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European Bank for Reconstruction and Development | IEvD Independent Evaluation Department

CORPORATE EVALUATION

Mid-term Evaluation of EBRD Strategic and Capital Framework 2021-25

Strategy Report

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EBRD INDEPENDENT EVALUATION DEPARTMENT • January 2025

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This report was prepared by IEvD independently and is circulated under the authority of the Chief Evaluator, Véronique Salze-Lozac'h. It was prepared under the supervision of Gabriele Fattorelli, Director of Corporate, Thematic and Knowledge Products division of IEvD, by Olga Mrinska, Associate Director, Senior Evaluation Manager and Bilgehan Kayalar, Principal Evaluation Manager of IEvD with the support of Nikolina Balta and Sofia Keenan, Analysts. Technical reports were prepared with the support of external experts: Cariad Energy (Rachel Child and Liesl Keam), Keith Leonard, independent consultant, and Samantha Attridge, ODI. The Internal Peer Reviewers included Samer Hachem, Director, Regina Husakova and Oskar Andruszkiewicz, Senior Evaluators, Theo Sands, Principal Evaluator. External peer reviewer is Erik Bloom, Principal Evaluation Specialist, Independent Evaluation Department, Asian Development Bank.

Visual design by Keisuke Taketani.

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Abbreviations

AMI	Annual Mobilised Investment
CSDR	Country Strategy Delivery Review
CSO	Civil Society Organisation
DFI	Development Finance Institutions
EBRD	European Bank for Reconstruction and Development
ETCs	Early Transition Countries
ExCom	Executive Committee
FTEs	Full-time Employees
GEMs	Global Emerging Markets
GET	Green Economy Transition
IAD	Internal Audit Department
IEvD	Independent Evaluation Department
LKM	Learning and Knowledge Management
MDB	Multilateral Development Bank
RO	Resident Office
SCF	Strategic and Capital Framework
SIP	Strategy Implementation Plan
TM	Total Mobilisation
ToC	Theory of Change
TQ	Transition Quality

SCF Evaluation at Glance

This Strategy Report encompasses the suite of technical reports and annexes that together form the IEvD Mid-term Evaluation of the EBRD Strategic and Capital Framework 2021-2025 in the period 2021-23. The structure of the complete evaluation is outlined below:

Focus Area 1

Operationalisation of SCF priorities

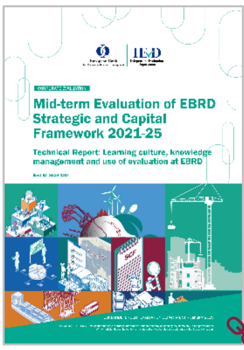
Focus Area 2

Thematic deep dives:

Crisis response
Mobilisation
Green

Focus Area 3

Learning Culture, Knowledge Management and Use of Evaluation



Executive summary

This mid-term evaluation of the Strategic and Capital Framework (SCF) 2021-25 of the European Bank for Reconstruction and Development (EBRD) was conducted by the Independent Evaluation Department (IEvD) as part of its 2024 Work Programme.

The primary objective of this evaluation is to inform the preparation of the upcoming SCF 2026-30, ensuring an evidence-driven decision-making process. It provides timely insights into the performance and early results of SCF implementation over the period 2021-23, complementing Management's reviews and the assessments of the Internal Audit Department (IAD).

Focusing on the ERBD strategy (excluding the capital framework), this mid-term evaluation aims at addressing the question about the extent to which the SCF has efficiently achieved its intended objectives and enabled delivery of transition results over the period 2021-23.

The evaluation in a snapshot: key findings

- **The SCF requires greater clarity and direction:** The Bank needs to adopt a more holistic approach to strategy, balancing deliberate and emergent approaches and emphasising learning to foster emergent strategy. The lack of differentiation between strategic aspirations and corporate tools poses challenges for prioritising actions and therefore resources.

- **Weak link between SCF ambitious priorities and budget**: Most of SCF's strategic aspirations were cascaded into significant secondary strategic documents. However, resourcing remains a critical issue, with some areas seeing partial or little progress due to inadequate funding. The link between strategic ambitions and budget provision in Strategy Implementation Plans (SIPs) is weak, resulting in risks of some unfunded ambitions. The EBRD's institutional maturity should be balanced with maintaining the agility essential for successful delivery.

- **Agile response to multiple crises:** The EBRD has demonstrated agility in responding to crises, including Covid-19 and the war on Ukraine. However, the speed of disbursement and delivery varies, with private sector clients receiving faster support than public sector clients. The Bank's crisis response requires significant concessional finance, often sourced from donors, which poses operational and sustainability risks.

- **Progress on green finance targets but unclear contribution towards green systemic change:** Significant progress has been made in green finance, with the EBRD achieving its target of a 50% share of green finance ahead of 2025 and full alignment with Paris Agreement from 2023. However, the activities have been predominantly focused on mitigation activities, with less emphasis on adaptation and environmental finance. The actual impact of Green Economy Transition (GET) finance on countries of operation's transition to a green economy remains unknown.

- **Modest mobilisation of private capital:** Mobilisation efforts have seen modest increases, but the Bank faces challenges in engaging institutional investors at scale. Recent increases in mobilisation volumes are largely due to an expanded definition of mobilisation products, rather than actual increase in the volume of like-for-like products. The mobilisation target lacks specificity and granularity across geographies, domains and categories.

- **Limited progress in building a learning culture but promising reform of the Bank's results architecture:** Progress towards becoming a learning and innovative organisation has been modest and included some essential elements in IT infrastructure and human resources. The Bank has made strides in transition impact measurement, but challenges remain in operationalising the transition qualities (TQs) and capturing broader systemic changes. The new project self-evaluation system rolled out in 2024 is still in a pilot phase. It only partially covers self-evaluation of frameworks, and its contribution towards organisational learning was too early to observe at the time of evaluation.

The way forward: how to improve the new SCF 2026-30

The mid-term evaluation highlights the need for the EBRD to adapt its strategic framework to address resourcing challenges, geopolitical changes and the need for greater strategic clarity. By implementing the recommendations, the Bank can optimise its performance and ensure the successful delivery of the SCF 2026-30.

Strategic recommendations

1. *To deepen the transition to robust and sustainable market economies in all its countries of operation, the EBRD should gear the new SCF towards systemic change, focusing on the far-reaching effects that change the underlying market structures and behaviours.*

2. *To help maximise its impact, the EBRD should streamline and "slimline" SCF and present a clear five-year vision of how it can best leverage its unique DNA for systemic change, building on its strengths and areas where it has proven results.*

3. *To upscale its preparedness to respond to crisis across functions and activities, the EBRD should develop and implement a unified set of criteria and processes, setting out the conceptual and operational components for crisis situations, including conflict and fragility contexts and climate crises.*

4. *The EBRD should better reflect its ambitions on attracting private finance by ensuring its mobilisation strategy places a greater emphasis on attracting private sector capital. In addition to transaction-based mobilisation, the Bank could consider adopting more robust portfolio approaches designed to draw in institutional investors such as pension funds and insurers.*

Operational recommendations

5. *To enhance the Bank's ability to understand and communicate its transition impact, the EBRD should review the Transition Impact Concept and interrelations between TQs, particularly Resilient and Green, to*

make them contemporary and relevant to current and emerging contexts.

6. *Develop a simpler, more outcome-based scorecard that better balances investment targets and incentives to achieve strategic priorities.*
7. *Strategic ambitions should be matched by adequate resourcing. To ensure the delivery of all identified strategic priorities, the EBRD budget should identify the required resources – the core budget and others*.
8. Resolve data issues that currently make accurate monitoring and reporting of several key strategic priorities impossible.

1. Introduction

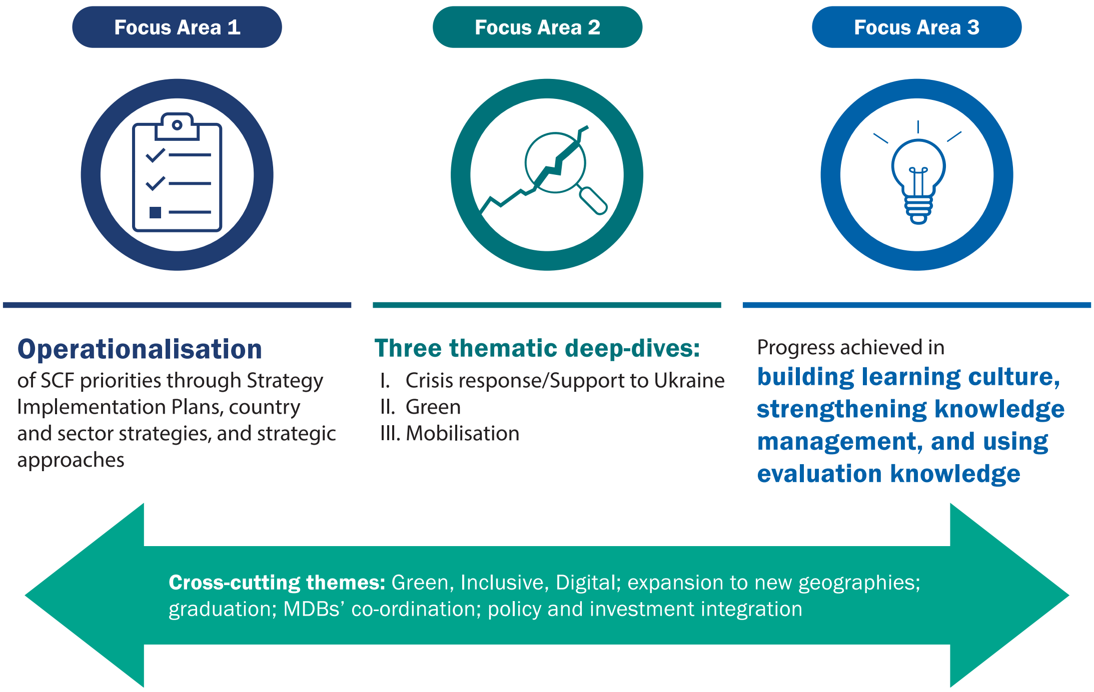
1.1. Objective and scope of evaluation

1. **This mid-term evaluation of the EBRD's Strategic and Capital Framework (SCF) 2021-25 was included in the Independent Evaluation Department's (IEvD's) 2024 Work Programme following consultation with the Board and Management.** In March 2024 the Board of Directors and Management mutually agreed to start the preparation of the next SCF, aiming for approval at the Bank's 2025 Annual Meeting. This evaluation provides timely evaluative evidence on the first three years of the current SCF delivery. The evaluation complements Management's two reviews of the SCF (2022 and 2024) and used those as sources of evidence. The evaluation team coordinated closely with the EBRD's Internal Audit Department (IAD), which has recently provided Management with an early assessment of capital increase commitments.

