

OPERATIONS EVALUATION

# Evaluation of the Eastern Partnership Technical Assistance Trust Fund (2010-2019)

March 2021



European  
Investment  
Bank

*The EU bank* 



# Operations Evaluation

Evaluation of the Eastern Partnership Technical  
Assistance Trust Fund (2010-2019)

March 2021

## **Evaluation of the Eastern Partnership Technical Assistance Trust Fund (2010-2019)**

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This is a publication of the EIB's Operations Evaluation Division, IG/EV.

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### **Acknowledgment**

The EIB's Operations Evaluation Team was supported by experts from a Ramboll/Particip consortium: Paul Georis (Team Leader), Simon Gill (Deputy Team Leader), Tornike Gotsiridze (Expert), Alice Bonnet (Evaluation Consultant), and Stefan Lang (Contract Manager).

The Evaluation Team is grateful to Tomoo Ueda, Principal Evaluation Specialist at the Independent Evaluation Department of the Asian Development Bank, for peer-reviewing the draft report and sharing valuable comments and insights.

The team would like to thank representatives from the Contributors Committee of the Eastern Partnership Technical Assistance Trust Fund (EPTATF) for their valuable interactions and insights.

The team is also grateful to promoters, co-financiers, technical assistance service providers, EIB services and other stakeholders for making themselves available for interviews.

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Published by the European Investment Bank.  
Printed on FSC® paper.

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## **ABBREVIATIONS AND ACRONYMS**

|                            |  |
|----------------------------|--|
| <b>COP</b>                 | Corporate Operational Plan                                   |
| <b>Eastern Partnership</b> | Eastern Partnership  |
| <b>EBRD</b>                | European Bank for Reconstruction and Development             |
| <b>E5P</b>                 | Eastern Europe Energy Efficiency and Environment Partnership |
| <b>EIB</b>                 | European Investment Bank                                     |
| <b>EPTATF</b>              | Eastern Partnership Technical Assistance Trust Fund          |
| <b>EU</b>                  | European Union   |
| <b>FIDIC</b>               | Fédération Internationale Des Ingénieurs-Conseils            |
| <b>IMF</b>                 | International Monetary Fund                                  |
| <b>NIP</b>                 | Neighbourhood Investment Platform                            |
| <b>OPS</b>                 | Operations Directorate                                       |
| <b>PIU</b>                 | Project Implementation Unit                                  |
| <b>PJ</b>                  | Projects Directorate   |
| <b>REM</b>                 | Results Measurement Frameworks                               |
| <b>SME</b>                 | Small and Medium-Sized Enterprise                            |
| <b>TMR</b>                 | Transaction Management and Restructuring Directorate         |



## EXECUTIVE SUMMARY

The Eastern Partnership Technical Assistance Trust Fund (EPTATF) was established in 2010 to finance technical assistance operations in Eastern Partnership countries<sup>1</sup> in support of the European Investment Bank's (EIB) lending in the region.

It was set up as an EIB-dedicated multi-donor trust fund and is managed by the EIB under the oversight of the Contributors Committee. The EPTATF received contributions from seven Member States<sup>2</sup> and the United Kingdom, amounting to €43 million at the end of 2019.

After ten years of operation, the trust fund's contributors requested an evaluation of the EPTATF. This was carried out by the EIB's independent evaluation division, the Operations Evaluation Division.

This report presents the findings of the evaluation.

As the EPTATF's main purpose is to support the origination and implementation of EIB lending operations in Eastern Partnership countries, the evaluation focused on the trust fund's technical assistance activities that support project identification, preparation and implementation.<sup>3</sup>

Three evaluation questions guided the work of the evaluation team:<sup>4</sup>

- i. To what extent is the EPTATF fit for purpose?
- ii. To what extent has the EPTATF supported the origination and implementation of EIB operations in Eastern Partnership countries?
- iii. To what extent is the EPTATF run efficiently?

The findings presented in this report are based on the following elements: a review of trust fund-related documentation, a portfolio review, a review of processes and implementation timelines, interviews with stakeholders and case studies. The latter, which included ten technical assistance operations, were not meant to be

representative. They were intended to provide the evaluation with a better understanding of how technical assistance operations were implemented and to provide insights into the trust fund's achievements.

Due to the COVID-19 pandemic, the evaluation was conducted virtually. This format worked well.<sup>5</sup> However, the impossibility of meeting stakeholders face-to-face or conducting onsite visits to check outputs and results was a limitation of the evaluation.

### To what extent is the EPTATF fit for purpose?

**Under the 2007-2013 and 2014-2020 European Union (EU) External Lending Mandates, the Bank sought to expand lending to the region; however, counterparties' capacity constraints hampered project origination and implementation.** When the EPTATF was established in 2010, EIB lending in Eastern Partnership countries did not meet target signature volumes. Loan disbursement was and remains slow. This reflects the region's challenging business environment. On the promoters' side, inadequate technical, managerial and/or financial capacity, coupled with a lack of experience of working with international financial institutions, are hampering the origination and implementation of lending operations in Eastern Partnership countries.

**The EPTATF enables EIB services to mobilise technical assistance resources to overcome capacity constraints in support of its lending activities, and is aligned with stakeholders' needs and objectives.** Other international financial institutions operating in the region rely on in-house facilities to finance technical assistance activities when needed. The EPTATF, as an EIB-dedicated trust fund, provides the EIB with a similar instrument. Given promoters' reluctance to finance technical assistance through loans, providing grant resources is aligned with their needs. Finally, the trust fund offers contributors the opportunity to leverage some of their official development

<sup>1</sup> Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

<sup>2</sup> Austria, France, Germany, Latvia, Lithuania, Poland and Sweden.

<sup>3</sup> These account for 87% of the approved funding between 2010 and 2019 (26 out of the 35 technical assistance operations). Due to their specific nature, the following activities were excluded from the scope of this evaluation: internship and

secondment programmes, two long-term contracts signed with two individual consultants, dissemination and communication activities, and four upstream studies.

<sup>4</sup> The evaluation matrix with judgement criteria and related indicators is presented in Annex 2.

<sup>5</sup> Connectivity or language issues only affected the quality of a few of the interviews.

assistance in a region of strategic importance to them.

**As an EIB-dedicated trust fund, the EPTATF benefits from straightforward and short processes.** This enables the Bank to mobilise technical assistance resources quickly and predictably.

**The EPTATF's broad mandate provides flexibility to the Bank in responding to technical assistance needs in support of Eastern Partnership lending.** This is a marked advantage of the EPTATF compared to other sources of technical assistance funding. For instance, the Neighbourhood Investment Platform's (NIP's) priorities are driven by the European Union's programmatic approach. In practice, this means that an EIB lending operation that is aligned with EU policies, but does not focus on a particular dimension prioritised by the European Commission at that point in time (e.g. migration), might not benefit from NIP funding.

**However, the EPTATF's funding is not fully commensurate to its objectives.** It is an important source of technical assistance financing for the EIB: between 2007 and 2020<sup>6</sup>, the EIB provided €93 million of technical assistance to Eastern Partnership countries, 38% of which was through the EPTATF and 60% through the NIP.<sup>7</sup> However, contributions have not evolved in proportion to EIB lending in the region, particularly since 2016. As a result, the number and size of technical assistance operations approved each year is modest in comparison to the EIB's lending portfolio in the region (out of a portfolio of 113 operations between 2007 and 2020<sup>8</sup>, 23 benefited from EPTATF support,<sup>9</sup> and the average EPTATF technical assistance operation amounts to €1 million, compared to €1.6 million for the NIP).

**To what extent has the EPTATF supported the origination and implementation of EIB operations in Eastern Partnership countries?**

**The EPTATF was primarily established to support the expansion of EIB lending in Eastern Partnership countries.** In line with its objectives, EPTATF technical assistance has provided support at all stages of the project

lifecycle, with an emphasis on loan preparation and implementation. It has also enabled the Bank to intervene both at the central and regional/local levels.

#### *Support for project origination*

**EPTATF technical assistance operations have helped to alleviate technical and institutional constraints hampering the identification and preparation of lending operations.** Examples from the case studies show that technical assistance operations have enabled borrowers to meet EIB standards, or produced feasibility studies, which lay the foundations for a project.

**The results in terms of generating new EIB lending operations are mixed.** The evaluation notes that multiple factors – many beyond the EIB's control – hindered the subsequent origination of a project (e.g. changing political priorities). In some instances though, the lack of in-country ownership could have been better anticipated by the EIB and a deeper engagement with local counterparties could have helped to overcome institutional blockages.

#### *Support for project implementation*

**EPTATF technical assistance operations have facilitated project implementation.** As evidenced by the case studies, technical assistance service providers have helped drive projects forward despite challenges (e.g. a lack of technical and managerial expertise in project implementation units). They have also been conducive to good governance and management, for instance by ensuring that tendering processes for civil works complied with EU standards.

**While technical assistance operations can help to fill capacity gaps and alleviate operational issues, they cannot address all obstacles impeding project implementation.** Political and institutional weaknesses have contributed to delaying many EIB lending operations in Eastern Partnership countries (e.g. political crises, slow approval of a lending operation by national authorities, or slow granting of work permits by local authorities). These are exogenous factors, often beyond the

<sup>6</sup> Based on data extracted from the EIB's Advisory Services Application, 24 September 2020.

<sup>7</sup> The EIB's in-house technical assistance resources are extremely limited and account for only 2% of technical assistance provided in Eastern Partnership countries.

<sup>8</sup> Based on data extracted from the EIB's Advisory Services Application, 24 September 2020.

<sup>9</sup> Over the same period, 33 NIP technical assistance assignments were approved. One technical assistance assignment may benefit several EIB lending operations and conversely, one EIB lending operation may benefit from several technical assistance assignments.

control of technical assistance operations. Importantly, these obstacles often affect technical assistance implementation as well.

#### *Other effects*

**TA operations appear to have contributed only marginally to capacity building.** The case studies showed that although some capacity building activities were foreseen in the technical assistance terms of reference, they usually received less attention, as the emphasis was on project management or overcoming technical or financial shortcomings. Technical assistance operations were thus mostly used to substitute for capacity gaps, as opposed to building capacity. The evaluation therefore found limited evidence of on-the-job transfer of knowledge or expertise.

**TA operations have sometimes compensated for and supported the EIB's limited in-country presence,** extending its sphere of influence and strengthening dialogue with beneficiary authorities.

#### **To what extent is the EPTATF run efficiently?**

##### *Selecting & prioritising technical assistance operations*

**At the trust fund level, it is difficult to assess the extent to which EPTATF resources are being directed to where they are most needed.** The upstream selection and prioritisation process of the technical assistance operations to submit to the EPTATF Contributors Committee is the result of informal discussions held between EIB services, which are not documented. This reflects the pragmatic and flexible use of EPTATF resources. The resulting ad hoc distribution of funds lacks clarity however, and has led some contributors to question whether resources are allocated in an optimal way.

##### *Designing & initiating technical assistance operations*

**At the technical assistance operation level, needs are properly identified and adequately addressed in the terms of reference.** The case studies showed that the identification of capacity gaps and the planned technical assistance activities were appropriate.

**Estimated implementation times are however overly optimistic.** Risk assessments typically underestimate the challenges of implementing technical assistance operations in Eastern Partnership countries. Unrealistic timeframes for the implementation of technical assistance

operations have generated high expectations among contributors that could not be met.

**Despite a rapid approval process, technical assistance operations are not always initiated in a timely manner.** It takes on average seven months from the approval of a technical assistance operation by the Contributors Committee to the launch of the tender. Reasons include the lengthy approval of the final terms of reference by counterparties and delays in initiating the related lending operation and/or setting up a project implementation unit. In several instances, technical assistance operations were approved prematurely in order to secure funding, given the limited EPTATF resources.

##### *Implementing technical assistance operations*

**The implementation of EPTATF technical assistance operations is almost systematically protracted.** The average contract duration for EPTATF technical assistance operations is 28 months, as opposed to the 17 months planned at the contract signature. As budgets are usually not increased, this leads to resources being stretched over longer implementation periods.

##### **The resulting slow disbursement of EPTATF funds is disappointing for its contributors.**

The extended timeframes of technical assistance operations translate into a slow disbursement of the funds, as disbursements are based on technical assistance progress. This hinders the optimal utilisation of contributors' official development assistance and raises concerns regarding the technical assistance operations' performance.

##### *Monitoring technical assistance operations*

**Responsibility within the EIB for technical assistance delivery would benefit from being clearer, and it is sometimes difficult for staff to prioritise TA-related activities.** Multiple EIB services, including procurement, operational and technical teams, are involved in technical assistance operations. In principle, there is a designated EIB staff member responsible for the technical assistance operation. However, the evaluation notes this is not always clear within the Bank and to technical assistance service providers. It is also sometimes difficult for EIB staff to closely monitor and support technical assistance implementation. Given resource and time constraints, other activities, such as developing the lending portfolio, typically take

precedence over implementing ongoing technical assistance operations. This sometimes prevented the Bank from taking quick action when obstacles arose.

**More use could be made of the EIB's resident representations.** Most stakeholders indicated that contact with the EIB was almost exclusively with staff from the Luxembourg headquarters. Several stakeholders indicated that more local and regular involvement of resident representations could help to facilitate the implementation of technical assistance activities (by helping to overcome institutional bottlenecks, for instance) and maintain the commitment of the authorities in beneficiary countries.

### *Reporting the trust fund's achievements*

**At the technical assistance operation level, insufficient attention is paid to setting measurable outcomes.** The introduction, in 2017, of the Results Measurement (REM) framework for all EIB-led technical assistance operations outside of the European Union is a step in the right direction.<sup>10</sup> However, a review of available REM sheets for EPTATF operations shows that in practice, qualitative indicators are favoured over quantitative indicators, and that neither baselines nor targets are established at the outset of the TA.

**The EPTATF lacks a results framework based on well-defined intervention logic at the trust fund level.** In the absence of measurable performance indicators and targets, it is difficult for the Bank to report on the trust fund's actual accomplishments.

### **Recommendations**

*Recommendation 1. The EIB should submit a proposal to the EPTATF's Contributors Committee clarifying the trust fund's role and objectives*

The EPTATF supports EIB lending operations in a flexible manner. This pragmatic approach has translated into an ad hoc allocation of EPTATF resources. As reporting on technical assistance operations is also weak, the current set-up ultimately leads to a lack of clarity on how EPTATF resources are channelled to different operations and what they are achieving.

Overall, this situation is leading to a disconnect between EIB services and EPTATF contributors. The EIB services rely on the trust fund to support

the Bank's lending activities and thus tend to focus on the outputs generated by the technical assistance operations (e.g. feasibility studies, production of tender documents). While both parties value project quality, contributors would like to see more emphasis on the technical assistance operations' outcomes (e.g. transfer of knowledge).

The evaluation recommends that:

- The EIB submit a proposal to the Contributors Committee, after consultation and discussion with them, clarifying the EPTATF's role and objectives (e.g. the extent to which the trust fund should be flexible, cover a broad range of sectors and types of technical assistance support). The EPTATF's funding should also be discussed to ensure it is predictable and commensurate to the trust fund's objectives.

*Recommendation 2. The EIB should submit to the Contributors Committee a proposed results framework for the EPTATF reflecting the trust fund's objectives*

The EPTATF lacks a results framework for the trust fund as a whole, laying out explicitly – and realistically – what it is expected to achieve. This has prevented EIB services from adequately reporting on EPTATF achievements to contributors and addressing their concerns regarding the trust fund's results.

At the technical assistance operation level, the EIB's technical assistance REM framework provides useful guidelines for measuring results. The technical assistance REM sheets propose a broad range of indicators from which the EIB services can draw to report on a given technical assistance operation's results. Establishing an EPTATF results framework would help to identify REM indicators that are particularly relevant to EPTATF technical assistance operations, which could then be aggregated and help to improve reporting to contributors at the fund level.

While the REM technical assistance framework was deemed suitable by the evaluation, some shortcomings were noted in the use of technical assistance REM sheets for EPTATF technical assistance operations (e.g. succinct output descriptions, lack of baselines and targets for outcomes).

<sup>10</sup> Technical assistance REM sheets were first piloted in 2015 in the Africa, Caribbean, and Pacific region and were rolled out to all technical

assistance operations outside of the European Union in late 2017.

The evaluation recommends that:

- The EIB submit to the Contributors Committee a proposed results framework for the EPTATF as a whole, reflecting previously agreed-upon objectives (as per Recommendation 1). This results framework could take the form of a logframe or simple intervention logic.
- The EIB ensure that indicators selected from the technical assistance REM sheets for each technical assistance operation are in line with the trust fund's results framework to ensure consistency of reporting across EPTATF technical assistance operations and allow some aggregation of indicators.
- The EIB improve the use of technical assistance REM sheets (e.g. outcomes would benefit from being quantified, baseline and target data should be set wherever possible).
- The EIB improve reporting to contributors at the trust fund level, building as much as possible on outcome-level indicators (e.g. by aggregating outcome indicators used at the technical assistance level where relevant).

*Recommendation 3. The EIB should set the right incentives for the timely initiation and implementation of EPTATF technical assistance operations*

Contributors have expressed concern with the protracted implementation of EPTATF technical assistance operations.

Expected implementation timeframes for EPTATF technical assistance operations are overly optimistic and do not sufficiently reflect the challenging environment in which they are undertaken.

The evaluation noted instances in which technical assistance operations were approved prematurely in order to secure EPTATF funds. In other instances, the start of technical assistance operations was delayed. Introducing time limits between the approval of the technical assistance operation and the start of the procurement phase or resubmitting a technical assistance operation for approval after a previously agreed-upon period has elapsed would facilitate the reallocation of unused funds when relevant.

EPTATF technical assistance operations are implemented in complex environments (e.g.

political and institutional instability, weak capacity, governance and management issues). EIB services' close and sustained support is essential to their successful implementation. Multiple directorates are involved in technical assistance operations, but ultimate responsibility for their successful delivery lacks clarity, impeding the EIB's ability to swiftly identify and address issues when they occur.

The evaluation recommends that:

- The EIB propose to the Contributors Committee the setting of incentives for the timely use of technical assistance funds. This could include introducing time limits or requesting that a technical assistance operation be resubmitted for approval if it hasn't been initiated within a previously agreed-upon timeframe.
- The EIB ensure that more realistic technical assistance timeframes are set in the service provider's terms of reference and contracts to reflect the complex environment in which the technical assistance is being implemented.
- The EIB clarify within the Bank which service is responsible for ensuring the successful implementation of EPTATF technical assistance operations and coordinating the support provided by different EIB services; it should also clearly communicate to technical assistance service providers who the focal point is.



## RECOMMENDATIONS AND MANAGEMENT RESPONSE

### R1. Recommendation 1: The EIB should submit a proposal to the EPTATF's Contributors Committee clarifying the trust fund's objectives

The evaluation recommends that:

- The EIB submit a proposal to the Contributors Committee, after consultation and discussion with them, clarifying the EPTATF's role and objectives (e.g. the extent to which the trust fund should be flexible, cover a broad range of sectors and types of technical assistance support). The EPTATF's funding should also be discussed to ensure it is predictable and commensurate to the trust fund's objectives.

#### Management Response: Agree.

The EPTATF has been a key instrument for the EIB over the past 10 years to support its operations in the Eastern Partnership countries. The Trust Fund has allowed the EIB to mobilise technical assistance resources faster and in a more flexible manner than would be the case while relying only on external mechanisms with uncertainty of funding and often protracted contracting. In addition, the Trust Fund facilitated the EIB's operations in multiple sectors by offering a broad range of technical assistance (TA) support at different stages of the project lifecycle, from preparation to implementation, with the final aim of making projects bankable and doable. EPTATF-supported TAs have been offered to promoters who traditionally have not demonstrated the necessary in-house project management skills. The EPTATF operations have been also conducive to good governance and management. Whereas, as stated in the Evaluation, in some cases EPTATF TAs have helped to compensate for limited EIB in-country presence, in other cases, more TAs have been conducted in countries with a higher number of EIB local staff which translated into a larger portfolio and consequently more technical assistance needs. In this context, it should be recalled that EPTATF-financed TAs in many instances make it possible to deliver tasks that cannot be directly performed by EIB staff due to liability issues. The EIB engagement in the Eastern Partnership countries has significantly increased over the last twelve years, with the cumulative lending in the region rising from €230 million in 2007 to €9.336 billion in 2019, proving that the Bank has become one of the key financiers active in the region. However, the EPTATF endowment has stalled over the past 5 years, which did not allow the Bank to increase the level of allocation of EPTATF resources to technical assistance operations in the same way. The available EPTATF funds were allocated applying a practical approach, in line with the prioritisation of needs determined by two leading Divisions within the Neighbouring Countries Department, that are the users of EPTATF funding, supported by PJ technical advisory in the identification of technical assistance needs for project preparation and implementation. This is in line with the overall intervention logic of the Bank that is a demand driven financier. While recognising the important role of EPTATF, the Management Committee agrees that, after its 10 years of operation, it is important to reflect on the Trust Fund's strategic use going forward in order to ensure that the vehicle remains highly relevant and in order to attract sizeable Donor funding.

