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IEvD
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CORPORATE EVALUATION

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

Technical Report: Operationalisation of the SCF priorities

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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, Bilgehan Kayalar, Principal Evaluation Manager of IEvD, and Keith Leonard, Consultant with the support of Sofia Keenan, Analyst. The Internal Peer Reviewer was Samer Hachem, Director of Sector, country and project evaluation, IEvD.

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Abbreviations

ABI	Annual Bank Investment
AMI	Annual Mobilised Investment
CSD	Climate Strategy and Delivery
CoOs	Countries of Operation
DP	Donor Partnerships
DTM	Deals Tracking Module
EBRD	European Bank for Reconstruction and Development
EFSD+	The European Fund for Sustainable Development-plus
ETC	Early Transition Countries
EU	European Union
FI	Financial Institutions
FOPC	Financial and Operational Policies Committee
FTEs	Full-Time Equivalents
GCI	General Capital Increase
GEI	Gender and Economic Inclusion
GET	Green Economy Transition
GHG	Greenhouse Gas
GrCP	Green Cities Programme
HQ	Headquarters
ICA	Industry, Commerce, and Agribusiness
IEvD	Independent Evaluation Department
IFC	International Finance Corporation
IFIs	International Financial Institutions
IT	Information Technology
MDBs	Multilateral Development Banks
MIS	Management information system
MOPAN	Multilateral Organisation Performance Assessment Network
MoU	Memorandum of Understanding
NGFS	Network for Greening the Financial System
NWFE	Nexus on Water, Food and Energy
NIA	Net Income Allocation
PFIs	Partner Financial Institutions
RO	Resident Office
SBI	Small Business Initiative
SBIF	Small Business Impact Fund
SCF	Strategic and Capital Framework
SDGs	Sustainable Development Goals
SEMED	The Southern and Eastern Mediterranean region
SI	Sustainable Infrastructure
SIP	Strategy Implementation Plan
SMEs	Small and Medium-sized Enterprises
SPA	Summary Project Assessment
SSA	Sub-Saharan Africa
SSF	Shareholder Special Fund
TQ	Transition Quality
TC	Technical Cooperation
VP3	Policy and Partnerships Vice-presidency
WB	World Bank
WiB	Women in Business programme

Technical Report Summary

A. Bank achievements in 2021-23

Key evaluation insights

Strategic focus

- **During 2021-23, the EBRD effectively operationalised many of strategic ambitions of the Strategic and Capital Framework 2021-25 (SCF) through consecutive Strategy Implementation Plans (SIPs) and subsidiary strategies.** The Bank's international engagements and coordination efforts were aligned with the SCF.
- **However, resourcing remains a cornerstone of delivery, and many areas saw partial or little progress due to inadequate resourcing.** The SCF's purpose includes determining capital adequacy, but the link between strategic ambitions and cost estimation/budget provision through the three-year rolling Strategy Implementation Plans (SIPs) is weak, resulting in many unfunded ambitions.
- **Establishing greater clarity on the purposes expected to be served by the overarching strategy would be beneficial.** The EBRD needs to think more holistically about strategy as a mix of deliberate and emergent approaches, emphasising the importance of learning to foster emergent strategy.
- **Lack of differentiation in what is currently called SCF strategic aspirations (provided in Box 1) poses additional challenge for prioritising resources and actions.** The list in fact contains a mixture of strategic objectives, corporate objectives and tools that made implementation of former possible, also some of them are in explicit or implicit contradiction to each other, which is not clearly stated and mitigant actions are not clarified. Recognition of contradictions is necessary to ensure there are relevant incentives for the overall delivery of SCF to achieve maximum impact.
- **Some strategic aspiration lost their urgency during the first three years of the SCF cycle due to geopolitical and geoeconomic changes, particularly supporting graduation.**

Operational Scope

- **The SCF's push for greater integration of policy engagement and investments, while also broadening policy engagement to deliver systemic impact at the sector and country level, has been noted as inconsistent.** If the ambition for closer integration between policy engagement and investments is to be retained, the practical implications and rationale need to be clarified.
- Ex-ante targets, while useful, measure expected results rather than actual outcomes. **Although gathering information on actual results is challenging and not cost-free, the inadequacy of relying on ex-ante expectations should be acknowledged, and their use**

Key evaluation insights

should be temporary. This also applies to green results, though it is not the focus of this paper.

- The definition of ETCs/priority countries needs to be revised to include fragile and conflict-affected states, as this is a policy commitment under the increase in paid-in capital. **Following expansion, the revised definition may require creating sub-categories of countries based on the type of response needed, with up to 28 such countries if all envisaged expansion goes ahead. ABI is not a suitable measure of focus, and while the number of projects is a better measure, it is still not sufficient.**
- **Global and regional crises have increased coordination and cooperation. A key consideration for future international collaboration is whether crisis collaboration provides a model for non-crisis situations.** Memoranda of understanding (MoUs) with international organisations could be more focused on helping the EBRD deliver on its international priorities.

Organisational Efficiency

- **EBRD's business model, its ability to deliver transition impact, and to some extent its staffing are highly dependent on donor financing.** In times of crisis, the Bank is even more dependent on donor financing.
- **Donor financing needs to be considered as a key strategic enabler like the mobilisation of private finance and addressed as such in the new SCF.** The Bank's dependency on donor finance poses a risk to the sustainability of its delivery of transition impact, particularly if the decrease in grants available is part of a new trend.
- **Donor Partnerships is currently focused on raising and managing donor finance, but it is not involved in allocating the funds raised.** This results in fragmented decision-making and a possible lack of focus on priorities.
- **The transformation agenda has led to many operational improvements, but its perceived value varies across different functions.** Corporate functions and front-line staff directly involved acknowledge the benefits but also recognise the need for continued efforts to fully realise the anticipated improvements. However, functions not yet impacted by the transformation are sceptical, noting inconsistencies and minor workload improvements, especially regarding new commitments related to green, inclusion, and digital initiatives.
- Increased regulatory requirements, integrity, sanction regimes, and geopolitical tensions add significant compliance requirements, placing additional burdens on front-line bankers during project approval and implementation monitoring.