2. **The main objective of this forward-looking mid-term evaluation is to provide evaluative insights and evidence about the performance to date and early results of SCF 2021-25 implementation to inform the preparation for the upcoming SCF 2026-30.** Consideration of the insights and recommendations by the Board and Management can help optimise an evidence-driven decision on the Bank's strategy for the next five years. The evaluation covers only the strategy, not the capital framework.

3. The scope of the evaluation is presented in Figure 1.

Figure 1: Scope of Evaluation (period 2021-23)



Source: IEvD elaboration in the Approach Paper

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4. **This report answers the overarching evaluation question:** ***How effective has the implementation of the SCF been in achieving its intended objectives and delivering results over the period 2021-23?***

5. **Three specific evaluation questions guided this enquiry:**

1. To what extent have the SCF priorities been operationalised and integrated into key strategic documents and international agreements?
2. What results have been achieved to date in three SCF strategic priorities: crisis response, green investments and mobilisation?
3. To what extent has the implementation of SCF priorities in building a learning culture, strengthening knowledge management and using evaluation to inform decision-making been effective and sustainable?

6. Annex 1 presents the evaluation matrix used in the process, and Annex 2 includes the methodological approach for conducting this strategic evaluation.

1.2. Structure of the report

7. This strategic report provides high-level messages from the five technical reports that cover the scope of this mid-term evaluation referred to in Section 1.1. Technical reports are provided in separate documents and should be consulted for evidence in the areas of:

i. Green results
ii. Mobilisation
iii. Crisis response
iv. Learning and knowledge management (LKM) and results
v. Operationalisation of other SCF strategic ambitions.

8. **Each technical report presents the SCF ambition and expected achievements**, followed by its operationalisation through resource allocation and cascading into secondary strategies. It also details specific results in 2021-23 and provides insights and suggestions for future improvements. Technical reports do not include formal recommendations but offer some non-prescriptive suggestions as guidance or “food for thought” for institutional learning and innovation in the next strategic period 2026-30. However, this strategic report includes formal recommendations to Management based on the findings from the technical reports.

9. This strategy report is structured as follows: **Chapter 2** analyses the architecture of SCF 2021-25 and its conduciveness to delivering strategic aspirations. **Chapter 3** summarises insights into the process of operationalisation of the SCF priorities in the Bank’s strategies and international collaboration. **Chapter 4** presents key results for three deep dives: (i) green, (ii) mobilisation, (iii) crisis response and their interlinkages. **Chapter 5** provides an overview of the progress achieved in the SCF’s strategic aspiration to enhance the Bank’s learning, including from independent evaluation, results management and knowledge management. **Chapter 6** puts forward high-level recommendations to be integrated into the preparation of the next SCF 2026-30 and its delivery.

2. Optimal corporate strategy: trade-offs and connected priorities for achieving impact

2.1. Covering the ground: diversity of SCF priorities

10. **The SCF lists a long array of strategic aspirations, three of which are reinforced through strategic cross-cutting themes.** Some aspirations are more attainable as they are within the control of the organisation, while others require coordination with multiple stakeholders. A more nuanced analysis necessitates reframing the SCF's perspective to establish what it is and what it could or should be.

11. **Evidence from this evaluation suggests significant progress in certain strategic aspirations, particularly where adequate resources were allocated.** Progress in other areas was limited due to challenging external conditions that required responses to multiple crises across many countries of operation (CoO).

12. **There is a certain mismatch between the strategic aspirations and expectations of the SCF and the realities of EBRD's operational model, which primarily targets the private sector.** The SCF attempts to be a comprehensive strategic document expected to guide EBRD's activities across a wide range of sectors, geographies and domains. It incorporates key features of the Bank's operational model, guides the allocation of resources necessary for delivering its mandate through mobilising external public and private financing, and forges partnerships with international partners, donors and multilateral development banks (MDBs). This document strives to balance the views and positions of the Bank's shareholders, which are sometimes diverging.

13. EBRD's strategy content and resourcing differ markedly from that of a private company, which can be narrowly focused and agile in responding to external and internal changes, including through scaling back some of its activities. The perception of this mismatch is more prominent in feedback from bankers and private sector clients interviewed.

14. **In 2014 EBRD transitioned from the previous Capital Resource Review to the SCF.** EBRD shifted from a relatively rigid planning process of Capital Resource Review to a more strategic multi-annual planning framework of a SCF delivered through annual rolling three-year Strategy Implementation Plans (SIPs). The new strategic architecture improved prioritisation, resource planning and implementation.

15. However, the SCF requires further reforms to better serve the EBRD and its clients within the current geopolitical and geoeconomic context. Evaluative evidence suggests (see Operationalisation Technical Report) that the SCF's strategic purpose needs clearer direction. As the Bank prepares the SCF for the next five-year period, it is crucial to advance it by:

- focusing on fewer strategic priorities and distinguishing them from operational tools
- enhancing its directional nature towards the EBRD's strengths, while avoiding overly prescriptive measures

- establishing more prominently (compared to current SCF formulation) that country strategies are the main accountability framework for SCF delivery (using sector and thematic strategies to detail the operational approach)
- better connecting ambition with commitment to resourcing
- employing smart corporate process engineering tools and approaches through the Transformation Agenda to manage an increasingly complex portfolio of operations across broader geographies while remaining effective and agile.

2.2. Defining the spheres

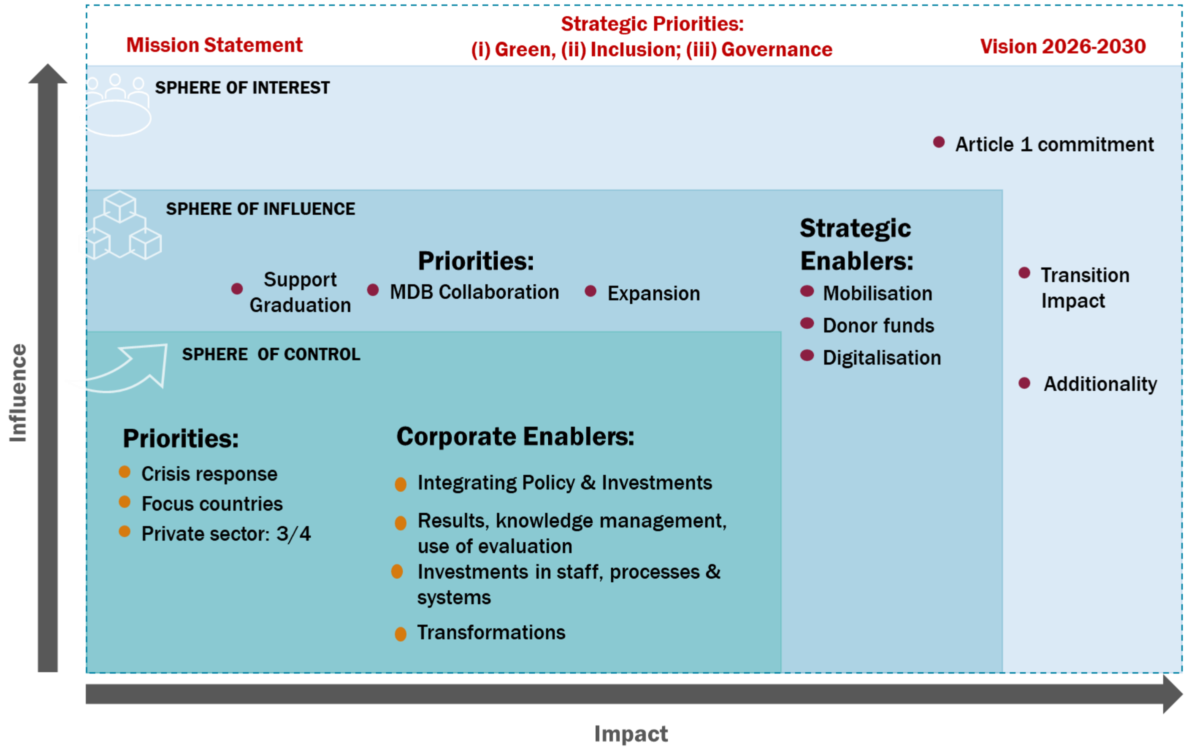
16. **During the design stage of this evaluation IEvD committed to developing a theory of change (ToC) for the SCF, which aims to support the Bank and Management in unpacking the causal links among the SCF's key elements.** A stylised forward-looking ToC (presented in Annex 3) was prepared to help prioritise strategic aspirations (Box 1 in the SCF document) and cross-cutting themes, thus streamlining and "slimlining" the future SCF. It visualises the causality links between resource allocation, activities, results and high-level impact, presenting a vision of ideal rather than current states. It illustrates the totality of actions and results significant for achieving transition impact, which often extend beyond EBRD's control. Here a three-spheres approach can be useful in identifying resources and actions within the Bank's control, those within its sphere of influence and those in its sphere of interest where it holds no control and has limited influence.

17. EBRD's high-level strategic vision and mission, along with its three strategic themes for delivering the private sector mandate for the period 2026-30 – green, inclusion and governance (currently identified as cross-cutting themes) – define its position across all three spheres. That is how EBRD establishes and communicates its unique value proposition, its additionality and competitive position in relation to other international financial institutions.

18. Based on this ToC, IEvD mapped current SCF priorities (see Table 1 for exact formulation) according to three spheres (Figure 2). A significant share of these is within **EBRD's sphere of control,** where it can internally manage most parameters and define delivery modalities. In this sphere, the EBRD and its shareholders can act with minimal reliance on external stakeholders, focusing on investments in target countries, crisis response, private sector engagement, risk appetite, additionality and sound banking practices. **Decisions on resource allocation across specific strategic priorities are made here**, considering the Bank's overall ambition and the urgency of some actions, including those dependent on the external strategy context.

19. **Other SCF priorities can be more suitably framed as corporate enablers** (versus strategic enablers like mobilisation and digitalisation). For example, transformations, investments in staff, processes and systems, results management, knowledge management and use of evaluation, and policy engagement can be identified as corporate enablers that require adequate resourcing and incentives to contribute to the delivery of the Bank's transition mandate.

Figure 2: Mapping current strategic priorities and capabilities for future strategy by sphere



Source: IEvD

20. **However equally, many resources, actions and results lie beyond this zone of control.** They reside within EBRD's sphere of influence, where the Bank can plan and deliver joint actions, and where its resources, activities and results can either trigger or complement those of other players, achieving desirable multiplier effects. Among these elements are currently identified strategic enablers – mobilisation, digitalisation and, as IEvD suggests, donor finance.[1] Also in this sphere are several strategic priorities, specifically: (i) the Bank's expansion to new countries of operation, (ii) supporting the graduation for economies with the smallest transition gaps and (iii) cross-MDB coordination and wider collaboration with international stakeholders.

21. Several fundamental elements of the SCF, transposed from the Agreement Establishing the Bank, fall within the EBRD's sphere of interest. Key among these are the EBRD's commitment to Article 1 of the Agreement, its additionality, and its transition mandate as gauged through its transition impact methodology. Within this sphere the EBRD can contribute significantly, though its influence is often limited unless there is a conducive political economy context where partner governments are cooperative and the EBRD's operations are aligned with the national strategic priorities. This sphere can dramatically impact various aspects of the EBRD's operations – from operational costs and capital pricing (macroeconomic conditions) to the scope and nature of operations (crisis scenarios), to governance standards and data reporting (new standards), to compliance (sanctions).

