

**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

TRANSPORT

SECTOR STRATEGY

**REPORT ON THE
INVITATION TO THE PUBLIC TO COMMENT**

1. INTRODUCTION

In accordance with the EBRD Public Information Policy (PIP), the draft 2013 Transport Strategy was posted on the EBRD website for 45 calendar days from 15 April 2013. The public was invited to submit written comments on the draft Strategy no later than 30 May 2013.

Comments were submitted by: (i) CEE Bankwatch Network, an international non-governmental organisation based in Prague, Czech Republic, and established in 1995 to monitor the activities of those IFIs that operate in Central and Eastern Europe; (ii) The National Experts Council of Transparency and Sustainable Development; (iii) UCL, The Bartlett Development Planning Unit and (iv) Members of the Environment and Social Advisory Council (ESAC).

As a general remark applicable to all the comments, the Bank would like to highlight its role as a demand-driven, project-orientated financial institution.

2. PUBLIC COMMENTS AND STAFF RESPONSES

Reference	Comment	EBRD Response
General	The shift in the policies' focus on sustainable transport networks is supported.	The Bank appreciates the support for the focus of the new Strategy on sustainable transport.
General	On the first issue, if it is ok to have an "evolutionary" progress from the 2005 Transport Policy to a future concept with a focus on sustainable transport networks, that is in principle the best and most useful approach. The economic situation on the world and especially in the areas of EBRD operations is tough, and requires that we find sensible, while still progressive approaches that are doable and can be implemented now, in order to advance. We do not want to foster lengthy discussions that may even delay step-by-step improvement.	The Bank appreciates this support for the approach adopted in the new draft Transport Strategy.
General	EBRD's commitment to the environment and social sustainability is highly valued. It is important to scale up programmes such as the Sustainable Energy Initiative and Strategic Gender Initiative.	The Bank appreciates this endorsement of our strategic approach. In 2012 the Bank's transport projects were the second highest contributor to its Sustainable Energy Initiative. We intend to build on this success and support to the Bank's

		Strategic Gender Initiative.
General	Improving access to market and services should go hand in hand with encouraging business development, income diversification or women empowerment to reach the poorest parts of society and support gender equality. This may be addressed through policy dialogue.	This is the broader aim of the Bank's transport projects, particularly those which develop transport infrastructure in remote areas giving access not only to markets, but also key services such as education and health. Where appropriate such projects will be supplemented by targeted Technical Cooperation projects and/or policy dialogue to increase their inclusion impact.
General	Participation should emphasise meaningful involvement of all stakeholders, ensuring the voices of the under-represented are heard.	In assisting its client to scope stakeholder engagement processes, the aim is to reach out to as many stakeholders as possible by publishing relevant documents in the local language and arranging local meetings so as to maximise potential participation during the project preparation phase. In addition, the Bank encourages on-going dialogue by clients and contractors with local communities affected by the projects during the detailed design and implementation phases to ensure their concerns are raised and addressed. Going forward, the Bank will consider how to encourage capacity building of local stakeholders in the transport sector in order to increase the level of meaningful engagement of all stakeholders.
General	Although there is mention of consultations and inclusiveness there is still a gap in spelling out what consultation with local communities there has been or will be done and also with other stakeholders such as organisations and citizens for assessment, validation, implementation and monitoring within participatory democracies.	The Bank's consultation and stakeholder engagement requirements are detailed in the Environmental and Social Policy and Public Information Policy that apply to all EBRD financed projects. Please see response in respect to the preceding comment the key principles of these requirements.