B. Suggestions for improvements

- **Clarify users and uses of the strategy part of the SCF.** The SCF should clearly establish who should use the strategic part of the SCF for what purposes. Also, the depiction of EBRD's strategic architecture should be reviewed, considering the suggestions made by this evaluation.
- **Focus the SCF on a limited number of core strategic directions.** The SCF should become more an umbrella strategy that focuses on the most important strategic directions for the coming period. In prioritising Bank's actions, the future SCF should distinguish between three spheres – control, influence, and interest – and present its strategic priorities and enablers that make their delivery possible accordingly. The SCF should recognise the importance of emergent strategy arising from the need to respond to crises and from learning.
- **There is a need to better align Bank's strategic ambitions with its core budget, donor financing and Special Shareholder Fund (SSF) financing.** Bank should cost ambitions and determine the core budget and other financial sources required to deliver on the ambition. Consider the likelihood of the funding being available and tailor ambition accordingly. Consider converting donor funded staff positions to core budget financing in key strategic areas.
- **Donor financing must be considered as a key strategic enabler like the mobilisation of private finance and addressed as such in the new SCF.** Equally Donor Partnerships Department should be part of the processes of determining the priorities for the uses of donor financing.
- **Avoid contradictions in the strategy or at least explain how apparently contradictory ambitions will be balanced.**
- **EBRD should transition as quickly as possible from using expected results specified ex-ante as the basis for reporting on results.**
- Revise the basis for classifying countries as priority countries and consider creating sub-categories of such countries based on the type of responses EBRD can provide.

1. Introduction

1. **This technical report is one of five technical reports prepared as input for the Independent Evaluation Department's (IEvD) Mid-term Evaluation of the EBRD Strategic and Capital Framework (SCF) 2021-23.** It complements four in-depth assessments of key SCF priorities: (1) green; (2) mobilisation; (3) crisis response; and (4) building a learning culture, strengthening knowledge management, and the use of evaluation findings.

2. **This report covers the other nine "strategic aspirations" of the SCF (as per the SCF's Box1)**: focused efforts on supporting countries of operations less advanced in transition; reinforced private sector focus; equality of opportunity for disadvantaged groups and deeper mainstreaming of gender considerations; digital transition; successful launch of operations in new countries of operations; support for any country that chooses to graduate; further integration of policy engagement and investment activity; effective and efficient delivery: staff, skills, processes, systems and information technology.[1]

3. **It covers SCF ambitions for each of these priorities**, how they were reflected in Strategic Implementation Plans (SIPs) for the period 2021-23 (and 2024 when relevant); it assesses their operationalisation[2] and the way they were resourced. The report is structured as follows:

- Context and high-level results, including reflections on the purpose and nature of strategy in the Bank, the Bank's strategic architecture, strategic priorities and agile response to crises, performance against the corporate scorecard, and cascading of high-level strategic priorities into lower-level strategies.
- Performance in delivering results in nine SCF 2021-25 strategic aspirations identified in Box 1 of the SCF. Analysis incorporates relevant findings from recent IEvD evaluations, when it is available, and new evidence from document review and interviews. Assessments are done using a four-category traffic light system:

Table 1: Assessment categories used by the evaluation

⬢	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.*

- Insights and suggestions for consideration during preparation of the next Bank strategy for the period 2026-30.

[1] Note: In Box 1 of the SCF geographic expansion is covered by 2 separate priority statements (7 for expansion within EBRD's existing regions and 8) expansion to new regions. This report covers both under a single heading of geographic expansion.
[2] Operationalisation term is used here define the manner and extent to which the intended strategy of the SCF has become realised strategy as reflected in subsidiary strategies and actions taken, including the actions and resources provided to give life to the ambitions and aspirations of the SCF.

2. Context and high-level results in times of crisis

2.1. Purpose and nature of high-level strategy in EBRD

2.1.1. Stated purpose of the SCF

4. **The primary purpose of the SCF is to report on the adequacy of the Bank's capital base (SCF section 1.1).** The Bank's Articles Establishing the Bank (AEB) require it to review its capital adequacy at least every 5 years. The SCF also states "*Shareholders have used these reviews to consider also the Bank's strategic directions for the forthcoming period*." The strategy part of the SCF is a secondary purpose, "*providing a set of high-level priorities for the Bank, together with an overall control framework*."

5. **IEvD observes that the language used in the strategy part of the SCF implies that it is largely a communication tool, rather than directional document for allocating resources (presented in annual SIP documents) to the greatest effect. SCF lacks clarity.** The executive summary says "*the SCF sets out the EBRD's strategic aspirations, as captured in Box 1, for the period from 2021 to 2025*." The words strategic aspirations are well used, as not all aspirations are resourced adequately to allow them to be realised. Section 2.2 of the SCF explains how the Bank's paramount goal and highest priority – maximising transition impact in its countries of operations – will be taken forward. It sets out how the Bank will maintain its core private sector focus and strengthen its capabilities to enhance the quality, quantity, and impact of its work in countries of operations during the SCF period.