[1] Donor resources enable the delivery of transition impact and are an integral (and increasingly important) component of the Bank's operational model. That is why IEvD suggests including donor finance in the list of strategic enablers.

22. **IEvD recommends that the SCF clearly delineate the EBRD's nuanced position across all three spheres.** It should particularly strengthen its alignment within the sphere of influence, forging robust partnerships with donors, MDBs, the international community and organisations, and private and philanthropic financiers. Furthermore, it is vital that the EBRD develops comprehensive foresight and reaction functions for the elements within its sphere of interest, where its capacity to influence outcomes and decisions is minimal.

2.3. Streamline and slimline

23. **There are compelling reasons to streamline and slimline the SCF as a document that outlines strategic directions focused on the Bank's unique competitive advantages and the goals it aims to achieve in the next five years.** More detailed information should be reserved for companion documents (similar to country diagnostics in country strategies) and subsequent strategic documents like SIPs country and sector strategies. Country strategies are particularly important as they are the primary means through which the Bank's core transition objectives are achieved.

24. **A more directional SCF would transition from the current bottom-up approach, where each function is included and all aspects are covered, to a more future-oriented top-down core priority identification document, sometimes referred to as an umbrella strategy.** This approach would provide a holistic vision of the Bank in the next five years, rather than a patchwork of disparate aspirations.

25. **The SCF should also articulate more clearly the trade-offs required to fulfil its core mission.** Strategy, by one definition, involves "*making trade-offs in competing… choosing what not to do*."[2] Internal interviews indicate that while the Bank excels at launching new strategic priorities and products, it struggles with discontinuing less impactful and relevant activities. There are ongoing efforts in institutional transformations aimed at streamlining processes and reengineering them to reduce inefficiencies and costs. However, there are limitations to what these transformations can achieve. Making decisions about trade-offs, which should be agreed upon by Bank Management and the Board as clearly stated in the SCF, is essential for directing resources towards priorities that deliver the greatest transition impact in the economies based on the Bank's unique operating model.

26. However, this is easier said than done. A clear conceptual model for the strategy should be developed, along with the ToC, to facilitate clear prioritisation and trade-offs. Based on the analysis and synthesis presented in the accompanying five technical reports, IEvD provided elements for an approach that could support this process (see Chapter 2.2.).

[2] Michael Porter, "What is Strategy," Harvard Business Review, 1996

3. Operationalising the SCF priorities

3.1. Resourcing SCF: walking the talk through SIPs[3]

27. **The SCF integrates essential element of business strategy.** Through the three-year rolling SIPs, the SCF priorities are converted into annual operational plans across all strategic domains. The SIP sets up performance targets through corporate scorecard, which might be adjusted annually. It assists EBRD in monitoring crucial delivery parameters (excluding ex-post results) and supports the Board in holding management accountable for SCF delivery. All three cross-cutting themes are operationalised through scorecard parameters, activities and expected results included in the SIPs.

28. **The adequacy of resources allocated for the Bank's annual operational plans to support its expanding scope and ambition remains questionable.** Evidence from this evaluation indicates that these resources do not sufficiently cover the number and scale of SCF priorities. The EBRD's Annual Bank Investment increased by a quarter in both 2022 and 2023, from an average of €9 billion in the period 2017-21, reaching €13.4 billion in 2023, and a record €16.1 billion in 2024. Concurrently the number of projects rose by 7%. The portfolio expanded from 50.2 billion in 2021 to 60.4 billion in 2024. The Bank responded (and continues to respond) to multiple crises including the war on Ukraine; earthquakes in Türkiye and Morocco; and conflict and fragility situations in Armenia, the West Bank and Gaza, and Lebanon).

29. **At the same time its administrative expenses budget remained flat in real terms.** It increased from €454.9 million in 2021 to €533 million in 2023, with projections for €607 million in 2024. In 2021-23 various EBRD sectors experienced an increase in full-time employees (FTEs) largely due to efficiency savings and reallocations rather than new budget allocations.

30. **The Bank enhanced its resource base across three strategic cross-cutting themes – green, inclusive and digital – but to varied degrees and from different funding sources.** Notable achievements in the green domain strongly correlate with significant additional core budget allocations in 2022-24 (£4.5 million), including 55 FTEs, supplemented by donor- and fee-funded activities.[4] It complemented the already robust green expertise and skillset across the Bank's policy and banking teams. In 2023-24 the EBRD utilised £9 million in climate fees, in addition to general management fees totalling £29.9 million. According to the Bank's Finance Strategy Planning and Control Department around 85-90 per cent of these funds are allocated to FTEs.

31. The inclusive and digital priorities received smaller increments of additional core resources (£1.5 million and £3.7 million respectively) and had to scale up from a much lower base (or from none). The inclusive strategic workstream continues to develop its implementation, monitoring and control functions to demonstrate its ambitious ex-ante commitments. In the Gender and Economic Inclusion Department half of the positions are donor-funded or fee-funded, which are intrinsically temporary and lead to significant churn in team composition. The digital priority

[3] Refer to Operationalisation Technical Report for in-depth analysis and findings briefly presented in Chapter 3.
[4] SIPs 2022-24, 2023-25, 2024-26

received even fewer core resources, with most funding provided by donors. It also took longer to establish its function. According to internal interviews its connections to investment and policy operations remains in the early stages compared to the green and inclusion priorities. The dependency of the EBRD's flagship priorities on external financing poses operational and sustainability risks (see Operationalisation Technical Report).

32. Transforming the SCF into strategy that clearly differentiates top priorities from operational tools that enable their delivery, as recommended in Chapter 2, should foster greater clarity and consistency in resource allocation to achieve the Bank's key aspirations.

3.2. Cascading SCF through country and sector strategies: objectives without resourcing

33. **Beyond annual SIPs, SCF priorities are detailed in country and sector strategies.** Sector strategies "*define instruments and products available*" while country strategies "*are the main mechanisms for aligning strategic objectives across the Bank.*" In 2021-23, 16 country strategies, 3 sector strategies and 5 thematic strategies were approved. These documents (with the exception of approaches) withstand the scrutiny of public consultations and,[5] in case of country strategies, receive endorsement by the governments of respective countries and a commitment to collaborate with the Bank to implement specific reforms and regulatory changes essential for improving the investment climate and reducing barriers to private sector growth. They also include important commitments related to public sector reform, particularly in enhancing the governance standards of state-owned enterprises, state-owned banks and regulatory agencies. Although many internal and external stakeholders noted the opportunistic operational model of the EBRD, capitalising on political economy contexts to advance previously stalled reforms.

34. **Three quarters of SCF strategic aspirations were cascaded into significant secondary strategic documents prepared in 2021-23.** Cascading is defined as reflecting SCF priorities in the narratives, strategic priorities, proposed actions and expected results of subsidiary strategies – country, sector and thematic. Table 1 below provides a high-level summary with more details provided in the Operationalisation Technical Report. Five of the priorities are not considered relevant for cascading to other strategies.[6] For the remaining eight SCF strategic priorities considered relevant for this exercise across all country, sector or thematic strategies, 21% of priorities were significantly cascaded, 54% were cascaded to some extent and 25% showed little or no cascading. Full cascading is not expected, especially in country strategies driven by specific needs and agreed with the partner government where the EBRD's role is truly additional (see Operationalisation Technical Report).

[5] SCF 2021-25

[6] Priorities 7 and 8 refer to geographic expansion, priority 9 to mobilisation, priority 10 to graduation and priority 13 to internal EBRD matters. Although lower-level strategies could consider mobilisation and graduation, they typically do not. Consequently, these priorities are not considered relevant for cascading into other strategies.

Table 1: Assessment of operationalisation of SCF strategic priorities across country, sector and other strategies

No.	Priorities[7]	Country Strategies	Sector Strategies	Other Strategies
1	Timely and effective support to countries of operations to preserve and accelerate transition in the context of the economic crisis caused by the Covid-19 pandemic			
2	Focused efforts on supporting those of its countries of operations less advanced in transition, including the Early Transition Countries (ETCs), SEMED and the Western Balkans, through enhanced investment and policy activity			
3	Reinforced private sector focus by ensuring that more than three-quarters of the Bank's total investment in the SCF period is in the private sector.			
4	Directly supported progress towards green, low-carbon economies through higher levels of investment in the Green Economy Transition			
5	Equality of opportunity for disadvantaged groups and deeper mainstreaming of gender considerations in projects through strengthened capacity for investment and policy engagement			
6	Comprehensive and coherent activities to help countries of operations leverage the digital transition as an enabler of transition across all sectors.			
7	Successful launch of operations in new countries of operations within the Bank's existing region, such as Algeria, subject to the approval of Governors	N/A	N/A	N/A

[7] Strategic priorities are originating from SCF 2021-2025, Box 1, page 18

No.	Priorities[7]	Country Strategies	Sector Strategies	Other Strategies
8	If approved by the Board of Governors, beginning of operations in a limited number of countries beyond the Bank's current geographic region	N/A	N/A	N/A
9	Support for any country that chooses to graduate from the use of the Bank's resources through an enhanced Post-Graduation Operational Approach	N/A	N/A	N/A
10	Increased levels of mobilised private capital for countries of operations through a widened and deepened scope of activities.	N/A	N/A	N/A
11	Greater transition impact by further integrating policy engagement and investment activity and reinforced its ability to measure its effectiveness			
12	Stronger overall results framework, knowledge management and the use of evaluation findings to improve the design and impact of operations			
13	Cost effective delivery of the SCF through investment in staffing, skills, processes, systems and IT upgrades, as well as increased efficiency and reallocation	N/A	N/A	N/A

Significantly Cascaded
Cascaded to Some Extent
Little/No Cascading
N/A

Note: The methodology for assessing the cascading of SCF strategic priorities utilises a straightforward weighted scoring approach. Individual scores across different categories are combined into a single, cumulative score. Each level of score is assigned a specific weight, enabling the calculation of an average score that reflects the overall assessment of strategy operationalisation as detailed in Annex 1.

35. **The most significantly cascaded priority across all strategies by a large margin was the reinforced private sector focus.**

36. **The priorities with the lowest cascading were leveraging the digital transition; equality of opportunity for disadvantaged groups and deeper mainstreaming of gender; and stronger overall results frameworks, knowledge management and the use of evaluation findings.** For digital transition, the nascent nature of this area might explain the difficulty country strategy teams faced in integrating it amidst competing priorities. The initial lack of clear guidelines for incorporating inclusion and gender contributed to their low cascading. However, this trend shifted in 2024, with most recently approved country strategies in Moldova, Morocco and Türkiye prominently including these elements. As digital operational processes mature, their cascading into subsidiary strategies is expected to increase.