General	The process of engagement with the private sector needs to be transparent and free from corruption or collusion and relationships between the State and firms/civil society should be reviewed where corruption perception is high.	The highest standards of integrity are applied to all of the Bank's activities in line with international best practice. Therefore all projects supported by the EBRD are required to uphold the principles of openness transparency and freedom from corruption and collusion. The EBRD financed projects are governed by various policies and rules aimed at promoting integrity and preventing fraud and corruption so as to address such concerns expressed by civil society, which the Bank takes very seriously.
General	The reflection of social and environmental requirements included on contracts with the private sector should be reflected more strongly in the strategy.	All projects supported by the EBRD, whether public or private, are required to comply with the Bank's Environmental and Social Policy and its Performance Requirements. This will be clarified with respect to the private sector in the Strategy.
General	Consideration should be given to ensure institutional capacity to maintain facilities transferred after the end of the contract.	Maintenance of existing and newly constructed transport facilities is a key consideration for the Bank and, where necessary, appropriate loan covenants are applied and technical assistance provided to encourage clients to allocate adequate resources to maintenance, build capacity and to improve the efficiency of maintenance activities, for example, through the use of performance-based maintenance contracts and out-sourcing to the private sector.
General	Capacity for implementation and maintenance needs to be reinforced to ensure project success.	The Bank assesses implementation capacity during the project preparation and requires that external support be provided to supplement the client's capacity to implement the project, if necessary. As noted above, the Bank places significant emphasis on maintenance and seeks to include an appropriate

		mix of legal requirements and support to ensure the on-going success of the projects it finances.
General	The Strategy needs to show more clearly how the EBRD plans relate to the ASI framework and particularly how the "Avoid" aspect will be operationalised.	The Bank will achieve this through the projects it supports. As noted in Section 3.3 of the Strategy, the Bank expects to enhance its support for investment in intermodal and logistics operations, which, by creating efficient transport links, optimise the use of transport resources. The Bank will continue to support development of rail and inland waterways; and, in broadening of its transport activities will also aim to support investment in intercity buses to facilitate the shift to more energy efficient modes. Additionally, it will continue to support investment in energy efficient technologies such as more fuel efficient vehicles (i.e. railcars, ships, trucks).
General	The Bank's focus on market orientation must not lead to higher prices for public transport than for private vehicles and must be carefully balanced with affordability for users and frequent and fast enough services to make public transport flexible and attractive.	Public transport fares are generally low and heavily subsidised across the Bank's region. These may need to rise to invest in higher levels of service quality in terms of speed and service frequency. However, it is also recognised that any increases in fares would need to take account of affordability in order to ensure optimal levels of access and inclusion.
General	The Bank's focus has been strengthened on social aspects of sustainability, including road safety, economic inclusion and gender in transport projects. This focus has to be continued. Road pricing has been used in many countries now to move transport patterns in a more environmentally friendly way, and reduce congestion or discourage the use of private vehicles compared to using the public transport where available.	As noted above transport user charges are generally low and heavily subsidised across the Bank's region. There is some way to go to achieve cost recovery before pricing policies can realistically incorporate environmental externalities. Nevertheless, at some point there will be a need to balance addressing environmental concerns and affordability, while providing sufficient access to transport infrastructure and

	<p>However, considering that we foresee to incorporate further the ‘user pays’ principles, for example with road tolling, this may become an economic burden in the current economic crises.</p>	<p>services. You may also refer to EBRD’s Municipal and Environmental Infrastructure Strategy available at the EBRD website that outlines the Bank’s approach to Urban Transport.</p>
General	<p>The Strategy needs to explain better in which aspects of transportation the private sector has an effective role, and which aspects certain kinds of private sector participation have not proven to offer value for money and effective services for users and taxpayers.</p>	<p>The private sector potentially has an effective role to play in bringing efficiencies and additional capital to the provision of transport infrastructure and services. However, it is important that projects involving the private are well structured to ensure an efficient allocation of risks between the public and private sector and are competitively tendered to ensure value for money for users and taxpayers.</p>
General	<p>PPP support should be de-emphasised particularly for motorway construction and operation</p>	<p>PPPs have an important and complementary role to play in speeding up the development and modernisation of transport infrastructure across the region to facilitate economic growth. The Bank will continue to support PPP projects which are well structured and economically feasible.</p>
General	<p>The Bank's approach to transport-related investments that do not fall into the transport team's portfolio should be explained, including how it will be ensured that such investments fall into the transport strategy's priorities.</p>	<p>Reference is made in Section 3.3 to the intention to seek cross-sector transport-related financing opportunities. This will be further elaborated in the document.</p>
General	<p>It is acknowledged that the EBRD transport strategy does not address the urban dimension as this is part of another EBRD sector strategy called “Municipal Environmental Infrastructure” and the main projects addressed by this transport strategy are big size cross-regional infrastructures such as roads, rail and the maritime and aviation sector.</p> <p>Although the rationale behind such approach is understood that</p>	<p>This will be addressed largely through the Bank’s activities in the municipal sector. However, opportunities to create synergies between the activities of the two teams will be explored where feasible to address the issue of rapid urbanisation and its impact not only on safety issues, but also on employment.</p>