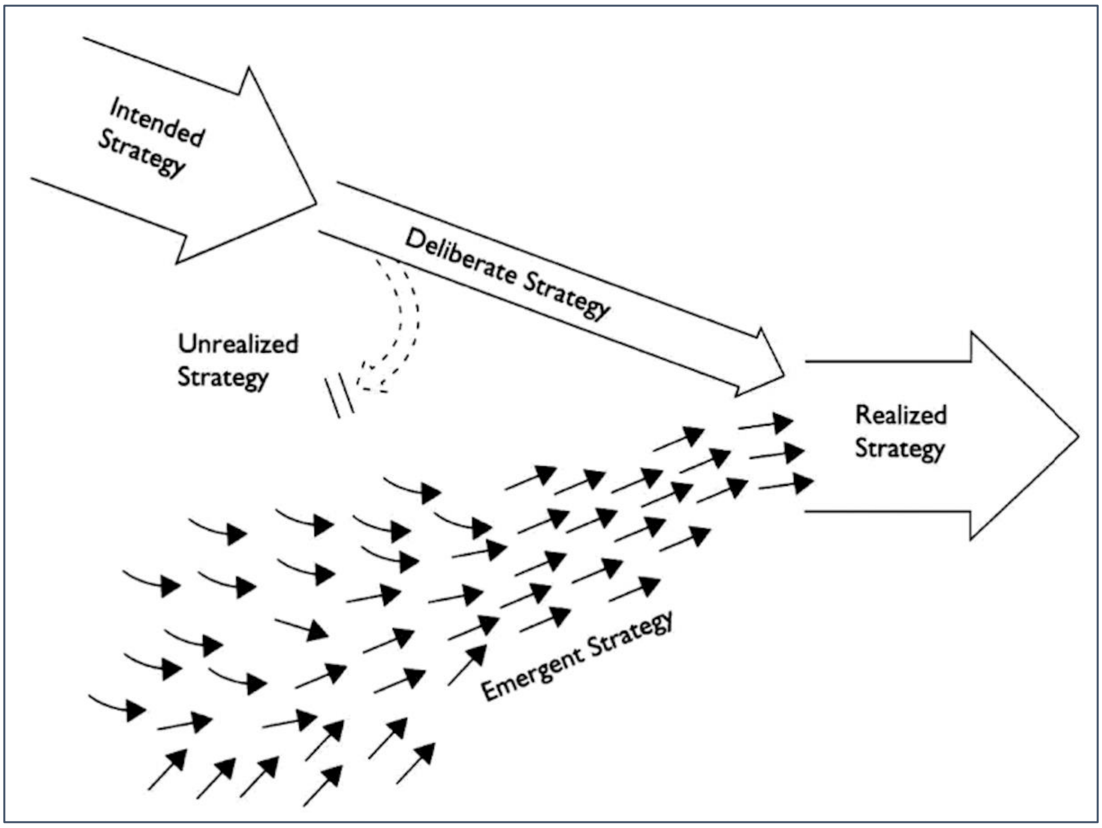
6. While the quotes above describe what the strategy part of the SCF is expected to do (provide a basis for shareholder consideration of the Bank's strategy, provide high-level priorities, and provide a set strategic aspirations), it does not make clear the expected users and uses of the strategy.

2.1.2. Strategy and decision-making: What theory tells us

7. It is important to understand how formalised and periodic strategy formulation fits into a wider pattern of decision making (Figure 1). According to Mintzberg[3], **a realised strategy (what gets done) is a combination of deliberate strategy and what he calls emergent strategy.** In the EBRD context, the strategy part of the SCF represents intended strategy. Of this, some gets implemented (deliberate strategy) and some does not (unrealised strategy). However, the so-called emergent strategy outside the formal strategy process also contributes, often significantly, to realised strategy. It is particularly true in dynamic external contexts with multiple crises, which was the experience of the EBRD in the first 3 years of the current SCF period. Neither are emergent strategies necessarily bad nor are deliberate ones good. Mintzberg considers that effective strategies mix these characteristics in ways that reflect the conditions at hand, notably the ability to predict as well as the need to react to unexpected events.

[3] Mintzberg, H. 2003. The rise and fall of strategic planning.

Figure 1: Formal and emergent strategy



Source: Mintzberg, H. 2003. The rise and fall of strategic planning.

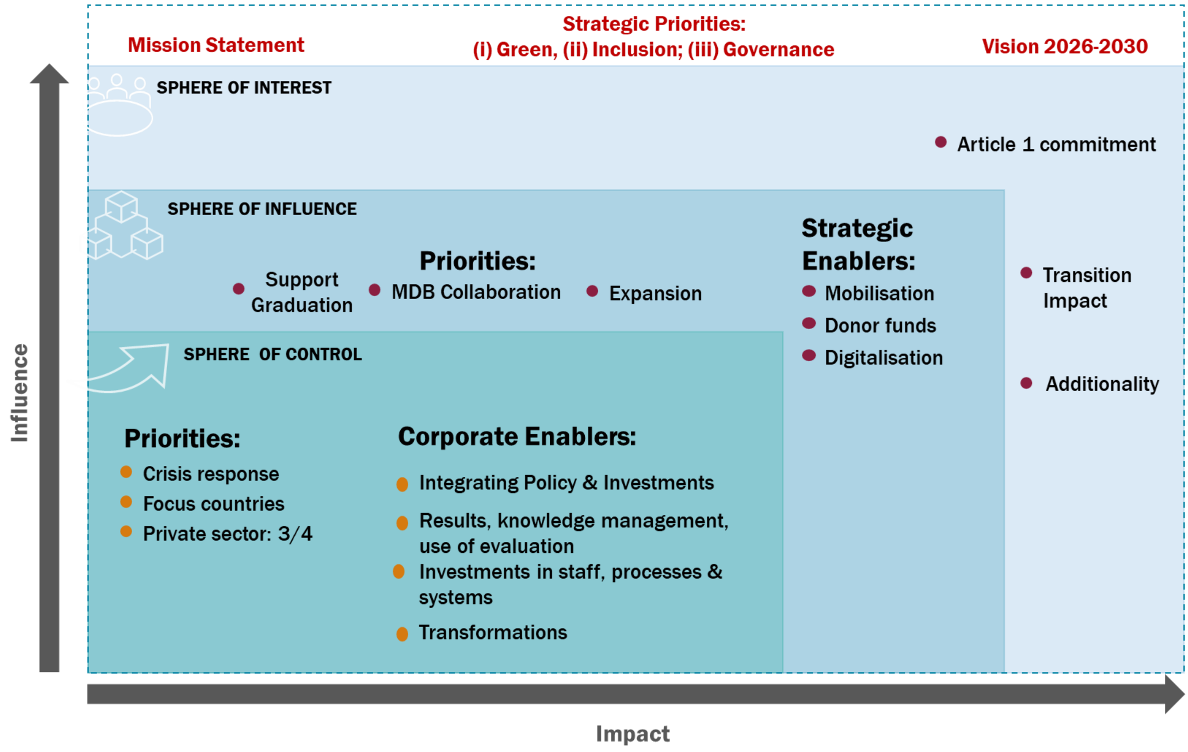
8. Factors that drive emergent strategy include: the occurrence of a crisis/multiple crises; windows of opportunity unexpectedly opening up; learning from failure and fostering a culture of controlled risk-taking and innovation. Considering the global context which is to remain challenging in the next five years, IEvD will later argue that the EBRD might benefit from a more holistic strategy, a mix of deliberate and emergent strategy, with the latter being capable of arising from anywhere in the organisation. The importance of learning to foster emergent strategy (adaptive management) is crucial according to Mintzberg.