37. **Neither country strategies nor sector strategies are accompanied by an annual delivery and resource plan necessary to deliver the strategic priorities outlined in those documents (similar to what the SIPs are for the SCF).** This absence complicates resource planning and delivery during the implementation process, where an essential reference point or baseline is lacking for measuring the additional efforts required to deliver new and novel activities versus the core scope of operations. **The inconsistent resource planning directed by the SCF across geographies and sectors, even factoring in the need for flexibility, creates a contested area of resource delivery.** Instead of a holistic vision of resource allocation there exists a bottom-up approach where each function competes for limited resources, not always complementarily or efficiently, in delivering its strategic objectives.

38. **Further complicating alignment is the incongruence between the SCF timeline and the timelines of most country and sector strategies.** It is unrealistic to expect all secondary strategies to be updated immediately after the approval of a new SCF, especially when its content is being changed in an "*evolutionary rather than revolutionary*" manner. However, under-utilised instruments such as annual Country Strategy Delivery Reviews (CSDRs) could support greater alignment in the future. CSDRs conducted immediately after the approval of the new SCF can include updated priorities and enablers, structuring reporting and planning for the next year, while keeping the country strategy and its associated country policy compacts focused on key priorities and results.[8] Equally, the country strategy is the appropriate level to include mobilisation targets to ensure they are more granular and can steer investments towards countries with significant transition gaps, such as early transition countries (ETCs) (Chapter 4.2).

39. **Optimisation of EBRD's performance focuses only on measurable goals included in the scorecard, potentially neglecting important areas without measurable targets.** Currently the EBRD drives performance primarily through input and activity parameters, mostly operating with expected rather than ex-post measures. The deficiency stems not only from objective data limitations but also from shortcomings in the depiction of strategic architecture (see Operationalisation Technical Report for substantiation of this argument). Evaluation insights into

[8] Poor alignment between the SIPs and country and sector strategies, coupled with inadequate resource planning and limited transparency in information and process workflows, has been flagged up by IEvD, specifically in SS20-156 Review of Strategy Implementation Plans 2016-21. Additionally, the inadequacies of CSDRs in reporting actual results for specific countries were highlighted by IEvD in several products, including a briefing note to the Financial and Operational Policies Committee in 2021.

the delivery of specific SCF aspirations (green and mobilisation, see Chapter 4) suggest that the current matrix requires rebalancing to achieve deeper and synergetic effects, and greater connections with the country results frameworks and targets.

3.3. Maturing while retaining ingenuity and agility

40. **After 33 years of operations, the Bank has become more established institutionally, with enhanced operational processes, compliance requirements and formal procedures.** New compliance activities are expanding across several sectors and geographies, driven by new commitments agreed with the Board, including those related to climate change, integrity of supply chains, and reporting across various domains such as forthcoming impact reporting. While essential for long-term planning, these developments may risk stifling the Bank's entrepreneurial spirit, ingenuity and agility.[9] All these qualities are crucial for being strategically present on the ground at the right time with the right tools and for engaging effectively with stakeholders during times of crisis and growth.

41. **The EBRD's proximity to clients and swift crisis response capabilities are often highlighted as top features by multiple internal and external stakeholders.** The presence of lawyers, policy experts, communications professionals and procurement specialists in Resident Offices (ROs), often equipped with local language skills and strong knowledge of the political economy and industry context, significantly boosted the efficiency of the Bank's operations, especially during crises.

42. Maturing institutional governance and processes may reduce the Bank's responsiveness during global volatilities affecting various EBRD regions and operations. **The priorities for the next strategic framework should strive to balance institutional maturity with maintaining the entrepreneurial spirit, ingenuity and agility that are essential for successful delivery and will be increasingly vital over the next five years.**

3.4. Decentralising as One Bank

43. **Decentralisation is crucial for fulfilling several key institutional commitments.** These include expanding operations to new countries such as Iraq and six sub-Saharan African countries, responding to the war on Ukraine and its impacts, increasing green investments, and enhancing the inclusion and governance elements of transition. Strategic discussions and operational actions are focused on maintaining the Bank's spirit of "listening and hearing the client," which includes pursuing a more ambitious decentralisation agenda. An increase in staff presence in ROs aims to shift the current headquarters to ROs ratio from 70:30 to a more balanced distribution.

[9] Difference in definition between flexibility and agility: Flexibility refers to an organisation's capacity to implement changes within its existing operational model and constant context (operational capability), while agility is the ability to modify the operational system to quickly react in an unpredictable environment (strategic capability). (Source: Harvard Review)

44. **Further decentralisation should be implemented in the spirit of One Bank, where policy and specialised units have more presence on the ground and can support banking operational leaders more holistically and efficiently.** Operational leaders remain the key interface between the Bank and the client, but the multitude of operational actions and commitments in areas such as green investments, inclusion, traceability of value chains, digitalisation and smart procurement require closer involvement of specialised staff. This presents an opportunity to transform the currently mostly nominal One Bank model into a truly functional one.

4. Results achieved in 2021-23: comparison to initial aspirations

4.1. Synergies and contradictions among strategic aspirations

45. **IEvD investigated SCF delivery in four areas, revealing specific insights and notable connections with other strategic aspirations.** The evaluation covered the green transition, mobilisation and crisis response aspirations, alongside the EBRD's ambition to become a learning and innovative organisation transitioning to results-driven management,[10] using evidence from IEvD's recent operational, sector and thematic evaluations.

46. **The green transition has significantly driven the mobilisation of private sector finance and donor financing. The unprecedented crisis responses from 2020-24 led to a major reframing of the mobilisation toolkit.** Traditional mobilisation instruments, which have seen diminishing leverage in recent years, are further impacted by geopolitical and geoeconomic challenges that elevated risks in many economies, including those with the smallest transition gaps (European Union countries). In response, the Bank has focused on new risk-sharing instruments through guarantees and blending. Many recent investment frameworks and operations combine green and inclusive transition objectives, with increased attention to compliance and governance standards of a green just transition driven by new global, international and national commitments.

47. **The are also some priorities which may at times become contradictory and preclude from full realisation of the EBRD's ambitions.** One of the most prominent is maintaining a minimum 75% share of private sector investments while advancing green transition in countries where significant changes can and should happen through engagement with the public sector. Successful cases of country platforms on resource efficiency and climate change (Egypt, North Macedonia and most recently Türkiye) demonstrate the importance of such engagement. Further push for the EBRD focusing on systemic change in green space (and other cross-cutting themes of inclusion and governance), as well as improving the investment climate for creating more opportunities for private capital mobilisation, will require expanding the scope of policy engagement at the sector and country levels. This contradicts the current drive of greater alignment of policy engagement with Bank investments. Equally, the EBRD's response to the war on Ukraine led to a significantly elevated share of public sector operations in the country (70% in 2023).[11] Despite a gradual return to investing in more private sector operations, the EBRD's pivotal role in supporting Ukraine's critical infrastructure and municipal services will require significant amounts of non-private financing going forward.

48. **Successful crisis responses highlight certain strategic aspirations such as supporting economies willing to graduate.**[12] In the current geopolitical and geoeconomic context, countries

[10] The choice is made out of 13 strategic aspirations presented in Table 1 above.
[11] EBRD Annual Review 2023, page 12.
[12] Priority 9 in Box 1 reads "Support for any country that chooses to graduate from the use of the Bank's resources through an enhanced Post-Graduation Operational Approach."

that were most advanced on their way to potential graduation now encounter new challenges that underscore the EBRD's additionality.

49. The chapters below present key findings from each of the four in-depth evaluations of strategic aspirations. IEvD also tagged each of them according to their location on the map of proposed spheres of Bank's control, influence and interest.

4.2. EBRD achieved significant progress in meeting its green strategic aspiration[13]

Three Spheres: Strategic Priority

50. **The EBRD reached its target of achieving a 50% share of green finance as set out in the Green Economy Transition (GET) approach and the SCF, ahead of the 2025 deadline. This represents a significant accomplishment, particularly given the challenging external circumstances under which the SCF 2021-25 is being implemented.** The Bank has successfully integrated green priority into its core business by adding 55 new green full-time equivalent positions, along with several fee-funded and donor-funded positions. This enhancement to the Bank's operational model has led to substantial achievements in the green domain, earning widespread recognition from shareholders, external stakeholders, civil society organisations and the Bank's staff.

51. Evidence shows that although the total committed annual investment increased during the period, the overall GET ratio for 2021-23 was maintained at 50%, with slight variations across individual years.

52. **The majority (over 93%) of the EBRD's GET finance committed during 2021-23 was allocated to mitigation activities.** Only 4.8% was directed toward adaptation activities, while 20% was allocated to environmental finance[14]. Over this period, the share of environmental and adaptation finance within GET finance decreased, while the share of mitigation finance increased.

53. **Whilst the EBRD tracks adaptation and mitigation finance in line with the joint MDB approach to climate finance, it does not have a specific target for them.** Comparative analysis reveals that other MDBs, which may have different mandates or business models, generally demonstrate higher ambitions and achievements for adaptation finance but maintain similar targets for overall green finance (commonly referred to as climate finance by most MDBs).[15] The 2023 United Nations Environment Programme Adaptation Finance Gap report highlighted that MDBs remained the largest providers of adaptation finance throughout the period 2017-21, although their

[13] Please refer to SCF Green Technical Report for in-depth analysis and findings
14 Some projects can be tagged with multiple GET purposes (e.g. mitigation and adaptation) so totals are greater than 100%
15 This finding is based on the analysis of data on the targets and actual green investments by other MDBs in the period 2021-2023.

absolute financial commitments decreased by 11 per cent in 2021 compared to 2020[16]. This decline occurred despite MDBs' COP26 commitment to "*increasing climate finance, including the amount of finance available to support adaptation initiatives.*"[17]

54. **Operational evaluations highlight that tracking performance exclusively on ex-ante basis does not accurately reflect the Bank's actual contribution to greenhouse gas emission reductions.** Based on GET committed in 2021-23, EBRD data show that total cumulative emission reductions of almost 29 million tonnes are expected (based on ex-ante estimates). This indicates progress in meeting targets, aligning with the predominance of mitigation activities in the GET financing portfolio.

55. **Looking ahead, it is critical for the EBRD to allocate adequate resources in the next strategic period for data management and IT systems to enable effective tracking of ex-post results.** The integration of the Monitoring, Review and Verification system and streamlined green assessments into the EBRD's Monarch platform is expected to significantly improve the quality, availability and accessibility of internal green data.

56. **The EBRD has performed relatively well in mobilising private sector climate finance compared to other MDBs.** The evaluation identified several examples of successful collaboration, including with other MDBs (e.g. the Paris Alignment methodology) and at a local level (e.g. country platforms).

57. **Implementing Paris Alignment assessments for all new investments from 2022 is a significant achievement and driver for action.** Qualitative evidence confirms success in integrating and mainstreaming green priorities into the Bank's operations, although there is less evidence of activity in other SCF priority areas (such as green innovation). Additionally, qualitative evidence suggests that additional resources dedicated to Paris Alignment assessments may not be sufficient, and there is significant potential to improve the efficiency of green assessments overall.