	<p>for urban transport projects the counterparty is different (local authority or the local utility enterprise), the Bank is advised to move from such silos approach towards a multi urban development concept, which is critical for the employment and social development of a country.</p> <p>The phenomenon of rapid urbanization has been observed in particular in the Eastern countries, and it is expected that in the future cities will increasingly play a an important role both for environmental (80% of greenhouse gas emissions are coming from cities) and social impact (increasing role of the urban economy for the country GDP).</p> <p>It is recommended that primarily EBRD investment in the future should be addressed to projects that consider the urban dimension in their early designing phase and planning process, e.g. projects that go beyond the safety issues and take into account also the impact on employment.</p>	
General	<p>Central and Eastern Europe has a solid backbone of a rail network that could handle much of the past and future growth in freight and passenger traffic (e.g. Serbia). Projects which help better exploit this existing infrastructure can help achieve sustainability goals and avoid landscape impacts through increases in road traffic. They can also strengthen regional connectivity e.g. Central Asia, South Western Europe – effects of EU accession, conducive to development of trade and mobility within sub-regions.</p>	<p>The Bank fully agrees with this approach and will continue to support the development of both freight and passenger rail services across its region both to contribute towards its sustainability goals and promote regional integration.</p>

General	<p>A social group to consider is older people. With retired people becoming a wider slice of population profiles all over the developed world, the issue of mobility of seniors will become increasingly important in the years to come.</p>	<p>This is a valid point, which we address through social due diligence in line with our Environmental and Social Policy requirements. Going forward the Bank will seek to address the specific user group needs where applicable. EBRD's Municipal and Environmental Infrastructure Strategy available at the EBRD website outlines the Bank's approach to promoting mobility in the context of Urban Transport.</p>
General	<p>There is no mention of how the Bank's support and transport investments relates to the overall country development/growth strategies, thereby ensuring the broader impact and sustainability of transport projects undertaken by the Bank's and the beneficiaries.</p>	<p>This is addressed in Section 1 which describes the role of transport as an enabler of economic growth. EBRD's Country Strategies also discuss the potential role of transport investments in the overall development/growth of the respective Country of Operation.</p>
General	<p>Transport services such as maintenance, logistic and intermodal components play an important role for future investment direction of the EBRD transport strategy. Sustainability is therefore mainly intended as optimized development of the transport network with introduction of energy efficiency performance standards to save energy/resources used.</p> <p>The Bank is advised to move from this traditional concept of sustainability to technological innovation that could foster competitiveness in the global market. Projects' award criteria should consider solutions that facilitate use of low GHG technologies, foster development of new transport sustainable technologies and energy carrier with no/low GHG emissions such as use of hydrogen and fuels cells, electric vehicles and electricity produced from renewables.</p>	<p>As well as supporting maintenance of existing transport assets and the market shift towards logistics and intermodal services in order to optimise the use of transport resources, the Bank will continue to support the introduction of innovative technical solutions into its projects as a mean of reducing energy consumption.</p> <p>The Bank has approved a large TC Programme which intends to support its client's effort in this area to introduce best technologies and practices, most of them with low penetration in these markets and thus creating new markets. As a result, the Bank has agreed with some of its clients the introduction of efficient lighting systems, cogeneration systems, electrification and hybridization of equipment and the development and implementation of energy management systems to reduce energy consumption and</p>

