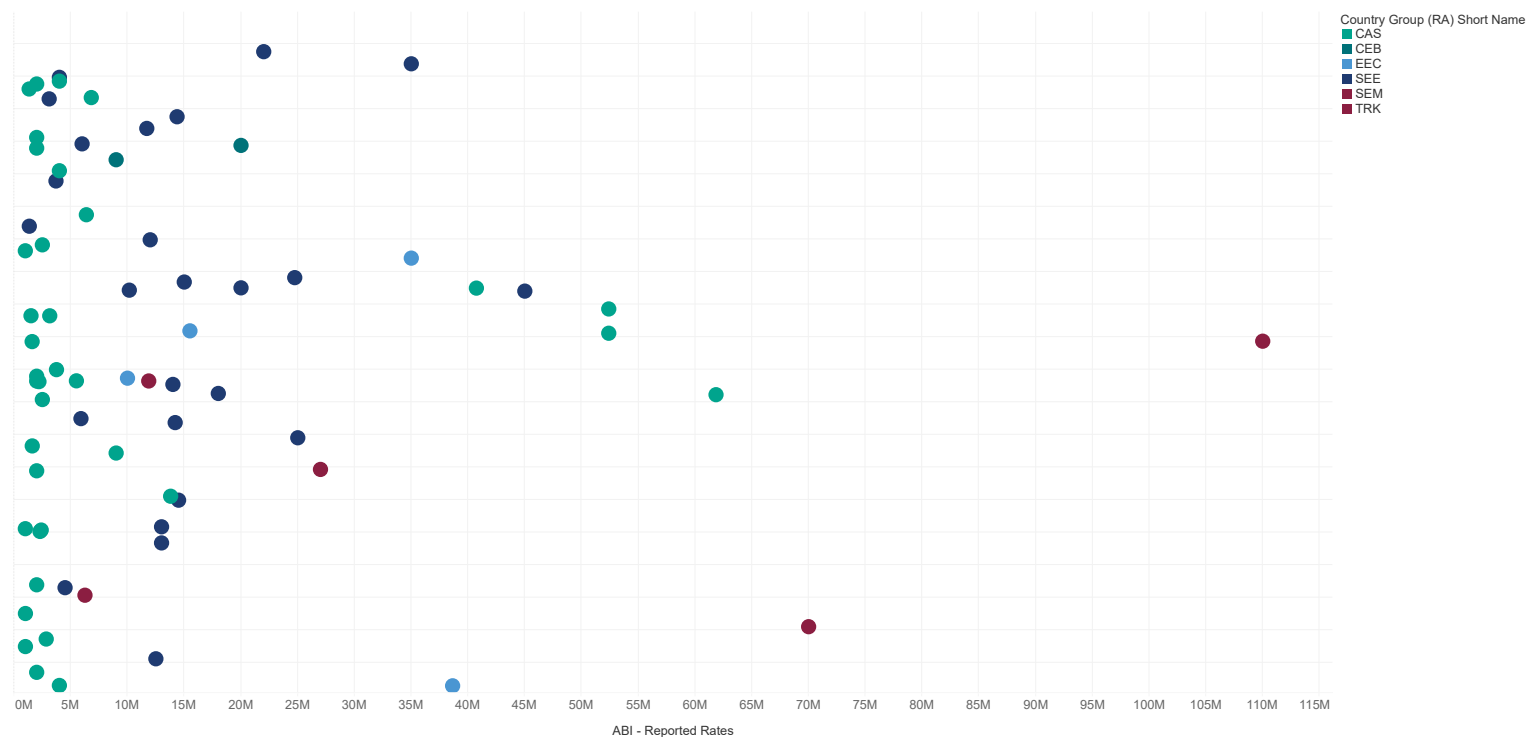


Source: EBRD data: DW Banking Operational

Cluster Evaluation: EBRD projects with Water Supply components (2016-2025)

Figure 13 presents an analysis of project size distribution by investment volume. There is a small-scale baseline of under €15 million. The vast majority of projects in CAS, SEE, CEB and EEC are packed tightly below this mark. All projects for SEMED also sit exclusively in this tier. The mid-scale Range (€20 million to €65 million) shows SEE's steady distribution of projects across this range, while CAS has a few isolated mid-sized projects, and EEC has half of its volume in this band with two projects. In the mega-scale (above €70 million), the outliers are exclusively in Türkiye.