2.1.3. Introducing the idea of spheres of influence

9. **The evaluation proposes to distinguish between a range of spheres where EBRD has a varied level of influence:**[4] (i) sphere of control where a majority of resources and decisions can be taken by the Bank and its shareholders; (ii) sphere of influence where EBRD can collaborate meaningfully with external stakeholders on joint investments, policy actions and transition results; and (iii) sphere of interest where EBRD has little control but which however has a significant impact on its operations (see Figure 2 for the mapping of current strategic aspirations across these three spheres).

[4] More details are provided in the SCF Summary Report

Figure 2: Mapping current strategic priorities and capabilities



Source: IEvD, based on SCF 2021-25

10. **In this evaluation, IEvD will argue that one of the implications of Figure 2 is that the EBRD needs to focus more on the things it can control in terms of deliberate strategy.** The EBRD's overarching strategy should be providing guidance without being overly prescriptive or all-encompassing. Transition is delivered at the country level and strategy at that level needs to be context specific, taking account of the EBRD's high level strategy.

11. **Below are several points made by interviewees for this evaluation** relevant to the purpose and nature of high-level strategy in the EBRD and its results architecture. Unless otherwise stated quotes throughout this paper come from EBRD staff.

Complexity and clarity

- *EBRD has a complex objective function, making it challenging to optimise and achieve sufficient results.*
- *Adding priorities has significantly increased complexity in recent years.*
- *Framing around green, inclusive, and digital initiatives was useful, mobilising and incentivising people to focus on these areas. However, these can often be public sector focused.*

Resourcing ambition

- *There is tension with the Board, which demands more delivery and impact but restricts resource allocation. Sometimes, commitments are made without full Board support for the necessary resources.*
- *The SCF explicitly stated that an incremental budget increase is necessary, but since 2020, the budget has remained flat, creating inconsistency.*
- *With more countries to operate in and deeper engagement in some areas, delivering ambitions with constrained resources will be challenging.*

Purpose of the Bank's high-level strategy

- *The Bank communicates SCF priorities to an external audience, but the SCF is not frequently referred to.*
- *The Bank is opportunistic, and strategies do not significantly affect investment decisions.*
- *The SCF is too prescriptive, limiting the Bank's ability to pursue investment opportunities.*
- *The strategic framework gradually nudges the organisation in certain directions, adding priorities and creating a direction of travel.*

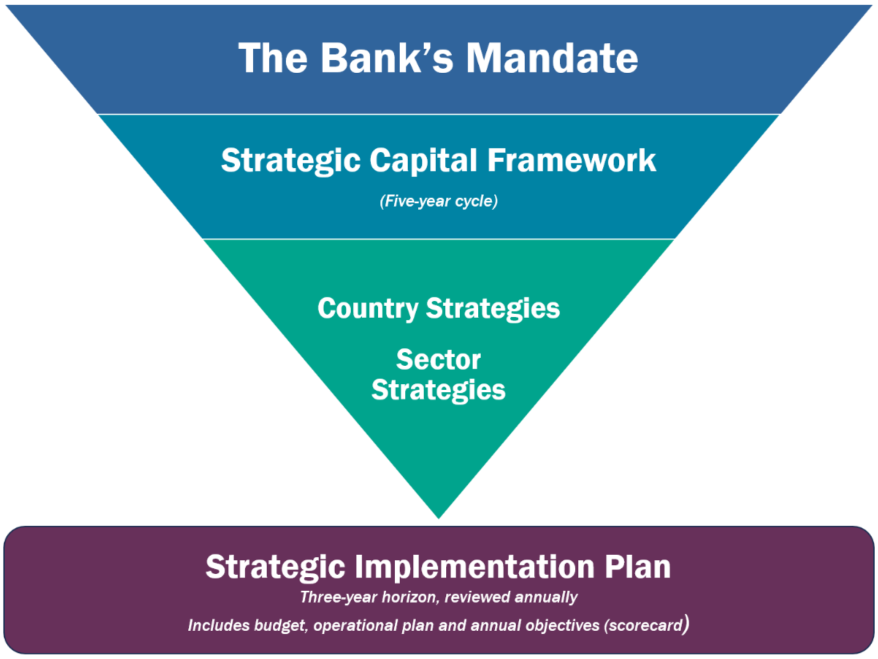
2.2. The EBRD's strategic architecture

12. The building blocks of the EBRD's strategic planning according to SIP 2022-24 are shown in Figure 3.[5] It comprises:

1. A high-level strategy, the SCF, formulated on a five-year cycle approved by the Board of Governors.
2. Annual SIPs approved by the Board covering a three-year time horizon to define the business plan and scope of financial, human, and other resources required to deliver the SCF objectives. It sets up performance targets through scorecard parameters against which the Board is expected to hold management accountable for SCF delivery. It also reports on the results of the previous SIP.
3. Country strategies approved by the Board and prepared on a five-year cycle that is not linked to the approval of the SCF. They are considered the only accountability frameworks and progress in their delivery is monitored and reported annually through Country Strategy Delivery Reviews (CSDRs). Thirty-seven country strategies are currently active.
4. Sector and thematic strategies, also approved by the Board, are expected to define overall directions of travel, the range of activities and tools, but without specific targets for assessing their performance. Like country strategies, sector strategies are approved on their own timeline, not linked to SCF issuance. There currently 10 active sector strategies and 5 thematic strategies.