58. **GET finance commitments and disbursements vary significantly across EBRD regions.** In terms of disbursements in 2021-23, Türkiye, Poland and Romania were the largest beneficiaries, while some countries like Azerbaijan and Montenegro received no GET finance.

59. **The actual impact of GET finance on economies' transition to a green economy remains unclear.** Current assessments rely on ex-ante estimates (e.g. greenhouse gas reductions) with no ex-post monitoring of projects or policy interventions. Without changes in its approach to measuring green results, the Bank will remain unable to report actual impacts. Currently the Bank has no instrument to effectively communicate the outcomes of its green initiatives under the SCF.

60. The current results architecture does not allow the establishment of a correlation between changes in a country's green transition quality during 2020-23 and the amount of committed and disbursed GET finance in these economies.

16 Adaptation Gap Report 2023 | United Nations Environment Programme
17 COP26-Joint-MDB-Climate-Ambition-Statement.pdf (aiib.org)

4.3. Mobilisation of private capital widened, but depth is yet to be achieved[18]

Sphere of Influence: Strategic Enabler

61. The current mobilisation target of €2.5 billion could be more ambitious, considering that the EBRD mobilised €2.3 billion as early as 2015, despite significant differences in the composition of tools enabling mobilisation. This modest growth reflects the challenges of mobilising private finance at the scale required for a meaningful transition.

62. **Recent increases in mobilisation volumes are largely due to an expanded definition of mobilisation products rather than an actual increase in the volume of the like-for-like products.** With €2.8 billion in investments mobilised in 2023, the EBRD is on track to meet and exceed its mobilisation target, despite recent geopolitical and geoeconomic challenges in many regions of operation. However, the volume of "core mobilisation" products has declined in both absolute and relative terms.

63. **Several factors limit the Bank's ability to mobilise greater private capital.** The EBRD is aware of these constraints and is working to expand its toolkit of mobilisation instruments in its countries of operations, aiming to balance fluctuations in market appetite. In 2021 the EBRD undertook a major overhaul of its mobilisation efforts with the issuance of its first Mobilisation Approach. It actively engages in international coordination with MDBs and development finance institutions (DFIs) on mobilisation issues and continues to adopt emerging trends and innovations.

64. **Despite a comprehensive review of mobilisation instruments, most remain transactional in nature, offering limited scope for pooled portfolio mobilisation.** This restricts the Bank's capacity to engage institutional investors at scale – such as pension funds and insurers – who generally prefer portfolio-based mobilisation. In this regard, the EBRD lags behind some of its MDB and DFI peers. There are insufficient internal capacities for reaching new investors and establishing new instruments, despite recent incremental increases in FTEs and budget allocations for the debt mobilisation department. It takes time for these additional resources to deliver results, which are expected before the end of 2025.

65. **The mobilisation target lacks specificity.** It needs greater granularity to reflect the scope of private sector financing mobilised by the Bank across various geographies (ETCs and advanced transition countries), domains (green, inclusive etc.) and categories (direct, indirect, catalysation). **A more ambitious and granular mobilisation target should be established for the next strategic period** to incentivise "the right type of mobilisation," particularly along three key elements of mobilisation: direct, indirect and catalysation.

[18] Please refer to SCF Mobilisation Technical Report for context and detailed findings

66. **Country strategies should incorporate mobilisation ambitions to guide investments towards high-value areas.** Setting specific targets within country (and potentially sector) strategies can steer investments toward countries with significant transition gaps (ETCs) as well as hard-to-reach and hard-to-abate sectors. This approach could also help balance the focus between climate mitigation and adaptation activities.

67. **Current metrics for assessing the Bank's mobilisation performance[19] are vague and fail to provide sufficient insights for the Board or potential institutional investors.** Transparency in mobilisation data requires improvement. With the evolving definition of mobilisation, the volume of "core mobilisation" products has declined in both absolute and relative terms. Management should provide disaggregated data that highlight the volume of new tools added each year compared to the traditional set of mobilisation products in previous years.

68. **The Bank is shifting from using annual mobilised investment (AMI) to total mobilisation (TM) as a metric.** While AMI is a clear metric with a well-defined scope and disclaimer distinguishing private direct mobilisation from AMI, it is important to remember that the primary MDB joint commitment focuses on private capital mobilisation. Initially TM was used as an external communication metric but now is being deployed more widely. IEvD has acknowledged the adoption of TM in the Mobilisation Technical Report but recommends a slight modification. The existing TM metric combines AMI and private indirect mobilisation, but AMI is not purely private mobilisation since it includes some funds from DFIs. Therefore, IEvD recommends using TM as a metric but separating private co-financing from public co-financing volumes.

69. **The EBRD should enhance its performance assessment framework for mobilisation and share more relevant data with institutional investors.** This could include using platforms like the Global Emerging Markets Risk Database and the Bank's own communication channels (e.g. its website), where some progress in disclosure has already been made in 2024.

70. **The EBRD should prioritise upstream efforts through appropriate incentivisation.** This relates to improving investment climates in countries of operation, creating markets and building robust project pipelines. These elements should be integrated into operational objectives, transition narratives for individual transactions, and connected technical cooperation projects.

71. Any innovations in private capital mobilisation and catalysation should be carefully evaluated for their potential impact on the Bank's balance sheet, considering both positive and negative effects.

4.4. Effective crisis responses[20]

Sphere of Control: Priority

[19] As proposed in the Mobilisation Approach 2021
[20] Refer to SCF Crisis Response Technical report for more details and findings

72. **At the time of SCF approval the Bank faced significant challenges stemming from the Covid-19 pandemic. However, it was not the only crisis during the SCF period.** The EBRD responded swiftly to Covid-19 and the war on Ukraine as well as to natural calamities and conflicts in Türkiye, Morocco, Armenia, and the West Bank and Gaza.

73. **The EBRD's success in managing multiple crises is based on its operational model**, which promotes closeness to clients through its extensive network of ROs; its ability to mobilise all essential parts of the Bank in designing effective measures; its proven track record in crisis response; and the resilience, ingenuity and commitment of its staff to the Bank's values. The presence of a resident board also facilitates faster decision-making during critical moments.

74. While the operational model has evolved to accommodate a greater number of commitments and expand compliance functions to ensure integrity, this should not come at the expense of the Bank's agility, which is essential for effectively responding to future crises.

75. **Despite its fast response, the EBRD's agility is not always consistent.** While the Bank moves rapidly to approve crisis response support, this is not always followed by timely delivery and disbursement. Some factors are objective: clients in distress often have reduced capacity to develop and implement investments aligned with EBRD rules and standards. Within this context, existing clients tend to receive the largest share of investments and technical assistance. Disbursement to private sector clients is generally faster than to public sector clients, in line with the "business as usual" situations.

76. **Crisis response requires substantial concessional finance to support distressed clients and enhance additionality.** This usually comes from donor sources. However, not all countries of operation have equal access to donor funds due to their level of economic development, which can create challenges. For example, the EBRD's crisis response to the earthquake in Türkiye in 2023 faced insufficient donor financing, limiting its ability to deliver meaningful results for ultimate beneficiaries, particularly the small and medium-sized enterprises.

77. **Many products offered by the Bank during crises are standard offerings in "business as usual" period.** Some of them are suitably adjusted to fragility context. For example, Green City Action Plans and aligned investment projects were modified to meet the needs of Ukrainian cities and cities hosting large numbers of refugees. Additionally, new products like the Ukraine Energy Security Support Facility are being offered, though they take longer to develop.

78. **Planning for large-scale crises and the Bank's preparedness to address them must evolve.** During its Covid-19 response in 2020 the EBRD referred to its approach as "Nightingale hospital,"[21] emphasising its ability to rapidly address urgent client needs. While the capacity to deploy makeshift solutions in emergencies is commendable, it is equally important to maintain an "emergency grab bag" – a well-organised toolkit containing essential resources, readily available for use when a crisis strikes. To ensure that all core functions and services can implement rapidly approved packages effectively, the Bank needs to adapt its operational model (process design

[21] "Nightingale hospital" refers to the temporary hospitals set up quickly in the UK to handle the surge in Covid-19 cases. In the EBRD's context, it signifies the Bank's ability to rapidly mobilise resources and implement swift, makeshift solutions tailored to immediate crises, ensuring that clients receive the necessary support without delay.

and systems, data repository, talent management etc.), incorporating both “Nightingale hospital” and “emergency grab bag” elements.

79. **The resilient transition quality (TQ), despite its name, does not allow the Bank to measure the effects of its crisis response activities.** The default target of preventing transition reversals is insufficient for assessing the Bank’s added value in supporting specific clients or countries. Neither the narrative nor the matrix of the resilient TQ provides a meaningful framework for evaluating these contributions.

80. **Success in crisis response continues to be measured mostly through input and activity indicators.** Completing the long-standing work on theories of change (ToCs) for TQs, along with the development of meaningful results frameworks for facilities, should enable the Bank to measure and report on its crisis support achievements better, including those facilitated through donor co-financed instruments.

81. **Greater articulation and visibility of results will strengthen the EBRD’s reputation as a reliable partner of choice for international donors and the private sector.** This will be critical for securing essential funding, which is becoming increasingly difficult to raise in challenging global contexts. This will become even more challenging as the EBRD expands its operations to new countries of operation where needs are substantial and donor resources are highly contested.

82. **The collaboration gains achieved during crises have wider applicability to non-crisis operations.** While cooperation with other international stakeholders, especially MDBs, is usually good during crises, there is room for improvement. Greater alignment in requirements and procedures is needed. Mutual reliance, particularly in areas such as country diagnostics, procurement and due diligence. Although some progress has been made at the strategic level, operational challenges persist, as different operational models and sets of rules have to be harmonised while overcoming internal institutional barriers.

4.5. Ambition of becoming a learning and innovative organisation: modest progress[22]

Sphere of Control: Corporate Enabler

83. The evaluation noted that the Bank has made some progress towards its strategic ambition to strengthen the results framework, learning and knowledge management (LKM) and the use of evaluation findings to improve operations, although it is limited. The most serious omission is the lack of a developed value proposition for LKM.

[22] Refer to SCF Technical Report on Learning Culture, knowledge management and use of evaluation for more details

84. Achieving this ambition is important for transforming the Bank's operations to become more innovative and agile, especially as it expands its portfolio across geographies, sectors and products while facing increasing geoeconomic and geopolitical challenges that demand effective crisis responses.

85. **Resources allocated to LKM actions during 2021-23 have not matched the SCF's ambition.** An institutional focal point for LKM has been created within VP3, though it is small, focusing on the Client Services Group and relying mostly on donor funding.

86. **Progress has also been limited due to shifting priorities and resource constraints.** Influential factors contributing to slow progress include understandable strategic shifts in priorities due to multiple crises, a lack of a champion for LKM at the Executive Committee (ExCom) level and limited resources allocated to LKM, with some exceptions.

