

2015 Annual Evaluation Review



EBRD Evaluation department
2016

The EBRD Evaluation Department's (EvD) core mandate is to contribute to institutional performance through evidence-based evaluation work that provides both accountability and learning. Reporting independently of Management directly to the EBRD's Board of Directors, it produces a wide range of products and services – project-level ex post evaluations, complex sector or thematic-focussed studies, evaluation tools and training, quality review and assurance – in order to deliver on this twin mandate. The Annual Evaluation Review presents an overview of EvD's deliveries and activities during the previous year, highlighting specific analysis, findings and recommendations, and providing Board, Management and the public with an overall picture of the main focus and concerns of evaluation at the Bank.

Highlights

Aggregate performance trends

Evaluated projects approved between 2010 and 2012 were 63 per cent successful, continuing the upward trend from lower rates for pre-crisis approvals.

Transition ratings of *satisfactory* or better stayed on trend above 75 per cent, again above lows for pre-crisis approvals; however highest transition ratings were lower at 39 per cent continuing a steady fall for the past decade.

Additionality continues to be verified for 85 to 90 per cent of evaluated projects; but incidence of highest ratings has also dropped substantially over past decade.

Underlying drivers for both of these trends are likely to be multiple and require closer analysis.

Performance ratings are also disaggregated by sector and region.

Key performance findings

A large number of project-level evaluations continue to highlight recurring challenges of design and performance including policy and regulatory dimensions; identifying additionality; use of grants; coordination with other IFIs; adequacy of monitoring; showing demonstration effects.

Relevance

There are rarely clear examples of inconsistency or misalignment between projects and the Bank's mandate and strategies.

Additionality

The vast majority of projects are validated by EvD as having fully or largely verified additionality. Contributions of grant financing to overall financing would benefit from measures for monitoring and evaluation.

Transition impact

As identified in previous years, design issues were a feature of a number of evaluated projects which suffered from inadequate transition impact monitoring frameworks. Benchmarks were not always well matched to transition impact, lacking baselines, and not extending beyond immediate outputs.

Demonstration effect was a common objective across all sectors, but operationalisation of the concept was often found to be weak.

Bank handling

Shortcomings in due diligence were observed though in most cases they are well identified by self-evaluation. Several good examples of Bank handling were identified.

Well-designed enforcement mechanisms for covenants and conditions precedents were often critical to achieve expected results. Coordination with other international financial institutions can be a critical success factor.

Thematic Findings

Three thematic synthesis papers drawing on project evaluation work were presented to the EBRD Audit Committee for discussion:

Renewable energy projects - Evaluations show there are potential benefits from using an integrated approach, particularly to ensure better policy dialogue and IFI coordination of goals.

Supply chains - Commonly observed shortcomings included disconnect between project activities and intended supply chain impacts with benchmarks not adequately reflecting transition rationale, and lack of contextual factors.

Repeat transactions – Can provide an opportunity to advance complex institutional issues, especially with state-owned clients; however rollover of unmet commitments should be avoided



Evaluation studies

EvD delivered four major evaluation studies to the Board in 2015, all of which were discussed by the Audit Committee.

Evaluation of the agribusiness strategy

Overall progress in reducing agriculture sector transition gaps was modest. Food security was too broadly construed and the approach lacked defined strategic direction.

Projects with state owned enterprises

EBRD projects have contributed to discrete reform steps in SOEs, and projects can serve as an accelerant or facilitator of wider reform; but a broader transition effect cannot be observed.

Sustainable Energy Finance Facilities

Positive impacts were gained through transfer of skills to participants, and some demonstration effects in the residential sector were observed. Consistency would be improved by a programmatic approach, and more consistent use of relevant TI benchmarks.

Projects in the Russian rail sector

The portfolio performed well and EvD's assessment was positive overall. Performance was short of expectations with respect to sector-level reforms, and demonstrating non-financial additionality. Areas for improvement would be policy work to reduce barriers to private investment, and to sharpen and clarify metrics/benchmarks for the Bank's contribution.

Quality-at-entry of country strategies

EvD did an initial review of new EBRD country strategies approved since the adoption of new procedures, including results frameworks.

Applying IFI good practice criteria to eight new country strategies, EvD found an improvement in their "evaluability," but saw room for improvement in linking country analysis to operational choices, identifying EBRD comparative advantage, and building out country-level results frameworks..

Evaluating gender at the EBRD

EvD reviewed the experience of other institutions to identify potential actions for EBRD and EvD to increase their effectiveness on gender issues. EvD is developing capacity in this area and drawing from the experience of other institutions to develop an interim practice note for evaluators on how to evaluate gender issues.

Quality check of self-evaluation

A quality check of 83 self-assessments submitted in 2015 found they were on average of very good quality, and an improvement on previous years. Factors likely include greater priority and perceived value within Banking teams, and EvD provision of improved tools and training.

The average ratings gaps between self-evaluation ratings and EvD ratings (the 'disconnect ratio') remains at around 13 per cent; this is a substantial improvement over the 19 per cent gap when EvD introduced its intensified focus on self-evaluation quality.

New performance rating methodology

A new performance rating methodology was prepared for roll out in 2016. The new methodology will apply to all self-assessments, validations and in depth evaluations. Shorter project self-assessments are being introduced for those not included as part of the aggregate performance results reported on annually, with new emphasis on identifying project lessons and themes for future analysis.

For more information read the full report at www.ebrd.com/evaluation.

The Evaluation department (EvD) at the EBRD reports directly to the Board of Directors, and is independent from the Bank's Management. This independence ensures that EvD can perform two critical functions, reinforcing institutional accountability for the achievement of results; and, providing objective analysis and relevant findings to inform operational choices and to improve performance over time.

This information sheet has been prepared by EvD and is circulated under the authority of the Chief Evaluator. The views expressed herein do not necessarily reflect those of EBRD Management or its Board of Directors. Responsible members of the relevant Operations teams were invited to comment on this report prior to internal publication. Any comments received will have been considered and incorporated at the discretion of EvD. Whilst EvD considers Management's views in preparing its evaluations, it makes the final decisions about the content of its reports.

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