European Bank
for Reconstruction and Development

IEvD
Independent Evaluation Department

CORPORATE EVALUATION

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

Technical Report: The EBRD's Response to Crises

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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 Sofia Keenan, Analyst. The Internal Peer Reviewer was Samer Hachem, Director for Sector Country Project evaluation Division, IEvD.

Visual design by Keisuke Taketani

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Abbreviations

ASB	Advice for Small Businesses
COOs	Countries of Operations
DFI	Development Finance Institutions
EBRD	European Bank for Reconstruction and Development
FCC	Fragile and Conflict Context
GCI	General Capital Increase
GDP	Gross domestic product
IAD	Internal Audit Department
IDP	Internally Displaced People
IEvD	Independent Evaluation Department
IFC	International Finance Corporation
IFIs	International Financial Institutions
MDBs	Multilateral Development Banks
MDTF	Multi-donor Trust Fund
MSMEs	Micro-, Small and Medium-sized Enterprises
NCBI	Net Cumulative Bank Investment
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
PPAD	Procurement Policy and Advisory Department
ROs	Residential Offices
RTE	Real Time Evaluation
SCF	Strategic and Capital Framework
SEMED	The Southern and Eastern Mediterranean region
SOB	State-Owned Bank
SOE	State-Owned Enterprises
SMEs	Small and medium-sized enterprises
SP	Solidarity package
SSA	Sub-Saharan Africa
SSF	Shareholder Special Fund
TC	Technical Cooperation
TI	Transition Impact
ToC	Theory of Change
TQ	Transition Quality
UN	United Nations
WB&G	West Bank & Gaza

Technical Report Summary

A. Bank achievements in 2021-23

Key evaluation insights

- **The European Bank for Reconstruction and Development (EBRD) was quick to respond to Covid-19 and the war on Ukraine**, with further fast reactions to natural calamities and conflicts in Türkiye, Morocco, Armenia, West Bank and Gaza.

Its Operational Strengths include

- Extensive network of resident offices promotes closeness to clients.
- Ability to mobilize all essential parts of the Bank to design necessary measures.
- Track record in crisis response and resilience.
- Commitment of staff to Bank values.
- Resident board accelerates decision-making processes.

Challenges and Areas for Improvement

- **In times of crisis, the operational model necessarily evolves to absorb a greater number of commitments, and compliance functions expand to ensure integrity. Going forward this may affect the Bank's agility in responding to crises.**
- **Rapid crisis response is not always followed by fast delivery and disbursement, and agility is not always consistent.** Existing clients tend to get the greatest share of investments and technical assistance, with faster disbursements to private sector clients compared to the public sector. These trends also observed in times "business as usual".
- **Crisis response requires a lot of concessional finance from donor-funded grants to support distressed clients and enhance additionality, regardless of the level of a country's economic development.** However, this is not always the case. For example, EBRD's crisis response to the earthquake in Türkiye in 2023 saw insufficient donor financing, limiting meaningful results for ultimate beneficiaries, particularly in the small and medium-sized enterprises (SMEs) segment.
- **Products offered by the Bank during a crisis are often standard offerings in "business as usual" period, although some are adjusted to fragility context.** For example, Green City Action Plans and aligned investment projects were modified in Ukrainian cities and cities hosting a large number of refugees. New products, like the Ukraine Energy Security Support Facility, take longer to develop.

Key evaluation insights

Measuring Success and Collaboration

- **The Resilient Transition Quality (TQ), despite its name, does not allow the Bank to adequately measure the effects of crisis response activities, focusing instead on preventing transition reversals.** Neither narrative nor the matrix of the Resilient TQ allows for a meaningful measure of the Bank's added value in supporting a specific client or a country as a whole.
- **'Success' in crisis response is mainly measured through input and activity indicators, despite some frameworks designed with "measurable outputs, outcomes and impacts".**[1] Completion of work on theories of change (ToCs) for TQs and development of meaningful results frameworks for facilities should enable the Bank to measure and report on its crisis support achievements better, including through donor co-financed instruments (see Learning and Knowledge Management Technical Report for more details).
- **The collaboration gains achieved during crises have wider applicability to non-crisis operations. Collaboration with other international stakeholders, especially MDBs, is usually good during crisis times.** However, greater alignment in requirements and procedures, mutual reliance in country diagnostics, procurement, and due diligence, among other fields, is needed. Although some progress has been made at the strategic level, operational challenges persist, as different operational models and sets of rules must be harmonised while overcoming internal institutional challenges.

[1] SSF – Regional: Rapid Advisory Response (RAR) Framework, BDS20-145

B. Suggestions for improvements

Operational Preparedness

- **To upscale its preparedness to respond to crisis across functions and activities, the EBRD should establish a comprehensive crisis response plan** that outlines protocols, responsibilities, and communication strategies tailored for different types of crises, ensuring clear responsibilities for the teams on the ground in the spirit of One Bank.
- **The EBRD should create an "emergency grab bag": a Crisis Operations Manual for conflict and fragility context (FCC).** It should build upon existing FCC processes and policies (i.e. in procurement and risk) and include essential resources and guidelines that can be quickly deployed during emergencies, ensuring rapid and effective response, covering investment, technical assistance and policy engagement.
- To enable a swift response to future crises, **capture and store the tacit and fragmented response knowledge in an online repository, as part of the paid-in capital increase commitment.**
- To support banking operational leaders in their multifaceted relationships with the clients at the time of crisis **the Bank should implement further decentralisation in the spirit of One Bank,** where policy and specialised units have more presence on the ground.
- **The Bank's systems response must catch up with human response in order to allow staff to focus of front-line work and engagement with the clients that is essential in crisis response.** Manual management of large-scale bespoke operations and processes is short-term solution

Support and Capacity

- **Address staff overstretched capacities through a combination of new recruitment and smart reallocation of existing staff.** The Bank should prioritise allocating resources for greater mobility of experienced staff with the required skills, while designing more efficient and impactful onboarding packages for new staff who can later on move to the crisis response sensitive roles.
- To fulfil the SCF ambition to be better prepared for future crises, **the Bank should build a cadre of operational expertise in a variety of crises response skills spread across the Bank,** largely comprising existing staff, who can be brought together in times of crises (this to complement the existing higher-level group at the ExCom level).
- **Conduct regular crisis response training and simulations for staff to build proficiency in crisis management and ensure a state of readiness.**

Measurement and Reporting

- To enhance the Bank's ability to demonstrate results of its crisis response effort it should **review Resilient TQ to include the paths to measure actual effects of the Bank's response to economic, social, humanitarian, and security crises.**

- Develop robust results frameworks for crisis response packages that consistently include mid- and long-term result indicators, with the regular reporting on their achievement, at least on the annual basis.
- **To enable easier data retrieval and reporting on crisis responses, it is essential to develop and introduce a standardised tagging system** in the Bank's database that clearly categorises investment, technical assistance and advisory projects according to the type of crisis.
- **Ensure that the system can seamlessly tag and align both crisis-specific frameworks and other bank investment instruments**, including stand-alone operations, used in crisis response efforts.

1. Introduction

1. **This technical report provides insights into the Bank's progress in achieving the Strategic and Capital Framework's (SCF's) priority related to crisis response.** It is one of five technical reports prepared as input for the Independent Evaluation Department's (IEvD) Mid-term Evaluation of the EBRD SCF 2021-23).

2. At the time of approval of SCF, the Bank faced challenges related to the Covid-19 pandemic. It had already delivered a dramatically amended scope of activities in 2020 that required agility and flexibility in the Bank's operational model, processes, and instruments in order to respond to the urgent needs of clients and stakeholders, while facing severe technological and operational limitations. But it was not the only crisis to face the Bank during the SCF period. The large-scale war on Ukraine launched by Russia in February 2022 has presented another system-changing challenge. It required the Bank to respond to the significant challenge, including ensuring the safety of its staff in one of the Bank's largest residential offices (ROs). The Bank also had to respond decisively in many other countries of operation that were affected by the war on Ukraine, due to the shifts in energy and food supply chains, higher credit risks, and large inflows of refugees from Ukraine. In 2023, other crises followed related to nature and security events in several countries of operation (CoO) – earthquakes in Türkiye and Morocco, war and a refugee crisis in Armenia, war in the West Bank and Gaza with further escalation to neighbouring countries, including Lebanon.

3. **Therefore, this report has a specific remit.** It validates the Covid-19 response against the SCF objectives and provides a high-level analysis of the Bank's responses to unforeseen circumstances in 2022-2024. Many events occurred at the end of 2023, so only operational responses are co considered as results are too early to observe.

4. **The technical report is organised as follows:**

Section 2 provides context and background information. It includes a timeline of crises that affected the EBRD's countries of operation and the Bank responses. It outlines the challenges that led to the paid-in capital increase resolution approved by the governors at the end of 2023.

Section 3 assesses the progress achieved against strategic goals and key results in crisis response. It includes the assessment against key findings and suggestions of IEvD's two crisis response evaluations conducted in 2022 and 2023 – on Covid-19 and the war on Ukraine respectively. Instead of formal recommendations, these evaluations contained suggestions for improvement. Assessment is done using a four-category traffic light system, as following:

🟢	Complete *Indicates that the aspect is performing well and is on track to meet or exceed the targets.*	🟠	Some progress *Highlights that the aspect is underperforming and requires significant improvements to meet the targets.*
🟡	Significant progress *Signals that the aspect is progressing, but there are some concerns that may need attention to ensure targets are met.*	🔴	Limited progress *Denotes that the aspect is critically underperforming, and urgent action is needed to address the issues and meet the targets.*

Section 4 presents insights and suggestions for future improvements.

2. Background and Context

2.1. What SCF says about crisis response

5. **SCF's ingrained flexibility approach, sometimes termed demand-driven approach, has proven to be important in reacting to the crises that followed in 2022-2023 while maintaining the Bank's course on delivering its strategic priorities.** The SCF 2021-2025 was approved by the Board of Governors at the virtual annual meeting in October 2020, 7 months after the majority of countries around the world announced extraordinary lockdown measures that affected global and national economies. It sets the goal for "*the EBRD to preserve and accelerate transition in its countries of operations through the overlapping and differentiated crisis and recovery phases in response to the Covid-19 crisis and to continue tackling deep-rooted broader challenges, including environmental, demographic and technological transformation*." It also recognised a significant level of uncertainty about the depth and breadth of the crisis therefore underscoring that "*the Bank will need to pursue its goals flexibly*".[2]

6. The SCF recognised two phases of response to the Covid-19 pandemic: (i) ***the initial period*** with the focus on supporting CoOs preserve transition gains in the face of the crisis; and (ii) ***a recovery phase*** which different countries would enter at different times, where the Bank would support an acceleration of transition. The SCF priorities of green, inclusion and digital were to be integrated at both stages of response, while resilience and sustainability were to be enshrined in all of the Bank's activities. Although it should be noted that in this case reference to resilience is made in broader terms than the EBRD's definition of its Resilient TQ which is very limited.

7. The SCF was approved at the time of implementation of a Solidarity Package – a comprehensive response to Covid-19 pandemic in all CoO, which was approved within weeks of the onset of the pandemic. This reached a significant scale covering direct lending, operations with Partner Financial Institutions (PFIs), SMEs and in trade finance. The pandemic prompted increased attention to governance, along with the three identified cross-cutting themes of green, inclusive, and digital, due to the strong role of governments in the pandemic response and the increasing share of public sector operations, which put a spotlight on variable qualities of national governance systems.

8. SCF committed that by 2025 the EBRD will have "*provided 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*". (Box 1, p. 18)

9. **In responding to the Covid-19 pandemic, the Bank's additionality increased across the entire geographical spectrum – from the countries with the largest transition gaps to the countries with the smallest transition gaps.** SCF recognises that Covid-19 pandemic has enhanced the EBRD's additionality in all its countries of operations. Additionality is one of the three fundamental principles of the Bank's operational model, along with the transition impact and sound banking, The dramatic effects of the pandemic on the national economy of the Czech Republic have prompted the government to reapply for the status of the country of operation after its graduation

[2] Strategic and Capital Framework 2021-2025 (https://pegasus.ebrd.com/viewdocument/88)

in 2007. The new Strategy for the Czech Republic was approved in September 2021 for a limited period of 5 years, with the specific focus on green and inclusive recovery from pandemic. Many other EU countries of operation faced similar challenges and required the Bank's investments to deal with those.

10. **The SCF also highlights a significantly greater role of the donor resources in enabling the Bank's operations at the time of crisis.** Without donor resources the Bank would not be able to launch a number of concessional financial instruments. And it envisages that "*in the short term, the Covid-19 crisis has increased market failures and distortions. This increases the need for more donor funding, and with higher levels of concessionality in some cases, to support the Bank's response to preserve transition gains*." (p.43) Given the scale of this crisis and building on the responses to previous, SCF commits "***to enhance its [EBRD's] preparedness to address future crises***" [emphasis added].

11. Based on the above-mentioned points, SCF provides several parameters against which the effectiveness of the crisis support can be evaluated, specifically:

1. Provide 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. Preserve transition gains in the face of the crisis at the initial phase.
3. Accelerate transition during recovery phase which different countries will enter at different times.
4. Enhance the Bank's preparedness to address future crises.

12. Chapter 3 provides an assessment of the achievement of those parameters. It also offers evidence of the progress achieved in follow-up crises, specifically against several suggestions provided by the IEvD in 2021-2022 on the delivery of both Covid-19 and war on Ukraine response packages. This approach offers a degree of reliability when no baseline matrix is available.

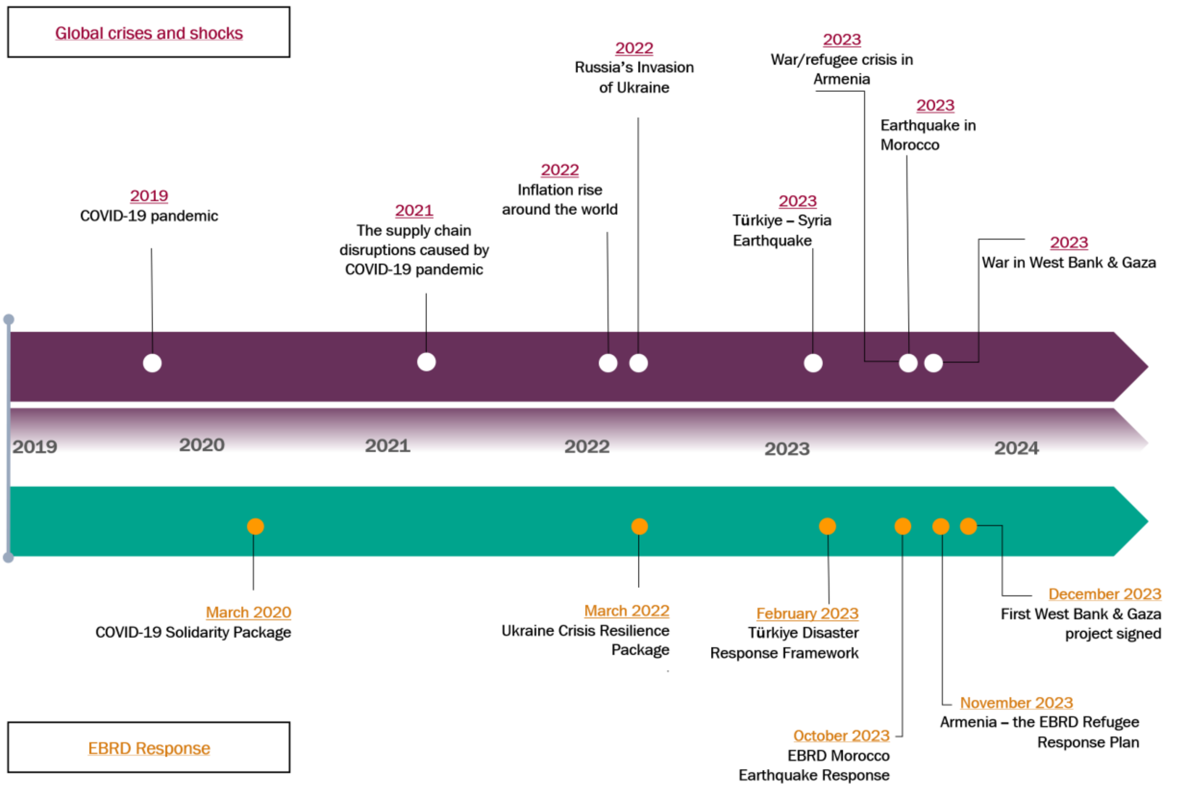
2.2. Responding to polycrisis during SCF period

13. **Flexibility embedded in SCF became crucial when facing multiple other crises.** Having been developed and approved in 2020, the SCF was aimed at addressing challenges related to the global pandemic, among other strategic aspirations. It was designed in a way that would allow flexibility in delivering the Bank's investments, policy engagement, mobilisation, and other priorities depending on the individual countries trajectories of recovery, allowing movement from maintaining achieved transition objectives during crisis to achieving new objectives in recovery. However, this flexibility resulted in certain strategic aspirations being sidelined (see Operationalisation and Learning and Knowledge Management Technical Reports for details).

14. **Figure 1 below presents the timeline of crises that affected many of countries of operations in 2021-2023 and the EBRD's responses.** Some of those were high-level responses with the creation of new strategic frameworks combining investments, technical co-operation and policy

dialogue, and new instruments requiring significant share of concessional donor funds to enable operations. Other responses were limited to individual operational frameworks and investment operations, or sometimes donor-funded frameworks that could meet the greatest needs of the clients on the ground. Almost all of response measures have included two phases, similar to the Solidarity Package – phase 1 focusing on relief and rescue, and phase 2 focusing on recovery.