87. Overall learning and innovation are not adequately incentivised for Bank staff and departments collectively, leaving them on the margins of the mainstream work driven by tangible input and activity targets. There are some notable exceptions where learning and innovation are central to certain functions, such as in the green portfolio, with dedicated resources for fostering reflection and learning loops. However, these are exceptions rather than the rule.

88. The Human Resources and Organisational Development Department has undertaken several initiatives to advance LKM, including organisational changes and talent development. However, not all staff fully utilise these tools. Equally the Bank's transformation agenda and technology-driven performance optimisation focus on easing data and information flow within the organisation and sharing it efficiently with clients and external stakeholders, for further refinement and innovation.

89. **In addition, the EBRD has made strides in transition impact measurement**, but challenges remain in operationalising the TQs and capturing broader systemic changes. These challenges are expected to be addressed in the upcoming reform of the Transition Objectives Measurement System version 2.0 (TOMS 2.0).

90. A new project self-evaluation system, "owned" and run by Management is being rolled out in 2024 after several years of preparatory work. Its success in significantly contributing to organisational learning remains to be seen.

91. Lastly the use of evaluation – both independent, self-evaluation and evaluation by management – to inform decision-making has improved but remains limited due to organisation-wide constraints, posing potential risks for the EBRD. The adoption and implementation of independent evaluation recommendations are key channels for IEvD's work to be impactful. However, the more spontaneous and systematic incorporation of lessons learned into day-to-day operations holds the greatest potential for ensuring that evaluations drive meaningful change.

5. Recommendations

92. **Analysis of the first three years of implementing the current SCF 2021-25 revealed uneven progress in achieving its strategic aspirations.** As Management and the Board prepare the SCF for the next strategic period of 2026-30, it is important to reflect on what has worked well and identify areas for improvement to ensure the EBRD achieves systemic impact in the countries of its operation.

93. **This report presents four strategic and four operational recommendations.** Their underlying rationale is to deepen the EBRD's impact through better articulated strategy that recognises the multifaceted factors influencing transition, including those outside its control, and leverages the Bank's unique private sector mandate and corporate capabilities.

5.1. Strategic level recommendations

Recommendation 1: Position transition impact at the core of the new Bank strategy

Issues and suggestions from Technical Report - Why change is needed	Recommendation – What needs to be changed
The SCF strives to be a comprehensive strategic document guiding the EBRD's activities across a wide range of sectors, geographies and domains. But the SCF's strategic purpose requires greater clarity and direction, particularly to facilitate the collection of relevant ex-post results data as committed in the paid-in capital increase resolution. The EBRD has made strides in transition impact measurement, but challenges persist in operationalising the TQs and capturing systemic change. *(Sources: Technical Report on Learning and Knowledge Management; Technical Report on Crisis Response; and Technical Report on Green Results)*	**To deepen the transition to robust and sustainable market economies in all its countries of operation, the EBRD should gear the new SCF towards systemic change, focusing on the far-reaching effects that change underlying market structures and behaviours.** That may entail, for example, that for each new strategic theme (e.g. governance, gender, green), the "systemic change triggers" are clearly identified and briefly illustrated in the upcoming SCF. In implementation process the evaluability of systemic change triggers should be ensured by tools and processes both at the conceptual and operational level. One of the potential options to support this instrumentalization could be preparation of the theory of change for new SCF.

Recommendation 2: Focus on the Bank's comparative advantages of supporting the private sector for market economies and slimline the SCF

Issues and suggestions from Technical Report – Why change is needed	Recommendation – What needs to be changed
The current SCF's bottom-up approach reflects each of the Bank's functions, but experience shows that a prescriptive and all-encompassing five-year strategy is ineffective in highly dynamic and unpredictable contexts. *(Source: Technical Report on SCF Operationalisation)*	**To help maximise its impact and effectiveness, the EBRD should streamline and "slimline" SCF and present a clear five-year vision of how it can best leverage its unique DNA for systemic change, building on its strengths and areas where it has proven results.** More granular details should be left to the companion documents (similar to country diagnostics in country strategy). Operational approach and importantly, resource allocation, should be left to the next level of strategic documents – SIPs, country, and sector strategies. Country strategies are particularly important as that is where the Bank's core objective of transition is delivered and accountability for results lies.

Recommendation 3: Improve crisis preparedness and response

Issues and suggestions from Technical Report – Why change is needed	Recommendation – What needs to be changed
EBRD's agility in crisis response is not always consistent. While initial preparation is fast, delivery and disbursements are often delayed. The EBRD regions are likely to experience increased number of conflicts, vulnerabilities and fragmentations. *(Source: Technical Report on Crisis Response)*	**To upscale its preparedness to respond to crisis across functions and activities, the EBRD should develop and implement a unified set of criteria and processes, setting out the conceptual and operational components for crisis situations, including conflict and fragility context and climate crisis.** The comprehensive Operational Approach or Operations Manual for Crisis should build on existing fragility and conflict context processes and policies (such as those in procurement and risk) and include essential resources and guidelines that can be quickly deployed during emergencies, ensuring a rapid and effective response, covering investments, technical assistance and policy engagement. This could enhance the Bank's agility to meet evolving demands and new client needs.

Recommendation 4: Clarity of mobilisation should be further enhanced for greater impact

Issues and suggestions from Technical Report – Why change is needed	Recommendation – What needs to be changed
The EBRD's annual mobilised investment (AMI) metric differs from the MDB harmonised approach. It includes distinctive categories defined as catalysation. Despite a comprehensive review of mobilisation instruments, most remain transactional, with limited scope for pooled portfolio mobilisation. *(Source: Technical Report on Mobilisation)*	**The EBRD should its ambitions on attracting private capital by ensuring its mobilisation strategy places a greater emphasis on attracting private sector capital, which is essential for enhancing its impact and facilitating smooth transitions. Additionally to transaction-based mobilisation, the Bank could consider adopting more robust portfolio approaches designed to draw institutional investors such as pension funds and insurers.** For instance, renaming "Annual Mobilised Investment" to "Total Mobilisation" with simultaneous introduction of distinct metrics for "Private co-financing" and "Public co-financing" would provide clearer insights. Furthermore, it is crucial to differentiate private capital mobilisation from other forms of capital "enabled" or "catalysed" by policy or sovereign operations to prevent inflated mobilisation figures.

5.2. Operational level recommendations

Recommendation 5: Rethink the Bank's transition qualities (TQs) to reflect the changing context

Issues and Suggestions from Technical Report – Why change is needed	Recommendation – What needs to be changed
Developed in 2016, the TQs remain key dimensions of well-functioning market economies but are somewhat outdated. For example, the resilient TQ, despite its name, does not allow the Bank to measure the effects of its crisis response activities.	**To enhance the Bank's ability to understand and communicate its transition impact, the EBRD should review the Transition Impact Concept and interrelations between Transition Qualities, particularly TQ Resilient and Green, to make them contemporary and relevant to current and emerging contexts.** For example, the Resilient TQ should be updated to include the paths to measure actual effects of the Bank's response to economic, social, humanitarian

Previous evaluations have highlighted overlaps between TQs and the need for clearer development of a ToC. Many results frameworks and performance matrices for crisis response operations contain only input and activity indicators, making comprehensive results tracking not feasible. *(Sources: Technical Report on Learning and Knowledge Management (p. 15 & others); Technical Report on Crisis Response; and Technical Report on Green Results)*	and security crises. In addition, greater clarity around the distinctions and overlap between Green and Resilient TQs would be helpful. The Bank should also align GET finance needs with the methodology of the Green Transition Impact which currently include in equal measure mitigation, adaptation and other environmental factors.

Recommendation 6: Develop a simpler, more outcome-based scorecard that better balances investment targets and incentives to achieve strategic priorities

Issues and Suggestions from Technical Report – Why change is needed	Recommendation – What needs to be changed
The current scorecard parameters cover inputs, activities and ex-ante results, with no ex-post measures. It lacks the granularity needed to incentivise operations in more challenging areas and contexts. Most SCF strategic aspirations do not have quantifiable indicators allowing assessment of delivery over the next 5 years. *(Sources: Technical Report on Mobilisation; Technical Report on Green Results; Technical Report on SCF Operationalisation)*	**To drive results towards the desired direction and accurately assess progress, the EBRD's scorecard should be amended to include focus on outcomes, in line with the MDB's best practices and to incentivise the Bank's activities in hard-to-reach spheres and geographies.** There should be a shift towards ex-post indicators and the inclusion of 5-year milestones. The solution can be to group indicators in three spheres – control, influence, and interest – and use available data (and emerging data, including from the imminent Impact Report) with minimum additional effort for creating new. Granularity of specific indicators can be achieved with filters – geographic, sector, or domain – to incentivise certain activities.[23] For example, the GET share with the applied filter of mitigation, adaptation and

[23] Similar approach is used by the World Bank Group.

Issues and Suggestions from Technical Report – Why change is needed	Recommendation – What needs to be changed
	environmental finance; mobilisation target in the countries with the greatest transition gaps.

Recommendation 7: Strategic ambitions should be matched by adequate resourcing

Issues and Suggestions from Technical Report – Why change is needed	Recommendation – What needs to be changed
The current SCF includes several unfunded or under-funded ambitions, resulting in the EBRD's strategic goals being partially or entirely unrealised. The provision of an adequate core budget lies fully within the EBRD's control and control of its shareholders. Similarly the availability of funding from the Shareholder Special Fund is significantly within the EBRD's control. However, the availability of donor finance, which depends not only on fund-raising efforts but also on demonstrating positive outcomes from such financing, is only partly under the EBRD's control. *(Sources: Technical Report on SCF Operationalisation; Technical Report on Mobilisation)*	**To ensure the delivery of all strategic ambitions, EBRD budget should identify the required resources – core budget and others.** Include mobilisation of donor financing as one of strategic enablers, along with the mobilisation of private capital and digitalisation.

Recommendation 8: Resolve data issues that currently make accurate monitoring and reporting of several key strategic priorities impossible

Issues and Suggestions from Technical Report – Why change is needed	Recommendation – What needs to be changed
Combining crisis framework packages with existing bank instruments – without a unified tagging method – makes it difficult to track, report, and analyse crisis-related activities accurately. This misalignment in the	**To implement effectively the vision and ambition of its new SCF, the EBRD should** 1) Develop an impact reporting mechanism (tools and processes), focusing on systemic changes achieved and in general on ex-post measures;

Bank's systems hampers effective monitoring and timely access to relevant crisis data. In the next strategic period, it is crucial that the EBRD allocates adequate resources towards enhancing data management and IT systems. This investment will enable the tracking of ex-post results, ensuring that strategic objectives are met efficiently and effectively. *(Sources: Technical Report on Learning and Knowledge Management; Technical Report on Crisis Response; and Technical Report on Green Results)*	2) Introduce a standardised tagging system in the bank's database that clearly categorises investment, technical assistance and advisory projects related to crisis response 3) Set out indicators for tracking and publicly reporting results related to mitigation and adaptation impact, recognising that adaptation activities may include non-financial interventions (in line with the MDB Common Approach to Measuring Climate Results).