[5] SIP 2022-24

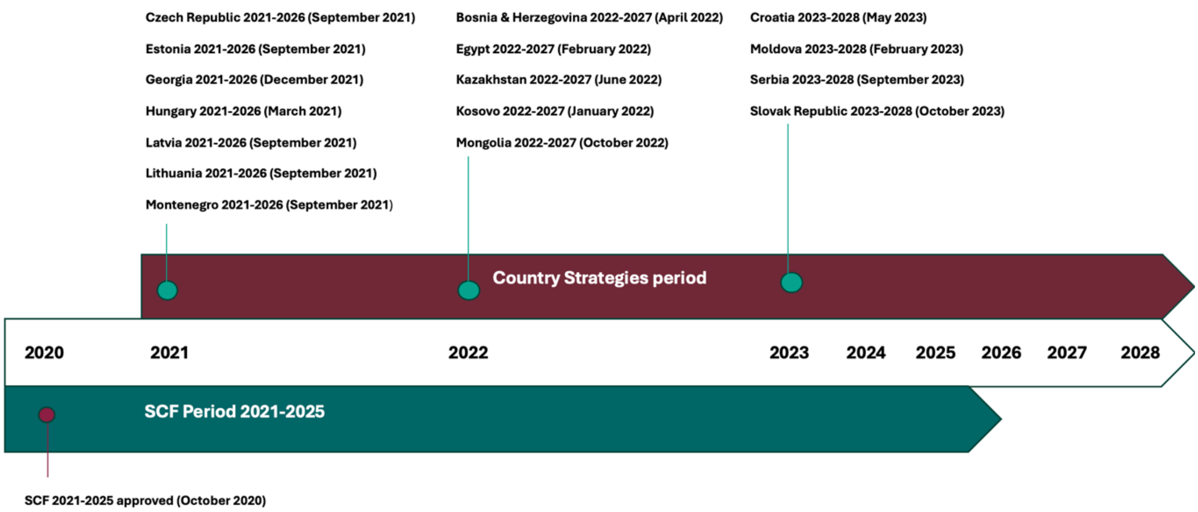
Figure 3: Building blocks of EBRD's strategic planning according to SIP 2022-24



Source: SIP 2022-2024

13. **Figure 3 gives the impression that country and sector strategies inform SIPs, but it is unclear what influence these have, if any, on SIP preparation.** In part, this arises from the fact that, the timeline of preparation of country, sector and thematic strategies does not align with that for the SCF. This is illustrated in Figure 4 for the current period. Figure 5 presents IEvD's conceptualisation of a strategic architecture.

Figure 4: Approval year of country strategies in relation to the coverage of SCF 2021-25

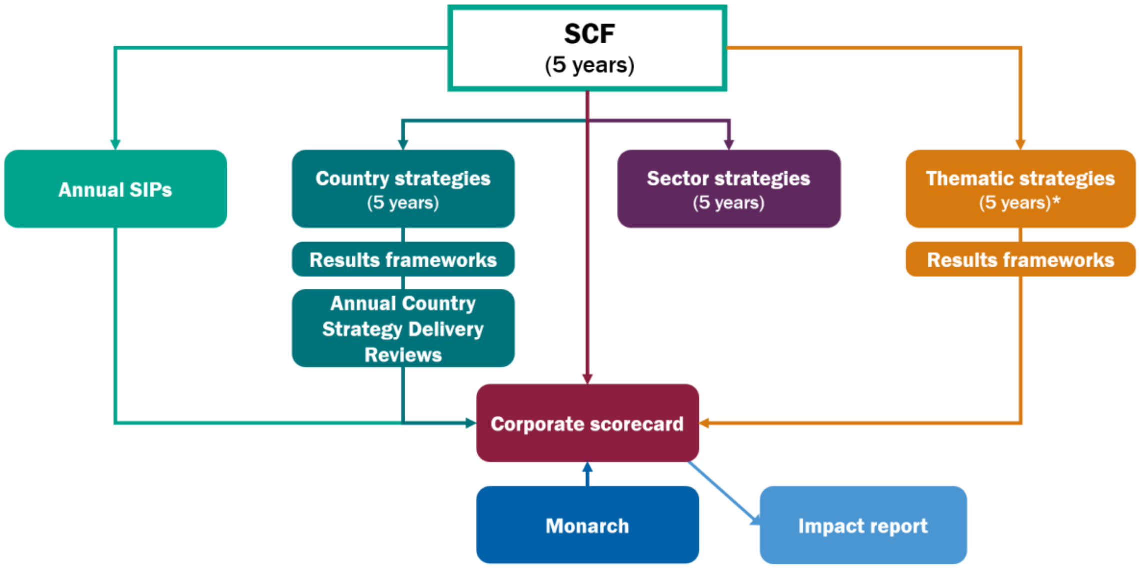


Source: IEvD elaboration

14. Discounting countries where operations have ceased for varying reasons or where there are special circumstances, 12 countries of operation had their most recent strategy approved in 2019 or 2020 and 4 countries had their most recent strategies approved in 2024 (up until July 2024). Countries with strategies approved prior to the approval of SCF 2021-25 could still have included strategic priorities featuring in the SCF even if those priorities did not cascade from it. For those countries whose strategies were approved in 2023 and 2024, much has happened since the approval of the current SCF, and those strategies reflect more the current priorities where these have changed. In the period 2021-23, the EBRD approved 3 sector strategies, 16 country strategies, and 5 cross-cutting strategic approaches.

15. **Under the below conceptualisation, the SCF informs country, sector and thematic strategies and SIPs.** Sector and thematic strategies inform country strategies though for simplicity purposes these links are not shown in Figure 5. Also, country strategies and their annual delivery reviews (CSDRs) should inform SIPs, particularly in terms of the resources needed to deliver on ambitions at the country level – this given the importance of country strategies as an accountability document.