It is therefore proposed to proceed as follows:

- 1. Submit a paper to the EPTATF Contributors Committee on the strategic use of the Trust Fund resources in the next 5-year period:**

Article 3.1 of the EPTATF Rules of Establishment and Administration states the following: *'Within the Bank's mandate the EPTATF will support, mainly in the public sector, capacity building through the financing of pre-feasibility and feasibility studies, institutional and legal appraisals, environmental and social impact assessments, project management and borrower support through the project implementation process, as well as financing upstream studies and horizontal institutional activities directly or indirectly fostering private sector growth.'* While these general objectives remain relevant, it is important to prioritise the use of the Trust Fund resources by defining the main intervention areas for the 5-year period (2021-2025), compliant with EU Neighbourhood policy, which may cover such areas as climate action and environmental sustainability, digitalisation, access to finance for SMEs, etc. The paper will be submitted to the Contributors for discussion in order to ensure full alignment of

the priorities proposed by the Bank with the Official Development Aid priorities of the Donor countries.

## **2. Stronger Engagement of Contributors in the decision-making process:**

While a more strategic allocation of technical assistance funding goes hand-in-hand with a more predictable and continuous flow of donor contributions to the trust fund, the following immediate actions will be taken to strengthen the involvement of the Contributors earlier in the decision-making process on the allocation of EPTATF resources. This should lead to stronger Contributor engagement and a better dialogue between the Bank and its partners:

- a. A more formal introduction of an EPTATF technical assistance operations pipeline, to be regularly discussed with Contributors during EPTATF Contributors Committee meetings or during calls (tentatively bi-annual). In the absence of a meeting or a call the EPTATF pipeline could be submitted to the Contributors by email for information and comments. Internally, and before adding any funding proposal to the EPTATF pipeline, the process will be strengthened and aligned with the more formalised pipeline clearance (requiring i.e. Director level clearance) already in place for more recent initiatives.
- b. Thanks to the presentation of the EPTATF pipeline, the Contributors will be able to express their preferences or suggestions. In the longer term this approach is also expected to make it possible to mobilise additional funding earmarked for particular operations that may fit particularly well with the Official Development Aid priorities of a given Contributor.
- c. Following the presentation of the EPTATF pipeline to the Contributors, the respective Financing Proposals will be prepared by the respective project teams and submitted to the Contributors Committee for formal approval (following the successful completion of the internal approval process (including the approval by the EIB Management Committee)), taking into account, to the extent possible, suggestions of the Contributors received at the stage of pipeline presentation/discussion.



**R2. Recommendation 2: The EIB should submit to the Contributors Committee a proposed results framework for the EPTATF reflecting the trust fund's objectives**

The evaluation recommends that:

- The EIB submit to the Contributors Committee a proposed results framework for the EPTATF as a whole, reflecting previously agreed-upon objectives (as per Recommendation 1). This results framework could take the form of a logframe or simple intervention logic.
- The EIB ensure that indicators selected from the technical assistance REM sheets for each technical assistance operation are in line with the trust fund's results framework to ensure consistency of reporting across EPTATF technical assistance operations and allow some aggregation of indicators.
- The EIB improve the use of technical assistance REM sheets (e.g. outcomes would benefit from being quantified, baseline and target data should be set wherever possible).
- The EIB improve reporting to contributors at the trust fund level, building as much as possible on outcome-level indicators (e.g. by aggregating outcome indicators used at the technical assistance level where relevant).

**Management Response: Agree.**

A results logframe or an intervention logic can help to communicate to the EPTATF Contributors on measurable achievements of the Trust Fund. It is fully agreed that a results measurement framework for Technical Assistance is a key tool that merits continued upgrading and improvement. The current Results measurement framework for technical assistance (ReMTA), and the newly created Additionality and Impact Measurement framework (AIM) for lending provide a comprehensive list of indicators, and constitute a powerful tool for results measurement, allowing for the assessment and reporting on the Bank's contribution to mandate objectives by focusing on concrete achievements. The system for results measurement of technical assistance across mandates will be further enhanced in order to align indicators more closely with the logic of the new AIM Framework. In addition, the migration of technical assistance management to a new Advisory Services Application (ASApp) will allow for an improved validation process and quality control of the information included in the sheets.

The following will be taken into consideration while developing the results logframe/an intervention logic for EPTATF:

1. Indicators applicable to EPTATF priority interventions, defined in the paper developed in line with recommendation 1, will be selected from the REM technical assistance indicators.
2. In selecting indicators, particular attention will be given to include qualitative as well as, where relevant, quantitative indicators and to focus on use of outcome indicators, in addition to the ones related to outputs.
3. For each indicator, as possible, baselines and expected results will be identified by EIB on a case-by-case basis while submitting a Financing Proposal for approval to the Contributors Committee.
4. The systematic use of indicators will allow for data aggregation in line with the logframe developed at the Trust Fund's level, and will facilitate determining the contribution of each technical assistance intervention to the achievement of the EPTATF objectives.
5. The annual progress report of EPTATF will include information on the achievement of indicators per operation and aggregated at the Trust Fund's level. Moreover, the logframe will be each time included in such annual progress report to provide a reference to the overarching Trust Fund's objectives.

### **R3. Recommendation 3: The EIB should set the right incentives for the timely initiation and implementation of EPTATF technical assistance operations**

The evaluation recommends that:

- The EIB propose to the Contributors Committee the setting of incentives for the timely use of technical assistance funds. This could include introducing time limits or requesting that a technical assistance be resubmitted for approval if it has not been initiated within a previously agreed-upon timeframe.
- The EIB ensure that more realistic technical assistance timeframes are set in service provider's terms of reference and contracts to reflect the complex environment in which the technical assistance are being implemented.
- The EIB clarify which service within the Bank is responsible for ensuring the successful implementation of EPTATF technical assistance operations and coordinating support provided by different EIB services.

#### **Management Response: Agree.**

The implementation of TAs and EIB projects is influenced by external factors often beyond the Bank's control, such as a difficult economic or political situation. The following mitigation actions will be proposed to the EPTATF Contributors Committee:

1. Implementation timeframes: The timeline section of the EPTATF Financing Proposals submitted to the Contributors Committee will include a detailed table presenting time estimates for each phase of the TA, i.e. procurement, contract negotiation and signature, assignment implementation, etc. At the same time the Financing Proposals will include a risk assessment section where the EIB project team will list the potential risk factors that may hinder the technical assistance implementation, in order to give to the EPTATF Contributors the full picture of the operational environment in the country/ies where the technical assistance will be delivered. Such risk analysis will be complemented by proposed mitigation actions.
2. TA time management: Information on all TAs delayed for more than 9 months in comparison with the implementation timeframes will need to be presented to the Contributors Committee along with the mitigation measures proposed for each operation. It is important to note that in many cases, even when delays occur, discussions with beneficiaries are usually advanced and firm commitments to support them might have been made, which renders it difficult to propose a withdrawal from such operations or technical assistance cancellation. The terms of reference should become part of the ASApp validation workflow as that will ensure management approval and thus review of a key document that sets out the terms of any technical assistance assignment.
3. Monitoring of the TA: In each pipeline questionnaire prepared by the project team prior to the submission of the Financing Proposal to the EPTATF Contributors Committee, the EIB officer responsible for technical assistance implementation will need to be indicated. This information will be registered in the Advisory Services Application (ASApp) and will have to be updated by the Division that requested the financing each time in case of the technical assistance handover to a different EIB officer within the same team or to a different team.

## 1. INTRODUCTION

1. **The Eastern Partnership Technical Assistance Trust Fund (EPTATF) was established in 2010 to finance technical assistance operations in Eastern Partnership (Eastern Partnership) countries.** Its primary objective is to support the European Investment Bank's (EIB) lending activities in the region. The trust fund also finances capacity building, through training and grants for institutional programmes. The EPTATF is managed and administered by the EIB, on behalf of the fund's contributors.
2. **The evaluation of the EPTATF was undertaken at the request of its contributors to assess the trust fund's achievements after ten years of operation.** At 31 December 2019, over 90% of the trust fund's resources had been fully allocated. EPTATF contributors have been holding off on further pledges until more clarity is provided on the trust fund's achievements.
3. **The evaluation was led by the EIB's independent evaluation division, the Operations Evaluation Division.** This report presents the evaluation team's findings.
4. **The purpose of the evaluation was to assess the extent to which the EPTATF has supported EIB lending in Eastern Partnership countries through targeted technical support.** More specifically, the evaluation aimed to:
  - Provide an overview of the activities and achievements of the EPTATF over the period 2010-2019;
  - Review the performance of the EPTATF against its original objectives and plans, and identify factors which contributed to strengths and weaknesses of the trust fund;
  - Draw lessons and formulate recommendations to strengthen the trust fund's contribution to EIB lending.
5. The report is organised as follows. Section 2 provides an overview of the EPTATF. The evaluation approach is described in Section 3. Section 4 assesses the extent to which the EPTATF is fit for purpose. Section 5 examines the extent to which the trust fund has supported the origination and implementation of EIB lending operations in Eastern Partnership countries. Section 6 addresses the extent to which the EPTATF is run efficiently. The report's conclusions are presented in Section 7 and recommendations are formulated in Section 8.



## 2. OVERVIEW OF THE EPTATF

6. **The EPTATF was established in 2010 to support EIB lending activities in Eastern Partnership countries under the European Union's External Lending Mandate.** The External Lending Mandate allows the EIB to finance investments outside the European Union (EU) in support of its external policies (Box 1). In the External Lending Mandate period running from 2014 to 2020, the EU budget guaranteed up to €6.65 billion<sup>11</sup> of EIB operations in the EU Eastern Neighbourhood<sup>12</sup> to support the Eastern Neighbourhood policy goal of building a common space of shared democracy, prosperity, stability and enhanced cooperation between the European Union and the six Eastern Partnership countries<sup>13</sup>.

### Box 1. The EU External Lending Mandate

The External Lending Mandate (External Lending Mandate) allows the EIB to operate outside the European Union in support of its external policies<sup>14</sup>. It is based on an agreement between the European Commission and the EIB, whereby the Commission provides a guarantee from the EU budget to enable the EIB to increase its lending outside the European Union in line with EU objectives.<sup>15</sup>

The 2007-2013 and 2014-2020 External Lending Mandate set four main objectives for all EIB operations covered by the EU budgetary guarantee:

- (i) Local private sector development, in particular support for small and medium-sized enterprises ('SMEs')
- (ii) Development of social and economic infrastructure
- (iii) Climate change mitigation and adaptation
- (iv) The long-term economic resilience of refugees, migrants, host and transit communities, and communities of origin as a strategic response to addressing root causes of migration.<sup>16</sup>

Source: *European Commission*<sup>17</sup>

7. **The EPTATF was specifically set up to support the origination and implementation of EIB lending operations in Eastern Partnership countries.** Drawing on the experience of a similar technical assistance (TA) facility for the Mediterranean region<sup>18</sup>, the EPTATF provides a mechanism

<sup>11</sup> Notwithstanding reallocations made in 2020.

<sup>12</sup> Including operations in Russia.

<sup>13</sup> Launched in 2009, the Eastern Partnership is a joint initiative of the European Union, its Member States, and Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine to promote political and economic reforms and closer relations with the European Union.

<sup>14</sup> The External Lending Mandate supports EIB activities in pre-accession countries, the Eastern and Southern Neighbourhood, Asia, Latin America and South Africa. Ceilings are fixed for the various geographic regions and sub-regions. The total EU guarantee for all geographic regions amounts to €32.3 billion of EIB operations during the period 2014-2020, notwithstanding 2020 reallocations.

<sup>15</sup> [Decision No 466/2014/EU granting an EU guarantee to the European Investment Bank](#)

<sup>16</sup> The fourth objective was only added in 2018 ([Decision \(EU\) 2018/412 of the European Parliament and of the Council of 14 March 2018](#)).

<sup>17</sup> Report from the Commission to the European Parliament and the Council on 2017 EIB external activity with EU budgetary guarantee, 23 March 2019.

<sup>18</sup> The Facility for Euro-Mediterranean Investment and Partnership (FEMIP) Trust Fund established in 2004.

through which the Bank can provide technical assistance in Eastern Partnership countries. The purpose and scope of the trust fund are defined in the EPTATF's Rules of Establishment and Administration<sup>19</sup> (Box 2). Its general purpose is stated in very broad and ambitious terms ('improve the quality and development impact of the Bank's Eastern Partnership operations'). De facto, the trust fund is expected to facilitate the origination of new projects and improve the implementation of EIB lending operations,<sup>20</sup> as stated in Article 1.2 of the Rules of Establishment and the EPTATF Annual Reports.

#### Box 2. The EPTATF's purpose and scope

**Art. 1.1 General purpose:** The EPTATF is a multi-year standing fund. Its purpose is to enable the EIB to provide technical assistance to improve the quality and development impact of the Bank's Eastern Partnership operations through targeted technical support.

**Art. 1.2 Guiding principles:** The EPTATF shall enable the Bank to contribute to successful and faster implementation of investment projects based on the following guiding principles: complementarity [...], catalytic impact [...], ownership [...], cost-sharing [...], flexibility [...].

**Art. 3.1 Scope of Activity:** Within the EIB's mandate the EPTATF will support, both in the private and in the public sector, capacity building through the financing of pre-feasibility and feasibility studies, institutional and legal appraisals, environmental and social impact assessments, project management and borrower support through the project implementation process, as well as financing upstream studies and horizontal institutional activities directly or indirectly fostering private sector growth.

*Source: Rules of Establishment and Administration of the EPTATF*

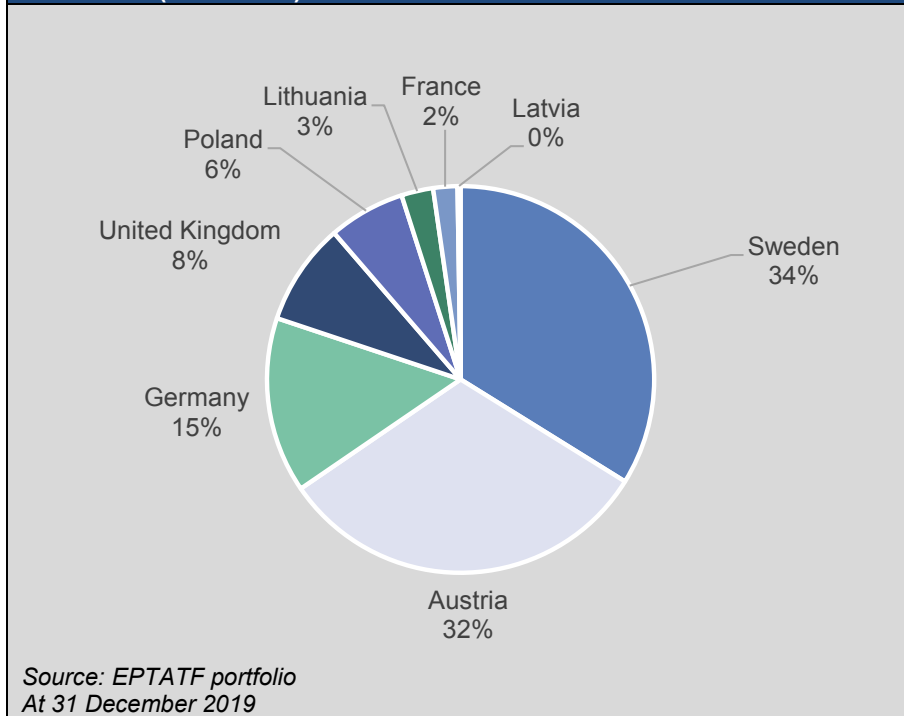
- 8. The EPTATF has received contributions from seven EU Member States and the United Kingdom, raising €43 million<sup>21</sup> between its establishment in 2010 and 2019.** As a multi-donor trust fund, the EPTATF is open to any contributor country wishing to support the Bank's activities in the region. The trust fund has attracted contributions of seven EU Member States and the United Kingdom, with total pledges amounting to €43 million (at the end of 2019). The largest contributor is Sweden, having provided €13.4 million in total, followed by Austria (€12.5 million) and Germany (€5.8 million). Altogether, the funding provided by these three Member States represents 80% of the trust fund's endowment. The United Kingdom has pledged €6.8 million (8.5% of the total), of which €3.4 million had been paid in by end of 2019. Since the trust fund's establishment in 2010, it has financed 35 technical assistance requests from Eastern Partnership countries (at 31 December 2019).

<sup>19</sup> Adopted in 2010 and amended in 2017.

<sup>20</sup> This was confirmed during scoping interviews conducted by the evaluation team in March 2020, and subsequently during interviews with contributors in May and June 2020.

<sup>21</sup> At 31 December 2019.

**Figure 1 Share of paid-in contributions to the EPTATF per country (2010-2019)**



9. **Contributions to the EPTATF give the right to become a member of the Contributors Committee<sup>22</sup>**, which acts as the advisory and decision-making body for the EPTATF<sup>23</sup>, by providing guidance on its orientations and by approving technical assistance proposals.
10. **The EPTATF is managed by the Bank under the oversight of contributor countries.** The EPTATF is managed by the EIB's Mandate Management Department within the Operations Directorate (OPS) with the support of the General Secretariat. As shown in Figure 2, the EPTATF responds to requests for technical assistance originating from two EIB lending divisions in the Neighbouring Countries Department<sup>24</sup>. Technical assistance proposals are prepared by the loan officers responsible with the support of relevant staff from the Projects Directorate (PJ) and in consultation with the authorities of the recipient country, which designate a promoter as the official counterparty for the technical assistance operation<sup>25</sup>. Technical assistance proposals are endorsed by the EIB Management Committee before being submitted to the Contributors Committee for their approval. Procurement and contractual matters are under the responsibility of the Consultant Procurement and Contract Management Division. OPS and PJ monitor the implementation of technical assistance operations. In addition to day-to-day management and oversight, they review and approve the reports from the technical assistance service providers before the Consultant Procurement and Contract Management Division executes payments. If a technical assistance operation is related to a loan, the Transaction Management and Restructuring Directorate (TMR) becomes involved in monitoring, as after the first disbursement of an EIB lending operation outside of the European Union, OPS transfers the lending operation to TMR.