Figure 1: Timeline of crises and Bank responses



Source: IEvD

15. **The war on Ukraine had by far the most dramatic effect on the Bank's operations.** It led to significant loss of life and the largest displacement of people in Europe since World War II – in the first months 8 million Ukrainians sought refuge in neighbouring countries with more than 8 million being internally displaced persons (IDPs).[3] While many Ukrainians returned home, Russia continues to occupy 18% of Ukrainian territory[4] and continues to cause destruction in others. The most recent estimation of the total amount of losses inflicted on Ukraine by the aggression are USD 1.164 trillion in lost revenues and 385 billion in value added.[5] damages caused on Ukraine's infrastructure due to the war was USD 155 billion (February 2022-June 2024). All EBRD clients in one of the largest countries of operation have been affected by large-scale war and many lost their lives and assets. The war has widespread repercussions across a majority of the EBRD's regions of operations, from Mongolia to Egypt. It disrupted trade flows, value chains,

[3] IOM data, May 2022
[4] Global Conflict Tracker https://www.cfr.org/global-conflict-tracker/conflict/conflict-ukraine
[5] Kyiv School of Economics Report on Losses as a Result of Russia's Military Aggression Against Ukraine, September 2024 https://kse.ua/wp-content/uploads/2024/10/30.09.24_Losses_Report-eng.pdf

reduced supply of energy resources and foodstuffs affecting many markets, which required a bespoke response from the Bank.

16. **Further crises were significant but mostly contained to the national economies of the affected countries. A major earthquake in Türkiye in February 2023** resulted in loss of over 50,000 lives, severe destruction of buildings (37,000 destroyed and 200,000 severely damaged) and infrastructure, and loss of business assets in the country's South-Eastern region. Total damage to the country's economy estimated at USD 100 billion.[6] It also caused large-scale displacement in the area that prior to earthquake hosted almost half of the entire population of Syrian refugees in Türkiye (1.7 million people).

17. **An earthquake in Morocco in September 2023** resulted in the loss of over 3,000 lives in the regions of Atlas Mountains, large-scale destruction of housing and other buildings, negatively affecting many SMEs and MSMEs. The Government launched a 5-year "Programme for Reconstruction and Rehabilitation of Affected Areas" for 2023-2028 with the total cost of 11 billion (8% of GDP). As the areas mostly affected by the earthquake were the least developed with large levels of disadvantaged communities, the plan is aimed at reducing regional disparities, something that resonates with one of three dimensions of inclusion in the EBRD's Strategy of Equality of Opportunity 2021-2025.[7]

18. **The war in Armenia in September 2023** led to the loss of territory of the Nagorno Karabakh region and over 100,000 IDPs that fled to other regions of the country, representing 5% of country's total population of almost 3 million.[8] This crisis led to significant increase of demand for public and municipal services, health, and education, as well as jobs for IDPs.

19. **The war in Gaza entered a large-scale phase on 7 October 2023** and as of October 2024 resulted in more than 90% of the population of Gaza Strip, or 1.9 million people, being internally displaced[9] and with more than 43,000 deaths reported by the United Nation's Office for Coordination of Humanitarian Affairs (OCHA). The conflict is ongoing and its human and economic costs are increasing continuously.

20. **Finally, the climate crisis is overwhelming countries of the Bank's operations, including all those affected by crises mentioned above.** The EBRD's response to that crisis has achieved a significant progress in the first three years of SCF period. This response is covered in the companion SCF Green Technical Report.

2.3. Enhanced capacity to respond to crisis through paid-in capital increase

21. **The EBRD responded immediately to the war on Ukraine with the Resilience Package approved on March 9th, 2022, and further Resilience and Livelihood Framework (RLF) on 6 April 2022.** A significant amount of donor funding was attracted (through grants and guarantees) to

[6] BDS23-022 Türkiye: Disaster Response Framework, February 2023
[7] EBRD Transition Report 2023-2024
[8] SGS23-320 Armenia: the EBRD Refugee Response Plan, Information Update, November 2023
[9] United Nations data

share the risk of investments in the war-torn country, where EBRD committed 50% exposure to its balance sheet (see Chapter 3 for details). However, this solution was not sustainable for the Bank's ambition to continue supporting Ukraine through recovery and reconstruction phases.

22. **Several solutions were considered to enable continued support, among which capital increase was the most "*efficient, effective and widely shared means of shareholder support*."** In December 2023, the EBRD's Board of Governors approved a resolution to increase the Bank's paid-in capital by €4 billion. "*The purpose of the capital increase is to strengthen the Bank as a whole … by ensuring that in future the Bank will be able to support both Ukraine in exceptional times and allow high and sustained support for all countries of operations – including affected countries in wartime - to tackle the most pressing transition challenges*"[10]

23. As part of this process, the Board of Directors had prepared a concrete proposal for the Board of Governors' decision, which included several strategic and operational commitments, including policy commitments both in Ukraine and Bank-wide institutional evolution (see Box 1). At the same time, the proposal states that "*the Bank will continue to pursue its current strategy in all its work, including in Ukraine.*" New commitments which were the result of intensive consultation process with shareholders, are to be transposed in the SCF 2026-2030, bringing a meaning to the statement that the new Strategy will be an "*evolution rather than revolution*" comparing it to the current one.

Box 1: Paid-in Capital Increase Proposal (November 2023)

- **Operational ambition:** the EBRD to invest € 1.5 billion per year in Ukraine until full reconstruction phase kicks off, when this commitment will increase to € 3 billion per year.
- Paid-in capital enabling the Bank to work in extraordinary circumstances, while adhering to its basic principle of operation, **sound banking**, through strong risk management approach and minimising portfolio concentration risk.
- **Recognition of the need to invest abnormally high volumes in the public sector in Ukraine**, which inevitably affects the Bank's SCF strategic ambition of maintaining 75% private sector share. Commitment to gradually increase private sector share in Ukraine ABI from 30% in 2023 to 53% in 2025 to 63% in 2028 (N.B. Bank-wide share reached 80% in 2023).
- **Policy commitments** in Ukraine with the focus on governance reform, transparency, and anti-corruption, particularly through engagement with SOEs, and supporting Ukraine's path towards EU membership.
- **Implementation and reporting** commitments: including on collaboration with other stakeholders, efficient use of resources and regular reporting to the Board of Directors, with the scheduled evaluation of paid-in capital increase commitments.
- **The Bank's continuous institutional evolution to support the delivery of several long-term priorities**, which include but are not limited to green transition; mobilisation of private capital; optimal capital management; human capital resilience and gender; digital transition;

[10] RESOLUTION NO.265 - INCREASE IN AUTHORISED CAPITAL STOCK AND SUBSCRIPTIONS, Adopted on 15 December 2023 (https://www.ebrd.com/capital-increase-resolution.pdf)

strengthening resilience of countries of operation; new countries of operation; learning lessons from conflict; geographical direction; and strengthening transition achievement.

Source: BDS23-116 (Final)

24. **It is too early to evaluate effects of paid-in capital proposal, although operational changes are happening, and some corporate commitments are being fulfilled. The capital increase had a positive impact on the Bank's investment rating, which is confirmed regularly by all major rating agencies at AAA level.** While IEvD is not able to offer any evaluative evidence of the capital increase effects due to the scope of this evaluation being limited to the years 2021-23, the Internal Audit Department (IAD) has prepared in the middle of 2024 insights on the Bank's commitments in two specific areas. Its key messages are presented in Box 2[11]. IEvD is planning an evaluation of paid-in capital commitments in its 2026 Work Programme.

Box 2: Key Insights from the Audit Knowledge Product on Paid-in Capital Increase (2024)

The Proposal for a Paid-In Capital Increase (BDS23-116 (Final)) sets out policy commitments in two main categories: (a) Ukraine Capital Increase Ambitions, (b) Institutional Evolution Commitments. IAD provided early independent insights to Management on:

i. The effectiveness of the *Ukraine Hub* - the newly established team to increase collaboration among a multitude of interested parties, both internal and external; and

ii. Whether management's proposed monitoring and reporting on the status of the Ukraine Capital increase commitments would satisfy the needs of shareholders.

In this context the main insights were:

- **Definition of what constitutes success and setting up feasible organisational (incl. between other IFIs) arrangements to support the delivery**: Although the *Ukraine Hub* had some delivery objectives on supporting coordination among various stakeholders - as of the time of our review - the Hub was still in a ramp-up phase. In IAD's opinion a robust structure should be defined for ensuring "success" and it shall delineate amongst other: roles & responsibilities, coordination mechanisms with other departments (especially Donor Partnerships, and local team in Ukraine). Furthermore, coordination among international partners warrants some improvement.
- **As for policy dialogue commitments**, the monitoring process can be improved by also building a structured approach for measuring success (e.g. objectives, milestones, KPIs, explanation for bottlenecks, etc). While some of the policy commitments are narrowly defined, there are also broadly defined commitments where establishing the objectives and indicators for tracking becomes critical for delivery.
- **Data capture:** Management has started establishing a mapping for centralising data where they link Technical Cooperation (TC) projects with relevant general capital increase (GCI) commitment, which is a substantial improvement since Q1 2024. Nonetheless, given the manual nature of the process and the absence of an alternative source for this data it is important to ensure that there are robust controls around the key spreadsheet. We

[11] Key insights were kindly provided by IAD colleagues in the spirit of continuous collaboration between IEvD and IAD and in to complement this strategic evaluation.

recommended that these controls should (a) ensure completeness and accuracy of the data used for monitoring, (b) identify formal responsibilities for preparation as there are several units feeding information, and (c) establish a reporting format and frequency, assessing if linked projects fulfil the relevant commitment and making that work known to senior management as currently it is an internal practice and not feeding any report or dashboard.

- **Progress reporting:** Appreciating the ongoing work by management, current reporting channels would benefit from further design enhancements, specifically for Policy Commitments (Reform Objectives). Whilst information contained in Q1 Quarterly Performance Report and operational performance updates were received positively during the joint Audit & Risk Committee and Budget & Administrative Affairs Committee discussion in May 2024, there is room to clarify (a) if/how reported policy activities relate to GCI policy reform objectives, and (b) where the Bank stands in terms of meeting those commitments. We would note that clarity and agility in reporting is important; particularly considering the new Strategic and Capital Framework which could also cover (or supersede) some of the Capital Increase Policy Commitments.

Source: IAD note, July 2024

2.4. Reflection of crises response packages in SIPs and secondary strategies

25. **Multiple crises that affected countries of operation have been duly reflected in the three SIPs within the evaluation period of 2021-23, and in 2024.** Only Covid-19 response is aligned with SCF strategic aspiration, while for other crises responses were limited to SIPs. Table 1 provides key elements of the SCF crisis response and flexibility drive were cascaded in the SIPs.

Table 1: Crisis response reflections in SIPs in 2021-2023[12]

SIP 2021-2023	SIP 2022-2024
The entire document and the budget allocation was aligned with the needs to responds to Covid-19 pandemic challenges, both corporate and in the countries of operation.	**This Operational Plan and budget were prepared to support the recovery from the pandemic and deepening the Bank's impact.** The entire USD 10 billion of business investments was dedicated to this objective. SIP was geared towards "*continuing support all countries of operation through disruption and uncertainty*" as "*they are struggling to make the most of the recovery*". Its emphasis was on deepening quality of investments, policy dialogue, TC, and other activities, with reverting to the path of delivering SCF strategic priorities of green, inclusion, digital, mobilisation, and others, with the respective upward adjustments to scorecard targets.

[12] Strategy Implementation Plan 2021-2023 (https://pegasus.ebrd.com/viewdocument/1176); Strategy Implementation Plan 2022-2024 (https://pegasus.ebrd.com/viewdocument/46685); Strategy Implementation Plan 2023 – 2025 (https://pegasus.ebrd.com/viewdocument/48773); Strategy Implementation Plan 2024 – 2026 (https://pegasus.ebrd.com/viewdocument/57144)

SIP 2021-2023	SIP 2022-2024
	It substantially enhanced its ambition in green, which among other things led to the Paris Agreement alignment of all EBRD operations from December 2022.
SIP 2023-2025	**SIP 2024-2026**
This Operational Plan declared its main objective "*to support Ukraine and maintain steady course to deliver Bank's strategic goals*". It commits to continue investing record levels of ABI (between USD 10.5-11.5 billion) in the face of crisis, ramping up its green delivery through enhanced green mobilisation and more systematic engagement with the countries on their long-term green strategies and country platforms, among other things. It commits additional resources (22 FTEs and 2.1 million investments) to support its response to war on Ukraine and notes its significant impact on the cost of business through record-high level of Bank-wide inflation. Increased budget in real terms meant reduction.	Focus is on "*supporting ambitious business objectives in Ukraine and on climate finance, while focusing on quality and efficiency of delivery*". Commitment to maintain ABI in Ukraine at USD 1.5 billion is transposed from paid-in capital increase proposal. SIP has several relevant priorities: • Full integration of human capital resilience support in Ukraine response • Flexible and fast deployment of support to communities, people and businesses hit by earthquakes in Türkiye and Morocco It also commits to "*strengthen Bank's readiness to respond to urgent crises to protect livelihoods and jobs across affected communities*." SIP highlights growing need in concessional finance across countries of operation, but especially those experiencing emergencies. Additional core budget of GBP 2.4 million is allocated to Ukraine response (it includes 10 FTEs).

26. **The evaluation team assessed how well the SCF priority to respond to Covid-19 crisis was cascaded into lower-level country, sector, and thematic strategies** (see Table 2 for high-level overview). While partly subjective, the assessment looked beyond mere wording to find justification or evidence for decisions made in narratives, strategic priorities, proposed actions and expected results (when available). Three categories were chosen given the subjective nature of the assessment which does not justify greater granularity.

(green) = significantly cascaded (orange) = cascaded to some extent (red) = little/no cascading

Table 2: Covid-19 crisis response cascaded into Country and Sector Strategies, 2021-2023

Country strategies	Sector strategies	Thematic strategies
Czech Republic Country Strategy (2021-26) (green) Estonia Country Strategy (2021-26) (orange) Georgia Country Strategy (2021-26) (green) Hungary Country Strategy (2021-26) (green) Latvia Country Strategy (2021-26) (orange) Lithuania Country Strategy (2021-26) (green) Montenegro Country Strategy (2021-26) (orange) Egypt Country Strategy (2022-27) (orange)	Financial Sector Strategy (2021-25) (green) Energy Sector Strategy (2024–28) (red) Mining Sector Strategy 2024 (red)	EBRD digital approach (2021-25) (green) Equality of Opportunity Strategy (2021-25) (green) Strategy for the Promotion of Gender Equality (2021-25) (green) Post Graduation Approach (red)

Country strategies	Sector strategies	Thematic strategies
Bosnia and Herzegovina Country Strategy (2022-27) 🔴 Kazakhstan Country Strategy (2022-27) 🟠 Kosovo Country Strategy (2022-27) 🟠 Mongolia Country Strategy (2022-27) 🔴 Moldova Country Strategy (2023-28) 🔴 Serbia Country Strategy (2023-28) 🔴 Slovak Republic Country Strategy (2023-28) 🔴 Croatia Country Strategy (2023-28) 🟠		

🟢 = significantly cascaded; 🟠 = cascaded to some extent; 🔴 = little/no cascading; ⚫ = not applicable

27. **It is to be expected that strategies approved in 2021 have the highest integration of Covid-19 response** while strategies approved in 2022 have less emphasis on pandemic and those approved in 2023 do not have this lens anymore, except for Croatia.

28. **In terms of the war on Ukraine, all neighbouring countries that had their new strategies approved in 2022-24 are reflecting on the vulnerabilities created by the war**, particularly in the macroeconomic domain (high inflation, contraction of GDP, increasing debt, cost of capital), energy security, value chain disintegration, and influx of refugees from Ukraine. All three of Moldova Strategic priorities for (2023-28) are focused on enhancing its resilience in the face of ongoing war (energy, financial sector, SME support, enhanced connectivity through high-quality infrastructure). War context is reflected significantly in the strategy for the Slovak Republic (2023-28) and to a lesser degree in Croatia (2023-28) and Serbia (2023-28). The Energy Sector Strategy approved in 2024 prioritises resilient energy systems, security, and affordability of energy in the context of ongoing war and its effects on energy prices and supply chains, including for renewable energy components.

29. **It is important to note that unlike some other MDBs, the EBRD does not have a dedicated policy or strategy for countries with fragile and conflict context (FCC).** By 2030, 2.2 billion of the world's population will live in fragile contexts,[13] many of them in EBRD's current and potential new countries of operation. Many international stakeholders and MDBs are working towards a harmonised approach to FCC, one example being the OECD/DAC New Deal for engagement in Fragile States.[14]

30. **In 2022, IEvD prepared an issue of the Connecting the Dots series, focusing on evaluation lessons from reconstructing the private sector in fragile and conflict-affected contexts.**[15] Among other points it noted that all MDBs recognise the need for a dedicated approach to investment in FCCs and directly affected countries and most of those have either produced or updated their strategy or 'approach' in recent years (e.g. World Bank and the African Development Bank). These documents explain the position of their institution vis-a-vis FCC, focus areas, comparative advantages, capacities, and mandates. These approaches are rooted in an analysis of what works in FCC and evaluations of IFI past interventions, although those are not numerous.

[13] OECD (2020), States of Fragility 2020, OECD Publishing, Paris
[14] OECD (2023) More Effective Development Co-operation and Fragility
[15] Building back better: Evaluation insights on reconstructing the private sector in fragile and conflict-affected contexts (2022) (https://www.ebrd.com/sites/Satellite?c=Content&cid=1395244263009&pagename=EBRD%2FContent%2FDownloadDocument)

31. **For example, the WBG recommended approach aims to identify specific categories for diverse situations of fragility, of conflict, and of violence**: (i) [Fragility] Countries with high institutional and social fragility, where grievances are high and/or institutional capacity is limited; (ii) [Conflict] Countries affected by violent conflict; (iii)[Violence] Countries with high levels of interpersonal violence. In addition, special attention is paid to countries at risk; countries with low-intensity conflicts, including subnational conflict; countries where fragility risks are compounded by climate change; and countries affected by spillovers such as refugee flows. It is noted that these categories should not be static and should be approached with flexibility since overlaps and linkages exist.[16]

[16] Classification of Fragile and Conflict-Affected Situations (worldbank.org)

3. Effectiveness of EBRD's Crisis Response Model

3.1. Performance vis-à-vis SCF ambition was strong in a very volatile environment

32. **The SCF was prepared at the time when the international community was still facing challenges related to recovery from the global Covid-19 pandemic.** All EBRD countries of operation required customised support, which was reflected in investments – in 2021, as in 2020, the entire ABI of € 10.45 billion was channelled to help private and public sector clients address consequences of the pandemic.[17]

33. **SCF analysis suggests four key parameters against which performance can be rated** (see Chapter 2.1). Table 3 below provides status update with the rating and brief narrative that explains the progress in these strategic ambitions.