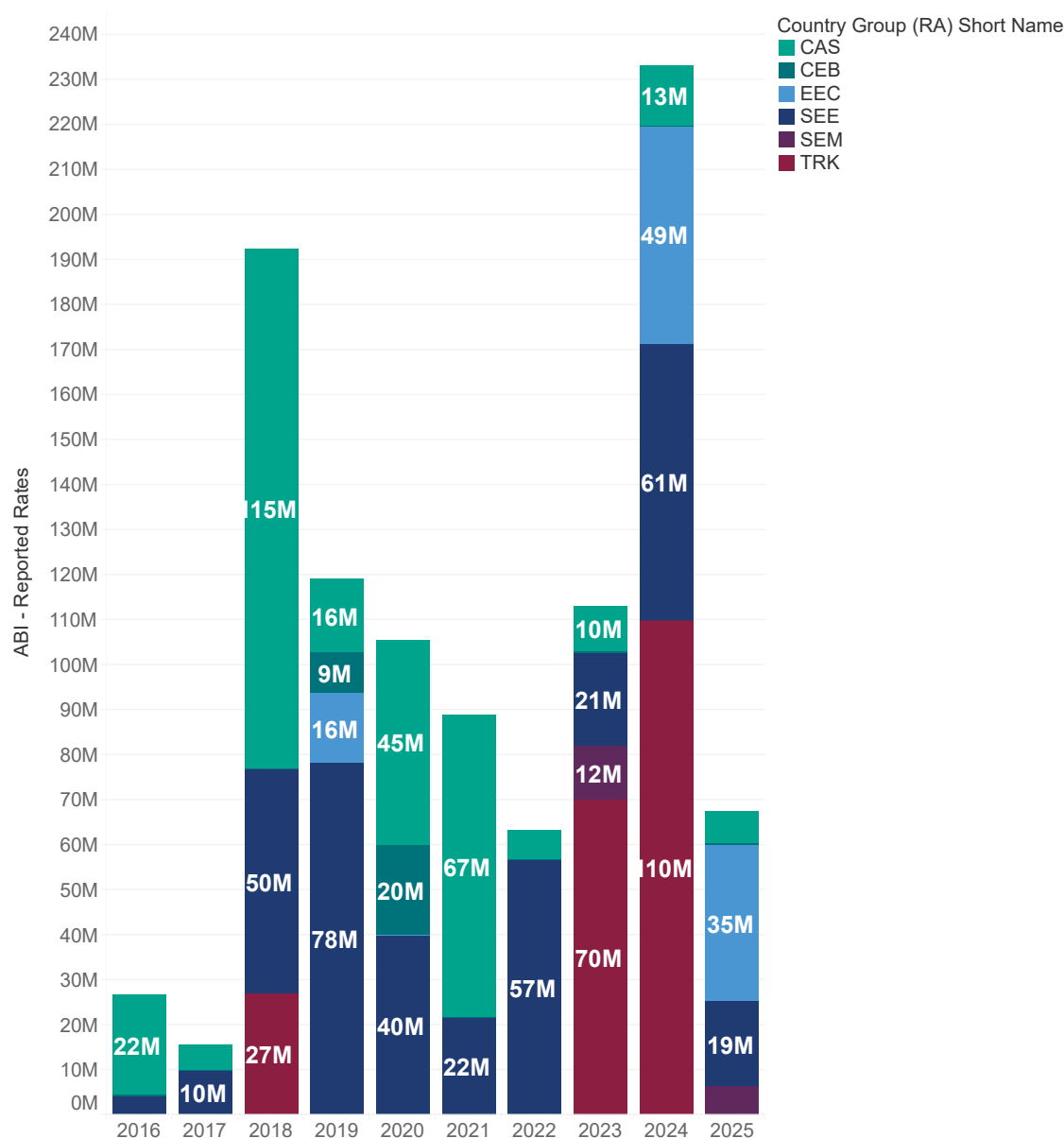
Figure 13: Size distribution of individual water supply projects by region



Source: EBRD data: DW Banking Operational

Figure 14 reveals a volatile trend in investment volume for water-supply-related signings. The period was characterised by two peaks and a drop in 2025. Central Asia was the anchor of the first five years, driving the spike with €115 million, or about 60% of 2018's ABI. Türkiye leads the second half of the decade, with the region presenting the highest ABI in 2023 and 2024. SEE was the most consistent region, with strong years, peaking in 2024. EEC was a later emerger, with a small footprint in 2019 but becoming a dominant region in the last two years of the decade. CEB's ABI activity appeared exclusively in 2019 and 2020. Finally, SEMED was the smallest player, with investment volumes recorded only in two of the last three years of the evaluation period, despite its acute water scarcity. Overall, there was a clear geographic pivot from Central Asia and SEE toward Türkiye and EEC.

Figure 14: Water supply population projects by region and year of signing (ABI (€m))

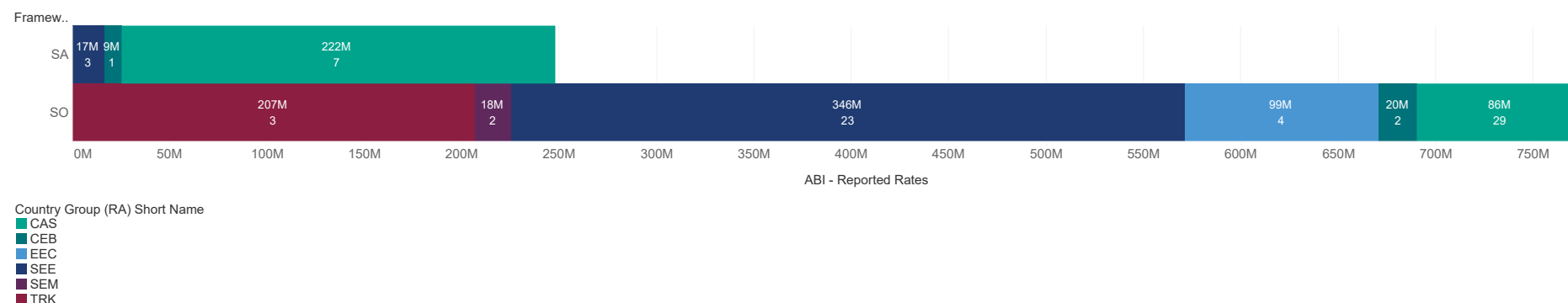


Source: EBRD data: DW Banking Operational

Cluster Evaluation: EBRD projects with Water Supply components (2016-2025)

The divide between standalone and suboperation among water supply projects favours suboperations relative to the overall Bank-wide split (70-30). Figure 15 shows that within the project population, suboperations account for 88% of the investment volume, and 76% of the number of projects. Within the standalone profile, €222 million out of the €240 million total SA investment goes to Central Asia. Almost every other region's projects are housed under frameworks. The two mega-projects, with the highest investment volumes are structured under pre-approved, standardised frameworks that likely speed up processing, and share eligibility criteria. SEE represents the largest share of suboperations volume across 23 projects under several frameworks (Green Cities, ESIF and SWIFT). Central Asia also has 29 suboperations (averaging just under €3 million in ABI), relying on frameworks to deploy small-scale baseline investments. All of EEC investments are suboperations under frameworks including Green Cities and Resilience and Livelihoods.