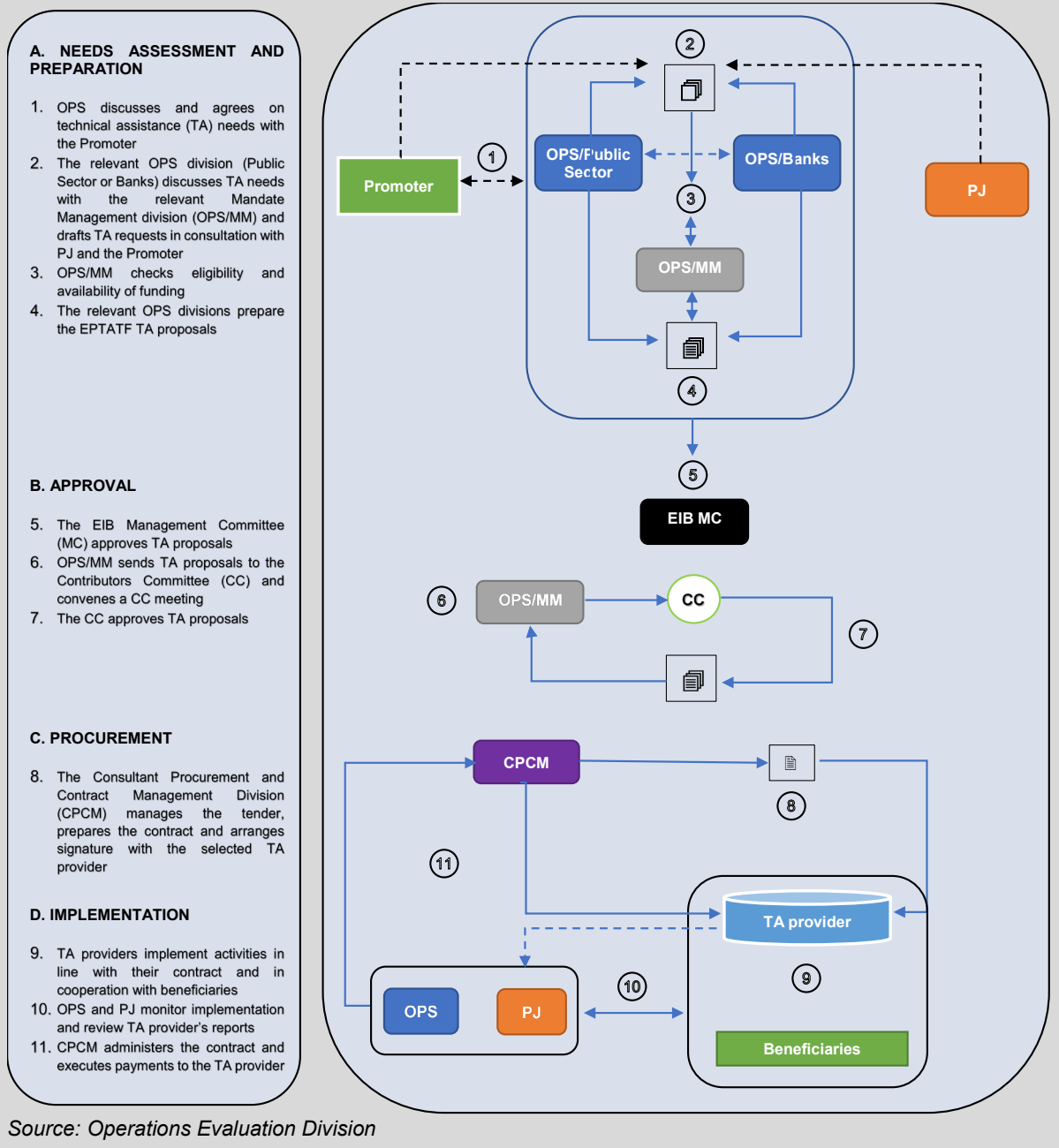
<sup>22</sup> The Contributors Committee meets at least once a year. A representative of the European Commission is also invited to attend the meetings as an observer.

<sup>23</sup> With voting rights proportional to the volume of contributions. However, in practice technical assistance operations are approved by consensus.

<sup>24</sup> The Public Sector Divisions and the Banks Division.

<sup>25</sup> When an EIB loan is involved, the promoter is usually the same for the loan and the TA.

**Figure 2 The EPTATF technical assistance operation cycle**





### 3. EVALUATION APPROACH

#### 3.1 Evaluation questions

**11. A reconstructed intervention logic for the EPTATF is depicted in Annex 1.** As no intervention logic was developed when the trust fund was established, the evaluation team reconstructed one at the outset of the evaluation and presented it to the evaluation reference group.<sup>26</sup>

**12. As the EPTATF's main purpose is to support the origination and implementation of EIB lending operations in Eastern Partnership countries, the evaluation focused on the trust fund's project identification, preparation and implementation activities.** These account for 26 of the 35 operations financed by the EPTATF and 87% of approved funding between 2010 and 2019. The EPTATF finances other activities, such as internships and secondment programmes, which were excluded from the scope of this evaluation. It is difficult to track down beneficiaries of these programmes to assess the extent to which they have benefited from them (e.g. in terms of acquisition of skills and knowledge). They are also subject to idiosyncratic variations, as the outcomes of internships and secondments are highly dependent on individual circumstances. For similar reasons, the evaluation did not include long-term contracts signed with two individual consultants to support EPTATF activities. Dissemination and communication activities were also excluded from the scope of the evaluation due to their specific nature. Finally, the evaluation did not look into the four upstream studies financed by the trust fund. They each pursued different objectives (e.g. an enterprise survey conducted jointly with the World Bank and the European Bank for Reconstruction and Development, a publication on private sector financing and the role of risk-bearing instruments).

**13. For technical assistance in project identification and preparation, the intervention logic is as follows:**

- The EIB services and promoters identify capacity gaps preventing the origination of projects. This may include a lack of technical expertise needed to conduct or commission a feasibility study. A lack of experience of working with institutions such as the EIB may also prevent promoters from developing a bankable project meeting EIB standards and requirements (financial, but also social and environmental for instance).
- Based on the identified capacity gaps, the EIB services prepare, in collaboration with the promoters, terms of reference to mobilise external expertise (TA service providers) and EPTATF financial resources.
- The technical assistance service providers deliver the outputs outlined in the terms of reference (e.g. feasibility study, environmental and social impact assessment, training of local staff).
- The delivered outputs contribute to the origination of a new EIB loan supporting a well-designed project (i.e. one that is technically and financially sound), which is ready to be implemented. They are also expected to contribute to the counterparties' acquisition of new skills and know-how, through training given by technical assistance service providers during their assignment or on-the-job learning by working with international experts.

**14. For technical assistance in project implementation, the intervention logic is as follows:**

- The EIB services and promoters identify capacity gaps likely to affect the implementation of an EIB-financed operation. This may include a lack of project management experience, or a lack of technical expertise needed to prepare tender documents for contractors and monitor works. Weak governance and procurement standards may also limit promoters' ability to fully comply with EIB requirements.
- Based on the identified capacity gaps, the EIB services prepare, in collaboration with the promoters, terms of reference to mobilise external expertise (TA service providers) and EPTATF financial resources.
- The technical assistance service providers undertake the activities outlined in the terms of reference (e.g. tendering and contracting of works, quality assurance, technical training for staff).

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<sup>26</sup> A meeting was organised with the evaluation reference group in December 2019.

- The delivery of the activities contributes to the implementation of EIB lending operations within the initially planned scope, time and budget. They are also expected to contribute to counterparties' acquisition of new skills and expertise, through training provided by technical assistance service providers during their assignment or on-the-job learning by working with international experts.

**15. Ultimately, EPTATF technical assistance is expected to improve the responsiveness of the EIB to Eastern Partnership needs and promote the advancement of EU policies.**

**16. The intervention logic for both types of technical assistance relies on certain assumptions.**

These include, for example, that capacity gaps are adequately identified by the EIB services and promoters, and that they can be addressed through the mobilisation of external expertise. Another assumption is that the local environment (e.g. weak counterparty capacity, institutional and governance issues) and promoter ownership will not prevent technical assistance service providers from successfully delivering outputs. Many factors may prevent outputs from translating into expected outcomes. A technical assistance service provider may deliver high-quality outputs without this leading to the origination of a new lending operation. A political or fiscal crisis, institutional weaknesses or poor governance may lead to a project stalling or being simply withdrawn. Similarly, multiple factors beyond the control of the technical assistance operation may affect the implementation of an EIB operation, such as frequent staff turnover in the project implementation unit, or institutional blockages (e.g. slow issuance of required permits, contractual issues).

**17. Beyond individual technical assistance operations, the set-up of the trust fund and the way it operates have a significant bearing on its ability to support EIB lending in Eastern Partnership countries.** The EPTATF is an EIB-dedicated trust fund, managed by the EIB under the oversight of the Contributors Committee. The evaluation examined the general framework under which the EPTATF operates to assess the extent to which the trust fund's set-up was conducive to its objective of helping to originate and implement EIB operations in Eastern Partnership countries. This included for instance reviewing processes used to identify technical assistance operations and allocate funds, as well as to procure technical assistance services.<sup>27</sup>

**18. Three evaluation questions guided the work of the evaluation team:**

**1. To what extent is the EPTATF fit for purpose?**

The evaluation question examines whether the rationale for establishing the EPTATF was sound, i.e. whether establishing an EIB-dedicated technical assistance facility was an appropriate solution for overcoming capacity gaps hindering EIB lending in Eastern Partnership countries. It also assesses whether the EPTATF is aligned with the needs of its stakeholders, i.e. Eastern Partnership promoters and beneficiaries, contributor countries and the Bank. The evaluation question also addresses how the trust fund is positioned relative to other technical assistance facilities providing support to the region.

**2. To what extent has the EPTATF supported the origination and implementation of EIB operations in Eastern Partnership countries?**

The evaluation question assesses the extent to which the trust fund has facilitated the lending process in Eastern Partnership countries. This section mostly builds on case studies (see Section 3.2). It examines whether technical assistance operations delivered planned outputs, as well as factors which may have impeded service delivery. The evaluation question seeks to assess the extent to which technical assistance operations have contributed to the origination and implementation of EIB lending operations. It also looks into other outcomes EPTATF technical assistance might have contributed to, such as strengthening counterparties' expertise and knowledge.

**3. To what extent is the EPTATF run efficiently?**

The evaluation question reviews the EPTATF's operating framework, from the upstream selection and prioritisation of EPTATF technical assistance operations to technical assistance implementation and monitoring. It looks both at processes and the division of responsibilities across EIB

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<sup>27</sup> The evaluation did not, however, review the selection of technical assistance service providers, which is beyond its remit.

directorates. The evaluation question also addresses how the trust fund captures and reports its achievements.

The evaluation matrix with judgement criteria and related indicators is presented in Annex 2.

### 3.2 Approach

19. The evaluation was based on the following workstreams:

- *Literature review*: relevant policy and background documentation was collected and reviewed including EIB and EPTATF reports, European Commission strategies and communications, as well as other sources of information on Eastern Partnership countries and sectors covered by the EPTATF (Annex 4).
- *Portfolio review*: data pertaining to the 35 technical assistance operations approved by the EPTATF between 2010 and 2019 and related EIB loan projects were consolidated to present an overview of the trust fund's portfolio.
- *Process review*: the EPTATF implementation process and procedures from the identification of technical assistance needs to project closure and their links with the lending process were analysed and summarised.
- *Timeline analyses*: the implementation timelines of the 35 technical assistance operations were reconstructed to identify delays and bottlenecks in the process.
- *Interviews with stakeholders*: interviews were carried out with 50 stakeholders including EIB staff, Eastern Partnership promoters and beneficiaries and technical assistance providers based on semi-structured questionnaires.
- *Case studies*: ten case studies were produced to gain a better understanding of the EPTATF's achievements (Annex 3). They were not meant to constitute a representative sample of the EPTATF portfolio. The ten case studies were selected to ensure a wide coverage of countries and sectors, with priority given to completed technical assistance operations likely to provide richer insights into the trust fund's performance. In addition, three ongoing technical assistance operations were included in the case study sample to gain a better understanding of technical assistance implementation challenges. The case studies built on a review of internally available documentation. The documents reviewed include the technical assistance proposals submitted to the Contributors Committee, the technical assistance terms of reference and contracts, as well as monitoring documents and service provider reports and final outputs (when available). The evaluation team also reviewed related project documents when relevant, including pre-appraisal and appraisal documents, monitoring documents, as well as financial data extracted from the EIB's information system that tracks all investments. From March to June 2020, the evaluation team held semi-structured interviews with the main stakeholders of the technical assistance operations, such as EIB staff involved in the appraisal and monitoring, borrowers and promoters of the operations, as well as other relevant parties (including relevant national bodies, co-financiers).

### 3.3 Challenges and limitations

20. Assessing whether a technical assistance operation has contributed to loan origination and implementation presents several challenges.

- As highlighted in section 3.1, multiple factors beyond the direct control of the technical assistance operation may influence whether or not a loan was originated or whether a project was implemented within the planned time, scope and budget. It is therefore difficult to attribute the performance of a loan operation to the technical assistance provided. In addition, technical assistance may be provided through different sources, further complicating the evaluation process.
- Establishing a credible counterfactual against which the contribution of EPTATF technical assistance operations could be assessed proved impossible within this evaluation. For example, contributors expressed an interest in determining the extent to which EPTATF technical assistance affected the disbursement of related EIB lending operations. This could not be done,

as it was impossible to control for selection biases in the allocation of technical assistance funds<sup>28</sup> and for the fact that technical assistance operations are not comparable across different facilities.<sup>29</sup>

- The evaluation team adopted a qualitative approach when investigating how EPTATF technical assistance has supported EIB lending. It sought to identify – through case studies – clear instances in which it could be concluded that the technical assistance activities contributed a new lending operation or helped a project move forward.
21. The COVID-19 pandemic prevented the evaluation team from undertaking field visits. As a result, all interviews were conducted via conference calls. Overall, the virtual format worked well. Connectivity or language issues only affected the quality of a few of the interviews. However, the fact that it was not possible to talk to stakeholders and beneficiaries face-to-face or to supplement the discussions with onsite visits to check outputs and results was clearly a limitation of the evaluation exercise.
  22. It was also difficult to retrieve all documentation relating to older technical assistance operations, which had not been digitalised, as access to the EIB's archives was impossible during the pandemic.
  23. Another constraint was related to the time that had elapsed since the end of the technical assistance operations, which in some cases amounted to several years: due to staff turnover, it was not always possible to interview the persons directly involved in the implementation and the information provided was sometimes second-hand. To address this challenge, the evaluation team conducted additional interviews to cross-check information and fill in gaps as best as possible.

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<sup>28</sup> Technical assistance resources are not allocated randomly, they are – in theory – directed towards projects which need support the most (e.g. complexity of the project, promoter capacity, challenging implementing environment).

<sup>29</sup> The size and scope of technical assistance operations vary according to the facility through which they are financed. This is discussed in Section 4.3.

## 4. TO WHAT EXTENT IS THE EPTATF FIT FOR PURPOSE?

### Key findings

#### *Alignment with stakeholders' needs and objectives*

- Under the 2007-2013 and the 2014-2020 External Lending Mandate, the EIB significantly increased lending to Eastern Partnership countries.
- There is a need for technical assistance to overcome capacity constraints, which hamper the origination and implementation of EIB lending operations in the region.
- The EPTATF is relevant to the needs of promoters and the EIB, and is aligned with the objectives of its contributors.
  - It provides grant technical assistance to promoters to overcome capacity gaps.
  - It enables contributors to pool official development assistance and leverage financing in line with their strategic interests in the region.
  - As a dedicated in-house trust fund, it provides the EIB with the flexibility it requires to mobilise funds in a timely manner and address technical assistance needs in Eastern Partnership countries.

#### *Adequacy of the trust fund's endowment*

- However, the trust fund's endowment is not commensurate with its objectives.
  - Contributions to the trust fund did not increase at the same pace as EIB lending over the 2010-2019 period, and pledges have stalled since 2016, as contributors seek more clarity on the trust fund's achievements.
  - The EPTATF's narrow endowment limits the number of technical assistance operations it can finance, as well as their size (on average four technical assistance operations per year<sup>30</sup>, for an average amount of €1 million).
- The lack of stable and predictable funding prevents the EIB services from planning the trust fund's technical assistance interventions and developing a pipeline.

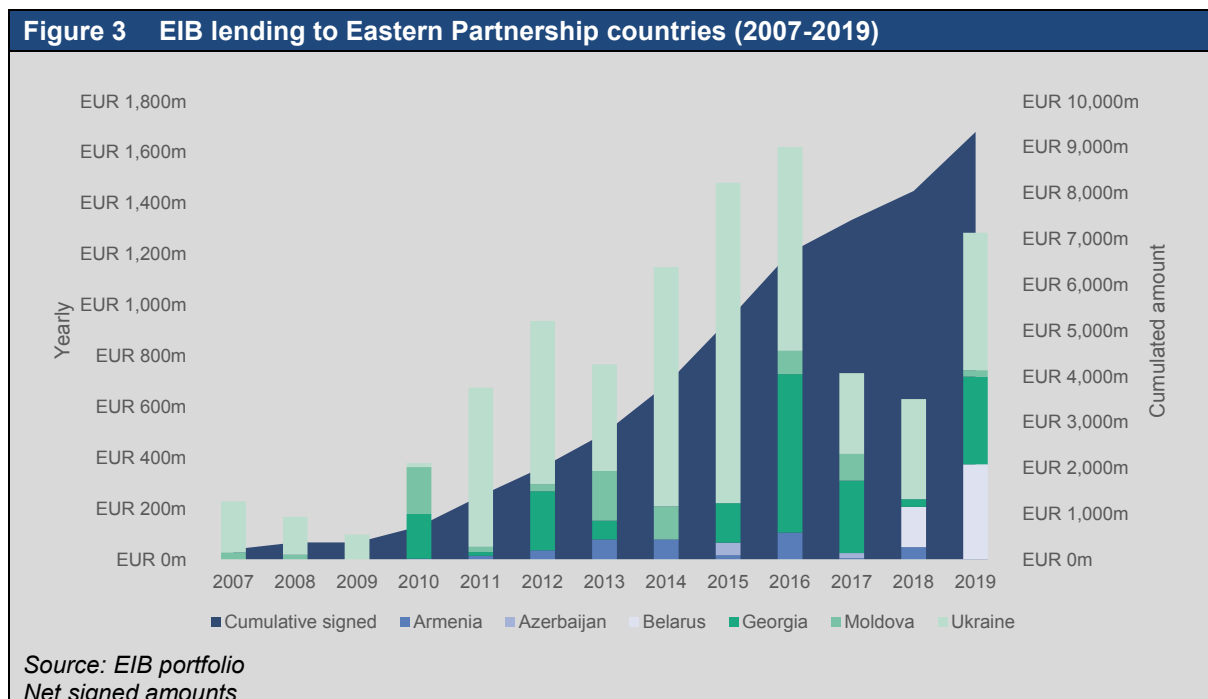
### 4.1 Technical assistance is needed to support EIB lending activities in Eastern Partnership countries

**24. Reflecting EU commitments, the EIB expanded its lending activity in Eastern Partnership countries between 2007 and 2019.** Under the 2007-2013 External Lending Mandate and 2014-2020 External Lending Mandate, cumulative EIB lending in the region rose from €230 million in 2007 to €9.336 billion in 2019, averaging €718 million per year over the period<sup>31</sup>. Amounts channelled to Ukraine, Georgia and Moldova, all three of which signed an Association Agreement with the

<sup>30</sup> The EPTATF supported 20% of EIB lending operations over 2007-2020: 23 EIB lending operations in Eastern Partnership countries benefited from an EPTATF technical assistance between 2007 and 2019, out of a total portfolio of 113 EIB lending operations (based on data extracted from the EIB's Advisory Services Application on 24 September 2020).

<sup>31</sup> Net signed amounts.

European Union in 2014, represented 90% of the total lending to the region over the period.<sup>32</sup> Armenia and Azerbaijan accounted for respectively 4% and 0.3% of total EIB lending in Eastern Partnership countries. Following the opening up of the relationship between the European Union and Belarus in 2015, seven operations were signed in 2018-2019 (6% of EIB signature volumes between 2007 and 2019).



**25. Yet the business environment in Eastern Partnership countries was and remains challenging.** Weak capacity hinders project origination. Translating infrastructure or service needs into a bankable project requires technical and financial expertise. Promoters in Eastern Partnership countries, particularly at the sub-sovereign level, also have little experience of working with international financial institutions and are not familiar with their standards and processes. These factors all limit promoters' ability to prepare projects to the level needed to meet requirements by international financial institutions. Project implementation is also challenging in Eastern Partnership countries. In addition to limited technical expertise, inadequate project management skills can slow the rollout and monitoring of a project.<sup>33</sup> Weak governance raises concerns with procurement processes and compliance with international standards.<sup>34</sup> The institutional and political environment further contributes to the complexity of the business environment. For instance, frequent

<sup>32</sup> The relationship between the European Union and Azerbaijan is based on a Partnership and Cooperation Agreement in force since 1999. Negotiations on a new framework agreement were still ongoing in 2019. The European Union and Armenia signed a Comprehensive and Enhanced Partnership Agreement in 2017, which replaced the previous Partnership and Cooperation Agreement in force since 1996. The relationship between the European Union and Belarus opened up in late 2015 and the conclusions of the February 2016 Council outlined the EU policy for engagement with Belarus, including increased financial assistance through the EIB and EBRD. Following the 2020 presidential elections in Belarus, the European Union has launched a comprehensive in-depth review of the EU-Belarus relationship, which includes financial cooperation.