Table 3: Delivering SCF ambition on crisis response

SCF Ambition in Crisis Response	Status	Progress 2021-23
⬢ = largely complete; ⬢ = significant progress; ⬢ = some progress; ⬢ = limited progress		
Provide 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	⬢ (green)	• The EBRD has delivered significant volume of investments aimed at supporting clients in addressing Covid-19 challenges. Its entire 2021 ABI was targeting pandemic consequences. • The focus has shifted with the start of war on Ukraine in February 2022, however several operations with private and public companies were approved in 2022. • Not all changes have been sustained. For example, the newly approved EBRD Strategy for Morocco (2024-29) notes the following lesson "*EBRD's effective crisis response via the Solidarity Package/Vital Infrastructure Programme was an effective leverage for SOE reform – but was inherently transitory*."
Preserve transition gains in the face of the crisis at the initial phase	⬢ (orange)	• IEvD reflected in several evaluation reports on the EBRD's lack of capabilities to assess the effectiveness of its crisis response packages due to the limitations in the TI methodology, and specifically Resilient TQ. It noted the limited nature of transition progress due to the "rudimentary" objectives and monitoring to accommodate the urgent client's needs during crisis. • At the same time evidence from Transition reports 2021-22 and 2022-23 illustrates that all convergence in transition scores has stopped since Covid-19 pandemic and the governance systems of countries

[17] Management's Review of SCF Delivery (BDS24-048)

		with the lowest scores has been affected by pandemic the most. It means assumptions of the risks related to expansion of public sector in the countries with significant transition gaps have materialised.
Accelerate transition during recovery phase which different countries will enter at different times		• Recovery in most countries of operation has been delayed due to the Russian war on Ukraine that brought new challenges related to further disintegration of value chains, increased energy and food insecurity, increased risks in financial sector. • Although it should be noted that some countries benefited from structural shifts brought by pandemic, such as flexible hybrid working arrangements, greater speed of digitalisation of businesses and public sector services, which in long term positively affects quality of life/ satisfaction (see TR 2023-24)
Enhance the Bank's preparedness to address future crises		• Management's Review of SCF delivery to the end of 2023 (BDS24-048) states that "*the Bank's approach to crisis has become increasingly refined and standardised as experience has accumulated*". Chapter 3.2 provides some evidence on this statement. • The preparedness though should be considered in the light of two facts: (i) scale of response was overwhelming, in case of Ukraine particularly, and the degree of preparation was challenged by sheer scale of transformations required internally and externally, while co-ordination with external stakeholders has increased multi-fold; (ii) availability of resources to invest in "advance model of response" to fragility rather than rolling it out in real time when the crisis strikes. • SIP 2024-26 again commits to increasing the Bank's preparedness to react to crises.

34. **Since 2022 the parameters for assessing the effectiveness and efficiency of crisis response augmented considerably, outside the SCF, and were later captured in the Paid-in Capital Increase Proposal (see Chapter 2.3).** The Bank had to respond to another systematic challenge related to Russian War on Ukraine, which affected a significant number of CoOs, including those with the highest transition gaps still recovering from pandemic, and those with the lower transition gaps that were on path of potential graduation. The war has instigated crisis that led to dramatically elevated additionality of the Bank's investments due to reduced availability of capital in affected countries, increased energy and food security challenges and challenges related to huge influx of refugees from Ukraine. Table 4 provides high-level information on the EBRD's crisis responses in 2021-2023.

Table 4: EBRD's responses to crises between 2021-24, € million (as of September 2024)*

Year	Country	Framework Name	Framework Type	Committed amount	ABI	Disbursed
Covid-19 – operational response in 2021-2022						
2020	Regional	Solidarity Package 2	Tier 1 - Resilience Framework	4,000.00	407.26	275.59
			Tier 2 - TFP, DFF/FIF/RSF, VISP		6,841.52	2,118.96
			Tier 3 - Ongoing Business		14,795.18	6,827.41
			SBI - Pillar 4		2.52	0.88
Year	**Country**	**Framework Name**	**Framework Type**	**Committed amount**	**NCBI**	**Disbursed**
War on Ukraine – operational response since end-February 2022						
2022	Ukraine and Affected Countries	Regional: War on Ukraine – EBRD Resilience Package Resilience and Livelihoods Framework	Resilience and Livelihoods Framework	3,000.00	2,651.97	1,619.28
			Others (FIF, DFF, TFP, VCIP III, UPTF)		124.98	27.91
			Standalone		1,205.39	848.74
			SBI - Pillar 4 (including relocation grants)		4.82	2.77
Earthquake in Türkiye – operational response since February 2023						
2023	Türkiye	Türkiye: Disaster Response Framework (with focus on South Eastern region)	Disaster Response Framework	600.00	505.45	505.45
			Project Piazza Earthquake Response		30.00	30.00
			Enerjisa Earthquake Response (Toroslar)		84.37	84.37
			SBI - Pillar 4		0.36	0.17
Earthquake in Morocco – operational response since September 2023						
2023	Morocco	Financial Intermediaries Framework - Earthquake Response Facility	FIF - CAM - Earthquake response facility	50.00	0.00	0.00
			FIF - Morocco WiB - BMCI II		20.31	0.00
			FIF - Morocco WiB - Fondation Arrawaj (EFSD+3)		5.08	5.08
			SBI - Pillar 4		0.002	0.002

Year	Country	Framework Name	Framework Type	Committed amount	NIA Amount	Disbursed
War and refugee crisis in Armenia – operational response since September 2023						
2023	Armenia		North-South Road Corridor (Sisian-Kajaran Southern Section)		236.00	0.00
			RSF - Inecobank - TUMO		7.25	0.00
			Syunik Customs and Logistics Centre		10.00	0.00
		Shareholder Special Fund "Armenia Refugee Response Programme"	SBI - Pillar 4	1.00	0.03	0.03
War in West Bank and Gaza – operational response since October 2023						
2023	West Bank and Gaza		Pharmacare		2.50	2.50
			FIF - FATEN SME Credit Line II		2.30	2.30
			Project Lavender		13.49	13.49
			Ibtikar Fund II		2.76	0.00
			FIF - Bank of Palestine SME II		27.59	0.00
			SBI - Pillar 4		0.029	0.004

**ABI – Annual Business Investment, NCBI – Net Cumulative Business Investment, NIA – Net Income Allocation*
Source: IEvD using DW_Banking_Operational

35. **The Bank's strong performance during crises was highlighted by both internal and external stakeholder interviews in the process of this evaluation.** The majority of interviewees ranked the Bank's crisis performances as number one achievement in the first three years of the current strategic cycle 2021-25. They specifically highlighted the Bank's ability to be in a right place at the right time and offering clients and country stakeholders support that is particularly needed. A consideration of what might have suffered or not been done as well as a consequence of the focus on crisis response – the opportunity cost of crisis response – is not included in this positive assessment.

36. Selected quotes from interviewees:

I was impressed with the agility of the responses to Covid-19 and war on Ukraine, EBRD being one of the first (Shareholder representative)

Crisis forced immediate shift of priorities and EBRD was agile to deal with those (CSO representative).

EBRD responded very quickly to the war on Ukraine and its response worked very well. However, as it becomes long-term situation it is good time to look at the details and design new instruments suitable for different clients like small municipalities (CSO representative).

The war on Ukraine completely changed the investors' attitude not only to Ukraine, but also to neighbouring countries – EBRD response was very strong and additional (Bank staff).

3.2. Consolidated picture of crisis response is difficult to capture

37. **Fragmented or non-existent data hampered the evaluation team's efforts to provide a comprehensive picture of the Bank's performance across various crises.** Even with the acceptance of the lack of availability of results data, either because they are not identified and baselined or because what is identified as a result is in fact input or activity (see crisis specific data below), aggregating data of the effort is difficult. Data is fragmented and dispersed, there is no consistent tagging methodology to make retrieval and aggregation feasible. This creates challenges in distinguishing and evaluating results from dedicated frameworks, standalone projects and other investment instruments used in crisis response. It also hinders efficient performance monitoring and reporting. The efforts are further aggravated by the need to retrieve data on donor support, technical co-operation implementation and policy engagements from other datasets, if they exist.

38. **Assessing the Bank's ability to respond effectively and efficiently to various crises requires a comprehensive picture of the total effort and its impact on operations.** This would help identify gaps and overlaps that must be addressed through efficiency programmes or new resources. Currently, such a system does not exist. The SIP preparation process includes information on the Bank's operational performance combined with the administrative budget and some donor funding. However, there is no "crisis lens" beyond specific response packages that can mobilise relevant data and information scattered across various documents.

39. **Presenting the Bank's efforts and outcomes across various crises is complex. The chapters below take a response-by-response approach due to the identified limitations.** IEvD recognises the ongoing efforts on building a comprehensive data model that would help tagging and creating structured massive of data that can illustrate the crisis response efforts and their results (see Operationalisation Technical Report for more insights on the Monarch data model). This will be crucial in the next strategic cycle, acknowledging the growing vulnerabilities in the regions of operation.

3.3. The necessity of upgrading and institutionalising crisis response

40. **Crises vary in nature; some can be mitigated in the mid-term with appropriate actions from government and international stakeholders, while others may persist for an extended period.** The war on Ukraine and its repercussions for many countries of operation is an example of the latter. The Bank's long-term response, now enabled through the paid-in capital increase, calls for more sustained modalities in the Operations Manual and beyond, carving in space that can make investments in Ukraine as smooth as possible, delivering intended high impact, while adhering to the Bank's fundamental principles of sound banking, additionality, and transition impact.

41. **There is evidence of the Bank learning the lessons from previous crises responses and integrating them into the way it operates and responds to new crises.** Several such initiatives were implemented in 2021-24, including in corporate protocols and guidance that allows efficient project implementation during a large-scale crisis. Some examples are related to internal policies and capabilities. Others are more client-facing.

42. **The Covid-19 response was a significant trigger for revamping many of the Bank's corporate and operational processes and actions, that led to long-term changes.** The global lockdown with significantly reduced mobility and ability to interact with clients in the physical world posed a significant challenge to the Bank's operational model. In 2020, the EBRD started to invest substantial effort and resources in bringing its previously antiquated IT infrastructure to the standards required for efficient remote work across a wide range of geographical locations. Transition to the Cloud and new IT solutions enabling collaboration, safe transfer of information, oversight, and monitoring functions across the broad range of geographies contributed towards making the Bank's response truly agile and timely. Recent evaluations demonstrate evidence of positive change that those transformations brought about: from examples of network effects of the online collaboration between Bank staff and its clients, to enhanced perception of access and equality of opinions between HQ-based and RO-based staff due to online communications.[18]

43. **The war on Ukraine instigated substantial changes to operational model, including those related to staff.** Although this evaluation didn't look in detail into HR policies and practices, it should be noted that swift and safe evacuation of EBRD staff from Kyiv RO and other Ukrainian regional hub offices to Warsaw RO enabled continuity in relations. Despite relocation, Bank staff remained in close contact with the clients and stakeholders in Ukraine which enabled development and approval of much-needed investment operations that respond to the most urgent needs. With the growing number of operations, including with private sector clients, there is a need to have more staff on the ground, which is complicated due to security concerns and limitations in recruiting staff in country.

44. **Procurement illustrates how transitioning to a more systemic process of learning from past experiences can provide clients with an efficient and simple way of working with the EBRD, while acknowledging their unique circumstances.** In April 2024, the EBRD's Procurement Policy and Advisory Department (PPAD) issued new guidance on "Project implementation considerations during armed conflicts or wars". The objective of the guidance was to move away from individual

[18] Interim Evaluation of Green Cities Programme (2022), Evaluation of Learning and Knowledge Management at EBRD (2021)

ad-hoc responses and advice to the public sector clients operating in the conflict and war environments. This guidance helps to comply with the EBRD's rules and procedures during conflict and war, as well as during natural calamities (like flooding or earthquakes) (see Box 3). The origination of this guidance was driven by the need of clients that face daily challenges of loss of life, assets, lack of permanent supply of energy, heat, water, and communications. PPAD decision was to help clients by moving from internal "two-page lessons learned document" to comprehensive guidance available to clients.[19] Similar examples exist in credit risk domain (Sector Credit Guidance Notes), donor partnerships, policy strategy and delivery, etc. This represents best practice and should be expanded to other areas of the Bank's operational activities beyond procurement of public sector projects.

Box 3: Guidance on "Project implementation considerations during armed conflicts or wars"

A guidance was prepared to support Bank's public sector clients in Ukraine who were willing to engage and to continue implementing investment projects, despite the large-scale war. It was in response to daily requests for advice on the best ways of implementing certain procedures while recognising significant security, safety, and operations risks. Procurement Policy and Advisory Department prepared an internal version for the Bank staff and an external version for the clients. The Guidance covers different project cycle stages:

- Project scoping and preparation;
- Selection process;
- Contract implementation;
- Material changes to operations; as well as
- Increased risk of fraud and corruption

The guidance advises on the best actions to minimise the risks for the clients and the Bank, while maintaining active operations. It is suggested to be the first of its kind among MDBs, though many have Approaches to Conflict and Fragility.

Source: Guidance on "Project implementation considerations during armed conflicts or wars", April 2024

45. **Covid-19 response and war on Ukraine response triggered a significant increase in the donor funds used for making the Bank's products more accessible, and clients more resilient for the systemic challenges they faced. Managing donor resources and their blending into operations has significant effects on organisation and is compensated through the fees donors pay for managing the funds.** The evaluation team looked at the data on the allocation of donor fees across the departments of the Bank. There is no disaggregation by the type of donor fund (crisis response or otherwise), although there are separate data points on climate fees and general management fees. Structured data is only available from 2023 onwards, so no analysis of the compensation of the effort is possible in the first two years of the current SCF.

46. In 2023-24 the Bank utilised 9 million of climate fees additional to general management fees, which totalled 29.9 million. According to the Bank's Financial department around 85-90% of these amounts were used for staff positions and the balance for travel and other costs.

[19] Evidence from Intranet Post published by PPAD on 30 April 2024

47. **The EBRD can benefit significantly from having an Operational crisis response approach/ FCC approach (rather than a strategic approach) building on some existing and emerging corporate practices and processes.** This approach should include appropriate pre-determined operational procedures across core types of activities and project cycle stages. It can be triggered in time of need – a sort of "emergency grab bag" ("emergency survival kit") – allowing launch of clear implementation response immediately and reducing the time necessary for adjusting it on a one-by-one basis. For example, interviews conducted for the Ukraine RTE revealed that during the first year of war response the staff lacked clear guidance on relations between the Bank's long-term strategic priorities and objectives of immediate response. Importantly, any FCC approach should be matched by clarity on the human and financial resources, including donor financing.

3.4. The Covid-19 response was rapid and effective, but its design does not allow to tell a compelling impact story beyond inputs and activities

48. **As highlighted by the Rapid Assessment of the Solidarity Package (Box 4), the EBRD's response to Covid-19 pandemic was robust and comprehensive.** The Bank was the first IFI to approve a tailored Covid-19 response package – Solidarity Package (SP). It was approved by the EBRD's Board of Directors in two phases: SP1 on 13 March 2020, and the subsequent Phase 2 on 23 April 2020. This included new and existing financial frameworks and programmes grouped in three tiers, new policy instruments, and streamlined procedures.

Box 4: Key Insights from Rapid Assessment of Solidarity Package (2021)

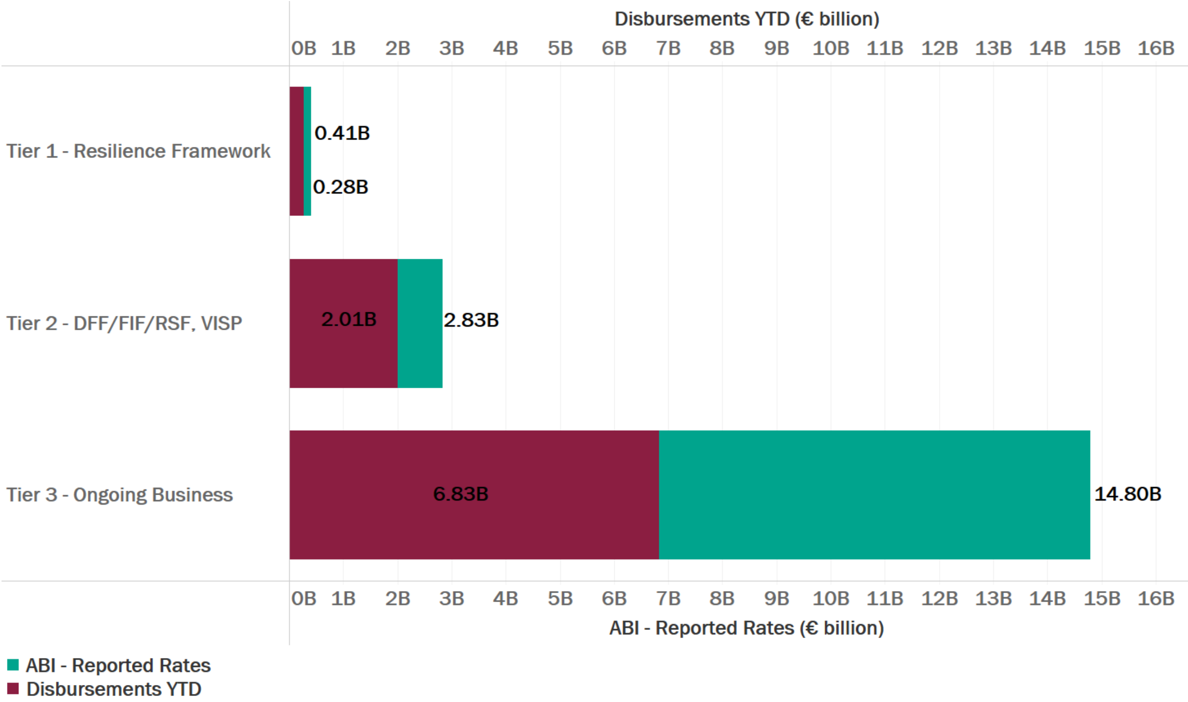
- **The Solidarity Package (SP) has provided a rapid and effective first response to the Covid-19 crisis.** The supply driven approach employed by the SP was effective in addressing the liquidity crisis of the Bank's clients, but not always aligned with the needs and the demand of the most affected areas of the private sector in the Bank's regions.
- **Being rapid did not always translate into being agile and responsive over time.** The Solidarity Package has been quickly set up and rapidly delivered. While the crisis was still ongoing in many COOs (N.B. as of December 2021), the SP utilisation rate of the Resilience Framework stood at 44% (ABI € 1.758bn vis-à-vis total headroom of € 4bn) with few projects in the pipeline under both Tier 1 and Tier 2. This indicates a potential mismatch between the supply (EBRD SP) and the demand (private sector in CoOs).
- Acting rapidly and focusing on the urgency of supporting the private sector to overcome the liquidity crisis was the main objective behind the SP Resilience Framework. **That objective came with the trade-off of being less focused on the EBRD's longer term strategic priorities**, even for business-as-usual projects (Tier 3), where evidence shows that there was limited focus on gender mainstreaming (e.g. 10% of SP Tier1-3 projects targeted gender components). Equally green commitments have seen significant drop in the overall portfolio – share of GET investments in 2020 ABI dropped to 29% compared to 46% in 2019. However, it quickly picked up and overachieved the SCF target – reaching 51% of ABI in 2022.
- Despite the EBRD's efforts to coordinate with other IFIs (e.g., under the Vienna Initiative) and some co-financed deals under the SP, the Bankers' survey results indicate **a lack of incentives or mechanisms embedded in the SP favouring coordination and collaboration with other stakeholders.**
- Lessons from the SP experience indicate that in preparation for future crises, the EBRD may focus on five issues: (i) Capacity to mobilise business networks to reach out to the most affected sectors and business clusters in crisis time; (ii) Ability to communicate better its crisis response package; (iii) Ability to capture changing private sector needs (i.e., learning loop); iv) Agility to adapt the Bank's solutions to the evolving demand of the private sector; and (v) Capacity to coordinate and collaborate with other stakeholders.