Figure 15: Water supply population by type of framework (ABI (€m))

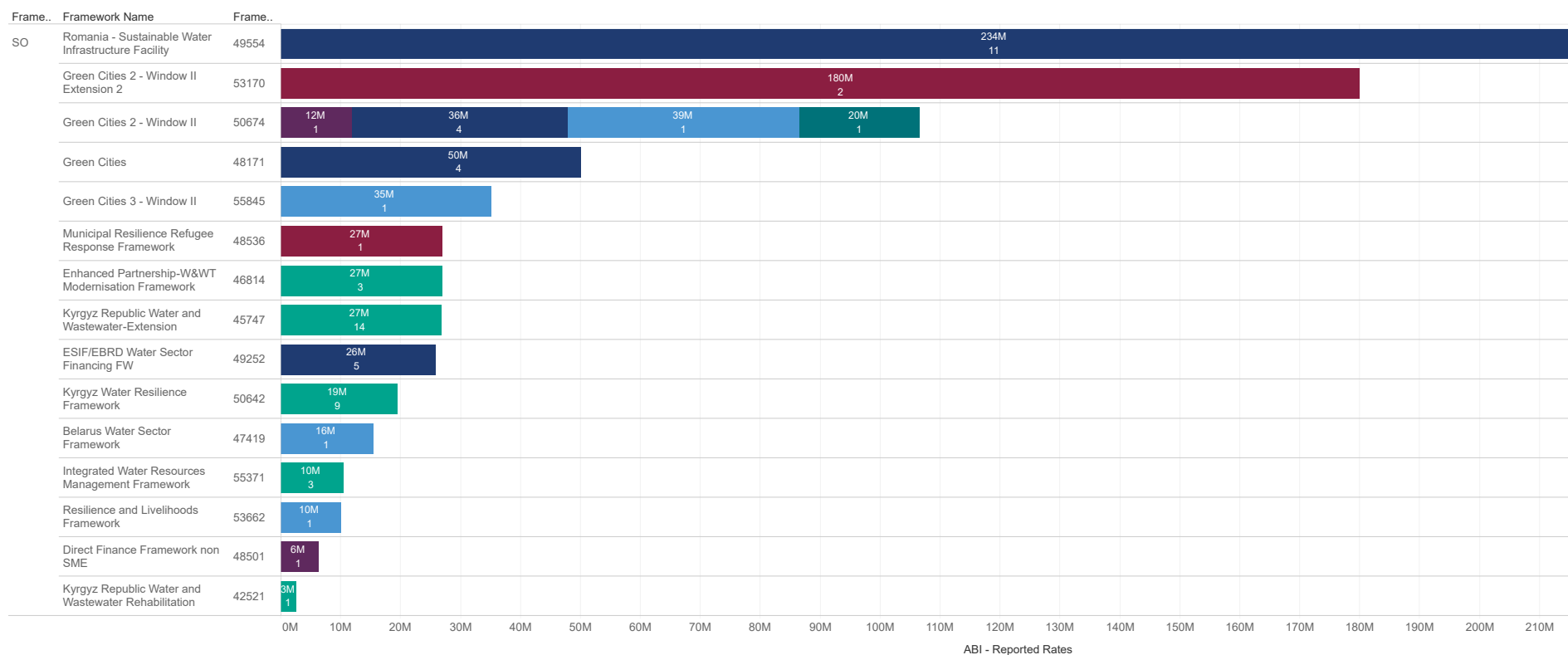


Source: EBRD data: DW Banking Operational

Cluster Evaluation: EBRD projects with Water Supply components (2016-2025)

Figure 16 provides a closer look at frameworks. Romania accounts for the largest framework with 11 operations. Green Cities 2 – Window II Extension 2 is the second largest framework in terms of investment volume, while the other Green Cities windows account for almost €200 million in ABI, serving as the primary multi-regional vehicle, aggregating smaller, diversified projects across SEE and EEC. The Kyrgyz Republic Water and Wastewater-Extension framework is the largest in terms of number of suboperations, covering a single country, but with a more modest investment volume, indicating granular localised smaller investments.

Figure 16: Water supply projects population by main framework and regions (ABI (€m))