	<p>Such a focus on technological innovation would support the EBRD’s strategy to focus on the private sector under PPPs to foster market expansion. The forthcoming EU multi annual framework programme of research and innovation (Horizon 2020, 2014-2020 period) goes also in this direction and includes innovation as a main pillar of the programme and addresses projects that seek multi-financial sources and vehicle private investments as joint funding for public investments.</p>	<p>GHG emissions. The Bank does therefore support the introduction of new technologies and solutions.</p>
<p>General</p>	<p>How did the Bank’s support relate to the institutional reforms e.g. available legislation and private business environment, i.e. what needs to be put in place for stronger private sector engagement and who are the Bank’s strategic partners e.g. bilaterals, IFIs, UNDP are able to support/accompany implementation of the Bank’s projects in this sector. Could there be more cross-sectoral initiatives and coordination with IFIs and bilaterals e.g. related to the business environment, education, health, agriculture or if this is done e.g. some hint in section 4.4.</p>	<p>A key institutional reform supported by the Bank to encourage stronger private sector engagement in the transport sector has been in relation to development of the legislative frameworks for PPPs. In some cases, this has been promoted by the Bank’s Legal Transition Team and in others by the Transport Team directly, where it has been able to mobilise technical assistance grants to support development of the legislative framework and a pilot PPP project. The road sector in Kazakhstan is an example of this, where the Bank works closely with the IFC. In this case, the technical assistance provided by the EBRD is funded bi-laterally. For these and other initiatives institutional reform initiatives, the Bank has a number of strategic partners including other IFIs, bi-lateral donors and the European Union. This will be elaborated further in Section 4.4. There are no plans currently to explore cross-sectoral initiatives with other partners related to education, health and agriculture and would be difficult for the Bank to promote as a project-based institution and limitations</p>

		of its mandate, particularly with respect to education and health.
General	<p>What are the opportunities and risks for the Strategy relating to the current economic environment/crisis (the situation is mentioned primarily in terms of funding) and access to funds differentiated by countries since not all countries are affected in the same way by the crisis and access to funding, re: p.22 “The financial crisis engulfed the EBRD’s traditional region relatively late compared with the US and Western European countries. However, when the full brunt of the economic crisis was felt, it became clear that the region had been badly affected. “</p> <p>Although the EBRD may not be the tool to help in the economic and budget crisis in countries, the EBRD funded projects in some countries may have a very strong economic development impact. Access to funds could be differentiated in view of where they would have the largest and deepest social impact. That may end with a skewed priority for some countries since not all countries are affected in the same way by the crisis.</p>	<p>The Bank has had a key role to play, along with other IFIs, during the economic crisis to ensure priority transport projects could be financed, despite the drop in commercial bank lending, and to support government aims to invest in transport infrastructure to stimulate economic activity. As a result, in 2009, the Bank’s lending volume in the transport sector doubled to around EUR 1.3bn (see Figure 1 in Section 2.2) and has remained broadly at that level since then. In difficult economic times, the Bank has to ensure the projects it finances can withstand the downturn and has also had to be watchful of sovereign debt accumulation. With the increased level of funding since the crisis sufficient funds are available to satisfy the funding needs across the Bank’s region in the transport sector and it is not necessary to differentiate access to funding by country in order to meet the priority needs of each country.</p>
General	<p>There has been a substantial shift in the type of transport projects the EBRD finances. The Bank has steadily increased the proportion of private sector operations and commercially operated state owned entities, which is now more than 50% compared to 10% in 2005 . This means that the private/commercial sector will play a key role in an advancing transition process, and an increasing role in the provision and financing of transport infrastructure and services. So the EBRD</p>	<p>As noted in Section 3.3 the Bank has seen an increase in logistics and intermodal services in recent years linking shipping, port and rail/road operations, which it has supported particularly in Russia and Turkey. Going forward the Bank intends to enhance its engagement in this area in response to the changing market environment and also to support of its focus on sustainable transport networks. It is anticipated that the Strategy will be reviewed and updated at 5-yearly intervals following its</p>