Figure 5: IEvD conceptualisation of EBRD's strategic planning architecture



* Includes strategies and strategic documents such as Equality of Opportunity Strategy, Strategy for the Promotion of Gender Equality, Accelerating the Digital Transition, Post-Graduation Approach, Donor Strategy during their currency.

Source: IEvD

Interviewee observations:

- *The use of sector and country strategies has created confusion; they should be considered toolkits rather than strategies.*
- *I'm unsure if we need to include SCF priorities in every country strategy, as they may not always be relevant. Other areas might be more important.*
- *We need fewer strategies, developed simultaneously, to ensure consistency and coherence.*

2.3. SCF strategic aspirations and agile crisis response

16. **The SCF 2021-25 identified 13 strategic aspirations, which define a fairway for delivering investments, policy dialogue and technical co-operation to clients in the most relevant, efficient, and impactful way.** Additionally, three cross-cutting themes – green, equality of opportunity and digital transition– are meant to be the focus in majority of EBRD investments, technical assistance and policy dialogue. Box 1 below lists SCF aspirations.[6]

Box 1: SCF 2021-25 aspirations

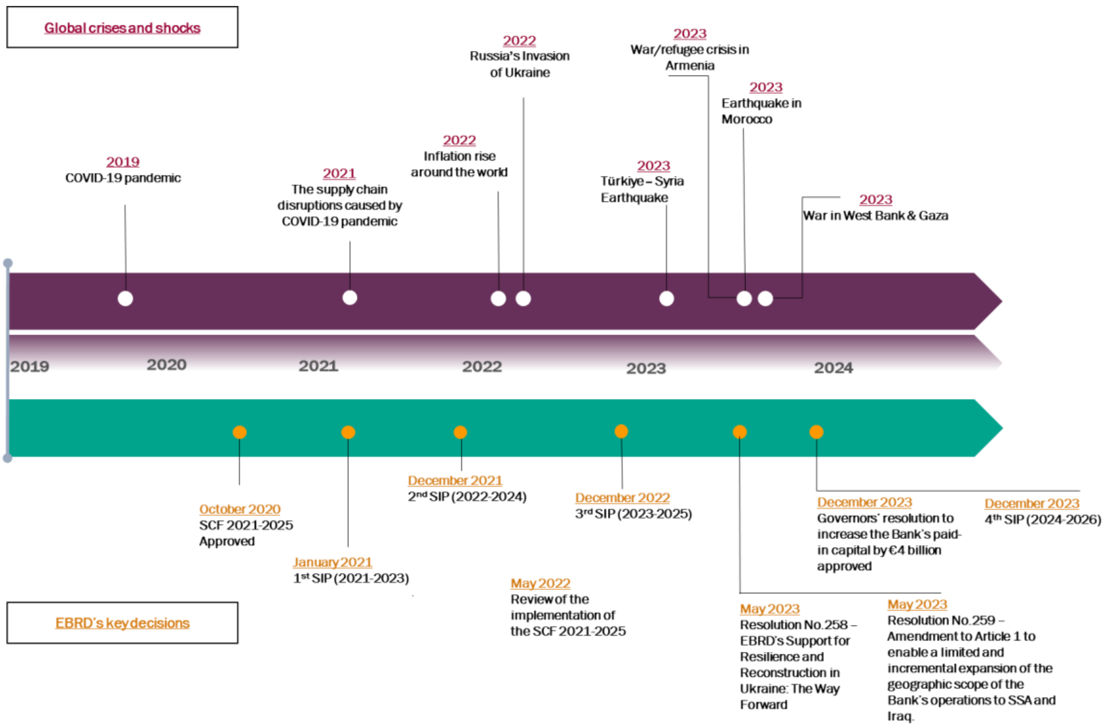
1. ***Timely and effective support to countries of operations to preserve and accelerate transition in the context of the economic crisis caused by the Covid-19 pandemic.***
2. Focused efforts on supporting those of its countries of operations less advanced in transition, including the Early Transition Countries (ETCs), SEMED and the Western Balkans, through enhanced investment and policy activity.
3. Reinforced private sector focus by ensuring that more than three-quarters of the Bank's total investment in the SCF period is in the private sector.
4. ***Directly supported progress towards green, low-carbon economies through higher levels of investment in the Green Economy Transition.***
5. Equality of opportunity for disadvantaged groups and deeper mainstreaming of gender considerations in projects through strengthened capacity for investment and policy engagement.
6. Comprehensive and coherent activities to help countries of operations leverage the digital transition as an enabler of transition across all sectors.
7. Successful launch of operations in new countries of operations within the Bank's existing region, such as Algeria, subject to the approval of Governors.
8. If approved by the Board of Governors, beginning of operations in a limited number of countries beyond the Bank's current geographic region.
9. Support for any country that chooses to graduate from the use of the Bank's resources through an enhanced Post-Graduation Operational Approach.
10. ***Increased levels of mobilised private capital for countries of operations through a widened and deepened scope of activities.***
11. Greater transition impact by further integrating policy engagement and investment activity and reinforced its ability to measure its effectiveness.
12. ***Stronger overall results framework, knowledge management and the use of evaluation findings to improve the design and impact of operations.***
13. Cost effective delivery of the SCF through investment in staffing, skills, processes, systems and IT upgrades, as well as increased efficiency and reallocation.

Source: SCF 2021-25
Note: those are in *italic* are covered separately in Technical Papers 1-4

[6] Based on Box 1 in SCF 2021-25

17. **Since approval of SCF 2021-25 in October 2020 its delivery has been marked by several crises that have had a significant effect on the Bank's delivery model.** War on Ukraine, prolonged response to the Covid-19 pandemic, earthquakes in Türkiye and Morocco, conflicts in the Middle East and Caucasus, and a growing climate crisis – all those extraordinary events required prompt, relevant and comprehensive responses in support of the Bank's clients and country stakeholders (Figure 6).