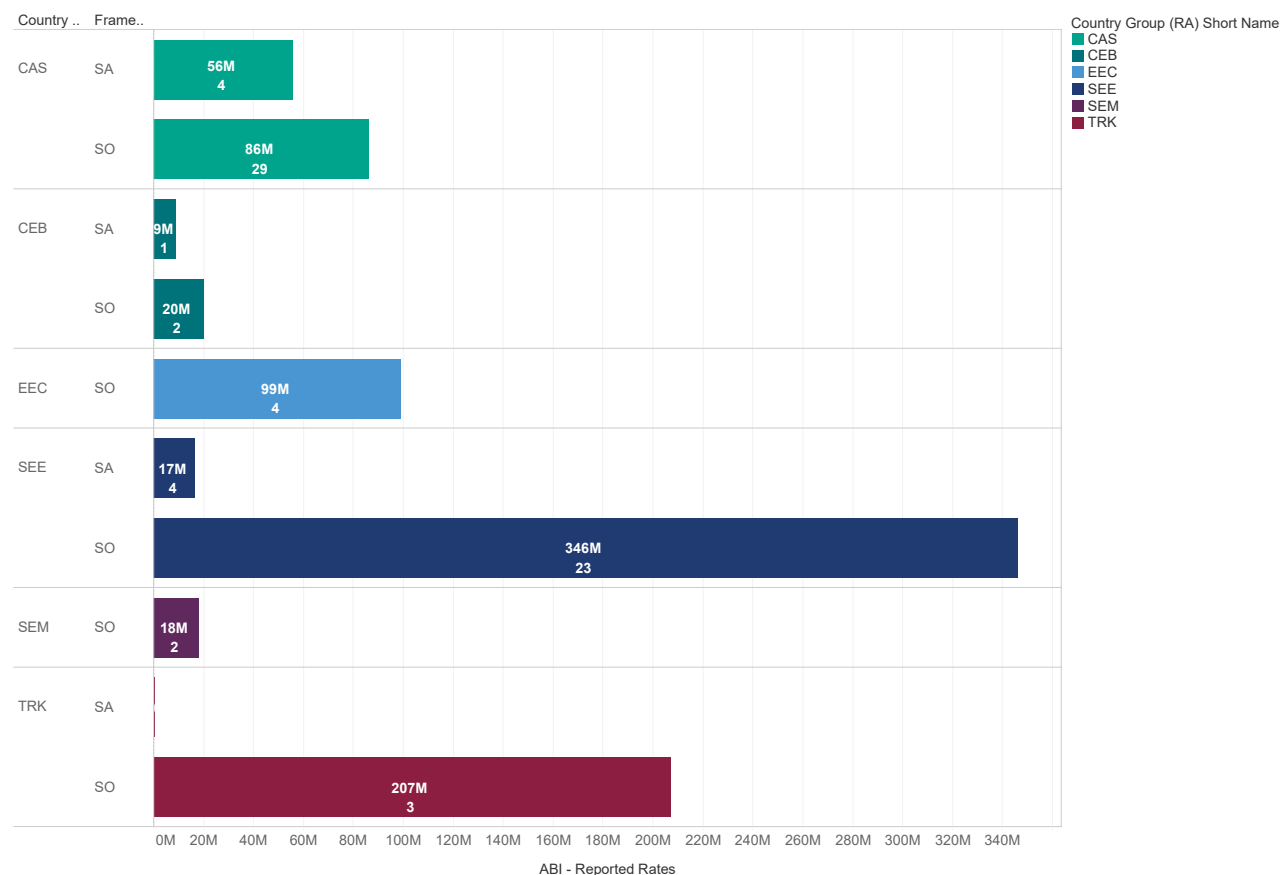


Source: EBRD data: DW Banking Operational

Cluster Evaluation: EBRD projects with Water Supply components (2016-2025)

Figure 17 presents the project composition for each region by framework type. Türkiye, EEC and SEMED are nested under framework umbrellas. SEE relies almost exclusively on frameworks, with a minor standalone footprint. Central Asia is a hybrid region with larger standalone operations while simultaneously using frameworks to deploy a high number of operations.

Figure 17: Stand Alone/Sub-Operation distribution by region (ABI (€m))

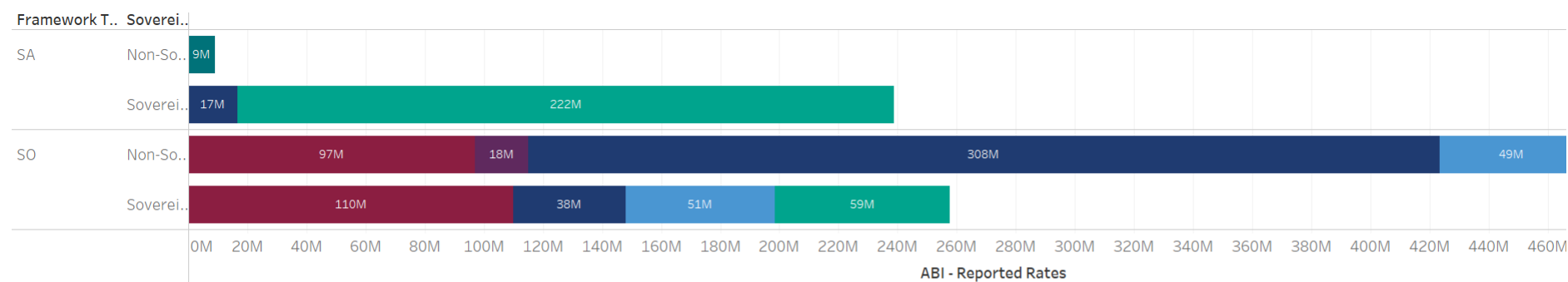


Source: EBRD data: DW Banking Operational

Cluster Evaluation: EBRD projects with Water Supply components (2016-2025)

Figure 18 shows that standalone operations are used almost entirely for sovereign deals, with €239 million out of €248 million in volume backed by government guarantees. This volume is heavily concentrated in Central Asia, where large, standalone projects rely strictly on state backing. Conversely, suboperations are predominantly non-sovereign deals (€519 million in ABI), where individual borrowers carry the repayment risk themselves. SEE is the primary driver of this model, deploying €308 million through non-sovereign frameworks. Türkiye (TRK) utilises a hybrid approach, splitting its framework investment volume nearly down the middle between sovereign public projects (€110 million) and non-sovereign commercial transactions (€97 million). In sum, it appears that standalone operations, which are on average larger in size, are almost exclusively sovereign, while many more municipal finance operations are in the form of smaller suboperations.

Figure 18: Water supply projects population by sovereign and non-sovereign types within SA/SO classification (ABI (€m))



Sum of ABI - Reported Rates for each Sovereign / Non Sovereign broken down by Framework Type. Colour shows details about Country Group (RA) Short Name. The marks are labelled by sum of ABI - Reported Rates. The data is filtered by the Month End filter keeps 10 of 70 members. The SIC Name filter keeps Municipal Services, Water Supply, Water and Sewage and Water and Sewage Systems. The Op Id filter keeps 72 of 23,401 members.