	<p>Transportation policy should ensure that new types of services (intermodal and multi-modal solutions, door-to-door logistics, overall transport optimization and related services.) are being fostered, as they will be the preferred choices in the future – both from an economic and an environmental/social point of view.</p> <p>This would also fall in line with the trends we see in other transport strategy discussions, such as in the shipping sector, where the shipping industry moves away from solving a need from bringing goods from one port to another port of call, to fully integrated transport solutions. Consequently, a long-term transport strategy should thus also consider what shifts in the need for moving goods or persons are to be envisaged: Is there a trend towards less transport of goods and more “transport of information”? Do we see a stronger move towards local production and thus more local and regional transport focus (and shorter transport distances)?</p>	<p>adoption to ensure its focus remains appropriate in the longer term.</p>
<p>General</p>	<p>What would be important is the review the transport vision for the EBRD countries of operations in a 10-year horizon: Do we really trust in the prediction that were made only 5 years ago regarding what the needs of regional transport were? What permanent changes has the financial crisis and now the economic downturn meant for the next 10-20 years of transport predictions?</p> <p>Taking again the clues from the shipping industry, we see a radical change of future maritime transport needs in the world that has been changing much faster</p>	<p>As noted above, the Bank intends to review the new Transport Strategy after 5 years to assess whether it remains relevant or requires updating at that point.</p> <p>The Bank is already supporting improvements in local and regional transport infrastructure and will continue to do so. As explained in a previous comment, the Bank has also developed the TC mechanisms to encourage the adoption of the suitable regulation, best practices and new technologies which encourage a more sustainable economy. However, as a project-based</p>

	<p>than anyone had expected: Changes due to decreased outsourcing (and even “back-sourcing”) and geopolitical shifts (transport between China/Asia and Africa –less transport from Middle East to US) and new emerging geopolitical situations)</p> <p>In the longer-term vision, we also have to try to move from mainly a compliance driven approach, and move one-step further: Projects EBRD finances should also contribute to a transition towards a more sustainable economy. (more local production and consumption, shorter movement of goods and people, car sharing and ride sharing replacing traditional transport by individual cars etc. Therefore, we should foresee a rethinking of mobility as a service model (mobility-on-demand) for that we need good key performance indicators (KPIs) for E&S quality of its portfolio, and develop a new approach towards climate change.</p> <p>Are there some areas we already know today that the EBRD should exclude from its areas of potential interest? EBRD should define some “ no-go-zones “ - areas where no projects can be funded due to their ecological, biological, social and cultural values. Taking a purely environmental stance, some conservation issues should influence aspects related to no go zones - areas where the bank will not finance projects as a principle.</p>	<p>institution, this support will be developed in the context of the projects financed by the Bank, but will be coordinated with the approach of policy-based financiers such as the EU, IMF and World Bank regarding the policy shift towards local production and shorter movement of goods and passengers.</p> <p>The Bank will not finance projects where it is not additional and the ability to foster change (transition impact) is limited. The Bank also requires that the projects it finances are in compliance with its Environmental and Social Policy. These underlying objectives mean that there will be some projects which do not lend themselves to EBRD funding, such as sovereign road projects in EU members states.</p> <p>The Bank believes that its Environmental and Social Policy, Performance Requirements and project specific environmental and social appraisal provide sufficient guidance of sensitive areas to inform its financing decisions appropriately without the need to define “no-go-zones”.</p>
General	The Bank should continue to place transition towards a more sustainable transport model at the core of its activities in the transport sector. Whilst significant progress has been	In line with its mandate, the Bank intends to promote greater commercialisation in the provision of transport infrastructure and services and greater involvement of the private

	<p>made, much remains to be done to improve efficiency, market-orientation and financial sustainability: This means that the Bank should encourage developing the private market for transport services; and increase private sector participation in the provision of transport infrastructure through now well-established instrument's, such as concession models.</p> <p>It would good to have some clearer definition and discussions about the interface between public and private sectors in transport (advantages and disadvantages) and how the potential synergy between the two can be maximized - supporting education and health sector, use of private transport initiatives to boost tourism, or development of SME's and how this would relate to public transport systems</p>	<p>sector. Under the new Strategy, it also intends to promote the development of sustainable transport systems.</p> <p>The complementary and beneficial role of the private sector in bringing additional resources and know-how, provided projects are well structured with the help of experienced advisers, will be clarified in the document, as will the role of improved transport infrastructure in remote areas in providing greater access to essential services, such as education and health, and supporting development of SMEs through greater access to markets. The impact of development of passenger facilities on tourism will also be highlighted.</p>
General	<p>One of the major principles of the EBRD's approach has been that the Bank's policies and approaches shall be implemented by clients and partner-banks, thus the Bank should apply the same criteria it uses for its own lending to that of the financial intermediaries it supports and enforce those criteria. This means also that for Financial Intermediary Lending, any Category a project supported through Financial Intermediary Lending must ensure that the FI has sufficient capacity and commitment to monitor and supervise implementation of the projects in accordance with EBRD performance standards.</p>	<p>The Bank's environmental and social requirements for financing through intermediaries are described in the Environmental and Social Policy and its Performance Requirement 9 which is deemed to provide adequate assurance that environmental and social risks in Financial Intermediary Lending are appropriately managed.</p>