Figure 6: Timeline of key SCF related decisions and external events



Source: IEvD own elaboration

18. **The Bank was addressing those challenges and integrating its response into rolling three-year SIPs that represent Bank's budget and priorities.** SIPs covering the period 2021-23 illustrate the reallocation of operational costs and capital to respond to the greatest needs in the countries of operation and help economies to adjust to new geopolitical and geoeconomic realities (see Crisis Technical Report). At the same time, all three SIPs adhered to the scorecard parameters setup at the beginning of the strategic cycle, with actual figures being on par, or sometimes exceeding the anticipated targets. Section 2.4. below provides more details.

Interviewee observations

- *Wehave achieved a lot despite facing multiple crises. The Bank's architecture has performed reasonably well within the SCF context. Our response to Covid-19 was surprisingly effective, considering the challenges of remote work.*
- *Our swift and effective rollout for banks and SMEs during Covid-19 showcased our agility as a partner. The Bank has also been commendable in responding to both Covid-19 and the war in Ukraine, while staying focused on our objectives.*

- *Following the earthquake in Türkiye last year, we quickly established a response facility, with EUR 1 billion already deployed. With the ongoing crises in Ukraine and Gaza, along with the decarbonisation agenda, the Bank's risk appetite has evolved - it takes on more reputational integrity risks while demonstrating greater responsiveness to global issues.*
- *Our crisis response efforts have been commendable, but they have required flexibility in our standards. While flexibility is beneficial, a high rate of Board abstentions could indicate shareholder concerns.*

2.4. Performance against the corporate scorecard

19. **SCF aspirations with measurable targets have been appropriately reflected in the Bank's scorecard**, Green, inclusion, mobilisation, private sector share are featuring strongly at the input level, with some ex-ante results marks (see Green Technical Report for more analysis on this). Digital is notably absent in the scorecard. The Digital Approach was prepared after SCF approval and even with further refinements and introduction of Digital Tag in 2022 the scorecard has not been amended.

20. **Scorecard parameters are on track to be delivered as the Figure 7 illustrates.** Although it should be noted that some targets, like Gender Tag, although increased over time, have affected only design and input performance matrix; they are not always integrated in the well-articulated and adequately resourced implementation plan and thus not reflected in the results matrix.

21. IEvD performed analysis of the impact of measurable SCF priorities on the EBRD portfolio and results are provided in the Annex 1.

Figure 7: EBRD's delivery across scorecard parameters, 2021-23

	2021	2022	2023
Annual Bank Investment	€ 10.45 bn € 10 – € 11 bn	€ 13.07 bn € 11 bn	€ 13.13 bn € 11.2 bn
Number of Operations	413 395 – 435	431 up to 450	464 up to 460
Annual Mobilised Investment	€ 1.75 bn Min.: € 1.2 bn	€ 1.75 bn Min.: € 1.4 bn	€ 2.82 bn Min.: € 1.4 bn
Private Sector Share (%ABI)	76% Min.: 75%	74% Min.: 75%	80% Min.: 75%

GET Ratio (%ABI)	51% 40%	49% 45%	50% 45%
GHG emissions	6,994 kton per CO2 equivalent –	11,141 kton per CO_2 equivalent –	10,710 kton per CO2 equivalent –
Gender-tagged Operations	35% Min.: 18%	37% Min.: 25%	44% Min.: 30%

Note: Metric underneath scores indicate targets for the respective year and SIP commitment

22. **The EBRD's ability to report on actual results is limited, particularly for the green priority, where ex-ante data is used across the entire project cycle in all key reports.** In other words, the 'results' reported are often the expected results, not the actual results. SCF Green Technical Report provides more details on this.

2.5. Cascading of high-level strategic priorities to lower-level strategies

23. **The SCF is the highest-level articulation of the Bank's strategy.** As such, it is expected to inform other strategies, which are subsidiary to the SCF. This chapter includes an assessment of the extent to which SCF aspirations (see section 2.3) have been cascaded to subsidiary strategies (country, sector and thematic) approved in 2021-23. The word ***cascading*** is used to reflect the extent to which the SCF priorities have informed and been reflected in the narrative, priorities, proposed actions and anticipated results of secondary strategies. An assessment is made according to one of 3 categories. Three rather than four categories were chosen given the subjective nature of the assessment which does not justify greater granularity. The full assessment is provided in Annex 2 while Table 2 provides a cumulative score.

24. All strategies, including country diagnostics, were searched for their coverage of each priority. The assessment does not include prioritisation of resources as this is not included in any of the secondary strategies of the Bank aside from SIPs. A judgment was made as to the extent of coverage. Importantly, the assessment looked beyond the inclusion of words only to consider the substance and the degree of specificity about how the strategic priority would be addressed. Additionally, the assessment looked for some form of justification or evidence supporting the choices made. Mere acknowledgement of the priority was considered insufficient.

Table 2: Assessment of operationalisation of SCF strategic priorities across country, sector, and other strategies

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

	resources through an enhanced Post-Graduation Operational Approach			
10	Increased levels of mobilised private capital for countries of operations through a widened and deepened scope of activities.	N/A	N/A	N/A
11	Greater transition impact by further integrating policy engagement and investment activity and reinforced its ability to measure its effectiveness			
12	Stronger overall results framework, knowledge management and the use of evaluation findings to improve the design and impact of operations			
13	Cost effective delivery of the SCF through investment in staffing, skills, processes, systems and IT upgrades, as well as increased efficiency and reallocation	N/A	N/A	N/A

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

Note: The methodology for assessing the cascading of strategies utilises a straightforward weighted scoring approach (Box 2). To combine individual scores across different categories into a single, cumulative score, we applied a weighted scoring approach. Each level of score was assigned a specific weight, allowing us to calculate a cumulative score that reflects the overall assessment (Annex 2)

25. **Five of the priorities were not considered relevant for cascading to country, sector or thematic strategies:** priorities 7 and 8, which refer to geographic expansion, priority 9 on mobilisation, priority 10 on graduation, and priority 13 which covers internal EBRD matters. While it is possible that lower-level strategies could consider mobilisation and graduation, they typically have not, so these priorities are not considered relevant for this assessment. The lower-level strategies included are those approved between 2021 and 2023. For priority 2 (focus on ETCs), 8 of the country strategies approved during the evaluation period were for non-ETCs so the assessment against this priority was considered inapplicable for those.