Source: Rapid Assessment of the Solidarity Package, December 2021

49. **Between 2021-2022 (period covered by this evaluation), the Bank had invested €18.03 billion in ABI and disbursed €9.12 billion (circa 50%) across Tiers 1, 2 (excluding TFP), and 3 (Figure 2).** In 2021-2022 the total ABI reached €3.24 billion under Tiers 1 and 2, with €2.29 billion disbursed excluding TFP. This exclusion is because individual trade facilitation projects correspond to single agreements with partner banks under which numerous trade issuances are made each year. TFP projects accounted for €4.01 billion of ABI. Over 33% of Tier 1 and Tier 2 projects by volume were concentrated in Türkiye and Egypt, and when considering Tier 3 their share in the total ABI was 16% and 10% respectively. Greece (€1.47 billion ABI or 7%), Uzbekistan (€1.43 billion ABI or 6%), and Poland (€1.26 billion ABI or 6%) were other three big beneficiaries of the Solidarity Package.

50. The geographic distribution of investments under Resilience Framework and Vital Infrastructure Support Programme reflected the demand, which was influenced by factors such as the liquidity position of clients at the onset of the crisis, various support and rescue packages provided by the national governments and other IFIs (or partner banks), and other geopolitical crises in addition to Covid-19 (War in Ukraine).

Figure 2: Solidarity Package, ABI and Disbursements € bln, 2021-2022



Source: *IEvD using* DW_Banking_Operational

51. **Annex 1 provides high-level** portfolio analysis of the results of delivering Covid-19 response across the four tiers identified in the Bank's Solidarity Package.

52. **Transition rationale for Solidarity Package was focused on preventing transition reversals and at Framework level was tracked via dynamics in the country scores of Assessment of TQs (ATQ).** Projects under the Solidarity Package were targeting different TQs), where a majority focused on Resilient and Competitive TQs, with green and inclusion being the least targeted.

53. The Solidarity Package identified two transition objectives:

1) **addressing immediate needs** of crisis-hit companies and groups (outcome tracking focusing on learning new skills, companies being on track of achieving their (pre-crisis) transition objectives, and stable delivery of infrastructure and energy services); and

2) **strengthening resilience mid-term** through higher government effectiveness/ policy, resilience of firms, and resilience of financial systems (outcomes focusing on number of clients with healthier financial indicators and enhanced institutional capacity, although the latter is challenging to measure with existing matrix).

54. **The EBRD also offered a much-needed rapid policy response.** It launched the Rapid Advisory Response framework (RAR) which at the time was dubbed "*EBRD's Nightingale hospital*".[20] Offering policy advise and support in the areas of the greatest need directly related to pandemic, the programme was complementary to the SP and assumed a streamlined approval process (10 days from origination to approval) for projects that used unique EBRD expertise to assist partner governments.

55. **Supported through the Shareholder Special Fund (SSF) the framework was aimed at assisting crisis response and recovery projects, particularly those that were cross-regional or could not be funded from regional allocations.** Projects had to be "*time- bound, with well-defined set of measurable outputs, outcomes and impact*".[21] Initial allocation from SSF in May 2020 was €500,000, but by the end of 2021 a total of €1.6 million was allocated to the RAR, with €1 million being utilised.[22] It has specific focus on digitalisation expertise and advice helping private and public clients to move online while offering their products and services during lockdown.

56. **The EBRD also offered a significant advisory and financial support to SMEs.** The recent evaluation of Small Business Initiative (Phase 1) noted their high adaptability and positive effects at the market and sector level, with significant degree of digitalisation of the services and products – a third of all activities were delivered digitally in 2021 and 2022. While the number of business specific activities and client cost-sharing during pandemic declined, crisis response activities constituted 31% of all non-project activities in 2021 with almost 10,000 SMEs benefiting from those. Although evaluation also revealed that SME clients of Direct Financing Facility "*were left behind*" during and after Covid-19 pandemic. [23]

57. Effects of the EBRD's Solidarity Package support to SMEs were empirically assessed by the EBRD's Impact Department in 2023. Although with some caveats due to the constrained data on clients and beneficiaries, the assessment concluded that "*while SP had a significant positive impact on the performance of clients it fell short in targeting the most vulnerable"*[24]

58. The evaluation of Solidarity Package results and impact was covered in two recent IEvD reports, specifically "Rapid assessment of EBRD's Solidarity Package" (December 2021) and Evaluation Learning Lens "An Effective Crisis Response: Lessons from the Covid-19 Experience" (August 2024).

59. **The 2021 IEvD Rapid Assessment of EBRD's Solidarity Package provided a comprehensive list of areas for potential improvement without making formal recommendations.** Among these areas, several needed immediate attention. Table 5 lists those critical issues from the report and ranked progress in their advancement, also offering some justification of its assessment. In this instance, the 4-tier ranking system is used (see Methodological Annex in Strategy Report for more details).

[20] Intranet post on 1 June 2020 "Policy response during Covid: how to move quickly"
[21] 2020 SSF – Regional: Rapid Advisory Response (RAR) Framework, BDS20-145
[22] 2022 IEvD Evaluation of Shareholder Special Fund (2016-2020)
[23] 2024 IEvD: Evaluation of the Small Business Initiative Phase 1 (https://pegasus.ebrd.com/viewdocument/59444)
[24] Intranet post on 28 September 2023 "EBRD's Solidarity Package: Demystifying Impacts of the Pandemic"

Table 5: Rapid assessment of Solidarity Package: Progress in areas identified as requiring improvements

Rapid Assessment: What needs to be addressed short-term	Status	Progress 2023-2024
⬢ = largely complete; ⬢ = significant progress; ⬢ = some progress; ⬢ = limited progress		
No business left behind, including potential new clients: enlarge the scope of the response and address the need of the most affected countries, sectors and enterprises.	⬢ (significant progress)	Follow-up crisis responses embraced a greater inclusivity and diversity of operations across countries, sectors, companies, and communities. Adoption of EBRD's Equality of Opportunity Strategy 2021-2025 took forward prioritisation of support to the communities that are in greatest need across three streams: • Broadening access to skills, employment and livelihoods; • Building inclusive and gender-responsive financial systems and business environments; • Creating inclusive and gender-responsive services and public goods. Evidence from Ukraine, Armenia, Morocco, Türkiye, West Bank and Gaza confirms that a significant share of crisis response operations has inclusion component targeting enhancement of human capital and skills, gender, and youth inclusion, reducing barriers for people with special needs – both in economic activity and public services domains. Investments through Partner Financial Institutions (PFIs), Trade Facilitation programme (TFP) and SME support programmes (SBI Pillar 4) offer the best ways to reach the greater number of businesses.
Bank's Readiness & Crisis Toolkit: (i) enhance the Bank's capacity to capture and respond to the needs and the demand of the private sector in its COOs, including potential new clients; (ii) include meaningful learning loops to ensure the Bank solutions are adapted to the evolving and changing needs of countries, sectors and businesses; (iii) improve early collaboration with other stakeholders focusing on complementarity, coordination, and potential co-financing in time of crisis	⬢ (significant progress)	Later crisis responses demonstrate that the Bank has enhanced its capacity to capture and respond to the needs of clients, including new ones, although usually those projects are designed and approved at later stage. Liquidity support to existing clients, combined with investments for PFIs, SMEs and TFP dominate first phases of response. Later on those followed by corporate sector operations and sustainable infrastructure. There is evidence of institutionalised learning loops in some areas, for example corporate recovery, procurement, risk, donor partnerships. These sometimes are underpinned by improved data management systems but are often relying on key informed staff who took part in developing several crisis responses. But capture of knowledge (including tacit) on crisis response is inadequate. A more formalised cadre of EBRD staff at operational level that can come together

		at the time of crisis to bring their knowledge and experience across functions should enhance the readiness (this is additional to existing Crisis Management Team). Collaboration with international partners on the onset improved, as testified by experience in Ukraine and Türkiye.
Monitoring and reporting of transition results in time of crisis: (i) develop ways to better measure whether and to what extent the Bank's support had reached the real economy, for instance by measuring jobs retention; (ii) preventing transition reversal would be better measured at country level by taking into account the overall economic system in the COOs; (iii) it is necessary to review the approach to the Resilient TQ and the entire Transition Results Architecture to include crisis-related dimensions and ensure that those are operationalised.		This area saw no meaningful improvement during the evaluation period, as testified by Real-time evaluation of Ukraine response, as well as further evaluation evidence from the recent years and the IAD assessment. The work is ongoing on updating TOMS system where this issue might be resolved, at least partially. This includes joint effort of Impact Department and IEvD on revising the scope and application of Resilience TQ, which is expected to be completed in 2025
Learning uptake and feedback loop: (i) establishing an ongoing client feedback loop is needed to tailor and adapt the EBRD response; (ii) better connectivity with the private sector, including via a network of chambers and business associations, would help ensure in-depth understanding of the private sector's needs and demands (of existing and potential new clients) and create a multiplier effect to reach out to the private sector when needed.		Crises that followed where country-specific which allowed full mobilisation of staff on the ground with in-depth knowledge of clients' needs and requirements. In this sense feedback loops from the clients exist, which was also testified by some clients (for Ukraine RTE). EBRD's involvement in umbrella business platforms in specific countries enabled greater connectivity to a diverse range of businesses, including non-clients, to understand their needs shifting over time – from critical goods and services to capital investments and more sophisticated business models, including those enabled by advanced digital solutions. Some interviewees testified Bank's close engagement with the business communities in the countries of operation (Representative of CSO, member of EBRD's CSO Steering Committee)

60. **In August 2024 IEvD published its Learning Lens knowledge product "An Effective Crisis Response: Lessons from the Covid-19 Experience".** In addition to 2021 report insights, it included a set of issues that require enhancement to move the Bank's preparedness to crisis to the next level. Among them are:

(i) the need to have strong data infrastructure for informed decision-making;
(ii) availability of predictive models to simulate crisis response scenarios;
(iii) closer integration of technical and policy advice in financial support packages;
(iv) better tailored communication strategy to deliver appropriate messages across appropriate channels;

(v) based on successes achieved through Solidarity Package there should be prioritisation of digital infrastructure and essential services in future crises responses.

3.5. The Bank's response to the large-scale Russian War on Ukraine was immediate and played a decisive role

61. **The Board of Directors approved the Resilience Package on 9 March 2022 (BDS20-036) with the initial headroom of €2 billion for financing all sectors, but particularly energy security, nuclear safety, municipal services, trade finance support and liquidity support to SMEs in Ukraine and affected countries.**[25] It then approved a more specific Resilience and Livelihood Framework (RLF) for Ukraine and affected countries on 6 April 2022 (BDS22-050). In response to the severe food and energy security crises resulting from the war on Ukraine, the scope of the overarching Resilience Package was expanded to all countries of operation.

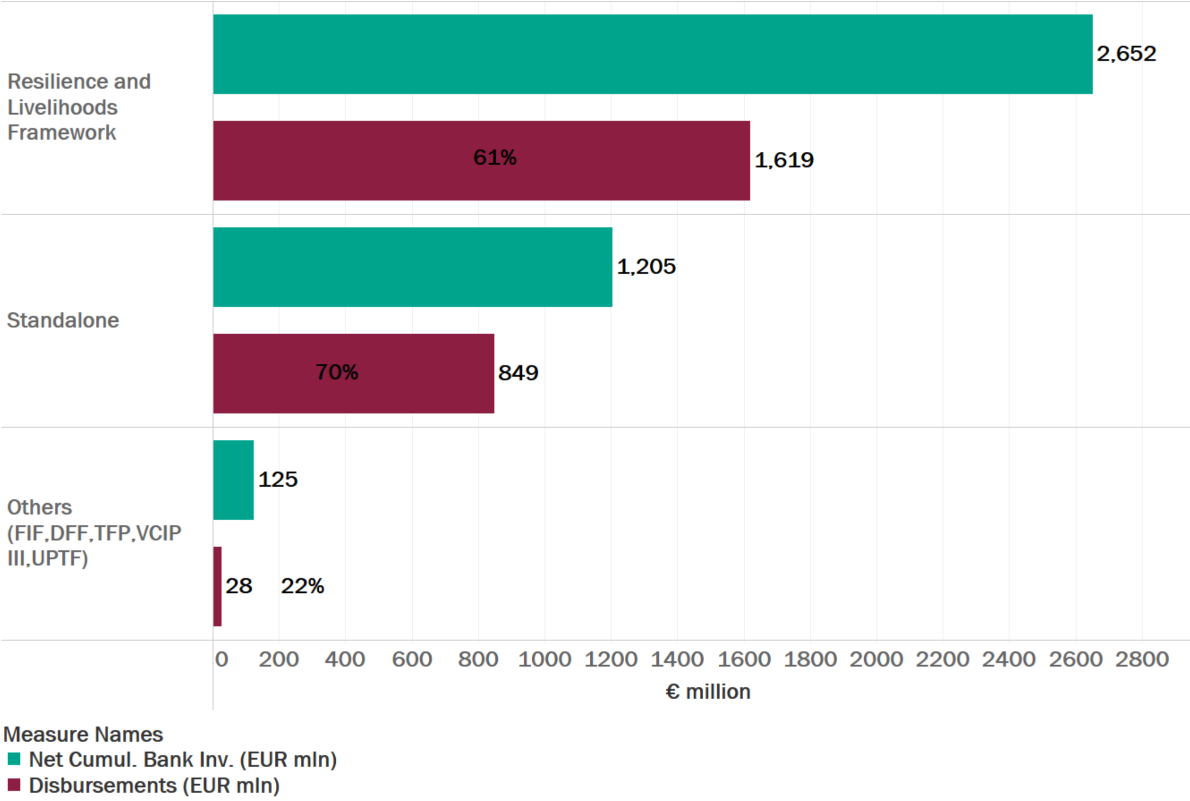
62. **Th RLF was extended in July 2023 with the increase of headroom to €3 billion, however additional €1 billion was limited to Ukraine only (without affected countries).** Between 2022 and 2024, €1.09 billion, or 41% of the Resilience package NCBI, originated from the affected countries, and € 380 million, or 14% was directed towards the Food and Agribusiness sectors. In July 2024, RLF was further extended with a paid-capital increase approved by the Governors, committing to €1.5 billion ABI during the recovery phase (ongoing war) and €3 billion ABI during the reconstruction phase (the war completed).

63. **As of September 2024, the Net Cumulative Bank Investment (NCBI) under the RLF was €2.65 billion. Additionally, €1.21 billion was invested in standalone projects, and €125 million was from other instruments, including Financial Intermediaries Framework (FIF), Direct Finance Framework (DFF), Trade Facilitation Programme (TFP), Venture Capital Investment Programme (VCIP), and Ukraine Public Transport Framework (UPTF).** Approximately 61% of the disbursed investments were under the RLF, while 70% were through standalone projects (Figure 3). A significant portion, 59% (€1.56 billion), of the Bank's investment volume under RLF was for Ukraine. Annex 1 provides more details on portfolio analysis.

64. **Three core instruments of the Bank's response – the Trade Facilitation Programme, restructuring capex projects into liquidity, and support for SOEs – were not approved through the RLF.** TFP already has its own set of expedited processes, whilst the RLF was limited to new transactions below a certain threshold of €200 million. Capex structure and working capital projects that could not be approved under the RLF, amounted to €1.21 bn of NCBI in Ukraine and affected countries. Around 55% of standalone projects were support for SOEs and 44% state projects were approved under RLF.

[25] List of affected countries includes Poland, Hungary. Slovakia, Croatia, Czech Republic, Estonia, Latvia, Lithuania, Slovenia, Romania, Bulgaria and Moldova

Figure 3: War on Ukraine: Ukraine & Affected Countries, NCBI and Disbursement, € mln 2022-24



Source: IEvD using DW_Banking_Operational

65. **RLF has a relatively well-developed theory of change and results framework with identified indicators (but no target indicators) to trace progress not only at input and output level, but also at outcome and impact.** The Bank's Transition Impact for RLF operations (and other operations, including stand-alone) was identified along two primary TQs – Resilient and Inclusive. Secondary TQs could be added from the remining list of four (Integrated, Competitive, Well-governed and Green). Transition indicators for operations with existing clients had outcomes universally formulated as "transition reversals are prevented/ minimized", similar to the Solidarity Package. Resilient TQ is limited to energy and financial sector operations due to the limitations in its definition.