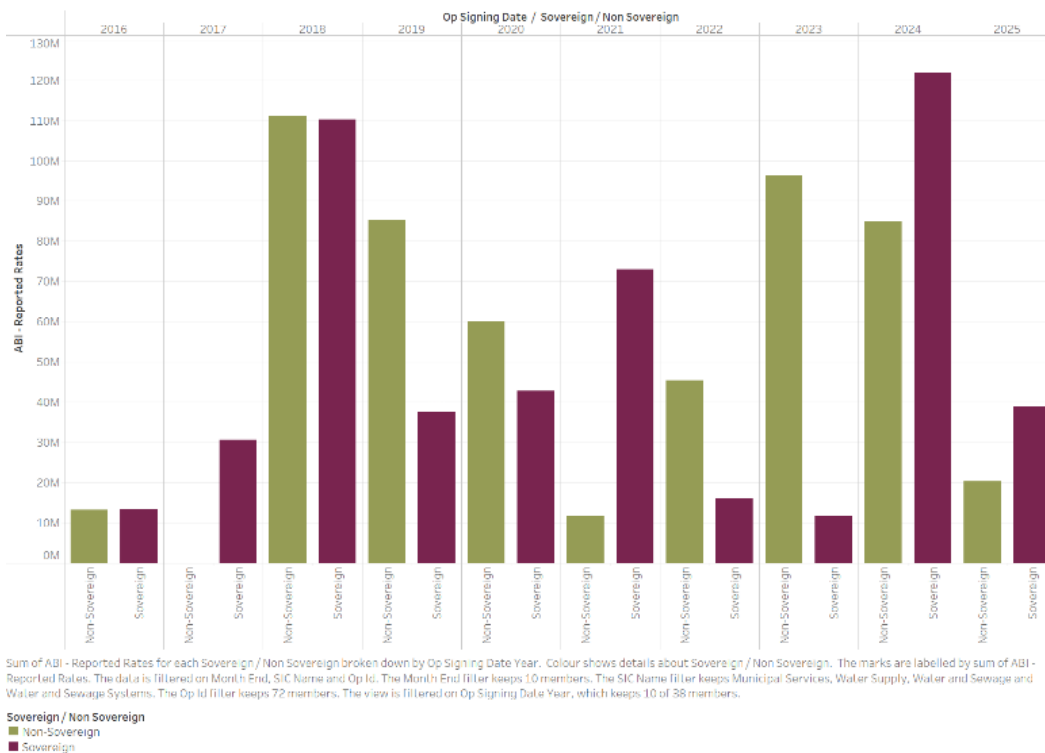
Country Group (RA) Short Name

- CAS
- CEB
- EEC
- SEE
- SEM
- TRK

Source: EBRD data: DW Banking Operational

Figure 19 presents a highly cyclical, alternating investment pattern between sovereign and non-sovereign financing. After a balanced peak in 2018, non-sovereign volume dropped significantly during the COVID-19 period in 2021 but rebounded strongly in 2023, outperforming sovereign deals that year. A significant spike in sovereign financing ABI of €122 million in 2024 was followed by a sharp contraction across both financing modalities.

Figure 19: Water supply projects population by sovereign and non-sovereign classification by year (ABI (€m))



Source: EBRD data: DW Banking Operational

Figure 20 presents an analysis of transition objectives. The matrix mapping of the primary and secondary transition qualities confirms that Green is the operational anchor of the portfolio, as expected for water-related operations. Green is the primary quality for 84% of total ABI across 36 projects, followed by Well-governed and Resilient. A review of the distribution of the secondary transition qualities helps identify which qualities are complementing Green.

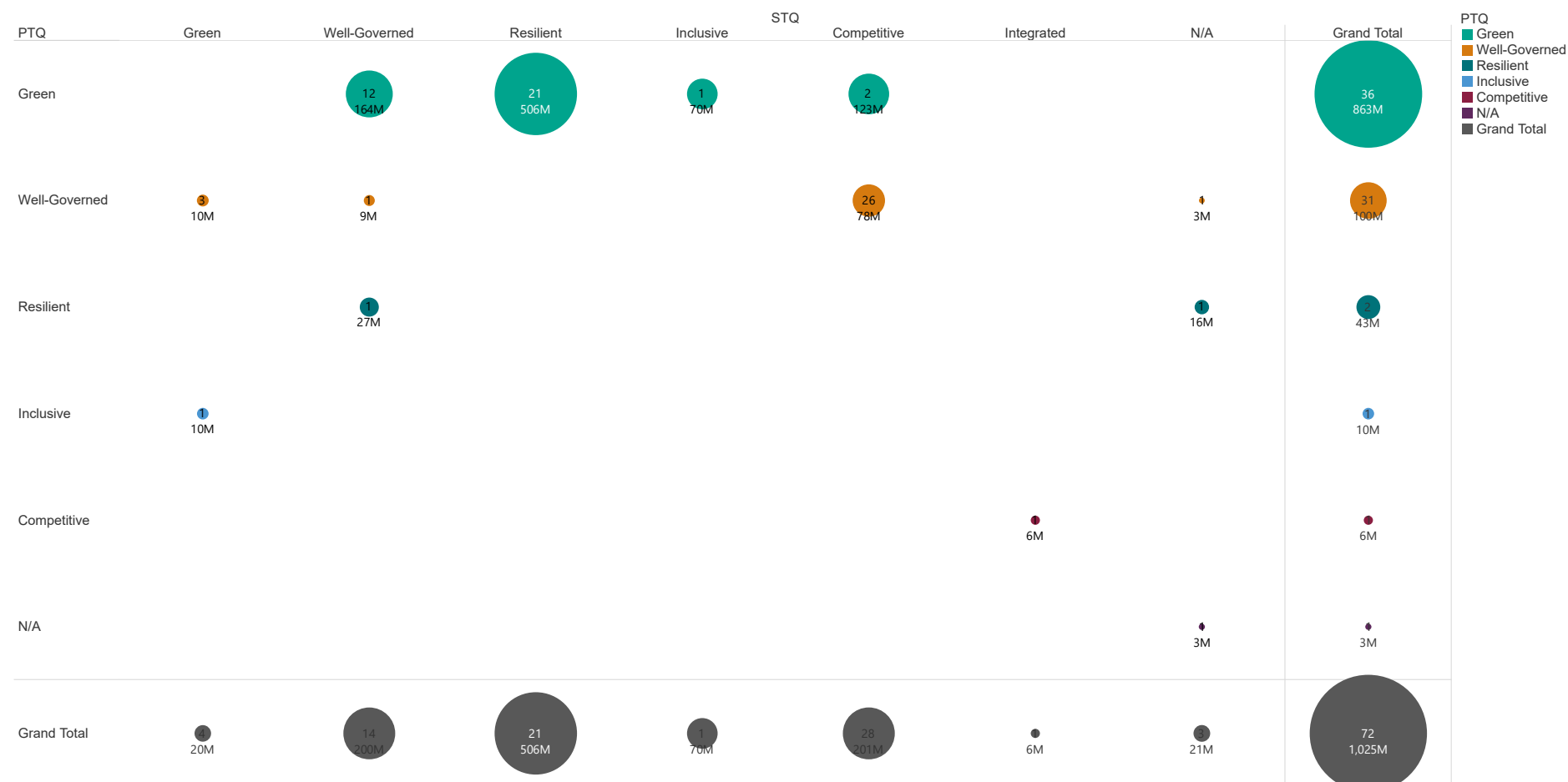
A mapping of the quality combinations reveals the population is dominated by four specific pairings:

- Primary Green + Secondary Resilient: amounts to €506 million in ABI across 21 projects. This is the largest volume share and project count pairing.
- Primary Green + Secondary Well-governed: represents €164 million in investment volume and 12 projects, forming the second largest cluster under Green.
- Primary Green + Secondary Competitive: totals €123 million, capturing high-volume funding concentrated in only two projects.

- Primary Well-governed + Secondary Competitive: accounts for €78 million across 26 projects. While lower in investment volume than the Green pairings, it holds the highest individual project count in the matrix.

Cluster Evaluation: EBRD projects with Water Supply components (2016-2025)

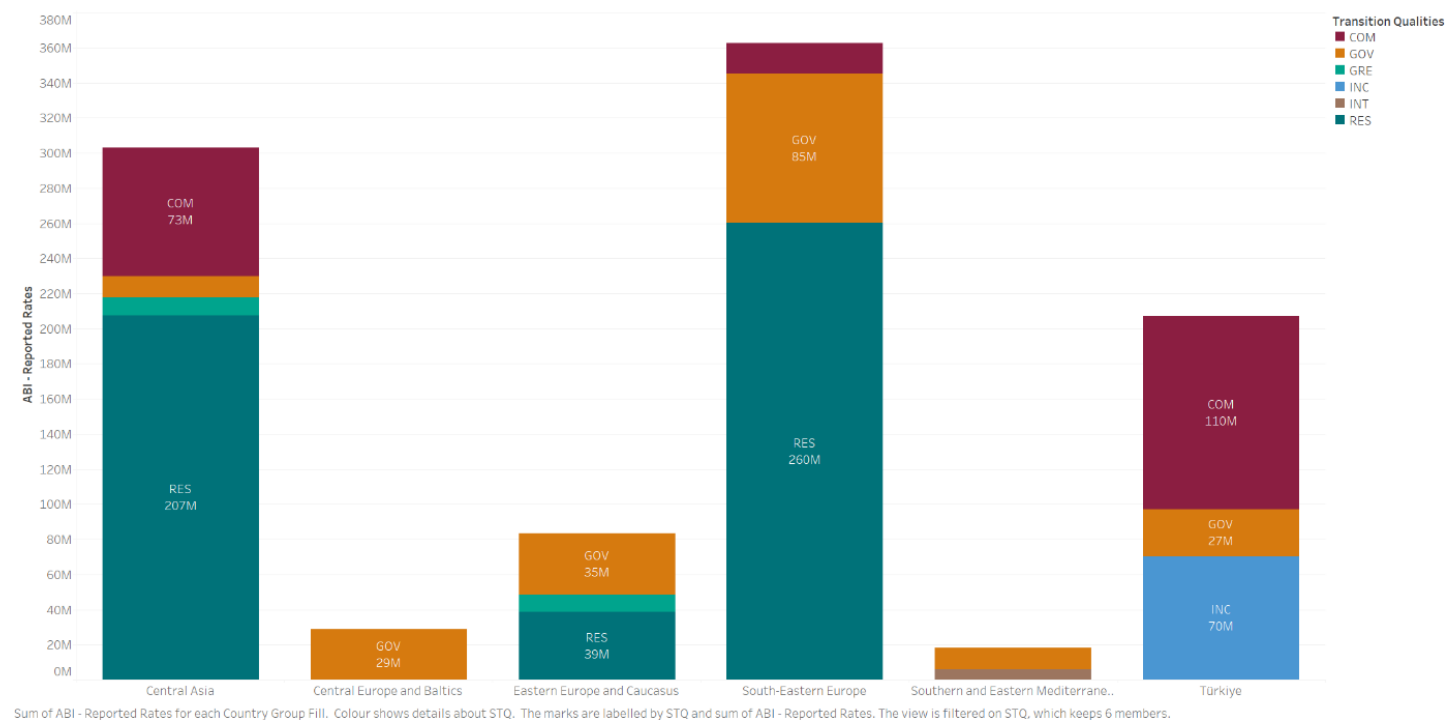
Figure 20: Water Supply population by Transition Qualities – primary (PTQ) and secondary (STQ) (ABI (€m))



Source: EBRD data: DW Banking Operational

Figure 21 presents a cross-regional analysis of secondary transition qualities. Resilience and Well governed form the baseline secondary qualities across most regions. SEE and Central Asia collectively account for the large majority of the total Resilience allocation. However, Central Asia breaks from this pattern by anchoring its remaining secondary quality volume in Competitiveness, whereas South-Eastern Europe follows Resilience with Well-Governed. In stark contrast, Türkiye omits Resilience. Instead, Türkiye's secondary objectives account for the portfolio's largest single concentration of Competitive and the entirety of the Inclusive allocation. Meanwhile, the smaller portfolios of Central Europe and the Baltic states and SEMED are entirely uniform, dedicating 100% of their secondary transition quality focus to Well-governed.

Figure 21: Water Supply population by Secondary Transition Qualities and region (ABI (€m))



Source: EBRD data: DW Banking Operational

Annex 4. Cluster (sample) selection

The portfolio analysis aimed to reveal the relationships between different characteristics, including, among others, the regions that consistently have larger projects and sovereign vs sub-sovereign operations patterns. The purposeful selection attempts to capture the diversity of operational contexts.