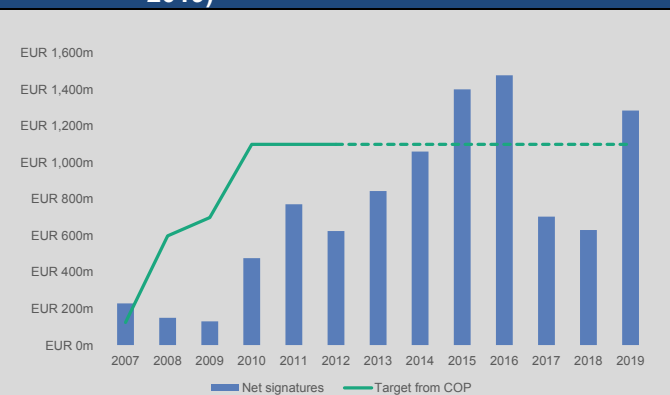
<sup>33</sup> A 2012 report on Ukraine by the World Bank's Independent Evaluation Group noted for instance the weak financial performance of utilities and the lack of physical and operational capacity of municipalities. Ukraine - Country partnership strategy for the period FY08-FY11: IEG CPSCR review. Washington, D.C.: World Bank Group.

<sup>34</sup> A World Bank report noted that at the start of the 2010-2013 Country Partnership Strategy for Georgia, corruption was rampant in the country. Georgia - Country partnership strategy for the period FY10-FY13: IEG CPSCR review. Washington, D.C.: World Bank Group.

administration restructuring and staff changes in central and local government institutions undermine the capacity of Eastern Partnership countries to access and absorb international assistance.<sup>35</sup>

**26. At the time the EPTATF was established, EIB lending in Eastern Partnership countries did not meet target signature volumes and loan disbursement was slow.** The EIB’s target annual signatures, as outlined in the Bank’s Corporate Operational Plans, was set at €1.1 billion for the region from 2010 to 2012 (Figure 4). In 2010, when the EPTATF was set up, EIB lending in Eastern Partnership countries stood at €478 million. Despite a rapid uptick, the EIB did not reach the €1.1 billion signature target for Neighbourhood and Partner countries - Eastern Europe, Southern Caucasus and Russia until 2015 when annual signatures amounted to €1.4 billion. This reflects project origination difficulties. Loan disbursement was also slow and remains relatively low (Figure 5).

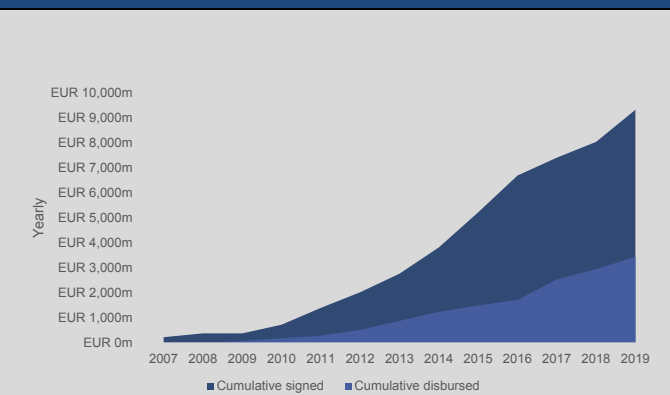
**Figure 4 EIB net signatures in Neighbourhood and Partner countries - Eastern Europe, Southern Caucasus and Russia compared to corporate targets (2007-2019)**



Source: EIB Corporate Operational Plans (COP 2008-2010, COP 2009-2011 and COP 2010-2012)

Note: In the 2008-2010 and 2009-2011 COP, signature targets and orientations were set for the group made up of Neighbourhood & Partner countries – Eastern Europe, Southern Caucasus and Russia.<sup>36</sup> As of the 2011-2013 COP, groupings were modified and signature targets were set for Neighbourhood and Partnership countries<sup>37</sup> as a whole.

**Figure 5 EIB cumulative signed and disbursed amounts (2007-2019)**



Source: EIB portfolio

Net signed amounts and disbursed amounts.

**27. The EPTATF was established so the EIB could provide grant technical assistance in support of its Eastern Partnership operations, as is the case for other IFIs.** The trust fund aims to provide technical assistance for project origination and support project implementation. Aware of their capacity constraints and lack of required expertise, promoters generally expect international financial institutions to provide grant technical assistance to help prepare and implement projects. As underscored during interviews with EIB services and promoters, the latter’s preference is for this technical assistance to be financed from external grant sources rather than from the loan proceeds.

<sup>35</sup> In Ukraine for example: “However, the scale of Ukraine’s reform commitments is not matched by its capacity to implement them. All post-communist countries suffered from this type of mismatch in the 1990s. It is especially pronounced in those post-Soviet countries with no foreseeable prospect of receiving investments from EU structural and cohesion funds” (Rebuilding Ukraine: an Assessment of EU Assistance, Chatham House, 2018).

<sup>36</sup> In the 2008-2010 and 2009-2011 COP, Eastern Europe referred to Ukraine and Moldova, while Southern Europe referred to Armenia, Azerbaijan, and Georgia. Russia accounted for a small share of EIB lending (6%) over the period.

<sup>37</sup> Neighbourhood and Partnership countries include: Mediterranean countries (excluding Turkey); Eastern Europe; Southern Caucasus; Russia; African, Caribbean and Pacific States; Overseas Countries and Territories; the Republic of South Africa; and Asia and Latin America.

It is therefore characteristic of international financial institutions' projects in the region that financing is supplemented with technical assistance to overcome skills, knowledge and resource gaps that prevent the smooth running of the lending process. For example, the European Bank for Reconstruction and Development's (EBRD) Early Transition Countries Fund finances technical assistance to overcome constraints in project preparation and implementation and regulatory environments.<sup>38</sup> The World Bank's Europe and Central Asia region Capacity Development trust fund (ECAPDEV) is a multi-donor trust fund that provides grants to improve and accelerate project preparation, and to support project implementation in Albania, Armenia, the Kyrgyz Republic, Moldova, Tajikistan, Ukraine and Uzbekistan.<sup>39</sup> Similarly, the Asian Development Bank draws on multiple trust funds to finance transaction technical assistance, i.e. technical assistance aimed at supporting project preparation or implementation.<sup>40</sup>

**28. The need for technical assistance to support EIB lending in the region was confirmed by all stakeholders during the evaluation.** While the Bank does not systematically carry out assessments of technical assistance needs, it is the responsibility of EIB staff to conduct a capacity gap analysis at the individual project level during loan identification and/or appraisal and to discuss remedial measures with the promoter, including the provision of TA. A review of the terms of reference of EPTATF technical assistance operations highlights the capacity gaps identified by EIB services, including:

- Lack of experience of working with international financial institutions and meeting their stricter requirements
- Weak planning capacity
- Lack of resources especially for securing external expertise for large-scale infrastructure design and quality control
- Lack of delegation and management skills
- Weak and/or lack of modern technical knowledge
- Weak procurement capacity
- Weak prevention of corruption

Interviews with stakeholders, including promoters and service providers, confirmed the need for technical assistance to address these weaknesses.

#### **4.2 The EPTATF enables contributors to leverage official development assistance in a region of strategic importance to them**

**29. EPTATF contributors welcome a mechanism enabling them to pool their resources with other donors to mobilise EIB financing in support of their own development objectives in Eastern Partnership countries.** The trust fund's contributors are shareholders of the Bank (with the exception of the United Kingdom since 2020). Interviews with representatives of EPTATF contributor countries highlighted the strategic importance of the region for most of them and their interest in leveraging their official development assistance through the trust fund. The EPTATF also gives contributors the possibility of earmarking their contributions for specific countries and/or sectors in line with their own strategic priorities. To date, two countries have made use of this provision. The United Kingdom supported an operation targeting small and medium enterprises (SMEs) in three countries covered by its development cooperation programme<sup>41</sup>, and Poland dedicated its latest contribution to climate change mitigation and adaptation<sup>42</sup>.

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<sup>38</sup> It is endowed by contributions from 14 countries worth €93.6 million and matched with an EBRD Shareholder Special Fund.

<sup>39</sup> Between 2012 and 2020, ECAPDEV financed 46 grants, totaling \$19 million, contributing to the preparation of 30 investment projects in Albania, Armenia, the Kyrgyz Republic, Moldova, Tajikistan, Ukraine and Uzbekistan.

<sup>40</sup> The Asian Development Bank relies on multiple trust funds – bilateral or multi-lateral – to finance technical assistance activities (list of trust funds available [here](#)). For example, the Asia Pacific Project Preparation Facility established in 2014 helps to prepare infrastructure projects with private sector participation (as of 2020, donor pledges amounted to \$63.1 million).

<sup>41</sup> Ukraine, Georgia, and Moldova.

<sup>42</sup> €1.53 million announced on 29 December 2019.



#### 4.3 As an EIB-dedicated trust fund, the EPTATF provides readily accessible and flexible support to EIB lending that other facilities cannot offer

- 30. The EPTATF is one of several facilities providing technical assistance to Eastern Partnership countries.** Reflecting the volume of lending activity in the region, the European Union and other international financial institutions have mobilised funding for the provision of technical assistance to the region, establishing technical assistance facilities significantly larger than EPTATF and with a wider base of contributors. By far the most important one is the Neighbourhood Investment Platform (NIP)<sup>43</sup> set up in 2008 to mobilise additional funding for capital-intensive infrastructure projects in partner countries covered by the European Neighbourhood Policy<sup>44</sup>. Funded from the EU General Budget, it was endowed with €420 billion at the end of 2019<sup>45</sup>. The Eastern Europe Energy Efficiency and Environment Partnership (E5P) is a €220 million multi-donor fund<sup>46</sup> set up in 2009 to encourage municipal investment in energy efficiency and environmental projects in Eastern Partnership countries. E5P grants are not used for technical assistance unless the technical assistance is funded from the loan which they have co-financed. Some other international financial institutions have set up dedicated technical assistance mechanisms to support their lending activity in the region.
- 31. In practice, when the EIB mobilises technical assistance in support of its lending operations in Eastern Partnership countries, it relies primarily on the NIP and EPTATF.** Between 2007 and 2019<sup>47</sup>, the EIB provided €93 million of technical assistance to Eastern Partnership countries through mandates or its own budget<sup>48</sup>. The EPTATF financed 38% of this envelope, compared to 60% for the NIP. EIB in-house technical assistance resources are extremely limited and account for only 2% of the technical assistance provided in Eastern Partnership countries.<sup>49</sup> Interviews with EIB services indicated that it is often challenging for the Bank not only to mobilise technical assistance resources when needed, but also to mobilise these resources in a timely manner. As a result, multiple sources are frequently required to finance the technical assistance needs of a specific operation. Based on the EIB portfolio signed under the 2014-2020 External Lending Mandate, 45% of the operations having benefited from technical assistance relied on at least two different facilities to finance the TA.<sup>50</sup>
- 32. As an EIB-dedicated facility, the EPTATF allows the EIB to mobilise technical assistance resources faster and in a more flexible manner than other external mechanisms.** According to interviews with EIB services, the EPTATF provides the Bank with the flexibility and speed of action it needs to overcome capacity constraints in Eastern Partnership countries. As an EIB-dedicated facility, managed in-house, the EPTATF is more accessible and flexible than external technical assistance programmes. The approval and securing of EPTATF funding is rapid, enabling the Bank to address needs requiring more immediate or urgent solutions. The NIP application and approval process, for example, usually lasts more than a year as opposed to three to six months for the EPTATF. The EPTATF application process is also straightforward. Requests for technical assistance approval are based on the proposed terms of reference for the technical assistance and can be submitted to the contributors all year round through a written procedure. The approval of EPTATF technical assistance is based on a no-objection vote by contributor countries, with no requests having been refused to date. The NIP approval process involves more steps, including the

<sup>43</sup> The NIP was originally launched as the Neighbourhood Investment Facility in 2008. It was renamed the Neighbourhood Investment Platform (NIP) in September 2017 when it became part of the European Fund for Sustainable Development.

<sup>44</sup> The functioning of the NIP is described in the [Annex of the Commission Implementing Decision on the Neighbourhood Investment Platform \(NIP\), part of the European Neighbourhood Wide Action Programme 2019](#).

<sup>45</sup> The sources of funding of NIP are the EU budget and the NIP Trust Fund. The funding from the EU is channelled via the European Neighbourhood Instrument. The NIP Trust Fund allows EU Member States to top up EU resources. Fifteen EU Member states committed a total of €81.3 million to the NIP Trust Fund over 2008–2014.

<sup>46</sup> With contributions from the European Union and a group of 23 countries, including those which are benefiting from the fund. Funding for projects in Ukraine alone amounts to €115 million, while the other countries are covered by separate budgets from varying contributors. In total, the other five countries had an endowment of €93 million.

<sup>47</sup> Based on data extracted from the EIB's Advisory Services Application, 24 September 2020.

<sup>48</sup> Approved amounts.

<sup>49</sup> At September 2020, the EIB had received no technical assistance grant funding from E5P, only investment grants.

<sup>50</sup> Including technical assistance financed by co-financiers.

review of the technical assistance proposal during a technical assistance meeting prior to submitting the proposal to the NIP board. At each step, the technical assistance proposal can be modified or rejected. If the NIP board issues a favourable opinion, subsequent approval by the European Commission might be needed if the funding comes from the EU budget. Once the technical assistance has been fully approved, a financing agreement must be signed between the EIB and the European Commission before the technical assistance can be initiated.

- 33. In addition, the EPTATF mandate allows it to finance a variety of sectors and types of technical assistance activities.** In contrast, the E5P thematic coverage focuses exclusively on energy efficiency and environmental projects, and does not finance certain types of activities (e.g. pre-feasibility studies). Interviews also stressed some limitations of the NIP, whose priorities are driven by the European Union's programmatic approach. In practice, this means that an EIB lending operation that is aligned with EU policies, but not focusing on a particular dimension prioritised by the European Commission at that point in time (e.g. migration), might not benefit from NIP funding.

### Box 3. The Neighbourhood Investment Platform

The NIP is a blending facility, which combines EU grant contributions or financial instruments with other public and private sector resources such as loans and equity in order to leverage additional non-grant financing. The NIF/NIP differs from EPTATF in that it provides investment grants in addition to TA<sup>51</sup>. NIP financing is available to eligible European Development Finance Institutions.<sup>52</sup>

Within the overall goal of contributing to the achievement of the Sustainable Development Goals in the framework of the European Neighbourhood Policy, the NIP supports projects under three strategic objectives:

- **Objective 1:** Establishing better and more sustainable energy and transport interconnections (between the European Union and neighbouring countries and between the neighbouring countries themselves), improving energy efficiency and demand management, promoting the use of renewable energy sources, strengthening energy security through diversification of energy supplies and energy market integration, and supporting investments related to the implementation of the Union's agreements.
- **Objective 2:** Addressing climate change, as well as threats to the environment more broadly.
- **Objective 3:** Promoting smart, sustainable and inclusive growth through support for small and medium-sized enterprises, the social sector, including human capital development, and municipal infrastructure development.

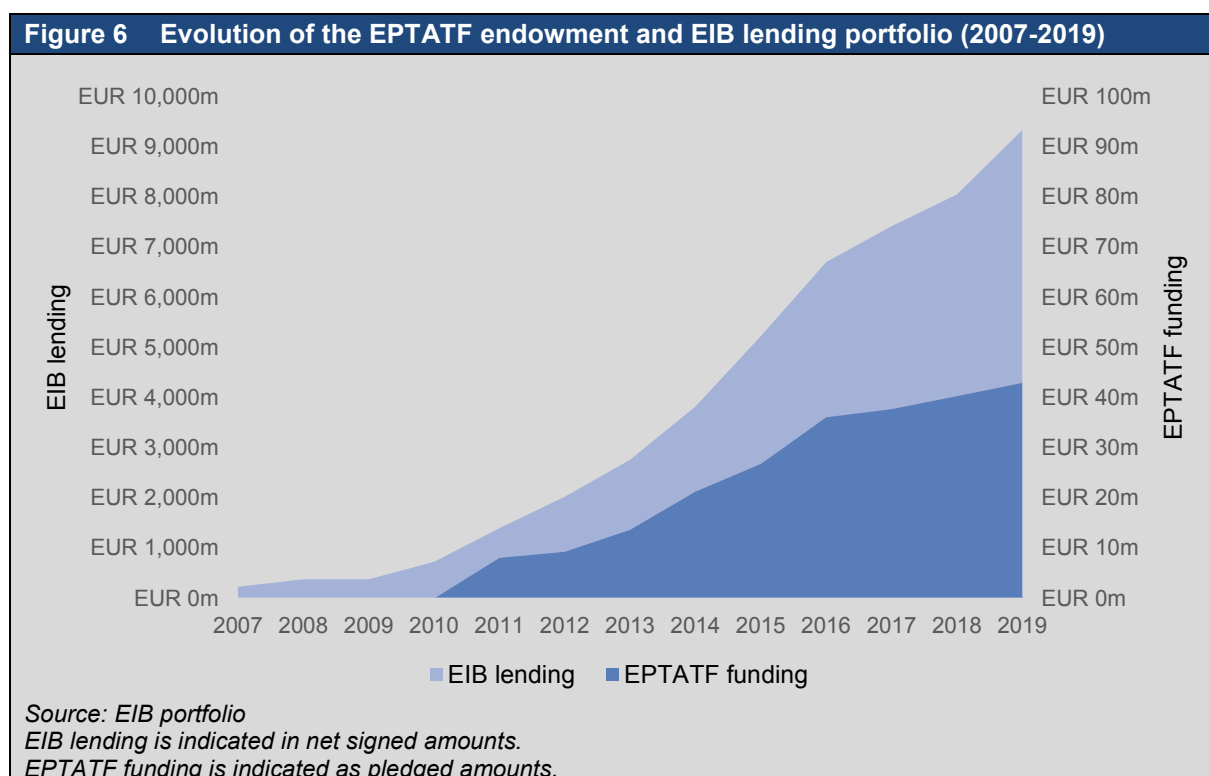
*Source: European Commission*

<sup>51</sup> The NIF/NIP allocated 27% of its funds as support for technical assistance in the period of 2008-2016. The majority was allocated for investment grants (52%).

<sup>52</sup> These include the EIB, EBRD, Council of Europe Development Bank, Nordic Environment Finance Corporation, Nordic Investment Bank, Agence Française de Développement, Kreditanstalt für Wiederaufbau, Österreichische Entwicklungsbank AG, Società Italiana per le Imprese all'Estero, Sociedade para o Financiamento do Desenvolvimento, and the Agencia Española de Cooperación Internacional para el Desarrollo (at November 2020).

#### 4.4 The EPTATF endowment however is not fully commensurate to its objectives

**34. The EPTATF endowment has not evolved in proportion to the EIB lending portfolio, particularly in recent years.** The EPTATF's aim of raising €10 million in pledges by 2013 was exceeded, bringing the trust fund's endowment to €13.7 million by the end of 2013. However, the 2015 EPTATF replenishment, which aimed to cover needs for 2015-2020, did not reach its target<sup>53</sup>. While the trust fund attracted a record yearly contribution of €9.3 million in 2016, it only managed to raise €6.8 million in pledges over the subsequent three years, eroding its capacity to address technical assistance needs and fulfil its mission. In contrast, cumulative EIB lending rose from €230 million in 2007 to €9.336 billion in 2019 in Eastern Partnership countries.