ANNEXES

Annex 1. Evaluation methodology

Overall approach

This evaluation combined original evidence gathered in April-October 2024 with a synthesis of evaluative evidence from recent Independent Evaluation Department (IEvD) products and original evaluative work. Deep-dive areas allowed for the collection of more extensive data and evidence on (i) green results, (ii) mobilisation, (iii) crisis response, (iv) results management and (v) learning and knowledge management (LKM).

A broader approach was applied to assess the operationalisation of all Strategic and Capital Framework (SCF) priorities presented in the Operationalisation Technical Report. This approach is suitable for a corporate evaluation of a strategic nature, ensuring that recent findings and recommendations are incorporated into the new SCF.

The evaluation Matrix, originally proposed in Annex 4 of the Approach Paper, guided the delivery the mid-term assessment by outlining what information was needed and its sources to answer the evaluation questions. The evaluation team used evidence from Management's two reviews of SCF delivery.

Delivering relevant evaluative evidence during evaluation

This evaluation was formally launched in March 2024 following the approval of the Approach Paper. As the Board and Management began preparing the new SCF 2026-30 for the European Bank for Reconstruction and Development (EBRD) Annual Meeting 2024 in Yerevan, it was agreed – after consultations with the Audit and Risk Committee and the Financial and Operational Policies Committee chair and Management –that IEvD would issue several briefing notes. These notes aimed to enhance the usefulness of the ongoing evaluation, as final results could not be shared before the report's completion (Q4 2024).

Seven briefing notes were prepared and shared with the Board and key management counterparts ahead of cornerstone discussions on SCF 2026-30 at the Financial and Operational Policies Committee. Two of those notes were prepared for Board and Management retreats in February 2024 and November 2024. The list of notes is presented below. It is important to highlight that IEvD included only existing evaluative evidence from the most recent reports and knowledge products, all of which were previously reviewed by Management. No original evidence was released before the finalisation of the SCF report.

List of briefing notes:

1. Key Insights from IEvD and Internal Audit Department (IAD) in preparation for the new SCF 2026-30 for Board and Senior Management Retreat, February 2024
2. Mobilisation of Private Finance, June 2024
3. Economic Governance, June 2024
4. Green Economy Transition, July 2024
5. Digitalisation, October 2024
6. Approach to Crisis and Fragility, November 2024
7. Information Note for Board and Senior Management Retreat, November 2024

ToC for SCF

At the design stage of this evaluation IEvD committed to preparing a theory of change (ToC) for the SCF. The ToC aimed to support the Bank and Management in unpacking the causal links between the key elements of the SCF. After consultations and analysis, it became clear that retrofitting a ToC for the existing strategy does not add value at a time when the Bank is already discussing its new strategy for 2026-30. However, preparing a forward-looking ToC could help prioritise equally weighted strategic aspirations (Box 1 in the SCF document) and cross-cutting themes, contributing to streamlining and slimlining the future SCF.

IEvD developed a stylised forward-looking ToC, visualising causality links between its resources, their allocation, activities, results and high-level impacts. This ToC represents how the system should function, rather than its current state. It captures the totality of actions and results significant for achieving transition impact, including those beyond the Bank's control. That is where a three-spheres approach can be useful – identifying resources and actions that are within the Bank's control sphere, those that are within its sphere of influence, and those that are within its sphere of interest (beyond its control and influence).

Document review

The evaluation team reviewed all documents related to SCF 2021-25 preparation, approval and implementation, including:

- Management self-assessments conducted in 2022 and 2024
- Proposal on Paid-in Capital Increase approved in 2023 and related documents
- Four Strategy Implementation Plans (SIPs) covering 2021-24
- All country, sector and thematic strategies approved by the Board in 2021-23
- Memoranda of understanding signed with international stakeholders during 2021-23.

The team also analysed audit reports prepared by the Internal Audit Department on related topics and reviewed the recent Multilateral Organisation Performance Assessment Network evaluation of the EBRD. For deep-dive areas, global standards, data and international initiatives were analysed where relevant.

Portfolio analysis

The portfolio analysis covered the evaluation period of 2021-23, with some technical papers including baseline data from the previous 2016-20 SCF period.

The analysis primarily utilised data from the following sources, focusing on signed, disbursed, repaying and completed projects, as well as repositories from relevant departments:

- DW_Banking_Operational
- BPN All Operations
- GET Database
- Private Direct Mobilisation/Private Indirect Mobilisation Listings

Data were gathered and analysed along key parameters of the EBRD's scorecard, with particular attention to the deep-dive areas of green, mobilisation and crisis response. Additionally, some data from the Human Resources and Organisational Development and financial departments were used for the operationalisation analysis.

Consultations during the EBRD 2024 Annual Meeting in Yerevan

The evaluation team conducted consultations with key external stakeholders during the EBRD Annual Meeting in Yerevan in May 2024. During its roundtable discussion with civil society organisations (CSOs) it presented the approach to the mid-term evaluation of SCF 2021-25 and sought participants' views on the following questions:

1. To what extend are civil society and communities consulted when defining and delivering the Bank's strategic priorities in specific countries and areas (e.g. green, inclusive, well-governed)?
2. In your opinion, what are the main achievements in implementing EBRD strategic priorities and cross-cutting themes in 2021-23? What worked well and not so well?
3. What can be done differently in the last two years of SCF (2024-25) and in preparation for the new SCF?

A total of 80 participants (60 in person and 20 online) shared their views. For Question 2 the team conducted a Menti survey where 20 participants provided feedback on the area in which the EBRD had made the most progress during the first three years of the strategic cycle.

Additionally, the evaluation team held interviews with several shareholders and CSOs who are members of the EBRD's CSO Steering Group during the event.

Semi-structured interviews

Semi-structured interviews were conducted during April-October 2024 across three deep-dive areas of green, mobilisation and LKM. The evaluation team consulted 61 stakeholders, comprising 13 external stakeholders (development finance institutions [DFIs], private sector partners, CSOs) and 48 internal stakeholders. Questions were tailored to the specific themes of each interview.

The evaluation team sought feedback on the high-level delivery of SCF 2021-25 priorities, extending beyond individual areas of responsibility to identify perceived synergies and contested areas. For these interviews IEvD consulted with 20 managing directors, including 5 based in

Resident Offices (ROs), and 18 associate directors (all headquarters-based). Key questions for these interviews included:

1. What progress has been achieved in implementing the current SCF's priorities and cross-cutting themes in 2021-23?
2. Specifically, what is the progress in your area of responsibility and in adjacent areas (if you have an opinion)? Do you see complementarities or contested areas?
3. To what extent were skills and resource allocations adequate for successful delivery?
4. How well do you think the Bank has learned from its experience, self-assessments and independent evaluations during 2021-23? Is staff treating data and knowledge as assets, and are there visible improvements in the learning culture?
5. The current SCF was approved in 2020, followed by three SIPs and several sector and country strategies. From your perspective, how well do these operationalise the SCF priorities?
6. Similarly, how have international commitments and collaboration with other multilateral development banks (MDBs) been guided by the current SCF and its priorities?
7. EBRD's agility and flexibility: how successful was the Bank in responding to multiple crises while maintaining focus on delivering SCF priorities, including green, inclusive and digital?
8. There have been significant institutional and functional transformations within the Bank. How supportive are these changes in delivering SCF? Can you provide examples?
9. What can or should be done differently during the last two years of SCF (2024-25) and in preparation for the new SCF?

Rating the cascading of SCF priorities into subsidiary strategies during 2021-23

Between 2021 and 2023, 16 country strategies, 3 sector strategies and 4 other strategic initiatives were developed. To assess the alignment and cascading of these strategies under SCF 2021-25, the evaluation team introduced a comprehensive scoring system. This methodology evaluates how well these strategies align with the overarching SCF 2021-25 priorities.

The assessment measures the extent to which SCF priorities are cascaded into the narratives, priorities and tentative actions of lower-level strategies across three categories:

- Significantly Cascaded (high alignment with priorities)
- Cascaded to Some Extent (moderate alignment with priorities)
- Little/No Cascading (low or no alignment with priorities)

The full assessment is provided in Annex 1, Table 7 of the Technical Report: Operationalisation of other SCF priorities

To combine individual scores across the categories into a single cumulative score, the team applied a weighted scoring approach. Each score level was assigned a specific weight to calculate an average score that reflects the overall assessment. In this example, the following weights to each level of score was assigned:

- Significantly Cascaded (high alignment) = High weight (3)

- Cascaded to Some Extent (moderate alignment) = Medium weight (2)
- Little/No Cascading (low or no alignment) = Low weight (1)

The team then multiplied the number of strategies receiving each score level by the corresponding weight.

For example, if 4 country strategies received the score "Significantly Cascaded," the total score would be 4 × 3 = 12; if 3 country strategies received the score "Cascaded to Some Extent," the total score would be 3 × 2 = 6; and if 8 country strategies received the score "Little/No Cascading," the total score would be 8 × 1 = 8. Adding these results gave a total score of 26.

To calculate the overall average score, the team divided this total weighted score by the total number of country strategies assessed: 26 ÷16 = 1.63.

Lastly the team categorized the overall average score using the following ranges:

- Significantly Cascaded (2.5-3.0)
- Cascaded to Some Extent (1.5-2.49)
- Little/No Cascading (1.0-1.49)

With an average score of 1.63, the overall cumulative score falls into the category of "Cascaded to Some Extent."

Rating the delivery of SCF priorities

Assessment was conducted using a three-category traffic light system:

⬢ (green)	Significantly Cascaded High alignment with SCF priorities
⬢ (orange)	Cascaded to Some Extent Moderate alignment with SCF priorities
⬢ (red)	Little/No Cascading Low or no alignment with SCF priorities

Coordination

This evaluation was closely coordinated with Management, specifically the Corporate Strategy team. The evaluation team also collaborated with IAD, leveraging potential synergies with its work on the paid-in capital increase. Relevant findings were incorporated into the Crisis Response Technical Report.