66. **Four transition objectives were identified, and results matrix was designed along those**:

1) Municipal infrastructure services sustained and expanded;
2) Energy services and security sustained and expanded;
3) Affected businesses and displaced people obtain or maintain access to finance and knowhow;
4) Livelihoods and employment opportunities of affected people ensured.

67. The July 2023 RLF Operations Report included updates on input and output indicators, with some "projected results" which represent ex-ante rather than ex-post data and are not verified. Impact indicators in results framework are anchored to the transition qualities scores and Life in Transition Survey (LiTS) indicators. 4th round was conducted in H2 2022, but Ukraine was excluded from survey, so no data is available until the next round.

68. **The Bank response was enabled through unprecedented donor support – grants and guarantees that were blended into investment projects to ensure application of sound banking principle and not jeopardising the Bank's long term investor status.** Additional funds were mobilised for TC, advisory services, policy engagement and capacity building. EBRD created new dedicated fund – Crisis Response Special Fund (CRSF) to support operations within Resilience Package, while expanding the deployment of Ukraine Multi-Donor Account (MDA) funds for TC and policy engagement. In 2022, the EBRD mobilised €1.22 billion of donors' funds for Ukraine and €750 million of those (including €302 million unfunded guarantees) were utilised before the end of 2022.[26] In 2023 further €400 million was pledged by donors and the Bank's activities were supported by €506 million of concessional resources.[27]

69. **These high amounts of donor funding, including in the relatively new products, such as unfunded guarantees, called for changes in the process engineering and organisational setups.** Details of some of them are analysed below while others are included in the Operationalisation Technical Report.

70. **In 2022, IEvD conducted its first real-time evaluation (RTE) of the Bank's response to the war on Ukraine.** Its main objective was to offer immediate insights into what was working what was not in the large-scale response to the war and offer evidence that might contribute to further improvements in the Bank's instruments and operational model. The report was delivered in February 2023 without formal recommendations and its key insights are presented in Box 5.

Box 5: Key Insights from Ukraine Real-time Evaluation (2023)

- **Lack of preparedness (i.e. no crisis response mechanism in place).** Although the Bank's response was rapid, it was not initially prepared. Key crisis response mechanisms, which are not unique to this crisis, such as a flexible approach to staffing, and a process for managing unfunded bilateral guarantees, were not in place.
- **Inadequate processes, systems and TI approach (i.e. ETI methodology in context of crisis).** The Bank's existing processes and systems, including those related to approval, monitoring/ reporting and disbursement/ waivers are, understandably, not fully suited for the scale of crisis and the speed of reaction; other components of the Bank's operational model were not adapted to this context, such as the processes for managing unfunded guarantees.
- **Restriction due to prior donors' priorities.** Support was relevant, largely corresponded to the needs of stakeholders and was responsive to changing circumstances – but the fact that

[26] The EBRD and Donors Report 2022
[27] The EBRD and Donors Report 2023

Box 5: Key Insights from Ukraine Real-time Evaluation (2023)

some donor funds were linked to specific priorities has sometimes limited the support the EBRD can provide (N.B. this challenge was resolved with the approval of paid-in capital).

- **Unclear prioritisation between short-term needs and long-term objectives.** The Bank has not always been clear in its internal prioritisation between addressing short-term needs and balancing long-term objectives and Banking teams felt they were lacking guidance on priorities as the crisis unfolds;
- **Good collaboration among IFIs but with some challenges.** There is a clear demonstration of collaboration between IFIs, with EBRD playing a significant role, but coordination efforts have been affected by macro-political situation engagement with Ukrainian government counterparts; furthermore, EBRD and other IFIs are not taking a uniform approach to application of policies and standards.

Source: Real-Time Evaluation of the EBRD's Support to Ukraine, February 2023

71. **Since the RTE was released in January 2023, the EBRD's delivery model in Ukraine has evolved, and the scope of its activities – investment, technical assistance and policy engagement – expanded and deepened.** Despite significantly more international stakeholders launching their investments and financial support to Ukraine in 2023-2024, the EBRD remains the country's largest institutional financier.

72. The EBRD provides significant investments in: (i) critical infrastructure sectors, (ii) municipal resilience, ensuring it has green, inclusive, and digital focus; (iii) unlocking liquidity bottlenecks in the Ukrainian banking sector through established and novel risk sharing instruments; (iv) investing in private companies, including through equity instruments, and (v) meaningfully supporting SME and MSME sector. In the latter stream, in 2022-2023 SME Finance and Development performed 238 crisis response activities, including provision of 33 relocation grants. Crisis-related grants amounted to slightly over €3 million in two years. In 2023 share of crisis response in project activities reached 7% and 13% in non-project activities.[28]

73. **For a more meaningful assessment, the evaluation team looked at the progress achieved by the EBRD along the suggestions IEvD provided in the Ukraine RTE report.** The summary of those achievements and ratings of progress are presented in Table 6.

[28] 2024 IEvD: Evaluation of the Small Business Initiative Phase 1 (https://pegasus.ebrd.com/viewdocument/59444)

Table 6: Ukraine RTE: Progress in areas identified as requiring improvements

Ukraine RTE Suggestions	Status	Progress 2023-2024
⬢ = largely complete; ⬢ = significant progress; ⬢ = some progress; ⬢ = limited progress		
There is a need to reflect on the EBRD's product offer going forward. The Bank's traditional providing finance entirely off its own balance sheet, is currently not compatible with the situation in Ukraine and should consider one of three scenarios, or a mixture of those: (i) donor guarantees, (ii) grants, and (iii) capital increase.	⬢ (green)	• There was a complex and consistent work on adjusting Bank's investment offer in Ukraine to ensure it remains both additional and adheres to sound banking principles. The Board of Governors approved paid-in capital for €4 billion in December 2023. The Bank continues to use donor guarantees and grants for specific projects due to affordability constraints and high demand for blended products offered by the Bank. • Management has prepared the paper on application by the EBRD of sound banking to investments in Ukraine in September 2023 (CS/ARC/23-50) with regular updates going to the Audit and Risk Committee. Those are supplementary to the SIP operational plans and cover necessary adjustments to the risk appetite guidance, concentration of risk, due diligence processes, transaction structures and reward to risk.
The Bank may consider switching from liquidity to capex, and how that affects its standards and policies related to environment, procurement, health and safety, etc.	⬢ (yellow)	• The Bank has made significant efforts in designing processes and guidance that support staff in developing and implementing projects in Ukraine in a way that is aligned with its key policies and standards. It is applying a diversified approach to transactional due diligence depending on project location (safer and less safe regions), with increased reliance on the external consultants. • Travel to Ukraine is still very much restricted with only small number of the team being based in country due to health and safety restrictions, and security costs. After providing financing to existing clients mostly the Bank is now engaging with the new clients in several sectors. • Risk Department prepared several Sector Risk Guidance Notes that guide structuring operations with financial and non-financial clients. Additionally, Procurement Policy and Advisory Department has issued new Guidance on "Project implementation considerations during armed conflicts or wars" for public clients who need to adhere to the Bank's Procurement Policies and Rules.
EBRD approach should consider the possibility of more competition rather than coordination between IFIs in the near future. As there will be continuing dependence on the use of donor funds to mitigate the risk associated with investments in Ukraine. IFIs will	⬢ (yellow)	• While the risks of competing for a limited number of bankable operations in Ukraine remains as the active phase of war continues, the Bank has managed to carve a distinctive niche where its investments are in high demand by both private and public sector clients, even with the changing pricing approach. • Paid-in capital approval in 2023 opens new avenues for capital deployment, while successful delivery of

Ukraine RTE Suggestions	Status	Progress 2023-2024
have different levels of access to donor funds, which will affect the volume of business that they can support		blended products with donor guarantees and grants enabled EBRD to build solid reputation among donors. • Cross-IFI collaboration is strengthened through several agreements signed in 2022-2024, including with WB, EIB, CEB, EU and European Development Financial Institutions (DFIs).
EBRD's staffing and organisational model to deliver in Ukraine going forward may need to be recalibrated. It may show limited long-term effectiveness.		• Since the Ukraine RTE report the Bank strengthened some of its processes and systems to enhance collaboration, speed up the processes, and reduce the manual work in certain areas. Among those are: • (i) Launch of cross-departmental Ukraine Hub to enhance internal transaction and policy action co-ordination, as well as co-ordination with donors; • (ii) launch of partial guarantees project as part of larger ongoing guarantees project to improve ability to record and monitor growing portfolio of guarantees; • (iii) launch of number of internal guidance (see points above); (iv) additional staff and non-staff capabilities. • However ongoing during the time of evaluation SIP 2025-2027 discussions underscore gaps in capacity while managing growing portfolio with more complex compliance requirements and critical timelines for delivery. • Going forward the Bank might need to address more proactively constrains related to hiring local staff in Ukraine and invest more in streamlining and increasing efficiency of new staff onboarding. Currently those face multiple challenges and setbacks, meaning existing staff members are working extremely hard in the difficult environment of high-paced delivery with increasing number of compliance requirements. After three years of this intensity the burnout is taking tall (evidence from internal interviews).

74. **The urgency and the sheer scale of the response to war on Ukraine ignited a significant co-ordination and streamlining efforts across MDBs, DFIs, bilateral and multilateral agencies, including UN agencies.** Many of the Bank's activities were enabled by the paid-in capital Increase (see chapter 2.3 for details) and continuous support of many donors and other international stakeholders. As noted in Table 6, during the first year of the large-scale war, there were grave concerns about the capabilities of the Ukrainian Government and international partners to co-ordinate efforts. During 2022 the co-ordination instruments for international support were in the process of formation, and a lot of conversations among international stakeholders were around the absorption capacity of the Ukrainian government, local and municipal governments to effectively use significant amounts of direct financial support and investments.

75. **Co-ordination among international stakeholders, including with MDBs, was strengthened, and institutionalised through the Ukraine Donor Platform formally launched in 2023.** It is directed by Ukrainian Government's own priorities and is closely aligned with Ukraine's aspirations of

becoming the European Union member.[29] The platform includes 23 permanent and temporary members and observers and 7 participants, with the Secretariat offices in Kyiv and Brussels.

76. **The EBRD plays an instrumental role in supporting the Ukraine Donor Platform institutionally, though its flagship Ukraine Recovery and Reform Architecture (URRA).** It is an umbrella governance programme funded through EBRD-managed Ukraine Multi-donor Account (MDA), initially launched in 2014 and revamped after the full-scale war in February 2022 with the objective of providing Ukrainian stakeholders with the rapid policy response mechanism and TC facility focused on structural reforms and improving governance standards towards greater transparency and integrity. URRA provides expert and technical support via Reform Support Teams embedded in the Secretariat of the Cabinet of Ministers of Ukraine, various Ministries, state agencies, and the Parliament of Ukraine.

77. **URRA is one of many donor-funded projects that enabled rapid support to institutional, legal and governance reforms.** Despite the war Ukraine progressed in reforming its economic and financial policies and institutions, state-owned enterprises (SOEs) and state-owned banks (SOBs) that play an essential role in supporting wartime economy and are crucial for enabling investment climate. Among the success mentioned by stakeholders were the enhanced capacity of the Ukrainian Government to co-ordinate donors and international partners' efforts, the creation of energy platform for mobilising critical support for largely destroyed sector, the Ukraine's integration into EU's electric network ENTSO-E, including skills and human capital dimension in many investment operations to integrate war veterans and women workforce (although some noted that the Bank has inclusion component in too many projects where clients are distressed by responding to urgent needs).

78. **To deliver fast and most relevant financial products the mutual reliance on information, knowledge, processes, and resources became more urgent.** EBRD has signed a number of agreements with international partners aimed at co-ordinating priorities of supporting Ukraine (Financial Framework Partnership Agreement with the EU), joint efforts in enhancing economic resilience and recovery of Ukraine economy (MoU with the World Bank Group, WBG), harmonising procurement practices for public sector investments financed by MDBs (MoU with CEB, EIB, and WBG), establishing Ukraine Investment Platform to enable co-investment, particularly in private sector (with Development Finance Institutions across Europe and beyond).[30]

79. **Response to war on Ukraine can serve as a demonstration case where co-operation among MDBs and other international stakeholders becomes truly transcendent.** Above-mentioned Ukraine-specific co-ordination efforts are aligned with the recently approved high level "G20 Roadmap towards Better, Bigger and More Effective MDBs" that recommends "*co-ordinated project preparation support and evolved operational approaches to implement updated MDB vision*".[31]

[29] Ukraine was granted EU candidacy status in June 2022 and the EU agreed to start membership negotiations in June 2024

[30] EBRD Financial Framework Partnership Agreement with the EU (2022), MoU between the EBRD, CEB, EIB, and the WBG on procurement harmonisation (2023). EBRD-DFIs MoU on Ukraine Investment Platform (2023), MoU between the EBRD and the World Bank Group (2024)

[31] G20 Roadmap towards Better, Bigger and More Effective MDBs, Brazil Presidency, October 2024

80. **The Bank's response to the war was highly praised by all stakeholders interviewed during this evaluation.** Additional evidence harvested from social media such as LinkedIn confirms high additionality and agility of the Bank's response.

81. Selected quotes include:

This organisation [EBRD], in my opinion, is a good example of how the support of international partners, together with the efforts of banks and the real economy, can work wonders. Namely, it can make it possible not only for businesses to survive, but also to develop - even during the full-scale war. (LinkedIn quote, CEO of Ukrainian Bank)

We should be proud of what we have done, especially in Ukraine – supporting vital infrastructure and clients. Reacting fast to something you could not foresee (Bank staff).

We are planning to invest in Ukraine, and we are looking at the EBRD being a bigger sister that can guide us, with all its knowledge and country expertise (Representative of Development Finance Institution).

82. **Reframing communication regarding the response to the war in Ukraine could be beneficial, presenting it as a comprehensive strategic priority that supports numerous countries within its operational scope.** In interviews conducted for this evaluation many external and internal stakeholders expressed the perceived opinion that since 2022 "*Bank is supporting one country*" in its recovery and reconstruction efforts. This commitment is reenforced through the recent paid-in capital increase with the strong message of supporting investments in Ukraine at the level of USD 1.5 billion ABI until the war is ongoing and USD 3 billion thereafter.

83. **Many countries affected by the war, either in close geographical proximity, or located further away, have significant dependencies on energy and food from the region, that increase their vulnerabilities.** Analysis of the Bank's responses to other crises (see chapter below), activities in other regions of operations and across its strategic priorities (see other 4 technical reports on various subjects) demonstrate that EBRD's efforts are targeting a much wider geography, sectors, and range of products. Supporting Ukraine in addressing its immediate needs in energy sector, infrastructure, agribusiness, industry, finance, and services contributes to potentially lower levels of crisis support required by other countries.

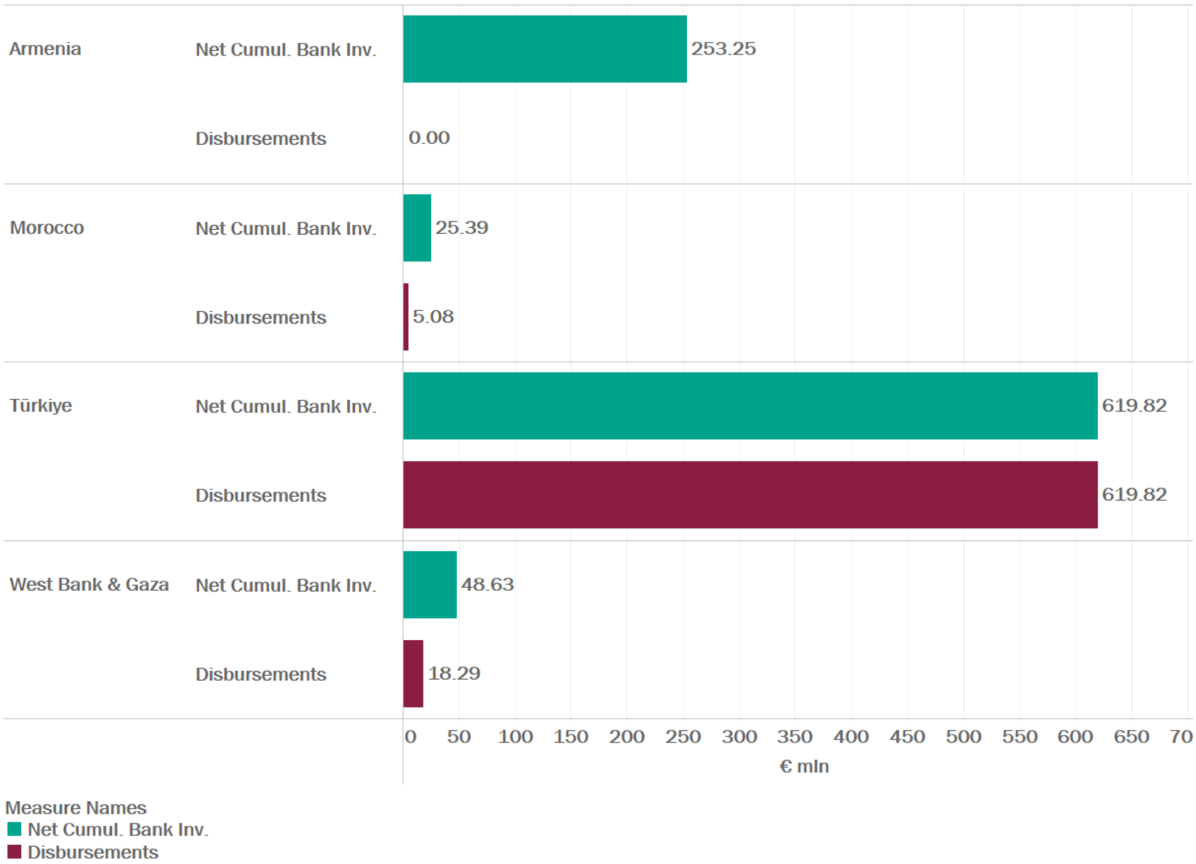
3.6. Response to other crises was also swift but their effects are still to be seen

84. **A dedicated crisis response package was prepared and approved for Türkiye, while in Morocco, Armenia, and West Bank and Gaza the EBRD approved a number of stand-alone operations of sub-operations in the existing credit lines, as well as more focused SME support and Trade Facilitation Programme delivery.**

85. **In contrast to the Covid-19 pandemic and war on Ukraine, it is too early to evaluate the results of 2023 crises** – earthquakes in Türkiye, Morocco, wars in Armenia, and in West Bank

and Gaza. Figure 4 provides combined picture of the investments allocated to crisis response in four countries.