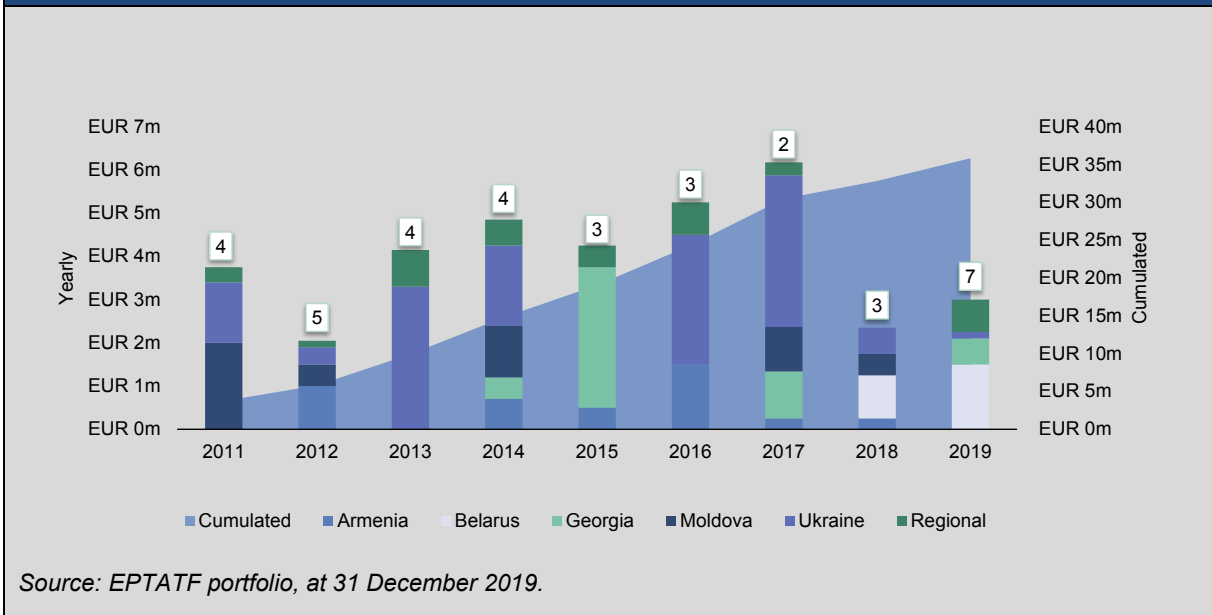
**35. The number and size of technical assistance operations approved each year is modest in comparison to the EIB lending portfolio in the region.** The EPTATF's endowment only allows it to finance a limited number of relatively small technical assistance operations each year. On average, four technical assistance operations are approved each year for an average total annual value of €4 million. The average technical assistance operation size is €1 million, with the largest at €5.3 million<sup>54</sup> and the lowest at €0.05 million. In comparison, the average size of technical assistance operations funded through NIP amounts to €1.6 million.<sup>55</sup> Interviews with EIB services indicate that technical assistance needs for project implementation are usually expected to amount to 5% of the loan volume. In the case of the EPTATF, technical assistance mobilised for project implementation support accounts on average for 1.7% of the related EIB lending operations.

<sup>53</sup> The EIB sent a letter to contributing EU Member States in March 2015 to raise a further €35 million (the contributions stood at €26.8 million at the end of 2015) to cover the needs for the next five years. Only 46% of that amount had been raised by 2019.

<sup>54</sup> A multi-country technical assistance operation.

<sup>55</sup> NIP technical assistance operations supported by the EIB.

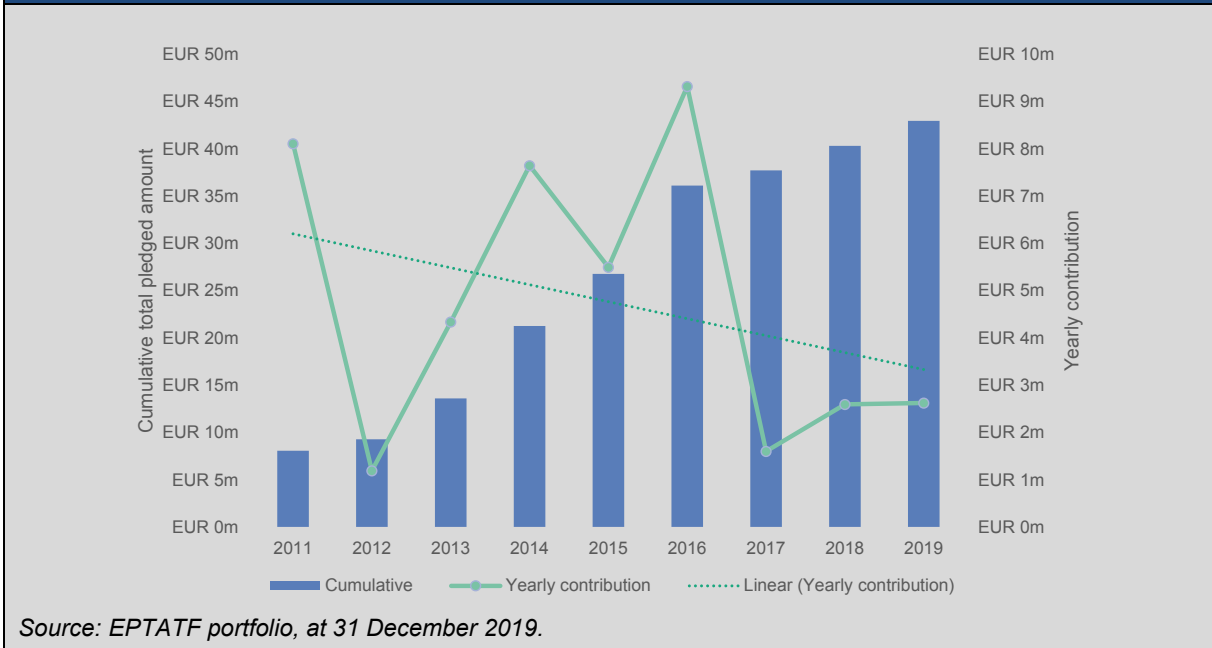
**Figure 7 Yearly approvals of EPTATF technical assistance operations (2011-2019)**



**36. Irregular and diminishing contributions limit the EPTATF’s ability to plan its interventions.**

The EPTATF is replenished at irregular intervals and contributions have been lower in recent years, eroding the trust fund's capacity to respond to needs. The lack of stable and predictable funding is not optimal from a management perspective, prompting some EIB staff, for example, to seek funds when they are available rather than when they are needed. As there is no time limit on the use of EPTATF funding,<sup>56</sup> this can lead to resources remaining idle for a long period<sup>57</sup>. It is also difficult for the Bank to develop a pipeline of technical assistance operations without knowing what resources will be available in the coming years.

**Figure 8 Cumulative pledged amounts to EPTATF (2011-2019)**



<sup>56</sup> The EPTATF’s 2017 rules entitle the Bank to extend the implementation of an operation beyond the period approved by the contributors by up to 50%. Any extension beyond that time requires the approval of the Contributors Committee.

<sup>57</sup> These time lags are also often related to delays in the adoption of the underlying loan.

## 5. TO WHAT EXTENT HAS THE EPTATF SUPPORTED THE ORIGINATION AND IMPLEMENTATION OF EIB OPERATIONS IN EASTERN PARTNERSHIP COUNTRIES?

### Key findings

- The EPTATF has provided support at all stages of the project lifecycle, in line with its objectives, with an emphasis on project preparation and implementation. It has also enabled the Bank to intervene both at the central and regional/local levels.

#### *Support for project origination*

- There is evidence that the technical assistance operations have helped with the identification and preparation of loan projects by alleviating technical and financial constraints and improving project readiness.
- Results in terms of generating new EIB lending operations are mixed. Multiple factors – many beyond the EIB's control – have contributed to this outcome. In some instances though, the lack of in-country ownership might have been anticipated better and a deeper engagement with local counterparties might have helped to overcome institutional blockages.

#### *Support for project implementation*

- EPTATF technical assistance operations have facilitated project implementation, by helping drive projects forward in complex contexts.
- They have also been conducive to good governance and management.
- There is however limited evidence that they have helped to improve EIB loan disbursement.
- While technical assistance operations can fill capacity gaps and alleviate operational issues, they cannot address all the obstacles impeding project implementation. Importantly, these obstacles often affect technical assistance operations as well.

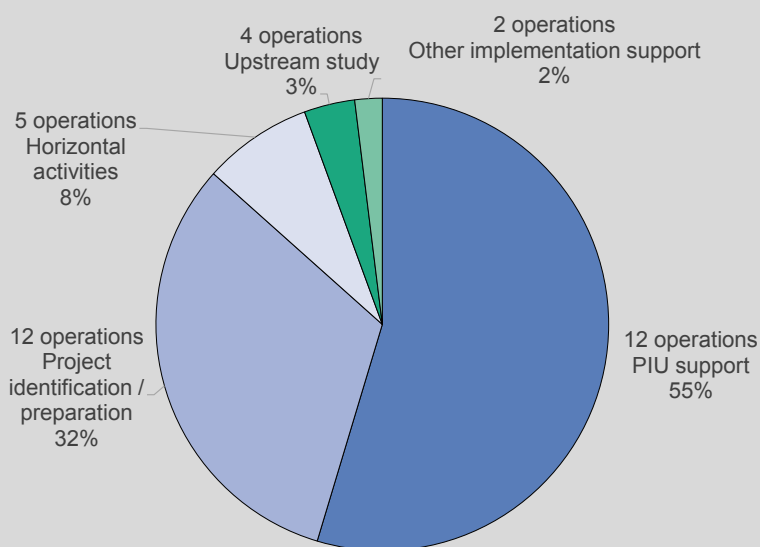
#### *Other effects*

- TA operations' contribution to capacity building and knowledge transfer has been limited: projects are not designed for this purpose, and high staff turnover does not favour the retention of knowledge and expertise.
- TA operations have sometimes compensated for and supported the EIB's limited in-country presence by extending its sphere of influence and strengthening dialogue with beneficiary authorities.

- 37. The EPTATF was primarily established to support the expansion of EIB lending in Eastern Partnership countries.** More specifically, it aims to contribute to the origination of new projects meeting EIB requirements. It also aims to support project implementation, in particular by alleviating obstacles which may slow project progress and loan disbursement.

**5.1 The EPTATF has financed technical assistance operations supporting all stages of the loan cycle, both at the national and local level**

**Figure 9 Share of approved funding per type of technical assistance operation**

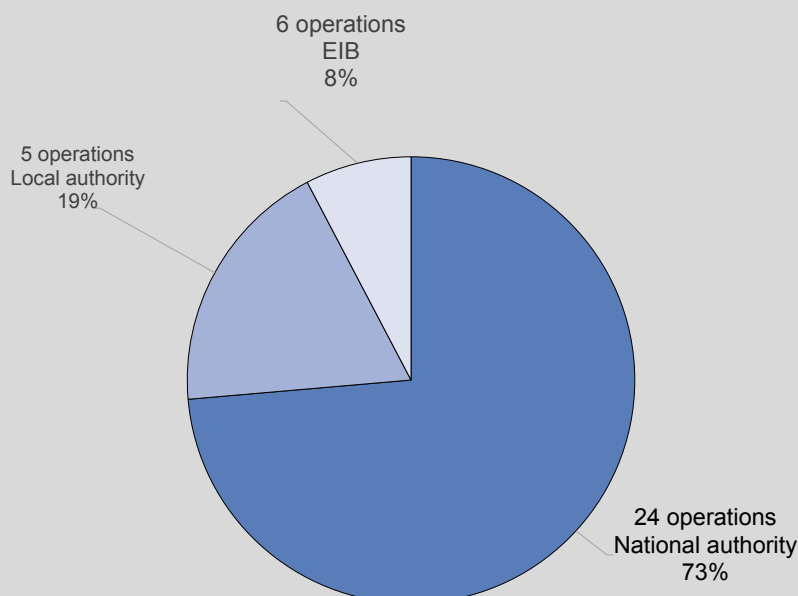


Source: EPTATF portfolio, at 31 December 2019.

38. The EPTATF has provided support at all stages of the loan lifecycle, with an emphasis on project identification, preparation and implementation. Twelve operations, which accounted for 32% of EPTATF funding, aimed at identifying and/or preparing bankable projects prior to the EIB appraisal stage. Four technical assistance operations were related to upstream studies. Over half of the EPTATF's approved funding<sup>58</sup> supported project implementation units (PIUs) in partner countries with the procurement and implementation of EIB loans. In addition, two studies contributed indirectly to the implementation of ongoing loan projects.

39. The EPTATF has enabled the Bank to intervene both at the central and local levels. While the majority of promoters were state-level institutions - either a line Ministry or a state agency - five operations involved local authorities, usually a local public utility. It should be noted that several technical assistance operations implemented by central authorities included activities addressing the capacity needs of staff of intermediary banks in direct contact with final beneficiaries (SMEs and mid-cap companies) at the local level.

**Figure 10 Share of approved funding per type of promoter**



Source: EPTATF portfolio, at 31 December 2019.

<sup>58</sup> 55% or €19.6 million

## 5.2 EPTATF technical assistance operations have helped with the identification and preparation of EIB lending operations, but have yielded mixed results when it comes to project origination

- 40. There is evidence that the technical assistance operations have helped with the identification and preparation of loan projects by alleviating technical and financial constraints and improving project readiness.** The case studies showed that the EPTATF enabled borrowers to comply with the Bank's appraisal requirements. EPTATF-funded feasibility studies contributed to financial and economic appraisals, implementation planning and risk assessments. Technical assistance service providers brought their expertise to bear on key issues, facilitating the preparatory steps of lending operations and ensuring compliance with procurement standards.

### Box 4. Identification and preparation of a railway project

An EPTATF-funded study enabled the Bank to prioritise railway infrastructure projects identified by national authorities. By assessing the financial and economic benefits of two proposed electrification projects after confirming their priority status and identifying gaps still to be addressed in the planning documentation, the technical assistance operation made a major contribution to the Bank's appraisal process for an envisaged €150 million loan. Having a limited budget to conduct such studies, the EPTATF operation was crucial for the promoter to meet the Bank's requirements and make the loan possible.

*Source: Operations Evaluation Division case studies*

- 41. However, evidence of EPTATF technical assistance leading to project origination is mixed.** Based on the case studies, two of the four technical assistance operations in support of project preparation and identification led to the signature of a new loan. In both cases, the technical assistance operations were undertaken in contexts with high prospects for a subsequent lending operation, as the projects benefited from strong political backing (Box 4 and Box 8). In contrast, the other two technical assistance operations, which did not lead to a loan, were not seen as strategic by national or local authorities. In one case, fiscal constraints further dampened any willingness to push forward with the project (Box 5). In the other instance, the lack of agreement between local authorities on the location of a potential project prevented the technical assistance from undertaking the feasibility study and environmental and social impact assessment it had been set up to produce (Box 10). Faced with the same situation with different municipalities in the same country, a development partner with a stronger local presence was able to persuade central and regional authorities to reach an agreement and overcome local resistance.

### Box 5. EPTATF technical assistance in flood protection

A technical assistance operation produced a flood protection master plan, which was acknowledged by all stakeholders as a high-quality output. It provided extremely valuable data and analysis to address the shortcomings of the country's existing flood management system and to increase its resilience to future floods in line with EU flood directives. Unfortunately, to date, the master plan has not led to any major investment in the country's flood management system, despite the identification of short-term and long-term needs by the TA. The reasons for this are related to the low priority given to the issue of flood protection by the national authorities, frequent changes of government and fiscal constraints, which limit the country's borrowing capacity.

*Source: Operations Evaluation Division case studies*

### 5.3 EPTATF technical assistance operations have facilitated project implementation and fostered good governance, but their effect on loan disbursement is difficult to assess

- 42. The EPTATF has helped to drive projects forward despite challenging institutional settings and weak promoter capacity.** In the water sector, for example, EPTATF technical assistance provided support in technical design and monitoring, as well as in the financial management and contracting of works. The case studies highlight the difficulty of working with local utility companies in Eastern Partnership countries and their limitations in implementing projects to the standards expected by the EIB or the European Union. In several instances, technical assistance service providers compensated for low PIU involvement and high staff turnover, keeping projects on track (Box 6).

#### Box 6. Support for the implementation of a municipal project

A technical assistance operation provided a range of support activities to a municipal utility company responsible for the rehabilitation and modernisation of municipal water infrastructure. Originally planned to be implemented over three years, the technical assistance operation (and underlying loan) was still ongoing four years later and necessitated the mobilisation of additional technical assistance funding. EPTATF support was nevertheless essential for minimising delays despite a very unstable political and economic environment, and in ensuring compliance with EU standards during the tendering and contracting process and the effective supervision of the works.

*Source: Operations Evaluation Division case studies*

- 43. EPTATF operations have been conducive to good governance and management.** By helping to ensure compliance with EU standards throughout all stages of the loan cycle, EPTATF technical assistance operations have contributed to greater governance and improved management practices. This was particularly the case in country contexts where the focus on compliance with EU standards helped to reduce the risk of mismanagement. The case studies showed that technical assistance service providers' involvement in the tendering of works was essential in several instances for ensuring compliance with standards and accountability mechanisms, and strengthening monitoring and reporting processes (Box 6).
- 44. Despite EPTATF support, delays in the implementation of EIB-financed projects have often occurred.** Project implementation delays are commonly linked to a variety of factors, including political instability, institutional weaknesses, the lack of dedicated staff, insufficient involvement of senior management in PIUs, and complex processes and lengthy reviews across the promoter's legal and technical departments (with the latter often unfamiliar with EU requirements and standards<sup>59</sup>). EPTATF technical assistance operations are expected to prevent further delays and help to drive projects forward despite these challenges. They are however also affected by the same factors contributing to project implementation delays. The case studies noted several instances in which the PIU was set up late or inadequately staffed. The lengthy approval of work permits or required licences also delayed projects and technical assistance operations, as the technical assistance service providers could not help to launch a tender until the necessary authorisations had been secured.
- 45. Overall, it is difficult to assess the effect of technical assistance operations on the disbursement performance of related EIB lending operations.** Many factors beyond the control of the technical assistance may enter into play and affect loan disbursement. In addition, it is difficult

<sup>59</sup> E.g. the conditions of the International Federation of Consulting Engineers (FIDIC) relate to guidelines to consolidate the industry's best practices for the definition of consulting engineering services, and establish a consistent basis for scoping, executing, and benchmarking these services. Importantly in the context of technical assistance, FIDIC publishes international standard forms of contracts for works and agreements, together with related materials such as standard pre-qualification forms.



to identify a suitable counterfactual or benchmark against which the performance of loans having benefited from EPTATF support can be compared. The evaluation looked at disbursement rates of EIB loans having received some EPTATF-funded PIU support and of EIB loans having received no technical assistance through the EIB or an EIB mandate. The data are however difficult to interpret. To start with, there is an inherent selection bias in the type of operations receiving EPTATF support. EIB operations in Eastern Partnership countries are also often co-financed by other IFIs,<sup>60</sup> who draw on their own resources or technical assistance facilities to finance technical assistance activities.

#### 5.4 Mixed results in building capacity, as this is typically a secondary objective of the technical assistance operations

**46. The EPTATF's contribution to capacity building has generally been limited, as technical assistance operations are usually not designed for this purpose, while high staff turnover does not favour the retention of knowledge and expertise in the institutional memory of beneficiaries.** Based on the case studies, the EPTATF technical assistance operations did not contribute much to long-term capacity building or the strengthening of beneficiaries' knowledge or expertise. Although some capacity building was provided for in the technical assistance terms of reference, the emphasis was on operational priorities, as the technical assistance operations primarily aimed to overcome project management or technical deficiencies hindering the lending process. The transfer of knowledge was therefore inherently short-term, only becoming sustainable through the implementation stages of the lending cycle. Capacity building was however an important objective of the EPTATF, as outlined in the founding documents.

#### Box 7. Knowledge sharing in EPTATF technical assistance operations

##### *Training*

A technical assistance operation aimed at producing a master plan and identifying EIB lending opportunities included a capacity building component in the form of a training course. Because of the high staff turnover in key ministries, none of the participants was able to attend all modules of the training course. The latter aimed to train staff from several ministries on updating a sector master plan and preparing risk assessments. However, the computers necessary to run the modelling system were not provided by the promoter. The technical assistance service providers thus lent their own personal devices to participants in order to deliver the training course.

In another case, knowledge transfer was a key element of the services provided, although belated due to poor synchronisation with the lending operation. The TA, however, did help to build up expertise, which benefited a subsequent EIB lending operation.

##### *On-the-job learning*

The expectation in several technical assistance operations was that service providers would be able to train staff on the promoter's side while supporting PIU activities. However, in instances involving large-scale infrastructure development, the technical assistance operations focused on providing expertise to build the new infrastructure, but did not necessarily provide support for its future management and maintenance. In one of the case studies involving a local utility company, stakeholders expressed concerns during interviews with the utility's ability to manage and maintain the new equipment. In another instance, high staff turnover in the utility company and within the PIU hindered capacity building.

*Source: Operations Evaluation Division case studies*

<sup>60</sup> Under the 2014-2020 External Lending Mandate, 34 out of the 77 signed operations were co-financed with an international financial institution or a bilateral government agency. Most of the non-co-financed operations were multi-beneficiary intermediated loans or guarantees (29 operations).

## 5.5 The EPTATF technical assistance operations have generated other benefits

47. **In one instance, the EPTATF helped to promote co-financing with other investors.** This was observed in an infrastructure project where EPTATF support was instrumental in securing financing for the project from different sources (Box 8).