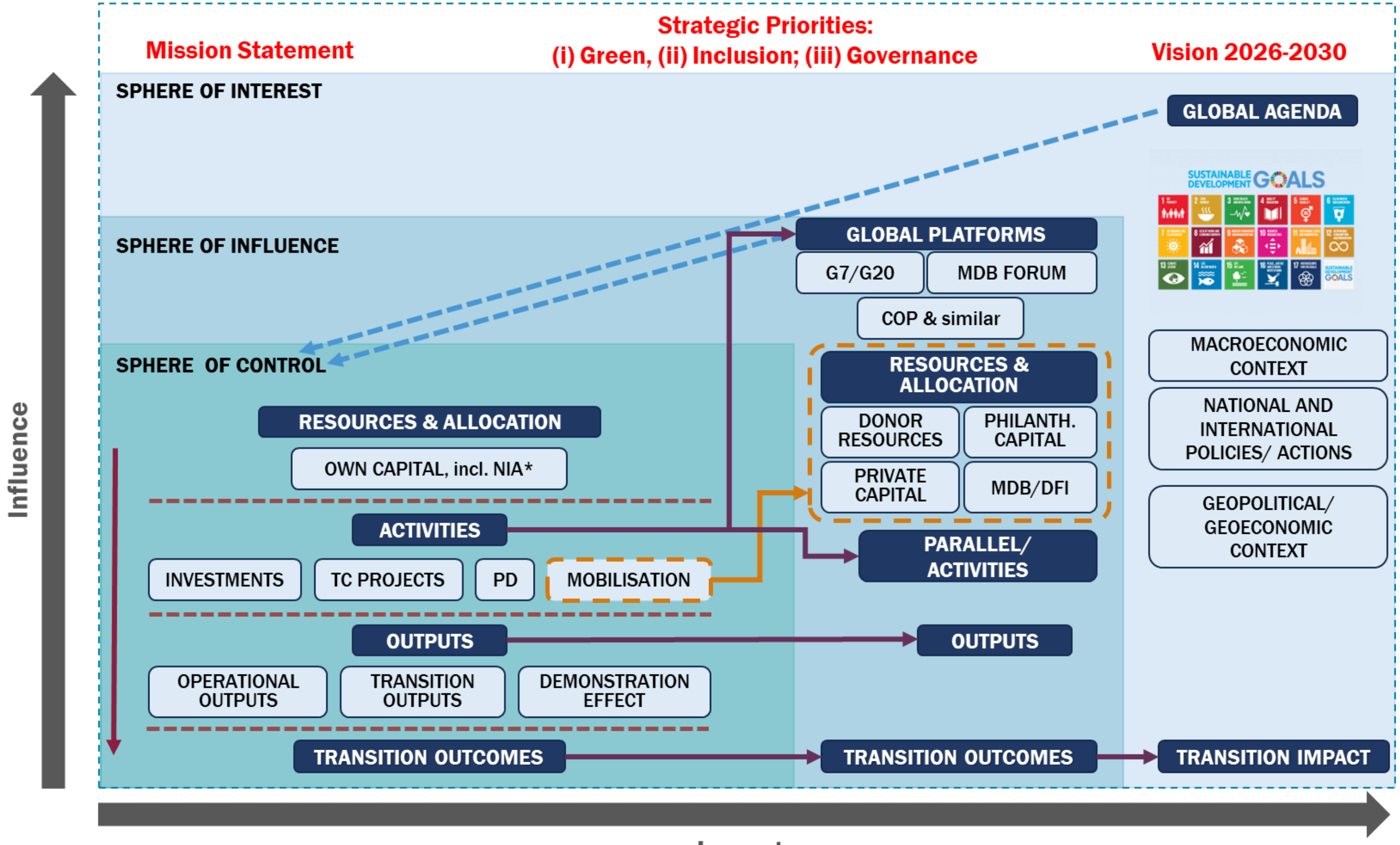
Annex 2. Evaluation matrix

EVALUATION QUESTION *CRITERIA*	JUDGMENT CRITERIA	METHODS AND SOURCES
1. To what extent have the SCF priorities been operationalised and integrated into key strategic documents and international agreements? *COHERENCE*	• Coherence of SIPs, country and sector strategies, international agreements and MoUs approved in 2021-23 with SCF priorities • Portfolio alignment with SCF priorities (theme, sector, geography) • Qualitative and quantitative evidence of agility and flexibility: how the Bank responded to crises while maintaining focus on delivering SCF priorities (including the evolution of scorecards from 2021-23) • Alignment of corporate transformation processes with SCF priorities • Institutional restructuring as an enabler for delivering SCF priorities • Skills and resource allocation as a key driving force behind SCF delivery	1. Incorporating existing evaluative evidence • Corporate and institutional elements from recent evaluations on green, inclusive and digital pieces, as well as the forthcoming evaluation of policy dialogue performance results • Knowledge products on expansion to sub-Saharan Africa, private sector support in FCC, climate finance, multilateral cooperation 2. Document review • All SIPs, country strategies and sector strategies approved since 2021 • Relevant international agreements and MoUs • Relevant Board resolutions (e.g. General Capital Increase) • Annual reviews of SCF implementation • Portfolio analysis across themes and geographies • Internal documents related to the transformation agenda relevant to SCF • Internal documents on process reengineering and new institutional structures relevant to SCF (e.g. Climate Risk, Digital Hub, Ukraine Hub, policy consolidation, etc.) • Internal policies and documents related to managing skills, talent and human resources • Quarterly and annual reports on performance against key SIP parameters 3. Interviews • Members of ExCom, Senior Leadership Group, Country Leadership Group • Board members, including committee chairs • Representatives of key shareholders and donors • Clients familiar with the EBRD's strategic framework

		• Partner MDBs • CSOs
2. What results have been achieved to date in three SCF strategic priority areas – crisis response, green investments and mobilisation? ***EFFICIENCY, EFFECTIVENESS***	• Progress achieved in three key areas, including outcomes and impact when available: (i) crisis response (ii) green investments (iii) mobilisation • Main challenges and lessons learned • Efficiency and effectiveness of the EBRD's operational approach in three areas • Factors that contributed the most to the success or failure of the implementation of these dimensions • The adequacy of metrics used for incentivising Bank staff to deliver on SCF priorities and for measuring the actual results	1. Incorporating existing evaluative evidence • Solidarity Package Rapid assessment, Technical Paper on Crisis Response (ongoing) • Ukraine real-time evaluation • Recent evaluability papers on GET and Green TQs • Mobilisation paper 2. Expanding evidence with the results from 2022-23 operations in the defined areas – document review • Mobilisation Approach and its annual reviews • Annual reports on Resilience and Livelihood Framework • Annual reports on implementation of SIP • Resolution on General Capital Increase and accompanying documents • Internal documents on strengthening green and climate capabilities • Portfolio analysis • Transformation Agenda, including relevant elements of IT Medium-Term Implementation Plan 3. Interviews • EBRD staff in Client Services Group responsible for the design and delivery of crisis response frameworks in Ukraine, Türkiye, Morocco, Armenia, the West Bank and Gaza, etc. • EBRD staff responsible for delivering green priority – Sustainable and Climate Change Department, Environment and Sustainability Department, Climate Risk, respective banking teams • Representatives of key shareholders and donors • Clients familiar with the EBRD's strategic framework • Partner MDBs • CSOs

3. To what extent has the implementation of SCF priorities in building a learning culture, strengthening knowledge management and using evaluation to inform decision-making been effective and sustainable? ***EFFECTIVENESS, SUSTAINABILITY***	• Progress in establishing and strengthening corporate functions related to results management, evaluation by management, knowledge management and organisational learning • Progress in implementation of LKM evaluation recommendations, focusing on essential infrastructure, talent management, individual and organisational learning, leadership in data and knowledge management • Sustainability of organisational and operational changes	1. Incorporating existing evaluative evidence • LKM report and its Management Action Plan • IEvD reports on the status of implementation of the Kirk Report recommendations • IEvD mid-term strategy, Annual Work Programmes and Annual Evaluation Reviews (2021-23) 2. Document review • Data Strategy and annual reports • Documents reviewed and approved by Data Committee • Internal documents on establishing self-evaluation and evaluation by management functions, including progress reports • Internal documents related to knowledge management functions • Internal documents related to skills and talent management, with the focus on enabling individual and organisational learning • External documents related to knowledge management (including those from the Policy Academy) • Progress reports on the implementation of the LKM Management Action Plan 3. Interviews • EBRD staff responsible for data and knowledge management (Data Governance, Impact) • Portfolio Group (self-evaluation) and Impact (evaluation by management) • Board members • Members of ExCom, Senior Leadership Group, Country Leadership Group • Representatives of key shareholders and donors

Annex 3. Theory of change for the next Strategic and Capital Framework



*NIA – net income allocation

Source: IEvD inspired by https://naturalsciences.ch/co-producing-knowledge-explained/methods/td-net_toolbox/theory_of_change

Annex 4. Comments from External Peer Reviewer

Mid-term Evaluation of EBRD Strategic and Capital Framework 2021-2025

When stakeholders established the European Bank for Reconstruction and Development (EBRD) in 1991, it had a clear mission to promote open-market economies and private initiative. While 1991 was a crucial year for history, history has not ended. The world continues to change. The Strategic and Capital Framework (SCF) is one EBRD's main tools to adjust to the changing world.

Evaluating a corporate strategy is not easy. The Independent Evaluation Department (IEvD) of EBRD faced the complex task of evaluating SCF 2021 to 2025 in a timely fashion to support the preparation of the new SCF in 2025. Typically, this involves evaluating both (1) the relevance and coherence of the strategy and (2) the value addition of the actions in the strategy in the real world. The Mid-Term Evaluation of SCF 2021-2025 ("the Evaluation") manages to thread this needle, in part by making both operational and strategic recommendations. **The Evaluation and accompanying documents provide a solid set of observations and recommendations that should be of use to both EBRD's Board and its Management.**

The evaluation relies on five technical reports that focus on different aspects of the evaluation. This reflects the broad scope of SCF and the Evaluation, with the need to prepare a unified report. The technical reports themselves represent significant effort. They generally have enough depth to serve as standalone evaluations. **To extent feasible, the Evaluation should share the finding of these well-prepared reports.** They have the potential to serve as further areas of discussion with EBRD's Board and Management.

The Evaluation's methodology combines interviews, document review, and corporate data. These different types of evidence are equally valid; a successful evaluation balances the different evidence to answer the evaluation questions. There is often a belief that one type of evidence is "better" than another because it is based on hard numbers. There are issues with causality, since it is quite hard to actually know that a certain strategy led to a certain outcome. And just as important, the strategy itself requires compromise and setting values, which is outside the sphere of hard data. **The Evaluation does not fall into that trap, using a range of evidence to draw conclusions, issues, and recommendations.**

The recommendations are well written and documented. They include specific references to the Technical Reports, where they are drawn from the "Suggestions for improvement" sections in each Report. This is a good approach, allowing EBRD management to understand where they come from.

The Evaluation makes a special effort to encourage EBRD to think hard about what a strategy is and what a strategy is not ("Streamline and Slimline"). This is an important piece of advice. It is quite common for MDBs to develop strategies that become "wish lists" and they do not serve as a guide for future operations. A well-designed strategy can provide value addition, while a poorly designed one can cause a burden. **This concern is clear in Strategic Level Recommendation 2**

and may be an opportunity for EBRD's Board and Management to consider their policy architecture.

A close reading of the Evaluation and of the original SCF document show that EBRD is well-aligned with current thinking on how to reform multilateral development banks (MDBs), the MDB Evolution. EBRD participated in the joint statement of MDB heads in Marrakech (October 13, 2023) on the MDB Evolution. **In its discussions and dissemination, there is room for IEvD to more closely tie the Evaluation with the MDB Evolution.**

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