Figure 4: Crises Responses, NCBI and Disbursements € mln, 2021-2024



Source: IEvD using DW_Banking_Operational

86. Key elements of these responses include:

Emergency responses

- High relevance of the EBRD packages for the specific country crisis context, with some demonstrating strong coherence with the Governments' crisis response strategies.
- All crises are addressing the issues of displacement, reintegration into new communities, inclusive financing, and inclusive provision of services – the toolkit that the Bank sharpened during Covid-19 and ongoing war on Ukraine responses.

Investments and Funding

- Except for Türkiye, the approach was through existing frameworks, stand-alone investments, including already those in the pipeline.
- Role of donor funding is crucial and where it is unavailable the delivery is below expected levels.

- Levels of disbursements are low and absorption capacity is especially challenging in the sovereign and municipal sectors, where disaster response is essential.

Transition Impact

- Simplistic approach to transition impact which is usually substantiated by the need to act fast. Rapid response cannot be aligned with the existing processes for developing transition narrative.
- This calls for well-articulated theory of change for Resilient TQ, as well as Inclusion TQ at the time of crisis – to have them prepared and rolled out to respective investment operations when the urgent need arises.

87. Some specific details per country are presented below.

Response to the earthquake in Türkiye

88. **The Türkiye Disaster Response Framework (DRF) for up to €600 million was approved in February 2023 in a record short time,** just a couple of weeks after the massive earthquakes that caused dramatic destructions and loss of life in country's South-East region. One interviewee characterised the process in a following way "*the team worked like beasts to prepare the response*". Framework includes Window 1 for directly affected businesses and individuals via Partner Financial Institutions (5 at the time of evaluation) and Window 2 for companies that are taking part in the relief and reconstruction (minimum 1 % at approval and circa 17% at the time of evaluation in September 2024). Both windows were in support of Inclusion transition quality through access to finance and enabling business participation in reconstruction, with the monitoring indicators tracing inputs and activities only.

89. **DRF included one transition quality – inclusive** – to allow "*the Framework to be deployed timely and the funds to reach those in need quickly, helping to preserve livelihoods, jobs and human capital during the immediate emergency response*".[32] Monitoring indicators for this transition quality are at input and activity only – volume of loans disbursed by PFIs with a target at x1.2 of EBRD loan and new products/ services introduced by PFIs. According to the most recent update (September 2024) those are on track.

90. **Analysis of disbursements is the most accurate at portfolio level to see how quickly money reached the clients.** As of September 2024, the Bank has successfully signed seven agreements with five partner banks in Türkiye. The Net Cumulative Bank Investment under these seven credit lines amounts to €505.4 million, with 100% of the investment disbursed, representing 84% of the total framework amount. Notably, €114.4 million has been invested under Window 2, accounting for 19% of the total framework amount.

91. **Support to SMEs willing to take part in reconstruction was more challenging as it required donor financing to offer attractive products that meet the needs of clients.** Türkiye has a challenge of accessing donor funds due to its relatively more advanced economy and some geopolitical context. USD 1 million from Japan was mobilise, along with the Shareholder Special Fund allocation of USD 2.5 million to Reconstruction Assistance to Turkish MSMEs (BDS23-141). This initiative aimed to support 30 MSMEs with advisory and verification services, and an

[32] BDS23-022 Türkiye Disaster Response Framework DAQs

additional 30 MSMEs with reconstruction assistance. As of September 2024, the Bank committed €0.36 million, of which €0.17 million has been successfully disbursed, funding 28 local consultancy projects and one international advisory project. It was inadequate for the scale of the challenge in 11 provinces affected by the earthquake and hence delivery in SME support reached significantly lower number of companies than anticipated. Funds were used to provide advisory support, reconstruction grants, and trainings/ awareness raising. Recently approved Country Strategy for Türkiye (November 2024) noted the following about implementation: "*Pressures on donor funding and concessional finance affecting a number of flagship EBRD products, including FI and SME support, as well as reconstruction activities in the earthquake-affected regions*" and suggested that way forward is "*to expand donor base*".[33]

92. **Another area where delivery is slower than expected is municipal lending programme aimed at smaller cities in the areas affected by the earthquake.** A year and a half since the earthquake showed that most small municipalities have limited capabilities to engage with the Bank and prepare and implement investment projects. This is despite the choice of a new operational model and appointment of Iller Bankasi A.S., a development and investment bank owned by the municipalities and provincial special administrations, as implementing agency. Iller Bankasi A.S. is a traditional partner of choice for MDBs working in Türkiye, but it was a new experience for the EBRD. It traditionally works directly with large municipalities, particularly those that are members of the Bank's Green Cities Programme.

93. At the time of evaluation only one municipal project in the affected region was approved. In November 2024, a sovereign loan of up to €110 million was signed to finance the construction of the Duzbag Drinking Water Treatment Plant (DWTP) in the City of Gaziantep, a long-standing partner, and the member of the EBRD Green Cities since 2021. This city was heavily impacted by the devastating earthquakes on 6 February 2023.

94. **The recently approved Country Strategy for Türkiye identified "strengthen infrastructure and regional reintegration" as one of four strategic priorities.** Specifically, the Bank's efforts, jointly with other partners and donors, will be focused on:[34]

i. opportunities to help re-integrate the earthquake-affected regions in the broader Turkish economy by supporting the continued provision of critical infrastructure services, providing financing and advisory to affected businesses and advancing other measures to increase intraregional integration

ii. the promotion of greater disaster preparedness and enhanced operational resilience at the national and municipal level

iii. exploration of opportunities to bring in the private sector in reconstruction efforts in earthquake-affected regions

95. **The Bank's response to the earthquake in Türkiye was swift and a significant proportion has been delivered at the time of evaluation.** Support to businesses and individuals was particularly successful through Partner Financial Institutions. However, responding to the needs of affected

[33] Country Strategy for Türkiye 2024-2029 BDS/TK/24-01
[34] ditto

municipalities was more challenging, and SME support programmes dependent on donor funds had limited exposure due to the lack of funds.

Response to the earthquake in Morocco

96. In September 2023 the Bank structured its efforts to support both immediate relief (phase 1) and long-term reconstruction (phase 2) with an initial response package of up to €250 million from 2023 to 2025. The response is highly relevant and coherent with the Government's own strategy for accelerating the development of the affected regions, aiming to promote sustainable recovery and inclusive regional development. The two phases include:

1. **The Earthquake Relief & Livelihoods Preservation initiative (2023–2025)** with the objective of addressing the immediate needs of affected individuals and MSMEs**.** It includes lending via PFIs, liquidity support for infrastructure and municipalities, and advisory and reconstruction grants for SMEs. It underscores the Bank's commitment to mitigating the disaster's impact and preserving livelihoods in the affected regions.
2. **The Inclusive Regional Development programme (2025– 29)** with the objective of fostering long-term resilience and growth. By encouraging PFIs to increase access to finance, promoting human capital development, supporting the rebuilding of the tourism sector and agricultural value chains, and improving key municipal and regional infrastructure, the program seeks to drive economic diversification and sustainable development through targeted investments and advisory services, particularly in the regions affected by the earthquake.

97. **Building on the experience of Covid-19 and Ukraine responses, the Bank has been integrating human capital and inclusion elements from the start.** The special focus was on deploying the toolkit from its Equality of Opportunities Strategy 2021-2025 around promoting inclusive and gender-responsive services and public goods, financial system, and businesses, as well as strengthening human capital and skillset.

98. **The financial commitment to these initiatives were substantial, with up to €250 million channelled and an additional €35 million needed for grants, first loss risk cover, and technical assistance.** Notably, on 12 October 2023, the Board approved a co-investment grant of €2.4 million from the Shareholder Special Fund (SSF) to enable the rapid deployment of First Loss Risk Cover (FLRC) in support of senior loans.

99. In August 2024 the Bank approved €50 million Morocco Earthquake Response Facility FIF – CAM as part of Financial Intermediaries Framework.[35] This was in support of the Credit Agricole du Maroc S.A. for senior unsecured SME loan in local currency, where 65% of the loan is to be directed to the SMEs and MSMEs in the regions affected by the earthquake.

100. **Like in other cases a simple approach to defining transition objectives of the response was applied in this facility.** Inclusion and competitiveness were identified as two TQs (transposed from the main framework) and performance indicators cover only volume of loans and number of customers' serviced (input and activity) plus financial performance of partners (through NPL or other ratio).It specified two transition objectives: (i) inclusive finance, improved access to finance

[35] BDS15-050 (Addendum 222)

for under-served market segments, improving their financial inclusion with demonstrably high need and outstanding effectiveness; and (ii) expanding PFI portfolio to reach regional clients and attract new clients.

101. As of September 2024, the Net Cumulative Bank Investment stands at €25.4 million, with only €5.1 million disbursed from two credit lines with partner banks in Morocco, which is significantly below the initially earmarked financing. This reflects the Bank's proactive efforts to mobilise resources and provide critical support to the affected regions, although the scale of the disaster necessitates continued and enhanced financial and advisory support to fully address the needs of the impacted communities and to enhance their capabilities to absorb the financial products the EBRD can offer.

102. The EBRD has integrated the long-term priorities of reconstruction in the recently approved country strategy for Morocco (2024-2029). One of its priorities is dedicated to *strengthening social cohesion and* reducing *regional disparities for more inclusive growth.* Specifically, in includes activities aimed at (i) providing financing and advisory to earthquake-affected businesses to maintain and build back better operations; and (ii) support the continued provision of critical services, as well as the development of key municipal, water, energy, and transport infrastructure in the earthquake-affected regions, directly or through the High Atlas Development Agency.

103. **The EBRD's response to the earthquake in Atlas Mountains region of Morocco in September 2023 was also swift, however its delivery at the time of evaluation was in early days with only €5 million funds being disbursed and no results to validate.**

Response to the refugee crisis in Armenia

104. **The Bank's response to the refugee crisis in Armenia focuses on supporting SMEs and individuals to integrate better in their new communities with the access to advice, skills, and financing. Unlike other crises, where new investment frameworks were created, the Bank response in Armenia utilised existing project pipeline with the potential to support refugee crisis. The s**overeign project of the North-South Road Corridor (Sisian-Kajaran Southern Section) approved in April 2024 envisages including female refugees in the road sector. Another sovereign loan of up to €10 million to build the Syunik Customs and Logistics Centre, also approved in April 2024 incorporates Inclusive TQ with the primary objective of labour market integration of refugees through training and certification programme enabling them to work in the Centre.

105. **As of September 2024, the Net Cumulative Bank Investment in Armenia on refugee response-related projects amounted to €253.3 million with no funds disbursed.**

106. **In the short and medium term,** the Bank focused on enhancing existing pipeline projects with pre and post signing technical cooperation (TC) to support access to economic opportunities for refugees. This included improving access to finance for individual refugees and refugee-owned or led micro, small, and medium enterprises (MSMEs), as well as supporting these MSMEs in re-establishing their businesses and starting new ones in Armenia.

107. **For the medium and long term,** the EBRD planned to work with authorities to identify essential infrastructure rehabilitation and renovation works to ensure the availability of vital services in areas with high concentrations of refugees. Additionally, the focus is on addressing the shortage of housing - supporting the transition from collective accommodation centres to affordable and green individual housing.

108. **On 21 May 2024, the Board approved the allocation of €1 million from the Shareholder Special Fund for the "Armenia Refugee Response Programme."** This initiative aims to support displaced people and enterprises from Nagorno-Karabakh and their host communities. The expected outputs of these initiatives include supporting at least 40 MSMEs through advisory projects with local consultants and engaging approximately 500 MSMEs' managers, owners, or start-up candidates in Market Development Activities (MDAs) such as workshops, mentoring, and networking events. (BDS24-110)

109. **Additionally, on 23 September 2024, the Board approved the allocation of €850,000** for TC grants to support private sub-borrowers eligible for the Refugee Response Window for Armenia under the SME Competitiveness and Inclusion Programme in Eastern Partnership (BDS15-050).

110. **Considering long-term and large-scale effects of the humanitarian crisis in Armenia the Bank should use this opportunity to design the relevant and meaningful results framework for the Country Strategy.** It should have expected results – either measured through indicators or expressed through impact narrative – that will enable to demonstrate the real effects of the Bank's crisis response through investments, technical assistance, and policy dialogue in this Early Transition Country (rather than inputs and activities delivered). As there is a significant upscaling of inclusion and human capital actions, those should be properly captured in monitoring and reporting private and public sector operations. This is timely as the EBRD is about to prepare its new Country Strategy for Armenia.

Response to the war in Gaza

111. **EBRD's response to the events of October 7th, 2023, follows the previous pattern when annual allocation of €20 million to Trust Fund for West Bank and Gaza (NIATF) were approved by the Board of Governors to finance the Bank's investments.** The operational approach has not changed, and EBRD continues to implement its objectives as stated in the Strategy for West Bank and Gaza (2022-2027), albeit with a much-reduced scope. Stocktake report presented to the Board in February 2024 notes of challenges to structure direct lending for the corporate clients and renewable energy investments, due to the persisting security situation.[36]

112. **The EBRD confirmed commitment to its private sector development mandate in the West Bank and Gaza.** The Board of Governors approved in November 2023 an annual €20 million net income allocation through NIATF, the main vehicle for financing operations. It is to target increased demand for liquidity and working capital for MSMEs in the West Bank.[37]

113. Since October 2023, the Bank has focused on supporting existing financial institution clients to meet the additional liquidity needs of MSMEs in Gaza, which constitutes over 95% of

[36] West Bank and Gaza EBRD Stocktake Report, February 2024, CS/BU/2407
[37] Report of the Board of Directors to the Board of Governors: Net Income Allocation, BDS23-140; EBRD Trust Fund for West Bank and Gaza – Additional Information to Support NIA to the Fund, BDS23-140 (Addendum 1)

the economy. In March 2024, the Bank signed a €13.5 million SME credit line with the Bank of Palestine to support on-lending to MSMEs in the West Bank, which have been severely impacted by the Israel-Hamas war and require additional liquidity to remain operational. Between 2021 and 2024, EBRD's total investments in WB&G reached €48.6 million, with €18.3 million disbursed.

114. **The interviews for this evaluation highlighted that the EBRD's experience with investments in West Bank, Gaza, and Lebanon provides relevant lessons and insights for expansion into Sub-Saharan Africa countries and Iraq.** The Bank's investments are driven by the local demand for SME support, with a focus on inclusion and green (when feasible in conflict and fragility situation). In the opinion of interviewees this ensures that the EBRD remains additional and relevant in the FCC context.

115. **This crisis response continues to evolve as this evaluation report is being finalised. It is aligned with the previous experiences the EBRD and other MDBs had in fragility and conflict situations, although there are not many details on the corporate/ operational response and the way in which the Bank reflects on lessons learned in most recent crisis responses. They are present implicitly in suggested planned activities in each country, but the logic behind the choice is not really substantiated.** The Bank has prepared a new Special Support Plan for Eastern Mediterranean region that includes West Bank and Gaza, Lebanon, and Jordan, which are increasingly being affected by the war, either directly or indirectly.[38] It illustrates the challenges the Bank faces in continuing with normal operations based on principles of sound banking during open conflict and suggests "enhancement facilities" are being prepared. An enhanced approach requires more donor resources for blended financial products and grants in support of competitive corporate clients and municipal clients (in Jordan only, stepping up SME advisory and grants in the context when no investments are possible. It also relies significantly on co-operation with MDBs, DFIs and international donors.

[38] SGS24-481 Information Update: EBRD Eastern Mediterranean Special Support Plan, November 2024

4. Insights and suggestions

4.1. Key Insights

EBRD demonstrated agility but it is not always consistent

116. **The EBRD moves rapidly to approve crisis response support, however, it is not always followed by fast delivery and disbursement.** Some factors are objective – clients in distress have lower capabilities to partner in developing and implementing investments aligned with the EBRD rules and standards. Existing clients tend to receive the greatest share of investments and technical assistance. Disbursement to private sector clients is faster than those to the sovereign and municipal sectors, in line with the "business as usual" situation.

117. **The EBRD's success in responding to polycrisis is based on its operational model that promotes closeness to clients through extensive network of resident offices**; its ability to mobilise all essential parts of the Bank in designing necessary measures; its track record in crisis response; resilience and ingenuity of its staff and their commitment to Bank values. Having a resident board speeds up the process of making decisions at the time of need.

118. **While the operational model necessarily evolves to absorb a greater number of commitments, and compliance functions expand to ensure integrity, this should not be at the expense of the Bank's agility if it is to be successful in responding to future crises.**

Availability of resources and capabilities to act fast

119. **Crisis response requires substantial concessional finance, often sourced from donors, to support distressed clients and enhance additionality.** However not all countries of operation have equal access to donor funds due to their level of economic development. In times of crises, this can be problematic. For example, EBRD's response to the earthquake in Türkiye in 2023 faced challenges delivering due to insufficient donor financing, limiting the impact on beneficiaries, particularly for SMEs.

120. **Many of the Bank's crisis response products are standard offerings adjusted for fragility contexts.** For example, the Green City Action Plans and aligned investment projects were modified in Ukrainian cities and cities affected by large numbers of the refugees. While new products like the Ukraine Energy Security Support Facility are being developed, they require more time to implement.