### Box 8. EPTATF technical assistance in a co-financed project

EPTATF support enabled EIB counterparties to complete the preparation stage of a loan project to rehabilitate major road infrastructure, which was in poor condition and did not comply with international standards. The EPTATF technical assistance covered the preparation of a feasibility study, an environmental and social impact assessment, and preliminary and detailed engineering designs and tender documents as well as recommendations to ensure compliance with international standards. The feasibility study was instrumental in obtaining loans from the EIB and a co-financier, as well as an NIP grant. The designs and tender documents enabled national authorities to move on to the next stage of project implementation<sup>61</sup>.

*Source: Operations Evaluation Division case studies*

48. **TA operations have sometimes compensated for and supported the EIB's limited in-country presence, extending its sphere of influence and strengthening the dialogue with beneficiary authorities.** The EIB opened resident representations in Ukraine, Georgia, and Moldova<sup>62</sup>. Their role is to contribute to enhancing the visibility of the Bank and to provide local support for the EIB's activities in ongoing projects and programmes. The EPTATF operations helped the EIB increase its engagement beyond its own limited staff resources in the region, enhancing its capacity to engage with local counterparties. The case studies highlighted one particular EPTATF operation supporting a loan appraisal process. The technical assistance operation allowed the Bank to acquire valuable experience of working in a complex country context and helped to build and maintain a relationship of trust between the Bank and the authorities, who, for their part, learned how to interact with international financial institutions and the EIB.

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<sup>61</sup> It was however reported during interviews that significant additional design work was required and was funded by national authorities before the loan was secured.

<sup>62</sup> The EIB Resident Representation in Ukraine opened in 2011. The Resident Representation for the South Caucasus based in Georgia has been operational since 2015. In 2014, the EIB opened an office in Moldova.

## 6. TO WHAT EXTENT IS THE EPTATF RUN EFFICIENTLY?

### Key findings

#### *Selecting & prioritising EPTATF technical assistance operations*

- In line with the trust fund's guiding principles, EPTATF resources are mobilised in a flexible manner by EIB services. The process of selecting and prioritising the technical assistance operations to submit to the EPTATF's Contributors Committee reflects this pragmatic use of the trust fund's resources.
- However, this leads to an ad hoc distribution of EPTATF funds, which raises the question of whether resources are allocated in an optimal way.

#### *Designing & initiating technical assistance operations*

- Once a technical assistance operation has been selected, project-related needs are clearly identified, and the technical assistance is approved rapidly.
- Despite the rapid approval process, technical assistance operations are not always initiated in a timely manner. Risk assessments and estimated implementation times are also overly optimistic.

#### *Implementing technical assistance operations*

- The implementation of EPTATF technical assistance operations is almost systematically protracted. As budgets are usually not increased, resources are stretched over longer implementation periods.
- The resulting delays in the disbursements of technical assistance operations have reduced the effectiveness of the trust fund for its contributors. These extended timeframes are not conducive to the optimal utilisation of their official development assistance.

#### *Monitoring technical assistance operations*

- Responsibility within the EIB for technical assistance delivery is unclear. Given resource constraints, it is also difficult for staff to prioritise TA-related activities. This weakens the EIB's ability to swiftly identify and address technical assistance implementation issues when they arise. More use could be made of the EIB's resident representations, which could help to overcome institutional bottlenecks and maintain the commitment of beneficiary country authorities.

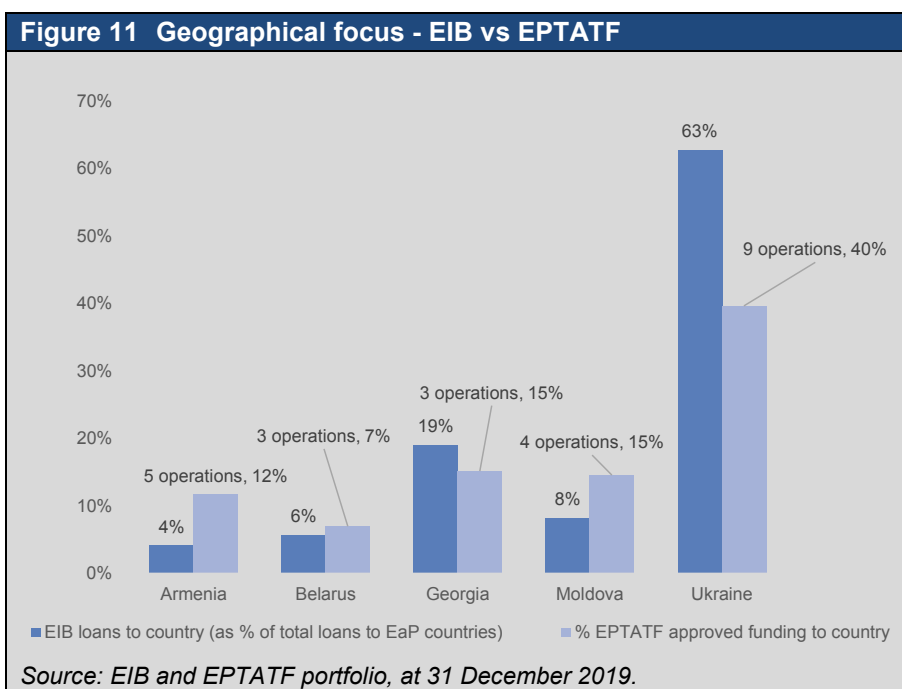
#### *Reporting the trust fund's achievements*

- At the technical assistance operation level, insufficient attention is paid to identifying measurable outcomes.
- The absence of a results framework affects the EIB's ability to report on the EPTATF's achievements.

**6.1 At the trust fund level, it is difficult to assess whether EPTATF funds are channelled to operations with the greatest needs or where they could add the most value**

**49. The selection and prioritisation of the technical assistance operations to submit to the Contributors Committee is based on an informal process.** EIB services have consistently reported that EIB lending operations in Eastern Partnership countries require TA, whether upstream for project origination or during project implementation. However, only 20% of the EIB lending operations in Eastern Partnership countries benefited from EIB-supported technical assistance between 2007 and 2020 (through either the NIP, EPTATF or the PJ budget).<sup>63</sup> Some EIB operations may have benefited from external technical assistance provided by co-financiers (e.g. EBRD). The EIB services do not maintain a record of technical assistance provided by third parties to EIB lending operations, as this would be challenging. It is therefore difficult to reconstruct after the fact the rationale used to direct EPTATF funding towards certain operations and not others. The decision to support the preparation and/or implementation of an EIB loan through technical assistance and the identification of the most appropriate source of funding is the result of informal discussions held between two lending divisions within OPS, in consultation with the Mandate Management Department. The decision-making process is not sufficiently formalised or documented.

**50. Although the EPTATF's geographical focus is broadly in line with the distribution of EIB lending in the region, there is insufficient evidence to assess whether the funds have been deployed in the most optimal way to support the Bank's lending activity.** From the EPTATF's creation in 2010 to the end of 2019, the trust fund provided support to all Eastern Partnership countries except Azerbaijan<sup>64</sup>, where the Bank's activity was limited<sup>65</sup>. Armenia received 4% of EIB lending compared with 12% of EPTATF funding. In contrast, Ukraine accounted for 64% of total EIB lending to Eastern Partnership countries<sup>66</sup> and 40% of EPTATF-approved funding. This probably reflects the country's importance for the European Union following the EuroMaidan events of late 2013 and early 2014. As the subsequent conflict in the East brought the country to the brink of bankruptcy, the European Union agreed on an €11 billion comprehensive support package for Ukraine in March 2014. This package consisted of economic and financial measures, including €8 billion in loans from the EIB and EBRD<sup>67</sup> to help stabilise the country and support the implementation of the Ukraine-EU Association Agreement signed in 2014. In the absence of needs assessments, or explicitly set criteria to allocate



<sup>63</sup> Between 2007 and 2020, 23 EIB lending operations in Eastern Partnership countries benefited from EPTATF technical assistance, out of a total portfolio of 113 EIB lending operations (based on data extracted from the EIB's Advisory Services Application on 24 September 2020). Over the same period, 33 NIP technical assistance assignments were approved. One technical assistance assignment may benefit several EIB lending operations and conversely, one EIB lending operation may benefit several technical assistance assignments.

<sup>64</sup> Azerbaijan was however covered under some of the regional operations.

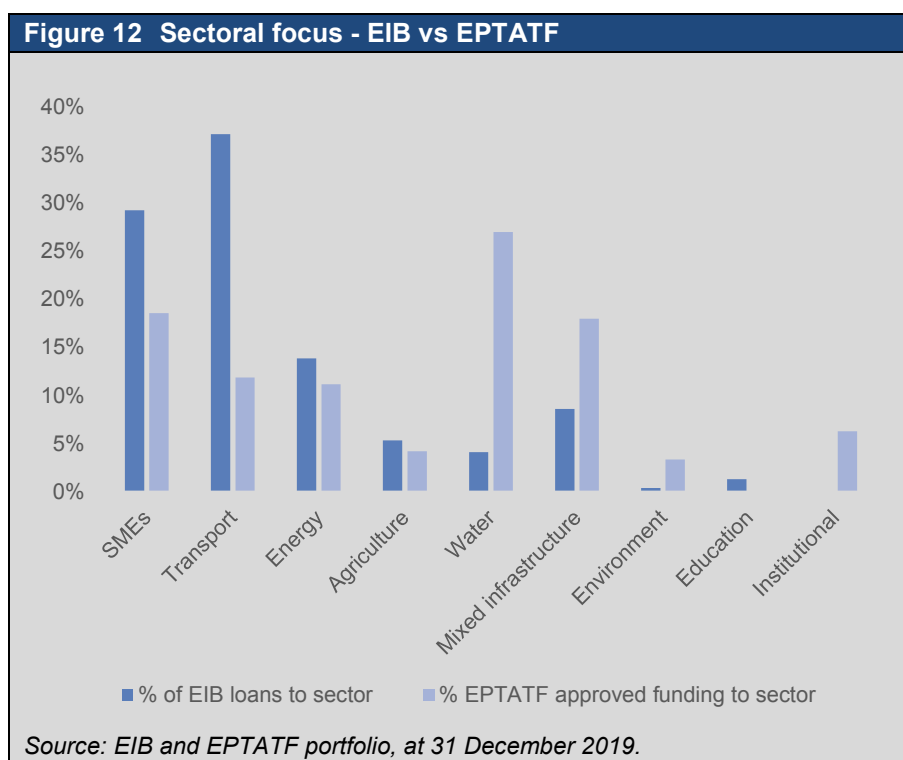
<sup>65</sup> The value of EIB loans signed with Azerbaijan between 2007 and 2019 amounted to €70 million, less than 0.7% of total lending to the region.

<sup>66</sup> €5.9 billion out of €9.3 billion.

<sup>67</sup> In addition to €1.6 billion of macro-financial assistance and €1.5 billion of grants from the European Union.

EPTATF funding, it is difficult to determine whether EPTATF support was directed to the countries with the greatest needs or to operations where it could add the most value.

- 51. Similarly, the rationale for the EPTATF technical assistance sector distribution cannot be derived from the available documentation or interviews with EIB services.** For instance, the water sector accounts for over a quarter of EPTATF technical assistance amounts, but less than 5% of EIB lending volumes in Eastern Partnership countries (Figure 12<sup>68</sup>). In the absence of a sectoral needs assessment or selection criteria prioritising certain types of operations and/or sectors, it is difficult to establish whether funds were channelled to the lending projects with the greatest needs.



- 52. In practice, the decision to request EPTATF financing is often conditioned by the size of the technical assistance operation envisaged and the capacity of the trust fund to finance it at the time of the request.** As highlighted during interviews with EIB services, the EPTATF is preferred over external facilities such as the NIP because of its quick and straightforward application procedure. Its limited endowment, however, generally means that it can only finance smaller technical assistance operations averaging €1 million.
- 53. While generally satisfied with the EPTATF’s management, contributor countries would welcome a greater say in setting the technical assistance operations’ pipeline and better reporting on the trust fund’s wider achievements.** Contributor countries are not seeking to be more involved in the day-to-day management of the trust fund as they are, on the whole, satisfied with the Bank’s performance in this regard and do not have the resources to become more involved, with a few exceptions. While they appreciate the responsiveness of the Bank to information requests, they would favour a more open discussion on the technical assistance submitted by the EIB services for funding. From this point of view, they consider that there is insufficient information on the pipeline of technical assistance operations.

<sup>68</sup> Technical assistance operations in the water sector accounted for €9.7 million or 27% of the total approved funding. Two technical assistance operations covering various types of infrastructure accounted for another €6.3 million or 18% of the total. In terms of the number of operations, energy came first (nine operations, of which seven were approved either in 2018 or 2019), followed by transport (eight operations) and water (six operations).

**6.2 At the technical assistance operation level, needs are clearly identified and technical assistance operations are approved rapidly, but they are not always initiated in a timely manner**

**54. At the technical assistance operation level, the identification of needs and the design are carried out rigorously, as evidenced by clear and well-written terms of reference, but risk assessments are overly optimistic.** The case studies showed that the terms of reference prepared by EIB services in collaboration with promoters were well drafted and provided a solid basis for the service providers' work. The identification of needs and outlining of activities were done in consultation with the promoter, with whom EIB services were generally already in close contact as part of the loan negotiations and preparation. However, risk assessments often proved too optimistic, underestimating the challenges of implementing projects in difficult and unstable environments, which often affected the lending process and in turn the technical assistance operation. Unrealistic timeframes for the implementation of the technical assistance operations created high expectations among contributor countries that could not be met. The duration of most technical assistance operations needed to be extended to allow the consultants to complete all activities and achieve the expected results. Out of the 16 completed technical assistance operations, only one was implemented within the original timeframe set out in the contract. The average contract extension amounted to 11 months.

**Box 9. Support for the implementation of a loan for SMEs**

An EPTATF technical assistance operation was designed to support the implementation of a loan for SMEs. The technical assistance was, however, not synchronised with the loan properly. It was submitted to the Contributors Committee several months after the finance contract between the EIB and the country counterparty was signed. By the time the technical assistance service provider's contract was signed, half of the loan amount had already been allocated to final beneficiaries. The technical assistance activities were therefore adjusted, particularly to avoid raising funding expectations amongst qualified financial intermediaries. The technical assistance was subsequently extended and received additional funding, so it could support follow-on EIB lending operations.

Despite the timing issue, stakeholders indicated that the technical assistance operation had provided valuable support to subsequent EIB lending operations. It helped to further develop the PIU's capacity, particularly to ensure compliance with EIB requirements and to improve monitoring and reporting. The technical assistance helped to strengthen the institutional capacity of qualified financial intermediaries (e.g. support for the introduction of new operating processes and procedures, and the assessment of the environmental and climate relevance of planned investments). The technical assistance also conducted gender awareness-raising activities and provided financial literacy training to final beneficiaries.

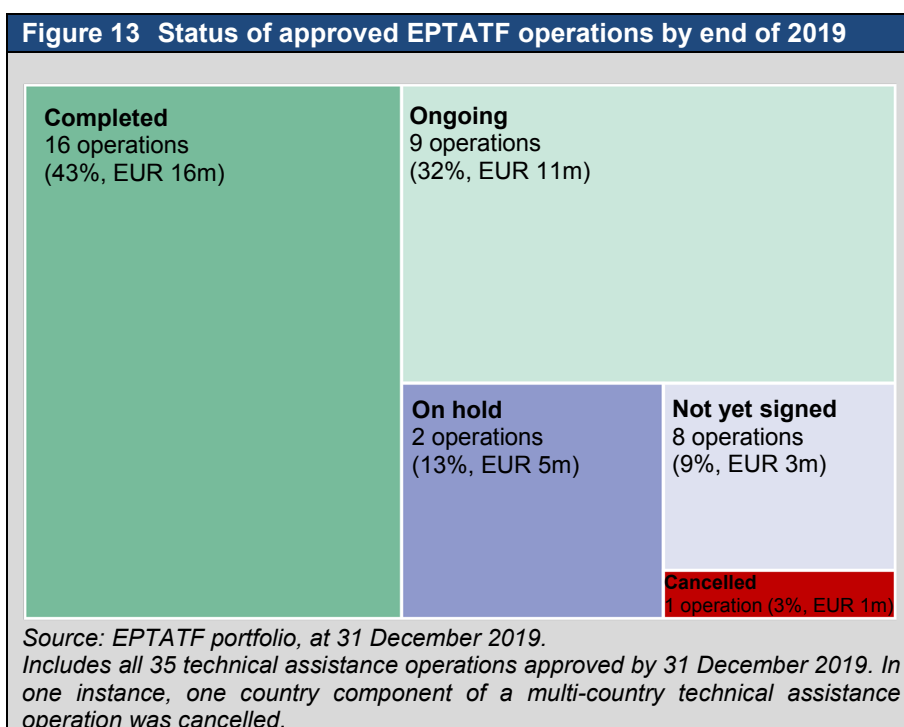
*Source: Operations Evaluation Division case studies*

**55. Despite a straightforward and swift approval process, technical assistance operations are not always initiated in a timely manner.** One of the strengths of the EPTATF is its ability to respond quickly to the Bank's requests for TA. The trust fund's performance in this regard is very satisfactory due to the excellent communication maintained between the Bank and the contributor countries. Unfortunately, the speed of action at the approval stage is not always a guarantee that the implementation of technical assistance will take place at the right time in the loan cycle. There are several instances of operations not being synchronised properly with the associated loan, with reduced effectiveness and impact as a result. The time gap is sometimes due to the premature approval process when EIB services seek to secure EPTATF funding in anticipation of future loans, whose signature is then delayed for several months, or even years, due to unfavourable political and/or economic circumstances. The procurement process averages 7 months between the date of approval by the Contributors Committee and the launch of a tender. Multiple factors contribute to

the slow start of the procurement phase.<sup>69</sup> The procurement process itself is satisfactory, with an average of 8 months for the procurement procedure<sup>70</sup>, although there have been cases of tendering procedures being prolonged for unknown reasons, which has delayed the start of technical assistance operations.

### 6.3 The overall pace of disbursement of the EPTATF's funds has not met contributors' expectations

56. After 10 years of operation, the EPTATF completed 16 technical assistance operations. Half of the 35 approved technical assistance operations were still ongoing at 31 December 2019. Of the 35 technical assistance operations approved for funding over the period, 16 had been completed by 31 December 2019, nine operations were ongoing, of which two were approved in 2011 and one in 2012, and two operations were on hold, while another had been partly cancelled. In addition, there were eight operations not yet signed that were approved in the course of 2018 and 2019.<sup>71</sup>



57. The implementation of EPTATF technical assistance operations is protracted and typically leads to stretching resources over longer implementation periods, as budgets are usually not increased. The time between the Contributors Committee's approval and contract completion<sup>72</sup> amounted to more than four years for half of the 16 completed operations. Technical assistance operations are rarely completed within their planned timeframes as presented to the contributors, or are completed within the re-established timeframes. Looking at the 16 completed operations (Table 1), the average contract duration was 17 months at the time of signature, but 28 months in actual duration, with all but one operation having been extended and four operations lasting more than three years. Implementation problems occurring during the execution of technical assistance contracts were the main source of delay. The overall implementation cycle of technical assistance

<sup>69</sup> Obtaining the counterparties' approval on the terms of reference sometimes proves challenging (e.g. lack of technical expertise, bureaucratic and institutional hurdles). In some instances, setting up the PIU, which the technical assistance aims to support, is delayed. In other instances, loan negotiations or formal approval by national authorities of the related EIB project is protracted. In two cases, the tender process had to be restarted because there were not enough bidders.

<sup>70</sup> The data available covered only 13 completed technical assistance operations.

<sup>71</sup> The first one in June 2018 and the last one in December 2019.