<p>Section 2</p>	<p>For the 11 projects rated unsuccessful it would be useful to see more details about what kinds of projects they were and whether there is a trend in the kind of projects that are less likely to succeed.</p> <p>For the projects estimated to reduce CO2 emissions by 600,000 tonnes per year it would be useful to know if these are pre-project estimates or actual results.</p>	<p>There is no particular trend in the kind of projects which are less likely to succeed. The issues tend to be generic and include implementation delays due to inexperience or lack of capacity of local counterparts and reluctance to make difficult political decisions with regard to reform measures. These are lessons learned for the Bank and where necessary it aims to address them by providing technical assistance to support implementation and co-operates more closely with other IFIs to speak with one voice on the key reform measures and decisions governments need to take however difficult. Attached is the link to the Special Study paper produced by the Bank's Evaluation Department and available on the Bank's website which provides a full list of the projects: http://www.ebrd.com/pages/about/what/evaluation/special_archive.shtml</p> <p>In summary, 3 projects were in the aviation sector and were predominantly in support of unsuccessful airlines; two were in the rail sector and were in the main rated as unsuccessful due to prepayments which took place before full compliance with the transition requirements of the projects; two were in the road sector and lack of success either related to restructuring or significant implementation issues and; the remaining four projects were affected by the financial performance which led to prepayment of the facility or, in the case of an equity holding, an impairment.</p> <p>The estimated reductions in CO2</p>
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		emissions are pre-project estimates based on results of the due diligence and benchmark to other projects. The achievement of the estimated CO2 emission reductions are verified through regular project monitoring.
Section 2.1	EBRD's aspiration to meet EU standard where applicable leaves room for interpretation and potentially lower standards. It might be useful to be more specific in defining environmental targets.	The environmental and social standards which EBRD-financed projects are required to achieve are elaborated in the Bank's Environmental and Social Policy and its Performance Requirements.
Section 2.5	“IFI co-financing...” It would be useful to see how the “Donor-funded Technical Cooperation (“TC”) funds are grant resources which the Bank uses to support its mandate” has been used for local, country and regional capacity building to strengthen sustainability. This also relates, i.e. raises the need for a more “qualified” statement: “The Bank has worked closely with the beneficiaries of these TCs, such as transport agencies, operators, or the government itself, to develop the objectives and scope and ensure commitment to the results of these projects.”	The use of TC funding to support sustainability has generally been used to assist clients to unlock opportunities: for example, undertaking energy efficiency audits to identify opportunities and subsequently developing energy action plans and other reforms. Wider initiatives on sustainability often involve co-ordination with other IFIs, particularly those with an overarching policy lending mandate. One example would be road safety initiatives where the Bank uses TC funding to support the carrying out of road safety audits, capacity building and reforms, as well as road safety public awareness campaigns alongside complementary initiatives promoted by other IFIs. Most of the Bank's TC projects are implemented by the beneficiary to increase the level of engagement and commitment to the results. The Bank plays an overseeing role during the scoping of the project scope, consultant selection process and project implementation.
Section 3	The recognition of the importance of smaller niche projects and the step away from the approach of maximising business volume is welcome.	This support for the Bank's commitment to smaller niche projects in the transport sector is appreciated. In the logistics sector, this may involve