The Bank would benefit from improved preparedness and enhanced planning for large-scale crisis

121. **Better planning and resource allocation can ensure more effective and timely responses to future crises, maintaining the Bank's agility and impact.** In 2020, for its Covid-19 response, the EBRD used the term "Nightingale hospital" to describe its approach to responding to urgent client needs. While the ability to rollout makeshift hospital in emergency is commendable, it is equally important to have emergency grab bag, so that essential toolkit is collected in one place,

easy to find, and ready to be used when the crisis strikes. To ensure preparedness of all of the Bank's core functions and services to implement rapidly approved packages, there is a need to shift its operational model (process design and systems, data repository, talent management etc), that includes both "Nightingale hospital" and "emergency grab bag" elements.

The EBRD would also benefit from using a more consistent approach to crises and fragility in line with the MDB's harmonised approach.

Results of crisis response efforts are challenging to present

122. **Greater articulation and visibility of results will strengthen the EBRD's reputation as the reliable partner of choice for international donors and the private sector.** It will help in securing essential funding which is becoming increasingly difficult to raise in the challenging contexts. This will become even more challenging as the EBRD expands its operations to new countries of operation where needs are great and donors' resources are highly contested.

123. **The Resilient TQ, despite its name, does not allow the Bank to measure the effects of its crisis response activities.** The default target is to prevent transition reversals. Neither narrative, nor the matrix of the Resilient TQ allows a meaningful measure of the Bank's added value in supporting a specific client or a country.

124. **Success' in crisis response is still measured mostly through input and activity indicators.** Completion of long-ongoing work on 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 through donor co-financed instruments.

The gains made in collaboration in times of crisis have wider applicability to non-crisis operations

125. Collaboration with other international stakeholders, especially MDBs, is usually good during crisis times. However, processes can be improved through greater alignment in requirements and procedures. Mutual reliance in country diagnostics, procurement, due diligence, and other fields is paramount, and some steps have been taken at the strategic level. However, there is less progress at the operational level, as different operational models and sets of rules must be harmonised while overcoming internal institutional challenges.

4.2. Suggestions for future improvements

Suggestion 1: Improve preparedness and planning for effective crisis response

126. It is important to have operational guidance and crisis response plans prepared in advance.

Issue – why it needs to be changed	Suggestion – what needs to be changed
It is anticipated that EBRD regions will experience increased number of conflicts, vulnerabilities, and fragmentations. The EBRD's agility is not always consistent – it prepares crisis response fast; however it is not always followed by the fast delivery and disbursements.	• **To upscale its preparedness to respond to crisis across functions and activities, the EBRD should establish a comprehensive crisis response plan** that outlines protocols, responsibilities, and communication strategies tailored for different types of crises, ensuring clear responsibilities for the teams on the ground in the spirit of One Bank. • **It should create an "emergency grab bag": a Crisis Operations Manual for fragility and conflict context (FCC).** It should build upon existing FCC processes and policies (i.e. in procurement and risk) and include essential resources and guidelines that can be quickly deployed during emergencies, ensuring rapid and effective response, covering investment, technical assistance and policy engagement. • To enable a swift response to future crises, **capture and store the tacit and fragmented response knowledge in an online repository, as part of the paid-in capital increase commitment.** • **To support unique Bank investments during crises, both less developed and more advanced countries should have access to adequate donor funds.**
While operational model evolves to absorb a greater number of commitments, and compliance functions expand to ensure integrity, this should not be at the expense of the Bank's agility.	• To support banking operational leaders in their multifaceted relationships with the clients at the time of crisis **the Bank should implement further decentralisation in the spirit of One Bank,** where policy and specialised units have more presence on the ground. • **The Bank's systems response must catch up with human response in order to allow staff to focus of front-line work and**

	engagement with the clients that is essential in crisis response. Manual management of large-scale bespoke operations and processes is short-term solution

Suggestion 2: Improve the Bank's crisis response capabilities

127. Utilisation of the EBRD's unique expertise and skillset during crisis time can be more efficient and effective.

Issue – why it needs to be changed	Suggestion – what needs to be changed
Crises and conflicts require more staff to respond rapidly and effectively. Recruiting staff on the ground in some contexts is challenging (Ukraine), while their high-quality onboarding requires more time and effort than front-line crisis teams can offer.	• **Address staff overstretched capacities through a combination of new recruitment and smart reallocation of existing staff.** The Bank should prioritise allocating resources for greater mobility of experienced staff with the required skills, while designing more efficient and impactful onboarding packages for new staff who can later on move to the crisis response sensitive roles. • To fulfil the SCF ambition to be better prepared for future crises, **the Bank should build a cadre of operational expertise in a variety of crises response skills spread across the Bank,** largely comprising existing staff, who can be brought together in times of crises (this to complement the existing higher-level group at the ExCom level). • **Conduct regular crisis response training and simulations for staff to build proficiency in crisis management and ensure a state of readiness.**

Suggestion 3: Enhance adequacy of the Bank's Transition Methodology to capture the results of its crisis response measures

128. Currently, the EBRD can report only on resources, activities and immediate results of its crisis response packages, but unable to report on mid- and long-term results.

Issue – why it needs to be changed	Suggestion – what needs to be changed
Resilient TQ, despite its name, does not allow the Bank to measure the effects of its crisis response activities. Many results frameworks/ performance matrices for crisis response operations contain only input and activity indicators and results tracking is not feasible.	• **To enhance the Bank's ability to demonstrate results of its crisis response effort, it should review the Resilient TQ to include the paths to measure actual effects of Bank's response to economic, social, humanitarian, and security crises.** • **Develop robust results frameworks for crisis response packages that consistently include mid- and long-term result indicators,** with the regular reporting on their achievement, at least on the annual basis.

Suggestion 4: improve capacity to collect data and report on crisis response

129. Without a consistent tagging methodology in the Bank's data model, it is difficult to retrieve aggregated data on crisis response output.

Issue – why it needs to be changed	Suggestion – 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 lack of alignment across the Bank systems limits effective monitoring and timely access to relevant crisis data.	• To enable easier data retrieval and reporting on crisis responses**, it is essential to develop and introduce a standardised tagging system in the Bank's database that clearly categorises investment, technical assistance and advisory projects according to the type of crisis.** • **Ensure that the system can seamlessly tag and align both crisis-specific frameworks and other bank investment instruments, including stand-alone operations, used in crisis response efforts.**

Suggestion 5: Strengthen Collaboration with International Stakeholders

130. Align requirements and procedures with other MDBs

Issue – why it needs to be changed	Suggestion – what needs to be changed
Paid-in capital increase commitments should be implemented to ensure more robust and effective crisis response (suggestion by Internal Audit Department's, see Box 2).	• **Harmonise operational models and rules with other MDBs to streamline processes and enhance mutual reliance in country diagnostics, procurement, and due diligence.** • **Establish formal agreements with key local and international stakeholders, including those specialising in crisis response, to ensure coordinated and efficient responses during crises.**

ANNEXES

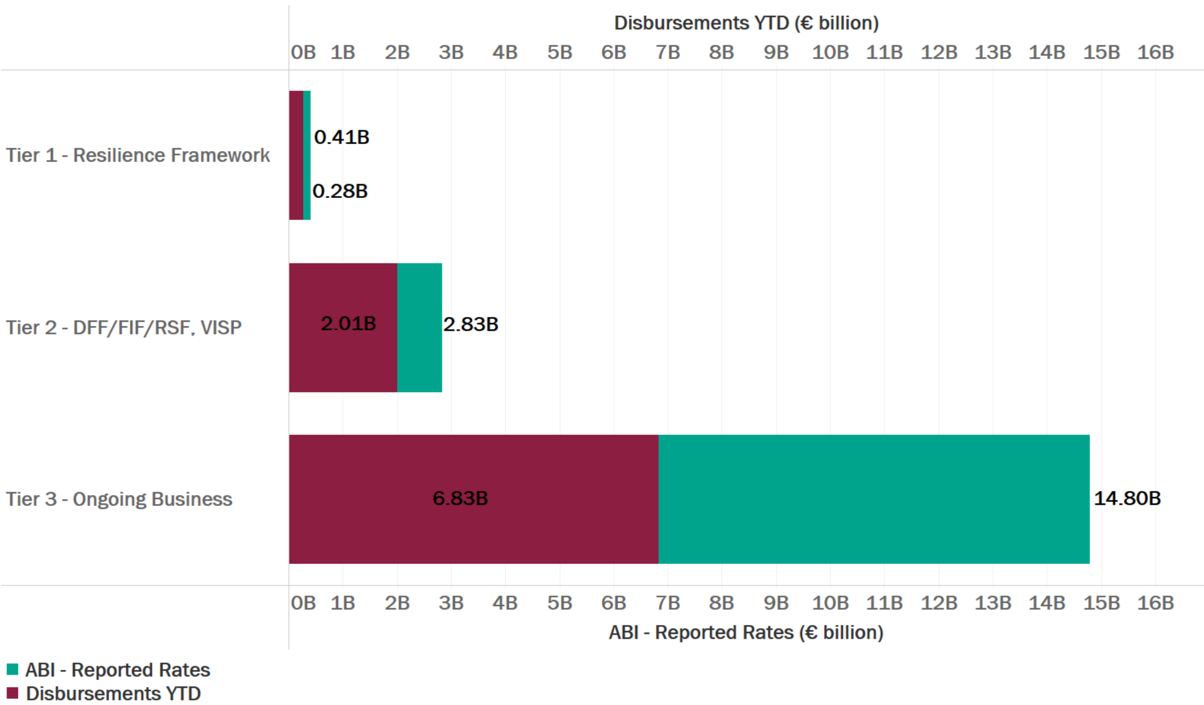
Annex 1. Portfolio analysis of EBRD crisis responses

Covid-19 response

The Bank was the first IFI to approve a tailored Covid-19 response package. The Covid-19 Solidarity Package (SP) was approved in two phases: SP1 was approved by the EBRD's Board of Directors on 13th March 2020, and the subsequent Phase 2 on 23rd April 2020. This included new and existing financial frameworks and programmes grouped in three tiers, new policy instruments, and streamlined procedures. Overall, the SP committed €21 billion in financing.

Between 2021-2022, the Bank had invested €18.03 billion in ABI and disbursed €9.12 billion across Tiers 1, 2 (excluding TFP), and 3.

Figure 5: Solidarity Package, ABI and Disbursements € bln, 2021-22



During the evaluation period (2021-2022), total investments in terms of ABI reached €3.24 billion under Tiers 1 and 2, with €2.29 billion disbursed excluding TFP. This exclusion is due to the fact that individual trade facilitation projects correspond to single agreements with partner banks under which numerous trade issuances are made each year. TFP projects accounted for €4.01 billion of ABI.

Over 33% of Tier 1 and Tier 2 projects by volume were concentrated in Türkiye and Egypt. Taking into account Tier 3, the SP projects over the period 2021-2022 were distributed as follows: Türkiye (€3.52 billion ABI or 16%), Egypt (€2.22 billion ABI or 10%), Greece (€1.47 billion ABI or

7%), Uzbekistan (€1.43 billion ABI or 6%), and Poland (€1.26 billion ABI or 6%). The geographic distribution of investments under RF and VISP reflected demand, which was influenced by factors such as the liquidity position of clients at the onset of the crisis, various support and rescue packages by the state and other IFIs (or partner banks), and other geopolitical crises in addition to Covid-19 (War in Ukraine).

Figure 6: Solidarity Package, Geographic Distribution, ABI € bln and % of total ABI (excluding Tier 3), 2021-22

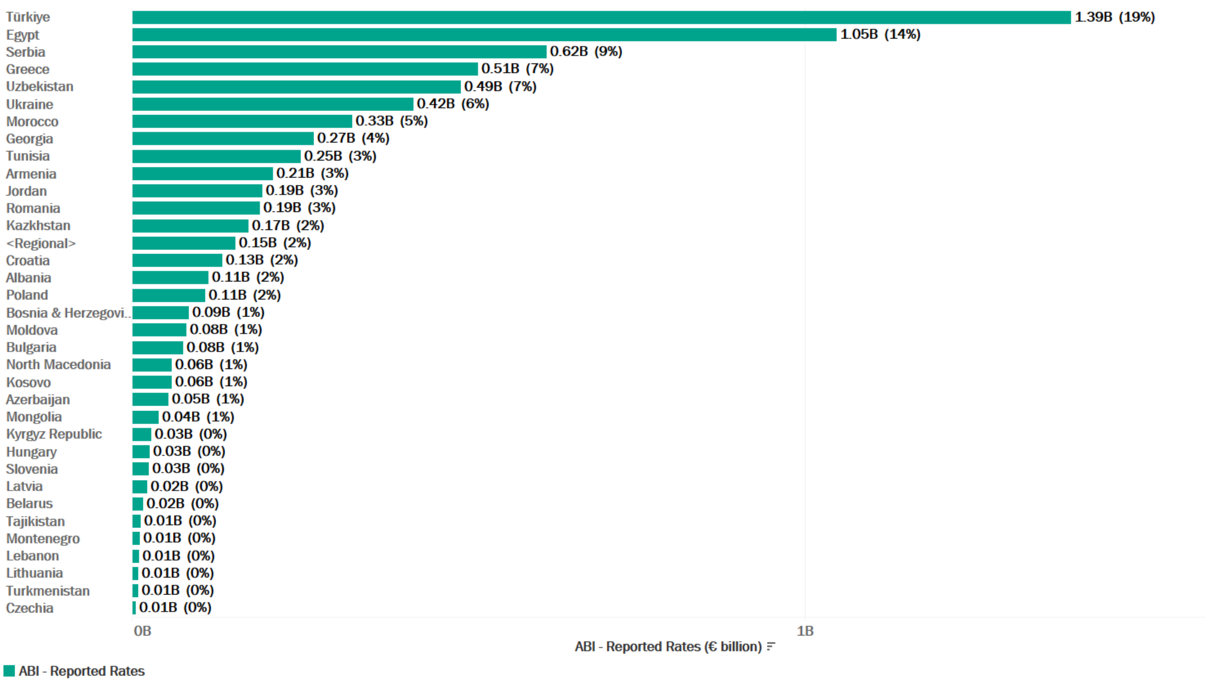
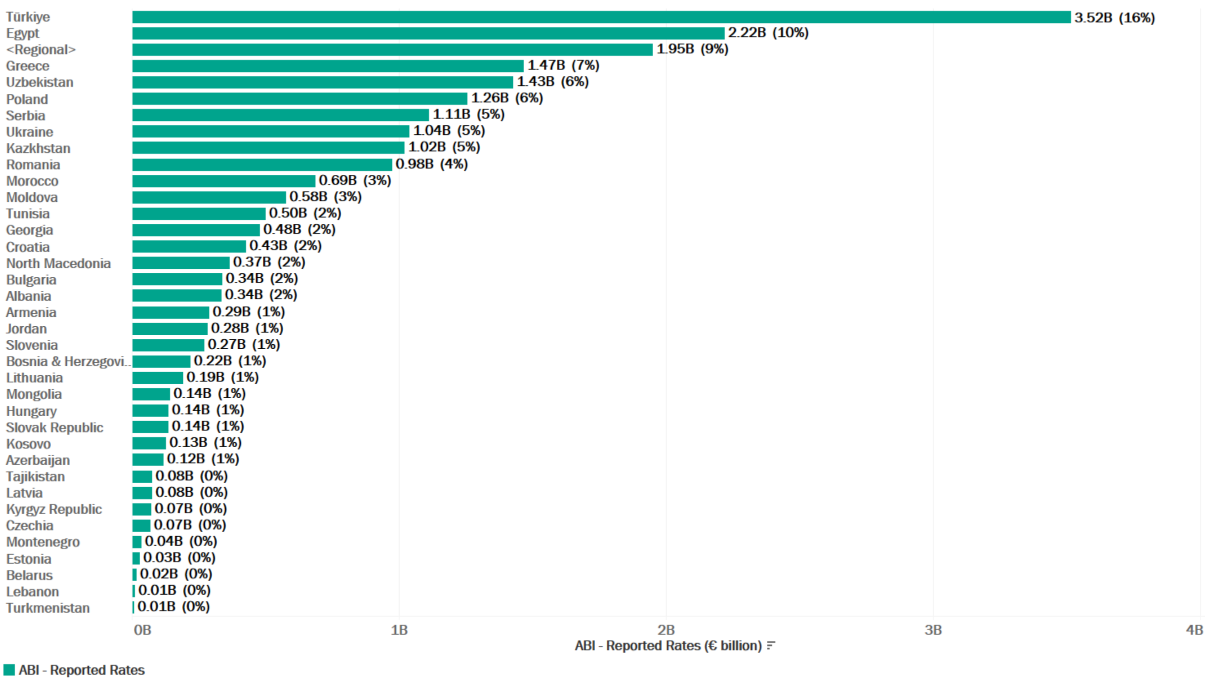
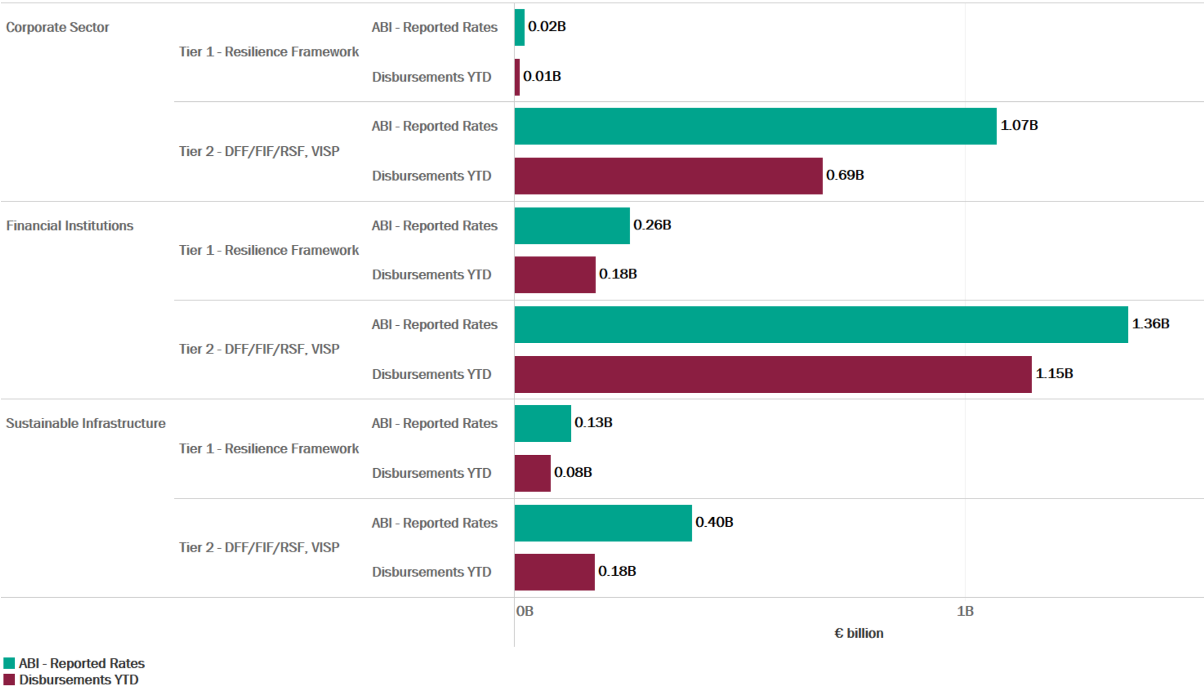


Figure 7: Solidarity Package, Geographic Distribution, ABI € bln and % of total ABI, 2021-2022



Tier 1 reported €0.41 billion ABI, with 63% coming from the FI sector. Tier 2 reported €2.83 billion ABI (excluding TFP). VISP provided around €0.18 billion ABI, with around 50% of signed VISP investments by volume in the SEMED region (Jordan 49.82%). The Bank significantly increased its trade finance during the recovery period to support trade, which was heavily affected by the Covid-19 crisis. Between 2021 and 2022, the volume of TFP transactions stood at over €4.01 billion ABI. Support for small businesses through DFF, FIF, and RSF picked up in the second part of 2021, enabling investment for growth and recovery. By the end of December 2022, the Risk Sharing Framework reported €0.09 billion ABI.