Sampling criteria

- Timeline:

There are 72 unique OpIDs with annual investment volumes signed over the evaluation period. These can be split into two five-year periods to cover both older projects (49%), which in principle would be more mature and advanced in their implementation, and newer operations (51%) to explore whether time has affected project features.

- Project size:

Projects from the small (up to €15 million), mid (€20 million to €65 million), and mega (above €70 million) ranges in terms of average project size.

- Region:

Coverage of the regions with the largest number of projects and the largest share of ABI (CAS), as well as the more underserved regions (SEMED).

- Sovereign and non-sovereign:

Standalone operations are used almost entirely for sovereign deals. Conversely, suboperations are predominantly non-sovereign deals. Unique OpIDs with annual investment volumes signed over the evaluation period present an overall even split, but markedly differ when segregated by type of framework. For standalone projects, 90% of projects are sovereign, whereas this is the case for 50% of suboperations.

- Framework type:

Approximately 90% of the project population are suboperations under frameworks, with the remainder being standalone projects. The sample aims to mirror this distribution.

- Transition objectives:

Transition qualities are used as proxies for ex-ante expectations. The sample covers the main transition-quality pairings, with Green predominantly as primary, complemented by Resilient and Competitive, and including Well-governed as a primary transition quality to preserve analytical contrast.

The project sample is purposefully selected to ensure coverage of key dimensions of the water portfolio while supporting the evaluation's learning objectives.

The sample spans the full implementation period (2016–2025), including at least one recently signed operation, and ensures representation across regions, with particular weighting towards Central Asia and South-Eastern Europe, where the portfolio is most concentrated. It also maintains variation across framework types (SO and SA), sovereign and non-sovereign exposures, and project size (small, mid and mega), while limiting duplication within economies, except where justified, for example in Romania, to reflect programme-based approaches. In terms of transition qualities, the sample reflects the distribution observed in the population by prioritising projects with Green as the primary objective, complemented by a Well-governed primary case to preserve analytical contrast. Secondary transition qualities are selected based on the most common pairings in the portfolio, notably Green–Resilient and Green–Well-governed.

Each project in the sample contributes to the overall balance across the defined sampling criteria (signing year, size, region, financing classification and transition objectives). Any substitutions should preserve this balance by selecting projects that meet the full combination of criteria, rather than matching on a single dimension (e.g. replacing a Kyrgyz Republic project with another Kyrgyz Republic project). Although not statistically representative, the sample is designed to reflect the diversity of the water supply project population.

The resulting sample comprises 11 purposefully selected projects.

Annex 5. Evaluation matrix

OECD-DAC criteria	Evaluation Questions	Judgement Criteria	Indicators	Information sources and data collection methods
Relevance Coherence	EQ1: To what extent do the objectives and design of EBRD water supply projects and related activities respond to the needs and priorities of their clients, and countries/economies of investment more broadly?	Relevance for clients and countries/economies of investment Coherence of activities and fit with the broader context	• Rationale/ relevance of EBRD financing, TC, and policy engagement to the clients' and countries' needs, and their commitments to national or municipal water sector priorities, development objectives, or climate adaptation plans. ○ Projects respond to relevant national regulatory frameworks in the water sector and support the progressive achievement of water related goals. ○ Projects address infrastructure gaps identified in the country's own multi-year investment plans or independent sector reviews or gap analyses. ○ Projects address climate-related and environmental considerations, including the identification and treatment of material climate risks, resilience and adaptation measures, and relevant environmental dimensions where these form part of project design and objectives. ○ Project design appropriately identifies and addresses material institutional, economic governance and regulatory constraints affecting sustainable water service delivery, where relevant. • Coherence of EBRD activities with other actors' interventions and international norms in the water sector.	Document review – Project level documentation – Project level evaluations – Other relevant EBRD documentation e.g. reporting from the MEI team – National and municipal regulatory and strategic frameworks – Relevant external documentation e.g. academic research, think-tank and consultancy reports, financial and economic press, others – International documents, regulations and standards (e.g. EU Drinking Water Quality or the OECD Council Recommendation on Water, Environmental performance reviews, European Commission EU alignment) – EBRD internal reviews (Climate Strategy and Delivery (CSD), Banking, Impact) Key-informant interviews [for 'sample'] – MEI team – Project origination and portfolio operation leaders – Sector leads – Country Heads – Clients/utility companies, municipal and government officials Key-informant interviews [beyond 'sample'] – Multilateral/Bilateral counterparts. – Think Tanks & Policy Research Institutes – External experts/global specialists who can offer expert perspectives

Cluster Evaluation: EBRD projects with Water Supply components (2016-2025)

OECD-DAC criteria	Evaluation Questions	Judgement Criteria	Indicators	Information sources and data collection methods
			○ Projects are consistent and complement other efforts, e.g. those of other MDBs, development partners, donors, or the government. ○ EBRD coordinates and harmonises approaches with other partners in the sector, adds value while avoiding duplication, and generates synergies. ● Concessional finance provides funds to support projects that are not financially viable on a strictly commercial basis. ○ Concessional funds do not displace private capital (crowding out) ○ Concessional funds catalyse new investment and address market failures.	– Business and Utility associations such as national water utility associations, chambers of commerce, private sector consultancies. – Citizen Protection and Civil society ○ Consumer rights watchdogs ○ Environmental NGOs
		Relevance to EBRD	● Relevance to the Bank's key strategic documents: ○ Country strategies, ○ MEI and Infrastructure strategies ○ GET 2021-25 and GET 2030 ○ SCF 2021-25 and SCF 2026-30 ● Projects are in line with cross-cutting priorities: ○ Gender inclusion ○ Digital Approach ○ Economic Governance	Document review – Project level documentation – Relevant EBRD documentation e.g. Sector and Country Strategies – GET documentation, including performance standards and methodology criteria review – Relevant external documentation e.g. academic research, think-tank, consultancy reports, others – Project evaluations Key-informant interviews [for 'sample'] – CSD team – MEI operation leaders – Banking teams – Impact team

Cluster Evaluation: EBRD projects with Water Supply components (2016-2025)