	<p>The Bank's restrictive approach to the financing of airlines is welcome as the sector is highly carbon-intensive and its expansion should not be financed with public money. Additionally it is heavily subsidised through lack of VAT on tickets and lack of tax on kerosene and should not be eligible for additional public support.</p>	<p>supporting projects with a total project cost where the EBRD funding amount is well below EUR 5 million. However, such projects have an important role to play in developing this growing and dynamic sector which supports the Bank's aim to promote development of sustainable transport systems.</p> <p>The comments on airline financing are noted. The Bank will continue its highly selective approach to the financing of airline projects.</p>
Section 3.1.1	<p>It is recommended that the Bank takes a more measured and nuanced approach to private sector financing and instead of seeing it as a main goal of the strategy, examines in more depth the structural weaknesses of such an approach, rather than concentrating only on whether the legislation to allow it is in place.</p>	<p>The emphasis in the Strategy on greater engagement of the private sector in the funding of transport infrastructure is based on the Bank's underlying mandate and is fundamental to the Bank's approach across all sectors. It would not be appropriate therefore to adopt a nuanced approach to private sector engagement this in the Strategy.</p>
Section 3.1.2	<p>Page 26, Statement: "The Bank supports institutional reform measures which result in improved transparency and accountability in the management of transport infrastructure. These are the attributes which attract longer term private sector interest, and increase the scope for private sector participation as described above." Agree that these are the attributes that can attract private sector investment, but often practices in the transport industry have, also in the private sector, shown a strong lack of transparency and accountability and even tendency towards corruption, so the issue is much broader...Transparency and accountability (anti-corruption measures) should also be included in the next paragraph on "Regulatory Improvements"</p>	<p>A reference will be added in the "Regulatory Improvements" on the need to address transparency and accountability. These measures are usually enshrined in broader legislation such company, accounting and procurement law affecting all sectors of the economy and the Bank's support of such improvement is typically undertaken by its Legal Transition Team.</p>

	with a possible reference to possible partners (local, national, bilateral/multilateral) who can work with the bank to ensure these (partnership and coordination donor models).	
Section 3.1.2	Page 27, Statement: “For the road sector, financial sustainability incorporates the ‘user pays’ principles, for example through the use of road tolling, whilst ensuring that affordability constraints are taken into account. “ This is a real problem and solutions need to be found since sustainability through “user pays” is a serious problem in the current economic environment and personal purchase power/finances e.g. Croatian highways pay off only during the tourist season and people are overcrowding local roads to avoid pay tolls.	See response to general comments on this topic above.
Section 3.1.2, Section 4.2, Section 4.3	PPPs in particular should be de-emphasised in the Strategy. If the EBRD insists on promoting PPPs, it should participate in the financial risk sharing of the projects so that governments and therefore taxpayers do not foot the entire bill if the project fails.	<p>The use of well-structured PPPs, where the risks are allocated efficiently between the public and private sector, offer an opportunity to harness private sector efficiencies and mobilise private capital to speed up the modernisation of transport infrastructure across the Bank's region. The Bank will therefore continue to support well-structured and economically viable PPPs.</p> <p>The Bank finances such projects alongside the sponsors and the commercial banks. In doing so, it takes the same risks as its commercial peers, which can include making a loss on the project if it fails.</p>
Section 3.2.1	Page 28, Statement and ensuing “Economic Inclusion: “The challenge is to create sustainable transport systems, which align economic growth (add and societal development) with regard for the environment, and reduce	We agree that having a well developed sustainable transport system will promote growth and economic sustainability in the longer term and appreciate this acknowledgement.

	<p>oil dependency without sacrificing transport efficiency and mobility. “ At the end of the day economic growth is at the service of the wellbeing of people without whom there can be no economic growth, e.g. most of these countries have very low birth rates and will have an issue with labour force reproduction in the next couple of decades. Economic growth, in this sense through the use of instruments like the transport sector, can promote more employment, social mobility, higher standard of living including e.g. childcare facilities (transport to) and in the long run economic sustainability and labour force.</p>	
Section 3.2.2	<p>The Strategy should explain what the Bank will do in the area of "Avoid" i.e. reducing the need for travel in the first place.</p>	<p>The Bank will support development of transport services such as intermodal and logistics which optimise the use of transport resources. The Bank also supports those projects which do not reduce the need for travel but reduce the distance travelled (e.g. through modernization of air navigation systems and key road projects which offer shorter routes, etc..) This will be clarified in the document.</p>
Section 3.2.2	<p>Emphasis should be put on meaningful approaches to market mechanisms for internalising environmental impacts rather than pricing and off-setting mechanisms.</p>	<p>Environmental impacts have to be paid for and ultimately the market mechanism for this is pricing. However, taxes and subsidies may continue to be used by governments until such times and a user pays principle can used to internalise these impacts. The Bank believes that project specific environmental and social appraisal and the resulting requirements to undertake measures to avoid, minimise, mitigate or off-set adverse impacts will to a certain extent internalise potential impacts.</p>