<sup>72</sup> Up to final payment.

operations, two of which were spread over a period of seven years, was also lengthened by time lags between the approval and tendering date and/or slow tendering. While in a few cases it was possible to top up the budget<sup>73</sup>, the extension of specific technical assistance operations usually tended to overstretch resources and dilute technical assistance activities over a longer period than initially foreseen.

| TA operation | From Contributors Committee approval to tender | From tender to contract | Original contract duration | Effective contract duration | Total implementation cycle <sup>74</sup> |
|--------------|--|-------------------------|----------------------------|-----------------------------|--|
| 1            | 6 months                                       | 3 months                | 4 months                   | 11 months                   | <b>21 months</b>                         |
| 2            | 14 months                                      | 7 months                | 18 months                  | 30 months                   | <b>52 months</b>                         |
| 3            | 50 months <sup>a</sup>                         | 9 months <sup>a</sup>   | 12 months                  | 20 months                   | <b>79 months</b>                         |
| 4            | < 1 month <sup>b</sup>                         | 24 months <sup>b</sup>  | 48 months                  | 52 months                   | <b>76 months</b>                         |
| 5            | 1 months                                       | 3 months                | 5 months                   | 24 months                   | <b>29 months</b>                         |
| 6            | 9 months                                       | 4 months                | 12 months                  | 32 months                   | <b>47 months</b>                         |
| 7            | < 1 month                                      | 3 months                | 4 months                   | 5 months                    | <b>9 months</b>                          |
| 8            | 19 months                                      | 13 months               | 8 months                   | 18 months                   | <b>52 months</b>                         |
| 9            | 8 months                                       | 4 months                | 6 months                   | 13 months                   | <b>26 months</b>                         |
| 10           | N/A <sup>c</sup>                               | 13 months               | 43 months <sup>d</sup>     | 49 months                   | <b>59 months</b>                         |
| 11           | 3 months                                       | 8 months                | 35 months                  | 49 months                   | <b>62 months</b>                         |
| 12           | 6 months                                       | 8 months                | 17 months                  | 34 months                   | <b>49 months</b>                         |
| 13           | 2 months                                       | 10 months               | 9 months                   | 13 months                   | <b>27 months</b>                         |
| 14           | < 1 month                                      | 8 months                | 32 months <sup>d</sup>     | 41 months                   | <b>51 months</b>                         |
| 15           | N/A <sup>c</sup>                               | N/A                     | 36 months                  | 36 months                   | <b>39 months</b>                         |
| 16           | < 1 month                                      | 11 months               | 24 months                  | 27 months                   | <b>40 months</b>                         |

*Source: EPTATF technical assistance documentation*

<sup>a</sup> Access to project documentation was limited. Estimate based on the date of signature of the Cooperation Agreement.

<sup>b</sup> Access to project documentation was limited. Estimate based on the date of publication of the procurement notice in the EU Official Journal, minus one month.

<sup>c</sup> Tendering launched prior to the approval by the Contributors Committee, with a suspension clause conditional on the contributors' approval.

<sup>d</sup> technical assistance contracts were extended after approval by the Contributors Committee. Contract duration indicated takes the extension into account.

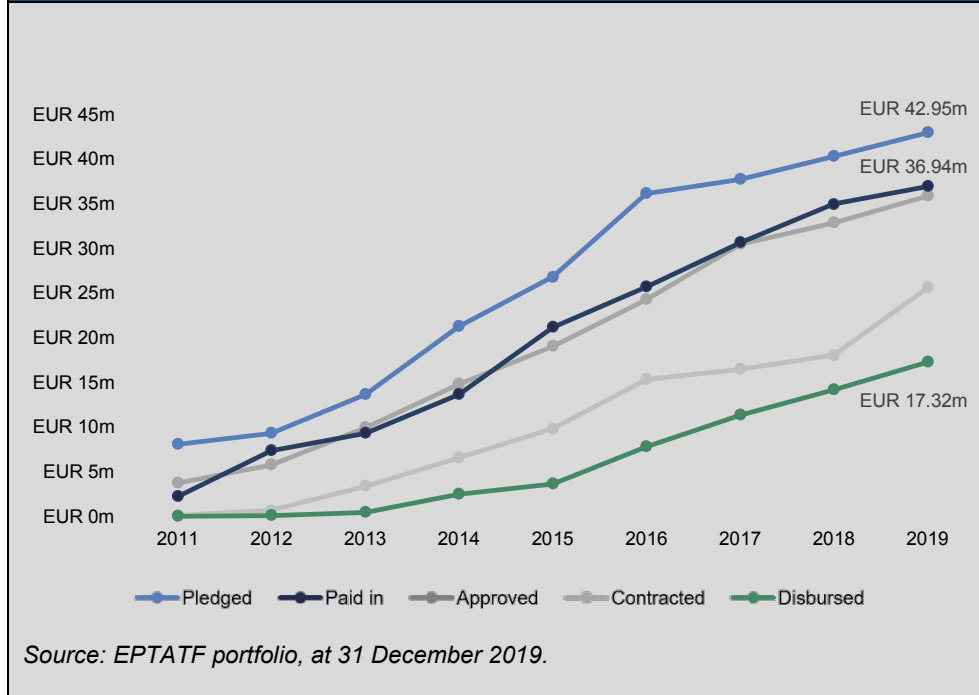
**58. For contributing countries seeking to optimise the use of their official development assistance, these extended timeframes are not satisfactory.** As disbursements are based on technical assistance progress, protracted technical assistance implementation times have translated into a slower-than-anticipated disbursement of EPTATF funds. By December 2019, 83% of the amount contributed to the trust fund had been committed to technical assistance operations. With €26 million contracted by December 2019, the contracting rate amounted to 72% of the approved funding. The disbursement rate reached 67% of the contracted amount (€17 million spent), but only 50% of the approved funds. The first tranche of funding pledged in 2011 (€8.1 million) was only contracted in late 2014 and disbursed early 2016 (see Figure 14 below), which illustrates the slow implementation pace. Paid-in amounts are on average disbursed within three to four years.

<sup>73</sup> Requiring a new approval process when it involved an additional budget above the amount originally approved. This was the case for three technical assistance operations.

<sup>74</sup> From approval of technical assistance operation by the Contributors Committee to the EIB's approval of the final report and last payment made to contractor. Numbers do not always add up due to rounding.



**Figure 14 EPTATF financial situation at end of year (2011-2019)<sup>75</sup>**



#### 6.4 Responsibility for technical assistance implementation is unclear within the EIB and to technical assistance service providers

**59. Responsibility within the EIB for technical assistance delivery is unclear, and it is difficult for staff to prioritise TA-related activities; this weakens the EIB’s ability to address technical assistance implementation bottlenecks swiftly.** Aware of the importance of technical assistance for the lending process, the EIB services seek to mobilise technical assistance to support lending activities in Eastern Partnership countries. Once the technical assistance is initiated, however, it is difficult for them to closely monitor its implementation given their other responsibilities. For instance, due to resource constraints, developing the lending portfolio typically takes precedence over implementing ongoing technical assistance operations. In principle, there are designated EIB staff members responsible for the technical assistance operation. However, interviews with EIB services and the technical assistance service providers revealed that there was a lack of clarity as to who was ultimately responsible within the EIB for the successful delivery of the technical assistance operations. In practice, various divisions within OPS, including the Consultant Procurement and Contract Management Division, PJ, and TMR<sup>76</sup> are involved in the process, which requires sustained coordination and follow-up. Although the Consultant Procurement and Contract Management Division, as the contracting authority, ultimately approves the consultants’ deliverables prior to payment, it does so after receiving the opinion of the OPS and PJ staff involved. However, the latter do not always have the time to fully review service providers’ outputs or monitor closely the latest developments on the ground. Although practices in this respect vary, the case studies revealed that not all technical assistance operations receive the same level of attention from EIB staff during implementation, which has sometimes hampered the ability of experts to achieve results<sup>77</sup>. Evidence from the case studies (Box 10) shows that a good understanding of the local

<sup>75</sup> Except for the year 2020 (end of February).

<sup>76</sup> After the first disbursement of an EIB lending operation outside of the EU, OPS transfers the lending operation to TMR.

<sup>77</sup> Interviews with EIB services and technical assistance service providers revealed that Bank staff was not always in a position to devote sufficient attention to a technical assistance operation given other constraints (e.g. prioritisation of new lending operations over the implementation of ongoing technical assistance, limited availability of staff due to frequent missions, insufficient support from the EIB to overcome the lack of responsiveness from counterparties, lack of available time to review all technical assistance service providers’ reports).

environment and close contacts with responsible authorities at central and local levels are essential to the success of technical assistance operations.

#### Box 10. Support for technical assistance operations during implementation

An EPTATF operation assisting national and local authorities with the preparation of regional solid waste management projects in three target regions could not complete the feasibility studies that would have paved the way for an EIB loan. One of the main stumbling blocks was the lack of agreement between local authorities on the location of a new regional landfill, and was compounded by political rivalries. In contrast, a similar technical assistance operation, financed by another donor with a strong presence in the country, succeeded in developing a comprehensive set of appraisal documents for the same type of project in adjacent regions. The donor's sustained lobbying efforts with central and regional authorities enabled the technical assistance operation to overcome local resistance and achieve its objectives.

*Source: Operations Evaluation Division case studies*

**60. The EIB does not appear to make sufficient use of its resident representations to overcome institutional bottlenecks when they arise and maintain the commitment of beneficiary country authorities.** The political will to reform institutions and the capacity to manage public resources efficiently and effectively is still limited in Eastern Partnership countries. EPTATF operations are frequently delayed, often due to blockages in the lending process they are supposed to facilitate. In this context, active involvement of EIB staff during implementation is essential for overcoming political inertia and ensuring that the results of technical assistance are properly capitalised upon. In this regard, stakeholder feedback from the technical assistance operations reviewed during the evaluation shows that contact with the EIB was mainly with staff at its headquarters. Despite some notable exceptions, the level of involvement of resident missions was considered insufficient by some technical assistance service providers, particularly when institutional bottlenecks hindered technical assistance implementation.

#### 6.5 The absence of a results framework for EPTATF technical assistance operations affects the EIB's ability to report on the trust fund's achievements

**61. At the technical assistance operation level, insufficient attention is paid to identifying measurable outcomes.** None of the completed technical assistance operations was subject to a full ex-ante appraisal to highlight its expected results and impacts. The introduction, in 2017, of the Results Measurement (REM) framework for all EIB-led technical assistance operations outside of the European Union is a step in the right direction.<sup>78</sup> The REM template provides a suggested list of indicators, both quantitative and qualitative. A review of available REM sheets for EPTATF operations shows that in practice, qualitative indicators are favoured over quantitative indicators, and that neither baselines nor targets are established at the outset of the TA.

**62. The absence of a results framework prevents the proper capture and reporting of the EPTATF's achievements.** The EPTATF lacks a results framework based on a well-defined intervention logic. In the absence of measurable performance indicators and targets, it is difficult for the Bank to report on its actual accomplishments to the contributors.<sup>79</sup> In addition, without a results framework to outline core trust fund objectives, indicators for individual technical assistance operations are set on an ad hoc basis,<sup>80</sup> thus limiting the possibility of aggregating results to assess trust fund-level achievements.

<sup>78</sup> Technical assistance REM sheets were first piloted in 2015 in the Africa, Caribbean, and Pacific region and were rolled out to all technical assistance operations outside the European Union in late 2017.

<sup>79</sup> In 2017, the EIB initiated a detailed annual progress report for the EPTATF. It focuses on activities undertaken, technical assistance status, and financial reporting, but provides limited information at the outcome level.

<sup>80</sup> In the absence of a results framework, the selection of indicators from the technical assistance REM sheets is done on a case-by-case basis with no reference to the trust fund's higher-level objectives.

## 7. CONCLUSIONS

- 63. The EPTATF was set up to support the expansion of EIB lending in Eastern Partnership countries.** Capacity constraints coupled with promoters' lack of experience of working with international financial institutions hinder the origination and implementation of lending operations in the region. The EPTATF allows the EIB, whose in-house grant resources for technical assistance are limited, to mobilise technical assistance to address some of these constraints.
- 64. The EPTATF is an important instrument for the Bank, which needs a flexible source of financing to mobilise grant technical assistance in support of its lending operations in Eastern Partnership countries.** As an EIB-dedicated trust fund with a broad mandate, the EPTATF enables the Bank to respond rapidly and flexibly to technical assistance needs. In accordance with its guiding principles, the trust fund relies on straightforward and short processes. It also allows the EIB to finance a wide variety of activities across multiple sectors. As such, it is a more flexible instrument than external facilities such as the NIP.
- 65. But its modest endowment only allows it to finance a limited number of relatively small technical assistance operations.** Between 2007 and 2020<sup>81</sup>, the EIB provided €93 million of technical assistance to Eastern Partnership countries, 38% of which was through EPTATF and 60% through the NIP. Although the trust fund is a significant source of technical assistance for the EIB in the region, its limited endowment only allowed it to finance about four technical assistance operations per year, for an average amount of €1 million (compared to €1.6 million for the NIP). In addition, while cumulative EIB lending to the region soared from €230 million in 2007 to €9.336 billion in 2019, contributions to the EPTATF have stalled, particularly since 2016.
- 66. Contributors have expressed concern with the trust fund's performance.** The EPTATF is used in a flexible way to support EIB lending, which is in line with the trust fund's guiding principles. This pragmatic approach has translated into an ad hoc allocation of EPTATF resources. As reporting on technical assistance operations is also weak, the current set-up ultimately leads to a lack of clarity on how EPTATF resources are channelled to various technical assistance operations and what they are achieving. In addition, the implementation of technical assistance operations is almost systematically protracted. Of the 16 completed technical assistance operations, only one was implemented within the initially planned timeframe.
- 67. This situation reflects in part a disconnect between the contributors and the Bank.** The EIB services rely on the trust fund to support the Bank's lending activities and therefore tend to focus on the outputs generated by the technical assistance operations (e.g. feasibility studies, production of tender documents, PIU support). Contributors would like to see more emphasis on the technical assistance operations' outcomes (e.g. transfer of knowledge), which the Bank does not capture and report on well.
- 68. However, the trust fund has proven to be a valuable tool in helping to overcome capacity constraints in Eastern Partnership countries.** It has provided support across the region at all stages of the loan lifecycle. technical assistance operations, as reflected in the terms of reference submitted to the Contributors Committee, identify needs accurately and are well designed, although overly optimistic when it comes to implementation timelines.
- 69. EPTATF technical assistance operations have contributed to the identification and preparation of loan operations by alleviating technical and financial constraints, even if they have not always translated into a new loan.** Feasibility studies have contributed to financial and economic appraisals, and project design. EPTATF technical assistance has helped to mobilise international expertise during project identification and preparation. However, results in terms of generating new EIB lending operations are mixed for a variety of reasons, some of which are beyond the control of the Bank.

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<sup>81</sup> Based on data from the EIB's Advisory Services Application, 24 September 2020.

- 70. EPTATF technical assistance has also helped to push projects ahead in challenging environments and ensured compliance with EU standards and requirements at all stages of the lending cycle.** Technical assistance operations have provided support to PIUs for project management, in particular for contracting and overseeing works. In several instances, technical assistance service providers stepped in when PIUs were insufficiently involved or weakened by high staff turnover. Technical assistance operations have sometimes compensated for and supported the EIB's limited in-country presence, extending its sphere of influence and strengthening the dialogue with beneficiary authorities. They cannot, however, address all obstacles impeding project origination or implementation.
- 71. TA operations' contribution to capacity building has generally been limited.** Although capacity building is sometimes foreseen in the technical assistance terms of reference, the emphasis is on operational priorities, as the technical assistance operations primarily aim to overcome project management or technical deficiencies hindering the lending process. High staff turnover on the promoter's side is another challenge, preventing the transfer of knowledge and expertise.
- 72. The evaluation noted some shortcomings in the trust fund's operational framework.** Despite a swift identification and approval process, technical assistance operations are sometimes slow to start and are not always adequately synchronised with the lending process they support. In addition, once a technical assistance operation has been initiated, it is often difficult for the Bank to monitor its implementation closely. Multiple services are involved in technical assistance operations, which requires sustained coordination and follow-up. In principle, there are designated EIB staff members responsible for coordinating technical assistance implementation. However, the evaluation notes that there is a lack of clarity, within the Bank and with technical assistance service providers, as to who in the EIB is responsible for the technical assistance operations. Moreover, given limited resources and time, the EIB services typically prioritise other lending activities (e.g. developing the lending portfolio) over implementing ongoing technical assistance operations. The EIB could also make better use of its resident representations, particularly to overcome institutional bottlenecks when they arise. Overall, these factors weaken the Bank's ability to address implementation issues when they occur.
- 73. Ten years after the establishment of the EPTATF, the priority is therefore to reaffirm or revise the trust fund's role and objectives to ensure that they are aligned with stakeholders' expectations.** Developing a results framework would further ensure that these expectations are realistic and reflect more accurately how technical assistance might contribute to EIB lending operations in Eastern Partnership countries.

## 8. RECOMMENDATIONS

### **Recommendation 1. The EIB should submit a proposal to the EPTATF's Contributors Committee clarifying the trust fund's objectives**

74. The EPTATF supports EIB lending operations in a flexible manner. This is in line with the trust fund's guiding principles, which emphasise the need for flexibility, and constitutes one of the main advantages of the EPTATF for EIB services and promoters.
75. However, this pragmatic approach has translated into an ad hoc allocation of EPTATF resources. As reporting on technical assistance operations is also weak, the current set-up ultimately leads to a lack of clarity on how EPTATF resources are used and what they are achieving. Technical assistance implementation delays, and the resulting slow disbursement of EPTATF funds, have further heightened contributors' concerns with the trust fund's performance.
76. Overall, this situation is leading to a disconnect between the EIB services and contributors. The EIB services, who work directly with the technical assistance service providers and the promoters, tend to emphasise the direct outputs generated by the technical assistance (e.g. feasibility study, tender documents, project management). Contributors would like to receive stronger evidence that the technical assistance operations are supporting the origination and/or implementation of EIB lending operations. This has contributed to their recent focus on disbursement rates of related EIB lending operations, which are seen as a good proxy for TA's contribution to EIB lending. As pointed out in the evaluation, however, many factors beyond the direct control of a technical assistance operation affect disbursement rates, which are therefore not a reliable indicator of results.
77. A review of the trust fund's purpose is warranted after ten years of operation. The upcoming 2021-2027 Multiannual Financial Framework will also provide a good opportunity for the EIB and the EPTATF contributors to clarify the trust fund's role and shared objectives, and to realign expectations.
78. The evaluation recommends that:
- The EIB submit a proposal to the Contributors Committee, after consultation and discussion with them, clarifying the EPTATF's role and objectives (e.g. the extent to which the trust fund should be flexible, cover a broad range of sectors and types of technical assistance support). The EPTATF's funding should also be discussed to ensure it is predictable and commensurate to the trust fund's objectives.

### **Recommendation 2. The EIB should submit to the Contributors Committee a proposed results framework for the EPTATF reflecting the trust fund's objectives**

79. The EPTATF lacks a results framework for the trust fund as a whole, laying out explicitly – and realistically – what it is expected to achieve. This has prevented the EIB services from adequately reporting EPTATF achievements to contributors and addressing their concerns regarding the trust fund's results.

*A results framework would help the EPTATF to track achievements and improve reporting*

80. The absence of a results framework for the EPTATF prevents the trust fund from setting adequate indicators against which it can measure and report its achievements. The results framework should build on previously agreed-upon objectives (Recommendation 1). It would help to set realistic performance indicators for the trust fund. In addition, a well-designed results framework would reflect the EPTATF's achievements more accurately. Given the EPTATF's size and scope, a simple framework outlining a results chain from technical assistance activities to outputs and expected outcomes would suffice. It could take the form of a logframe or simple intervention logic.

*A results framework at the trust fund level would help to guide the selection of REM technical assistance indicators at the technical assistance operation level*

**81.** At the technical assistance operation level, the EIB's technical assistance REM framework provides useful guidelines for measuring results. This is a relatively recent development, as the full rollout of the technical assistance REM for all technical assistance operations outside of the European Union started in 2017. Until then, little attention had been paid to setting outcome indicators for EPTATF TA. The technical assistance REM sheets propose a broad range of indicators that are well suited to technical assistance operations. At present, the EIB services select which indicators to use for a particular technical assistance on a case-by-case basis. In the absence of a results framework at the trust fund level, they cannot refer to the EPTATF's higher-level objectives. Establishing an EPTATF results framework would help to identify REM indicators particularly relevant to EPTATF technical assistance operations, which could then be aggregated and help to improve reporting to contributors at the fund level.

*Better use of the technical assistance REM sheets would improve the assessment and reporting of technical assistance outcomes*

**82.** The template technical assistance REM sheets provide a comprehensive set of indicators relevant for a wide range of technical assistance operations.<sup>82</sup> The evaluation notes, however, some shortcomings in their use for EPTATF technical assistance operations. Outputs would benefit from being described better. As for outcomes, they are rarely quantified and lack baselines and targets.