Figure 8: Solidarity Package, ABI and Disbursements € bln, 2021-22



Box 6: The Covid-19 Solidarity Package (SP)

Tier 1 comprised the new Resilience Framework (RF), launched in March 2020, it provided finance to meet the short-term liquidity and working capital needs of existing clients, including those who had an outstanding EBRD loan or equity investment, or who had repaid or exited such since 1 January 2019. The framework also covered affiliates of existing clients, with a maximum EBRD investment amount for new financing of €100 million.

Tier 2 included the new Vital Infrastructure Support Programme (VISP) and four other existing frameworks:

- The Vital Infrastructure Support Programme aimed at supporting the continuity of vital infrastructure services and/or infrastructure investment programmes. It comprised three windows:
    - VISP Window 1: Working capital lines through banks to municipalities and utilities.
    - VISP Window 2: Stabilisation facilities for key infrastructure providers.
    - VISP Window 3: Investment financing for public sector clients.
- **The Trade Facilitation Programme (TFP)** promoted foreign trade to, from, and within EBRD regions, offering products like guarantees and trade-related cash advances. The pandemic resulted in a surge of demand for support from the TFP.
- **The Direct Financing Framework (DFF):** an SME facility for Small Business Initiative-eligible projects and a non-SME corporate facility. The DFF SME allowed the EBRD to offer finance directly to small and medium-sized enterprises for projects of up to €25 million. For the DFF Non-SME, the EBRD Board approved a renewal of the annual headroom amount of €800 million in January 2021.
- **The Financial Intermediaries Framework (FIF)** consisted of credit lines without blended finance. Most were approved through delegated approval procedures.
- **The Risk Sharing Facility (RSF)** was created in 2015 to share risk on loans in the Bank's CoOs. It provided an integrated instrument covering all CoOs to meet the growing business needs of local small and medium-sized enterprises, which were not sufficiently supported by other financing sources.

Tier 3 referred to all other ongoing business supporting the Bank's clients during both the emergency and recovery phases.

Response to War on Ukraine

In response to this crisis, the Resilience and Livelihoods Framework (RLF) of up to €2 billion was approved by the Board on April 6, 2022.

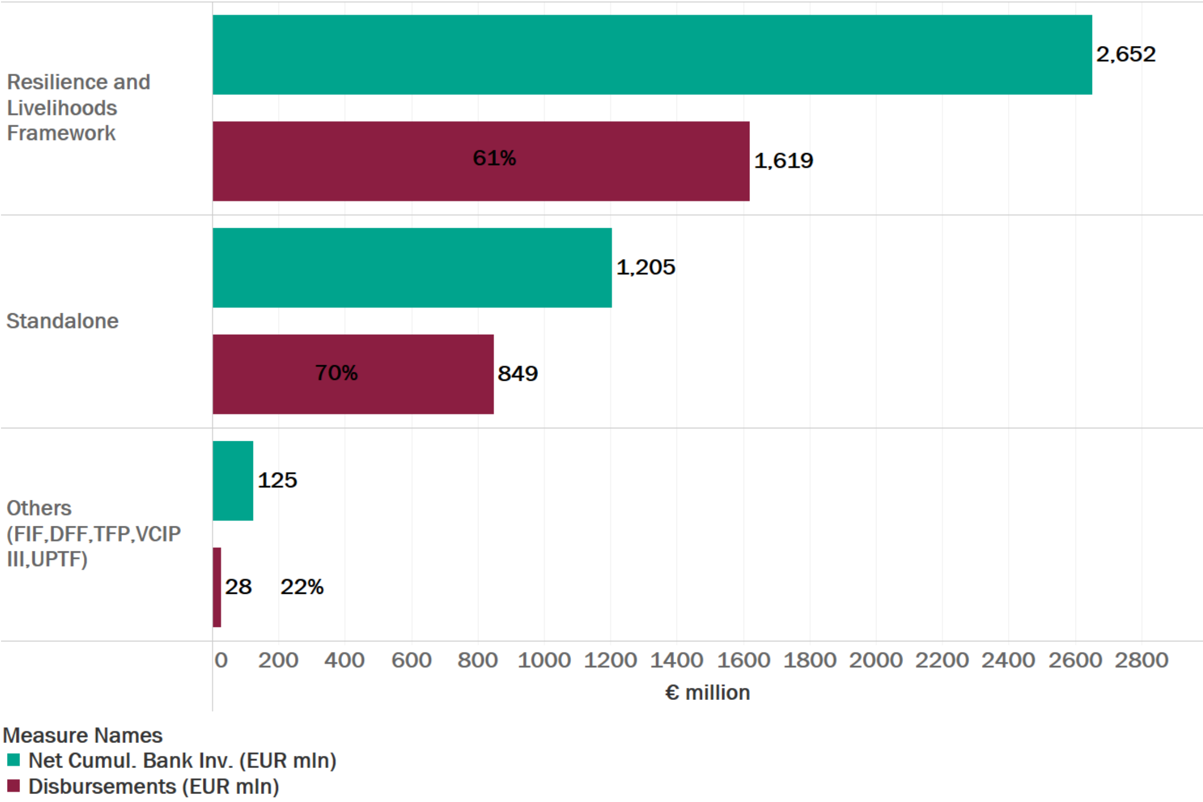
The Framework was designed to streamline the processing and approval of the Bank's projects by utilising fast-track procedures, such as bypassing the framework concept review stage, and incorporating lessons learned from the Solidarity Package in response to the Covid-19 pandemic.

It provided a comprehensive suite of financing instruments for private clients, sovereigns, municipalities, State-Owned Enterprises (SOEs), and financial intermediaries in Ukraine and the affected countries. Initially, these countries included Poland, Hungary, Slovakia, Croatia, Czech Republic, Estonia, Latvia, Lithuania, Slovenia, Romania, Bulgaria, and Moldova. The Framework covered all sectors in Ukraine and focused on critical areas such as energy security, infrastructure, and liquidity in the affected countries, while also addressing refugee challenges.

In July 2023, the Board approved an increase in the Resilience and Livelihoods Framework to up to €3 billion. This expanded package encompassed activities under the Framework, as well as projects in Ukraine that fell outside the Framework, such as the NAK Emergency Gas Finance. Additionally, it included the use of the Trade Facilitation Programme (TFP), with significant allocations for Ukraine and other Countries of Operation, specifically targeting food security.

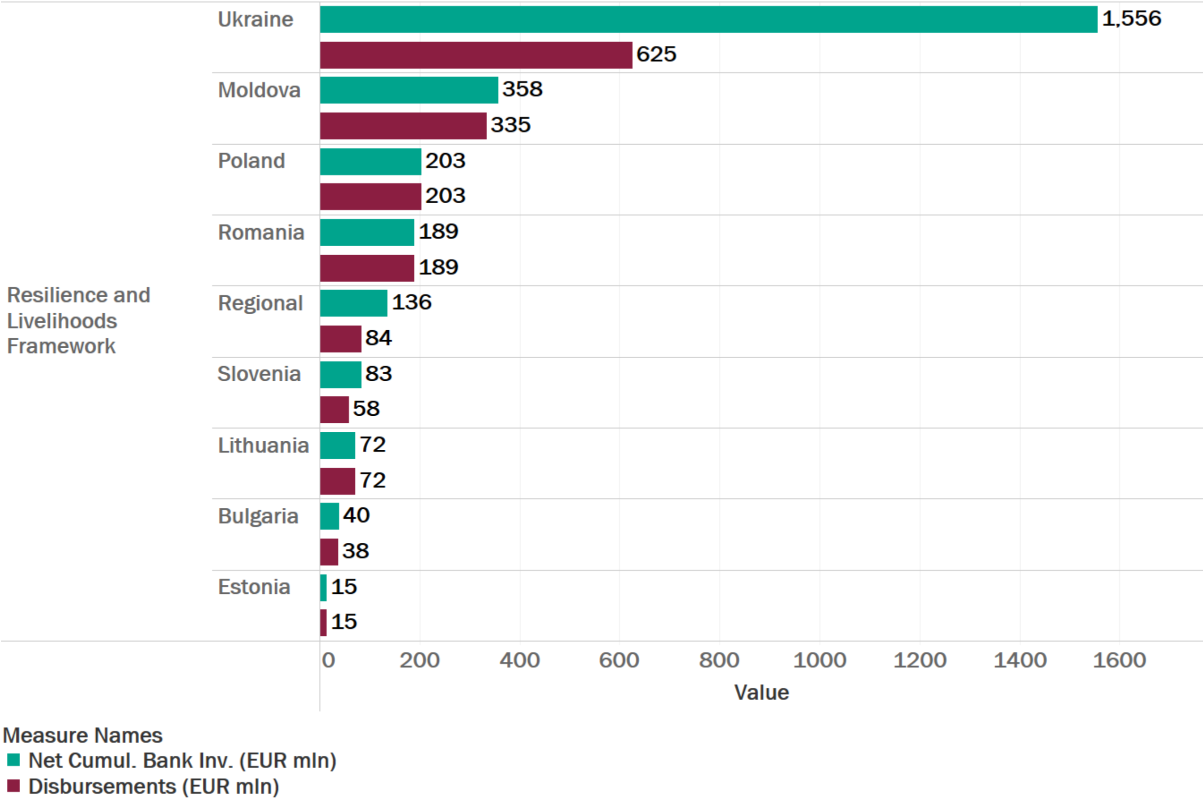
As of September 2024, the Net Cumulative Bank Investment under the RLF was €2.65 billion. Additionally, €1.21 billion was invested in standalone projects, and €125 million was from other instruments, including FIF, DFF, TFP, VCIP, and UPTF. Approximately 61% of the investments were disbursed under the RLF, while 70% were disbursed through standalone projects.

Figure 6: War on Ukraine - Ukraine & Affected Countries, NCBI € mln, and Disbursement € mln 2022-24



A significant portion, 59% (€1.56 billion), of the Bank's investment under RLF was from Ukraine and €1.09 billion from affected countries.

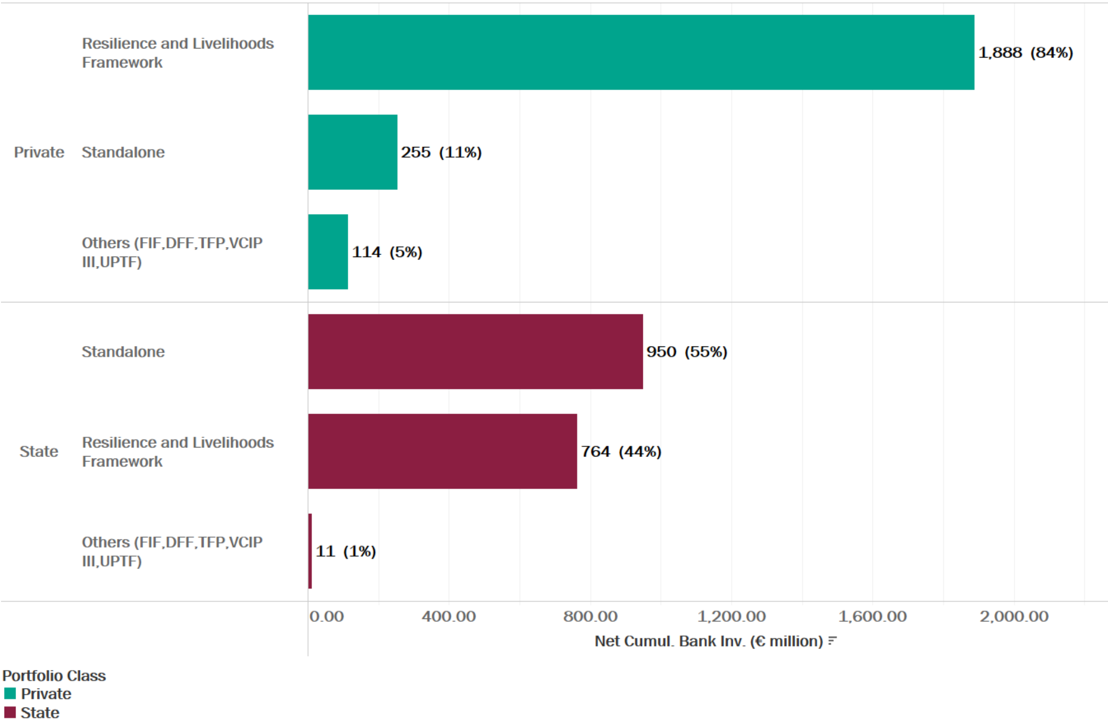
Figure 7: War on Ukraine - Ukraine & Affected Countries, NCBI € mln, and %, 2022-24



Three core instruments of the Bank's response – the Trade Facilitation Programme, restructuring capex projects into liquidity, and support for SOEs – were not approved through the RLF. TFP already has its own set of expedited processes, whilst the RLF was limited to new transactions below a certain threshold of €200mn

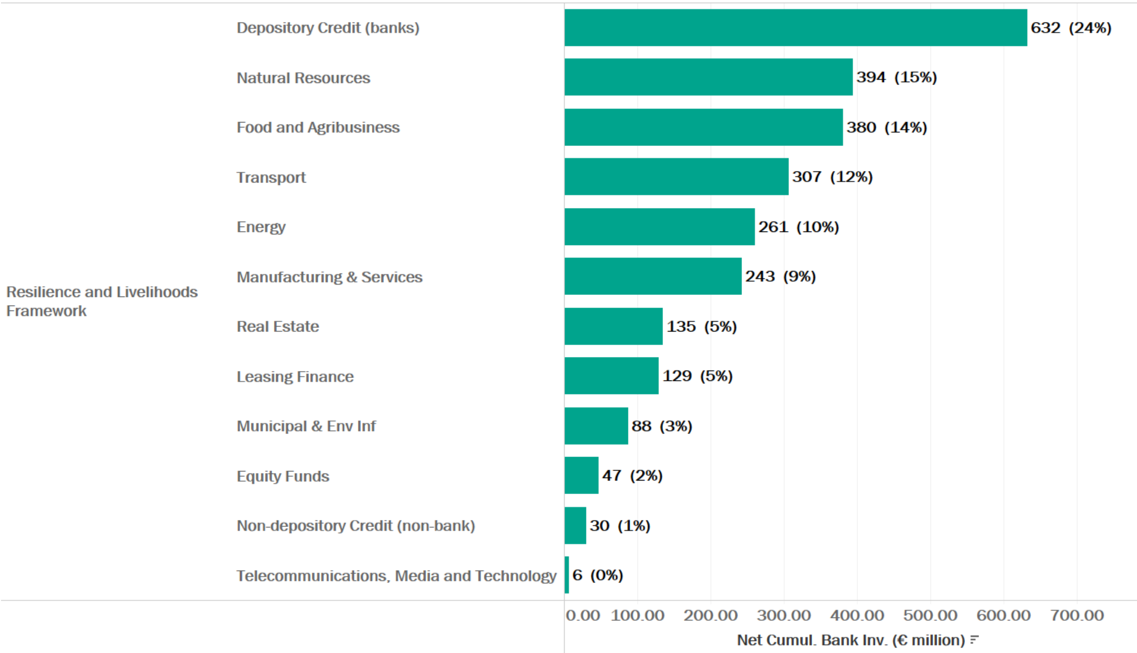
Capex structure and working capital projects that could not be approved under the RLF, amounted to €1.20 bn. Around 55% of standalone projects were support for SOEs and 44% state projects were under RLF.

Figure 8: War on Ukraine – Ukraine & Affected Countries, Portfolio Class, NCBI € mln, %, 2022-2024



The RLF was designed to be broad and flexible. While it listed priority sectors within Ukraine, it clearly states that projects from any sector in Ukraine can be approved under the framework. The figure below illustrates the sector composition of the RLF between 2022-2024.

Figure 9: War on Ukraine – Ukraine & Affected Countries, Sector Composition, NCBI € mln, %, 2022-2024



In response to the severe food and energy security crises resulting from the war on Ukraine, it was proposed to expand the scope of the overarching Resilience Package to address these challenges across all Countries of Operation.

Between 2022 and 2024, Net Cumulative Bank Investment under RLF in Ukraine and the affected countries, originated from Food and Agribusiness sector amounted to €380 million (14%).