Section 3.2.3	The legal rights of the affected people may differ across the Bank's countries of operations and this should be reflected and clarified in the strategy guidelines.	This will be noted in the document.
Section 3.2.3	Disclosure of information on projects is not sufficient and has adverse consequences for human rights, corruption and environmental damage. The Bank should proactively deepen stakeholder engagement, including implementing programmes to enhance the capacity of civil society.	The Bank's disclosure of information on its transport projects is guided by the requirements of the Bank's Public Information Policy and its Environmental and Social Policy and its Performance Requirement 10 also contain specific requirements for stakeholder engagement relating to the projects it is considering to finance. The Bank aims to maximise stakeholder engagement by reaching out to civil society during the project preparation phase, through public consultation where appropriate, and during the implementation phase by encouraging clients and contractors to engage with affected communities to improve detailed designs and implementation arrangements. Going forward the Bank and will test measures to increase stakeholder engagement by supporting capacity building of local civil society.
Section 3.2.3	Page 32: "Social Appraisal": Urbanization seems to be the big challenge in the next decades– an issue/statistics that can inform transport needs and policies with differentiating needs of local communities, sub-region/regions within countries, countries themselves and broader regional connectivity with other countries. This also entails differentiation among different societal needs, e.g. urban vs rural, gender differentiation e.g. access to services and markets, especially in the rural to urban context, access to education/health. The	The Economic Inclusion section will be revised to reflect this point. The Bank does promote private sector gender sensitive practices where feasible. This will also be clarified in the document.

	<p>section on Economic inclusion and gender could be improved in this sense. In this segment could the bank promote private sector gender sensitive practices (compacts which exist e.g. in Latin America)?</p>	
Section 3.3	<p>The Bank should be extremely selective with regard to railway property development in order to ensure it has added value as many such developments should be commercially viable even without the Bank's involvement.</p>	<p>The Bank will only support development of railway property where it is additional and can add value by promoting reform.</p>
Section 4.2	<p>Policy Dialogue could also include reference to different societal stakeholders.</p>	<p>The Bank aims to encourage engagement of all stakeholders and will clarify this in this section of the Strategy.</p>
Section 4.6	<p>The Strategic Performance Indicators are too process-based and not sufficiently results-based. At least the following environmental sustainability indicators need to be included:</p> <ul style="list-style-type: none"> - Avoided need for travel due to the project (in passenger-km) or the project's contribution to modal shift to cleaner transport modes (in passenger kms); - CO2 saved (actual estimated result in tonnes CO2 based on fuel use reduction, not only pre-project prediction; - It is not clear why the indicator on incorporation of road safety components does not cover all road projects and needs to be explained or the percentage heavily increased. 	<p>The Strategic Performance Indicators (SPIs) intend to measure the Bank's activities to mainstream sustainability across the portfolio, but not the project level impact due to the difficulty of isolating and measuring the impacts in terms of saved transport kms or saved CO2 emissions attributable to specific transport projects financed by the Bank, which may constitute only a small part of a much larger national network or vehicle fleet. The expected impacts of such projects are therefore estimated during due diligence based on standard benchmarks.</p> <p>In the Municipal sector, where impacts can be measured for a municipal system as a whole, the Bank has defined results-based indicators, such as the reduction in tonnes of CO₂ equivalent derived from the lowering of water losses system-wide or the number of households connected to improved tap water. This approach will be reviewed, but would be difficult to apply to transport projects.</p>

		Concerning the road safety indicator, all road projects are required to follow best practice in terms of safe design. This indicator is intended to measure specific road safety initiatives such as awareness campaigns linked to specific Bank-financed projects.
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