**83.** The evaluation recommends that:

- The EIB submit to the Contributors Committee a proposed results framework for the EPTATF as a whole, reflecting previously agreed-upon objectives (as per Recommendation 1). This results framework could take the form of a logframe or simple intervention logic.
- The EIB ensure that indicators selected from the technical assistance REM sheets for each technical assistance operation are in line with the trust fund's results framework to ensure consistency of reporting across EPTATF technical assistance operations and allow some aggregation of indicators.
- The EIB improve the use of technical assistance REM sheets (e.g. outcomes would benefit from being quantified, baseline and target data should be set wherever possible).
- The EIB improve reporting to contributors at the trust fund level, building as much as possible on outcome-level indicators (e.g. by aggregating outcome indicators used at the technical assistance level where relevant).

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<sup>82</sup> Different technical assistance REM sheets are proposed depending on the type of technical assistance provided (capacity building, project preparation, project implementation and upstream studies).

### **Recommendation 3. The EIB should set the right incentives for the timely initiation and implementation of EPTATF technical assistance operations**

**84.** Contributors have expressed disappointment with the slow rollout of EPTATF's technical assistance operations. Several elements contribute to the issue: (i) estimated technical assistance implementation timeframes are overly optimistic, (ii) despite a rapid approval process, technical assistance operations are not always initiated in a timely manner, and (iii) technical assistance implementation is almost systematically protracted.

*The trust fund would benefit from more realistic technical assistance implementation timeframes*

**85.** Expected implementation timeframes for EPTATF technical assistance operations are overly optimistic. In most instances, technical assistance are implemented with significant delays, as compared to initially planned timeframes (including in service providers' contracts). Risks likely to affect technical assistance implementation are not adequately reflected in the proposed timeframes, despite the challenging contexts in which these operations are taking place. Contributors would also welcome more accurate technical assistance implementation timeframes, as this will improve the predictability of EPTATF technical assistance disbursements.

*The introduction of time limits could help to optimise the use of EPTATF funds*

**86.** In some instances, technical assistance operations were approved prematurely in order to secure funds. In other cases, the start of technical assistance operations was delayed. Introducing time limits between the approval of the technical assistance operation and the start of the procurement phase or resubmitting a technical assistance operation for approval after a previously agreed-upon period has elapsed would facilitate the reallocation of unused funds when relevant.

*Responsibility within the Bank for implementing EPTATF technical assistance operations should be clarified*

**87.** EPTATF technical assistance operations are implemented in complex environments (e.g. political and institutional instability, weak capacity, governance and management issues). Although technical assistance operations often aim to alleviate these constraints, service providers cannot address all challenges and – importantly – the latter also affect technical assistance delivery. The EIB services' close and sustained involvement is therefore essential to the successful implementation of technical assistance operations. While there is in principle a designated EIB staff member responsible for the technical assistance operation, this is not always clear within the Bank and to technical assistance service providers. This impedes the EIB's ability to swiftly overcome hurdles when they occur and drive a technical assistance operation forward.

**88.** The evaluation recommends that:

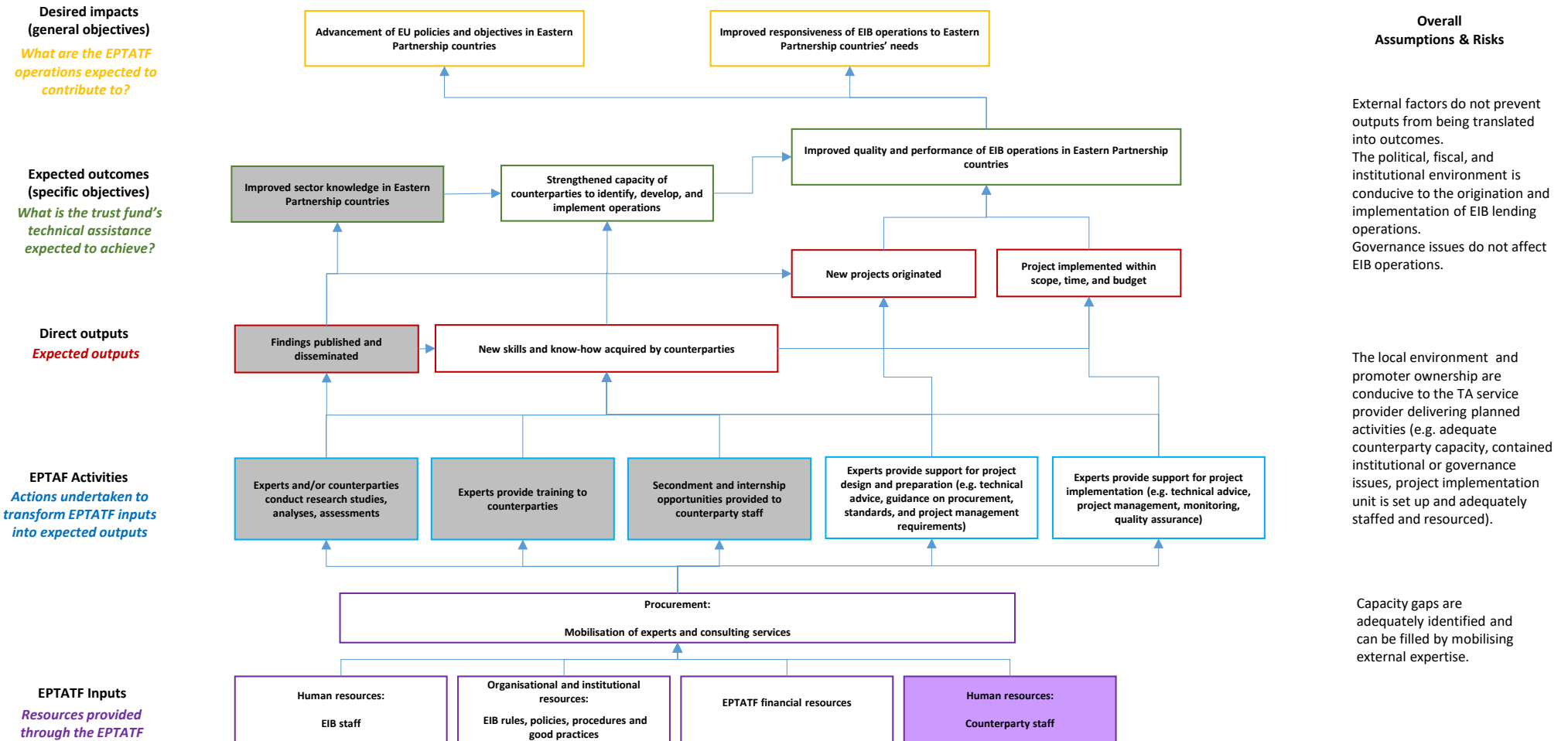
- The EIB propose to the Contributors Committee the setting of incentives for the timely use of technical assistance funds. This could include introducing time limits or requesting that a technical assistance operation be resubmitted for approval if it hasn't been initiated within a previously agreed-upon timeframe.
- The EIB ensure that more realistic technical assistance timeframes are set in the service provider's terms of reference and contracts to reflect the complex environment in which the technical assistance is being implemented.
- The EIB clarify within the Bank which service is responsible for ensuring the successful implementation of EPTATF technical assistance operations and coordinating the support provided by different EIB services; it should also clearly communicate to technical assistance service providers who the focal point is.





## 9. ANNEXES

### Annex 1. Reconstructed intervention logic for the EPTATF



Source: Operations Evaluation Division.  
 Grey boxes are excluded from the scope of the evaluation

## Annex 2. Evaluation matrix

| Evaluation questions   | Judgement criteria   | Indicators   | Context and key issues   |
|--|--|--|--|
| <b>EQ 1. To what extent is the EPTATF fit for purpose? (Relevance)</b> | <b>JC 1.1.</b> There is a need for an EIB-dedicated trust fund to provide Eastern Partnership countries with technical assistance and capacity building in the selected priority areas and sectors | <ol style="list-style-type: none"> <li>1. Technical knowledge and capacity gaps in Eastern Partnership countries hamper EIB business opportunities and achievements in the region</li> <li>2. EPTATF objectives, priority sectors and types of support are well suited to the needs of EP countries and to the EIB's strategic objectives in the region</li> </ol>   | <p>The EPTATF was established with the aim of facilitating EIB investment in Eastern Partnership countries, as it was felt that a lack of technical knowledge and capacity prevented Eastern Partnership countries from accessing and taking full advantage of EIB loans. As a result, the business potential of the EIB in the region was not fully realised. Were these assumptions correct? Are they still true today? Are the EPTATF's objectives, priorities and scope well suited to the needs of Eastern Partnership countries and the EIB's strategic objectives and lending targets for the region?</p> |
|  | <b>JC 1.2.</b> Contributors subscribe to the objectives and scope of the EPTATF and remain committed to its further development  | <ol style="list-style-type: none"> <li>1. The objectives and scope of the EPTATF are in line with the expectations of the contributors</li> <li>2. Contributors are satisfied with the way the EPTATF operates and contributes to their own policy goals in Eastern Partnership countries</li> </ol>   | <p>The EPTATF is funded with the contributions from seven EU Member States and the United Kingdom. What is their motivation for getting involved in the mechanism? Are the objectives and scope of the EPTATF consistent with the development policies of the contributors for Eastern Partnership countries? How important is this consistency in ensuring the commitment of contributors to the trust fund?</p>  |
|  | <b>JC 1.3.</b> The EPTATF complements existing facilities providing technical assistance in the region (e.g. NIP, E5P)   | <ol style="list-style-type: none"> <li>1. Grant technical assistance provided by other facilities was insufficient (volume) when the EPTATF was set up, and the need remains today (continued relevance)</li> <li>2. Grant technical assistance provided by other facilities targeted different sectors and/or activities than the EPTATF when the EPTATF was set up, and the need remains today (continued relevance)"</li> </ol> | <p>As a technical assistance facility intended to support EIB investment in the region, how is the EPTATF complementing other existing facilities financing technical assistance in Eastern Partnership countries? Was there a strong rationale in terms of funding needs and/or sectors of intervention to set up a dedicated EIB-fund? Is it still the case today? Did the EPTATF recognises the potential complementarity with other mechanisms?</p>  |

| Evaluation questions  | Judgement criteria  | Indicators   | Context and key issues   |
|---|---|--|--|
|   |   | 3. The design of the EPTATF promotes complementarity and synergies with the NIP and the E5P in terms of objectives, scope and implementation arrangements  |  |
|   | JC 1.4. The EPTATF has adequate resources to meet the need for technical assistance in Eastern Partnership countries and/or complement existing initiatives | <ol style="list-style-type: none"> <li>1. The EPTATF endowment is meaningful / commensurate to needs and consistent with what other facilities are providing</li> <li>2. The EPTATF endowment is commensurate to the EIB's business objectives / volume of EIB lending in Eastern Partnership countries</li> </ol> | Was EPTATF funding adequate in relation to its scope and geographical coverage, the needs for technical assistance and capacity building in Eastern Partnership countries to access and implement EIB loans and the EIB's volume of operations in the region over the period? How does the EPTATF endowment compare to similar technical assistance funding mechanisms available to Eastern Partnership countries? |
|   | JC 1.5. The EPTATF enjoyed stable and predictable funding   | <ol style="list-style-type: none"> <li>1. Contributors fulfilled their funding commitments in accordance with their agreements with the trust fund</li> <li>2. There was a sufficient flow of funding to ensure stable operations of the EPTATF</li> </ol>   | The smooth functioning of the trust fund depends on the timely availability of funds. To what extent have the latter met their commitments in this regard? Were there obstacles/constraints, which reduced the volume of contributions to the trust fund?  |
| <b>EQ 2. To what extent has the EPTATF supported the origination and implementation of EIB operations in Eastern Partnership countries? (Effectiveness)</b> | JC2.1. TA operations achieved their objectives  | 1. TA operations delivered expected outputs and outcomes   | The overall achievements of the EPTATF are determined by the cumulative results of the technical assistance operations financed over the period. To what extent have the latter been successful in meeting the needs of promoters and beneficiaries? Have the targeted objectives, outcomes and outputs been achieved at the technical assistance level?   |
|   | JC2.2. TA operations increased project origination and readiness in Eastern   | <ol style="list-style-type: none"> <li>1. TA operations have helped to identify new business opportunities, which have translated into EIB loans</li> <li>2. TA operations have helped to prepare new lending operations</li> </ol>  | The EPTATF aims to promote greater access to EIB investment loans in Eastern Partnership countries. To what extent has the EPTATF facilitated the origination of projects? Is there evidence that the technical assistance operations speeded up the appraisal and preparation process? To what extent have technical assistance operations contributed to leveraging EIB/donor and other lender investment in EP  |

| Evaluation questions | Judgement criteria   | Indicators   | Context and key issues  |
|----------------------|--|--|---|
|                      | Partnership countries  | (e.g. tender documents are ready, environmental studies already performed)<br>3. TA operations have helped to leverage financing from other donors   | countries? Has the EPTATF contributed to increasing EIB lending in the region?  |
|                      | <b>JC2.3.</b> TA operations accelerated and facilitated the implementation EIB projects in Eastern Partnership countries | 1. EIB projects prepared/supported by EPTATF technical assistance disburse faster than projects that did not benefit from TA<br>2. EIB projects prepared/supported by the EPTATF are implemented on time and within budget<br>3. Processing time of EIB projects prepared/supported by EPTATF technical assistance is faster than projects that did not benefit from TA<br>4. EIB projects prepared/supported by EPTATF technical assistance require fewer revisions during implementation than projects that did not benefit from TA<br>5. EIB projects prepared/supported by EPTATF technical assistance are less risky than projects that did not benefit from TA | The EPTATF aims to improve the implementation of EIB lending operations in Eastern Partnership countries and improve disbursement rates. Technical assistance operations provide support to Eastern Partnership countries during implementation of EIB investment loans. Are technical assistance operations helping to ensure that EIB projects are implemented in accordance with the agreed terms of reference, timetable and budget? Is there evidence that EIB projects supported by the EPTATF are better managed and less risky than others? |
|                      | <b>JC2.4.</b> TA operations increased local capacity and sectoral knowledge  | 1. Training delivered to promoters and / or beneficiaries improved skills/knowledge<br>2. Promoters/beneficiaries are preparing and/or implementing new EIB projects with limited or no TA   | The EPTATF aims to build capacity and technical knowledge in Eastern Partnership countries in accessing and implementing EIB investment. To what extent are stakeholders supported by technical assistance operations able to initiate and/or implement subsequent EIB-funded projects without or with less TA?   |

| Evaluation questions  | Judgement criteria   | Indicators   | Context and key issues   |
|---|--|--|--|
| <b>EQ 3. To what extent is the EPTATF run efficiently? (Efficiency)</b> | <b>JC3.1.</b> TA operations supported by the EPTATF are relevant & well designed | <ol style="list-style-type: none"> <li>1. TA operations are well designed and respond to promoters' and beneficiaries' needs</li> <li>2. TA operations are designed to support EIB investment opportunities and results in the region</li> <li>3. TA operation budgets are commensurate to their objectives/planned outputs</li> </ol> | <p>Well-designed technical assistance operations contribute to the efficient implementation of technical assistance operations. To what extent have technical assistance operations reflected the needs of promoters and beneficiaries and articulated clear objectives, outcomes and outputs? Were they based on realistic budgets? To what extent have technical assistance operations been designed to support EIB business opportunities and results in the region?</p>  |
|   | <b>JC3.2.</b> The EPTATF selects technical assistance operations efficiently     | <ol style="list-style-type: none"> <li>1. Processing times for the selection of technical assistance operations are adequate</li> <li>2. Assessment of risk related to technical assistance operations is adequate (thus preventing implementation issues)</li> <li>3. Uptake of EPTATF funding is high</li> </ol>                     | <p>An efficient appraisal and selection process weighing the risks of each operation is vital for a timely response to the needs of promoters/beneficiaries and ensuring sufficient implementation time for the technical assistance operations.</p>   |
|   | <b>JC3.3.</b> TA operations are adequately monitored and managed                 | <ol style="list-style-type: none"> <li>1. TA operations are completed within the planned timeframe and within the allocated budget</li> <li>2. The EPTATF operational framework is fit for purpose and clearly understood by stakeholders</li> <li>3. Monitoring systems facilitate the identification and remedy of issues</li> </ol> | <p>The successful implementation of technical assistance operations is based on sound management and monitoring to ensure that activities are properly conducted and results are achieved within the agreed timeframes and budgets and following the appropriate procedures. To what extent have technical assistance operations been well managed? To what extent is the operational framework conducive to good management? Are rules and procedures clear to all stakeholders? Has there been sufficient flexibility to adapt to circumstances and/or address new needs? Have there been effective results frameworks, monitoring and reporting mechanisms to accurately assess results and impacts? Is there evidence of effective cooperation, coordination and information-sharing within the EIB and with other stakeholders?</p> |

| Source/methodology   | Judgement criteria |     |     |     |     |     |     |     |     |     |     |     |
|--|--------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|  | 1.1                | 1.2 | 1.3 | 1.4 | 2.1 | 2.2 | 2.3 | 2.4 | 3.1 | 3.2 | 3.3 | 3.4 |
| Desk review of EPTATF documentation  |                    | X   | X   | X   |     |     |     |     |     | X   | X   |     |
| Desk review of technical assistance operations documentation   | X                  |     | X   | X   | X   | X   | X   | X   | X   |     | X   | X   |
| Portfolio review   | X                  |     |     | X   | X   | X   | X   |     |     |     |     |     |
| Interviews with contributors   | X                  | X   | X   | X   |     |     |     |     |     | X   | X   | X   |
| Interviews with EIB staff, co-financiers and service providers involved in the delivery of technical assistance operations | X                  | X   | X   | X   | X   | X   | X   | X   | X   | X   | X   | X   |
| Interviews with promoters and beneficiaries  | X                  |     | X   |     | X   | X   | X   | X   | X   |     | X   | X   |
| Interviews with counterparties providing technical assistance in the region  | X                  |     | X   | X   | X   |     |     |     | X   |     | X   | X   |
| Case studies (field visits)  | X                  |     | X   | X   | X   | X   | X   | X   | X   |     | X   | X   |

### Annex 3. Case study sample

| Country                   | Year of approval | Sector      | Status<br>(at 31 December 2019) | Signed EIB loan | TA type                            |
|---------------------------|------------------|-------------|---------------------------------|-----------------|------------------------------------|
| Armenia                   | 2012             | Transport   | Completed                       | Y               | Project preparation/identification |
| Armenia                   | 2015             | SMEs        | Completed                       | Y               | PIU support                        |
| Georgia                   | 2014             | Water       | Ongoing                         | Y               | PIU support                        |
| Georgia                   | 2015             | Water       | On hold*                        | Y               | PIU support                        |
| Moldova                   | 2011             | Water       | Completed                       | N               | Project preparation/identification |
| Moldova                   | 2014             | Environment | Completed                       | Y               | Project preparation/identification |
| Ukraine                   | 2012             | Transport   | Completed                       | Y               | Project preparation/identification |
| Ukraine                   | 2011             | Water       | Ongoing                         | Y               | PIU support                        |
| Ukraine                   | 2012             | Transport   | Completed                       | Y               | Other implementation support       |
| Ukraine, Georgia, Moldova | 2016             | SMEs        | Ongoing                         | Y               | PIU support                        |

Source: EPTATF portfolio, at 31 December 2019.

\* On 30 October 2020, a non-objection to the contract award was issued, allowing the technical assistance to resume.

PIU: project implementation unit; SME: small and medium enterprise

## Annex 4. Consulted documents

### Policy background

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### **EPTATF documents and reports**

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- EIB. (2018). Annual Report. EPTATF. Eastern Partnership Technical Assistance Trust Fund. Luxembourg: European Investment Bank.
- EIB. (2018). Eastern Partnership Technical Assistance Trust Fund (EPTATF) Contributors Committee – Rules of Procedure. Luxembourg: European Investment Bank.
- EIB. (2018). Eastern Partnership Technical Assistance Trust Fund – Rules of establishment and administration. Luxembourg: European Investment Bank.

### **Trust funds**

- EIB. (2020). Trust Fund in Action. Luxembourg: European Investment Bank.



## About the Evaluation Division

The Evaluation Division conducts independent evaluations of the European Investment Bank Group's activities. It assesses the relevance and performance of these activities in relationship to their objectives and evolving operating environment. It also helps the EIB Group to draw lessons on how to continuously improve its work, thereby contributing to a culture of learning and evidence-based decision-making.

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**OPERATIONS EVALUATION**

# Evaluation of the Eastern Partnership Technical Assistance Trust Fund (2010-2019)

March 2021



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