OECD-DAC criteria	Evaluation Questions	Judgement Criteria	Indicators	Information sources and data collection methods
		Additionality	- At the time of project approval, the additionality claims in the approval document were plausible. - The operation was additional (whether identified at approval or not). The Bank's attributes, legal covenants and/or the expected additional commercial financing materialised. - Financial additionality: - Alternative sources of finance on similar terms were not available from providers other than EBRD. - Non-financial additionality: - Unique attributes the Bank brought to the project; inclusion of legal covenants that would not have otherwise been agreed by the client.	Document review - Project level documentation - TC and non-TC supporting documents, TC TORs, TC progress reports - Client reports and information available in public domain - Other relevant EBRD documentation e.g. Sector & Country Strategies - Relevant external documentation on national/municipal/ sectoral regulatory, legal and strategic frameworks in the water sector, market research, financial and economic press. Key-informant interviews [for 'sample'] - CSD - Donor Partnerships - MEI project leads - Issuer's representative(s) - Clients, government officials - Multilateral/Bilateral counterparts.
Efficiency	EQ2: To what extent are EBRD water supply projects and related activities designed and implemented efficiently?	Bank execution performance	Adequate operational approach: - Project design and structuring, including the quality and completeness of appraisal, appropriateness of financing instruments (loans, grants, TC), and integration of risk-mitigation measures - Timeliness of implementation and disbursements, including approval processes and factors affecting implementation speed - Procurement and contracting performance in public sector water projects, including the extent to which procurement processes contributed to or constrained timely implementation	Document review - Project level documentation - Financing and grant agreements - Procurement and contracting documentation - Other relevant EBRD documentation e.g. DCF reports - TC documentation, including TORs, completion reports, and progress reports - Portfolio and internal data on disbursements, implementation timelines, and use of donor resources Key-informant interviews [for 'sample'] - MEI project leads - Banking teams - Donor Partnerships - Impact

Cluster Evaluation: EBRD projects with Water Supply components (2016-2025)

OECD-DAC criteria	Evaluation Questions	Judgement Criteria	Indicators	Information sources and data collection methods
			• Adequacy of monitoring, supervision, and reporting arrangements, including monitoring of implementation progress, risks, and results at project level • Effectiveness of risk management and problem-solving during implementation, including the Bank's responsiveness to emerging constraints, delays, or changes in project context • Management and utilisation of technical cooperation and donor resources, including alignment with project needs, sequencing with investments, and contribution to efficient delivery • Adaptation of the operational model where relevant, including responsiveness to evolving strategic, institutional, or regulatory conditions in the water sector	– CSD – ESD Key-informant interviews [beyond 'sample'] – Clients and implementing agencies – Selected external stakeholders, such as implementing consultants or partners
Effectiveness and Sustainability	EQ3: To what extent are EBRD water supply projects and related activities achieving, or demonstrating credible progress towards, their intended results and transition outcomes, and what unintended effects, positive or negative, have emerged?	Results	Achievement and progress towards intended results and contribution to transition, as assessed through transition qualities, such as: • Delivery of planned outputs, including progress against the agreed investment scope and service-related outputs, recognising differing levels of project maturity • Service-related results, including early and emerging improvements in access to water and wastewater services, service coverage or capacity, where observable • Operational performance improvements, such as reductions in water losses / non-revenue water, improvements in billing and collection rates, energy or resource efficiency, where relevant	Document review – Project level documentation – Project monitoring documentation – TC documentation, TORs, progress reports, completion reports, consultant outputs (diagnostics, tariff methodology work, MIS/IFRS support, procurement strengthening) – Environmental and social monitoring documentation where it is part of intended results (e.g., ESAP implementation milestones, compliance-related outputs) – Utility or client reporting (where available) that evidences service/operational results (e.g., service coverage, NRW/leakage indicators, billing/collection performance)

Cluster Evaluation: EBRD projects with Water Supply components (2016-2025)

OECD-DAC criteria	Evaluation Questions	Judgement Criteria	Indicators	Information sources and data collection methods
			- Tariff-related and financial viability results, including progress towards tariff reform, adoption of tariff methodologies, and movement towards cost recovery where these form part of intended project results - Institutional and governance results at utility or implementing-agency level, including public service contracts, corporatisation or unbundling measures, corporate development plans - Contribution of technical cooperation and complementary activities to achieving or enabling intended results, including capacity building, procurement strengthening, management systems, and other TC-supported reforms	- Relevant public external national/municipal documentation in the water sector, market research, financial and economic press. Key-informant interviews [for 'sample'] - MEI operation leads - CSD - Donor Partnerships - ESD - External evaluation experts Key-informant interviews [beyond 'sample'] External technical experts to support independent verification of reported results where feasible (e.g., infrastructure outputs, service coverage, performance metrics) - GIS / spatial analysis experts (selective) to contextualise or support plausibility checks on reported outputs such as service coverage/infrastructure improvements, where useful and feasible
		Sustainability	- Forward-looking assessment of the likelihood that achieved or emerging results will be sustained or extended, taking into account the conditions in place at the time of evaluation, such as: - tariff and regulatory frameworks, - financial viability and subsidy arrangements, - institutional and managerial capacity, - operation and maintenance arrangements, - broader policy or governance constraints.	Document review (conditions and risk factors) - Project Monitoring reports - Tariff and cost-recovery arrangements documented in project files - Utility financial and governance documentation where available - Operations and Maintenance and asset management evidence, where reflected in project documentation and TC deliverables - Regulatory and institutional context relevant to sustainability to understand structural sustainability risks (e.g. tariff-setting interference) Key-informant interviews [for 'sample']

Cluster Evaluation: EBRD projects with Water Supply components (2016-2025)

OECD-DAC criteria	Evaluation Questions	Judgement Criteria	Indicators	Information sources and data collection methods
				– MEI operation leads – TC leads – Donor Partnerships Key-informant interviews [beyond ‘sample’] – Utility management and municipal/sovereign counterparts – Regulators / oversight bodies (where relevant)