26. **Across all lower-level strategies and for the 8 of 13 SCF strategic priorities considered relevant for this exercise, 21% of priorities were significantly cascaded, 54% were cascaded to some extent, and 25% showed little or no cascading.** For country strategies, 13% of priorities showed significant cascading, 38% showed cascading to some extent while 50% showed little or no cascading. For the three sector strategies approved during the evaluation period, across all applicable priorities, 75% of priorities were significantly cascaded, 25% showed little or no cascading. For the four other strategies approved during the evaluation period, 50% of strategic priorities were significantly cascaded, and 50% were cascaded to some extent.

Box 2: Methodology for assessing the cascading of strategies

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

  Significantly Cascaded (high alignment with priorities) = High weight (3)

  Cascaded to Some Extent (moderate alignment with priorities) = Medium weight (2)

  Little/No Cascading (low or no alignment with priorities) = Low weight (1)

- We then multiplied the number of strategies receiving each score level by the corresponding weight.

  For example, if 4 strategies received the score "Significantly Cascaded," IEvD calculated 4×3=12; if 3 strategies received the score "Cascaded to Some Extent," it calculated 3×2=6; and for 8 strategies that received "Little/No Cascading," it calculated 8×1=8. Adding these results gave a total score for all 16 strategies, which in this case is 26.

- To calculate the overall average score, IEvD divided this total weighted score by the total number of strategies assessed. Here, dividing 26 by 16 resulted in an average score of approximately 1.63.

- Finally, we interpreted the average score using defined ranges to categorise the overall score. The ranges were as follows:

  Significantly Cascaded (2.5 - 3.0)

  Cascaded to Some Extent (1.5 - 2.49)

  Little/No Cascading (1.0 - 1.49)

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

27. **Full cascading should not be expected at country level as country strategies have to reflect the country context, taking account of its needs and the EBRD's ability (resources/ capabilities) to meet those needs (which should consider the political economy context).** Considering this, the 50% of country strategies that showed significant cascading or cascading to some extent is reasonable.

28. **Country strategies should better summarise and justify the relevance (or not) and applicability of broad strategic priorities at the country level.** Sometimes, a strategic priority may be relevant for country needs but might not generate transition impact due to the local context. In such cases it is reasonable not to cascade the priority.

29. **The most significantly cascaded priority across all strategies by a large margin was reinforced private sector focus. The lowest cascading for SCF priorities were leveraging digital transition; equality of opportunity for disadvantaged groups and deeper mainstreaming of gender; and stronger overall results frameworks, knowledge management and the use of evaluation findings.**

30. For digital transition, it might be surmised that as a new area teams formulating country strategies had difficulty in finding ways to incorporate this given other priorities. The reason for low cascading of inclusion and gender resulted from unclear guidelines on how to incorporate these priorities, leading to unclear strategic implementation. Results and knowledge management are typically weak areas.

31. Cascading into lower-level strategies was likely also affected by a lack of synchronisation in timing between SCF and lower-level strategy formulation and approval.

Interviewee observations:

- *We have made significant progress in green, particularly with the Paris Alignment initiative, which has brought more rigor to our operations. The Bank has overperformed in delivering green projects, especially in EU countries.*
- *In the SEMED region, green and inclusion are key priorities. We have launched groundbreaking projects in training academies and gender inclusion, despite regional disparities and low female participation. Our high-priority green initiatives have seen many "firsts".*
- *There is a tendency to push projects under the guise of crisis response, risking our credibility and alignment with SCF priorities.*
- *SCF priorities are subtly integrated into country strategies, but there is a danger of over-aligning with common priorities like green, digital, and inclusion, potentially neglecting other important areas like governance.*
- *Meeting business targets sometimes involves questionable projects with various risks that may not align with strategic goals.*

3. Performance in delivering results in 9 SCF priority areas

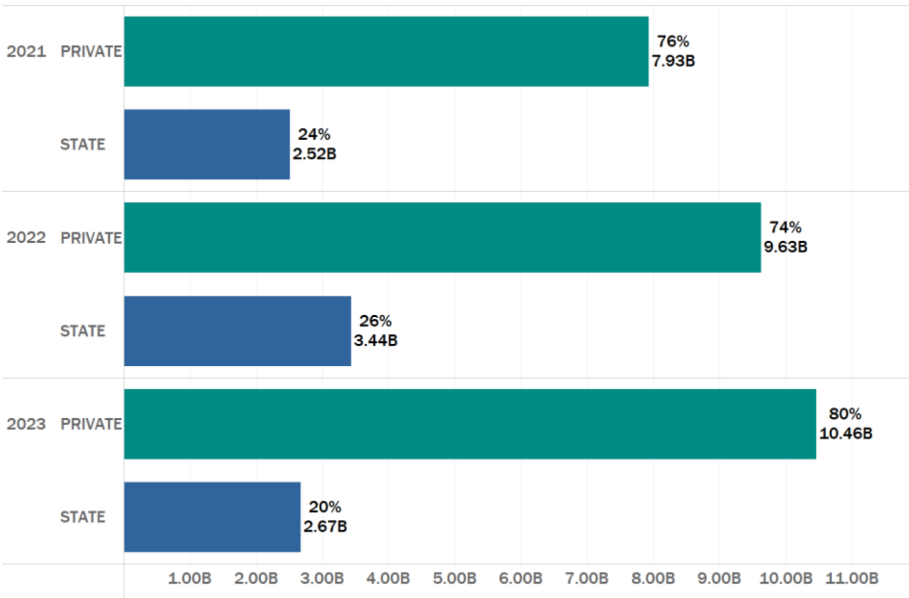
32. **IEvD assessed the progress in achieving SCF strategic goals and cross-cutting themes in 9 areas not covered by evaluation deep dives (Box 1), as discussed in the introduction to this report.** This was done against the key targets established in the SCF as well as available scorecard parameters approved in the consecutive SIPs for the period of 2021-23. Results are presented along strategic goals, and they include some specific examples from recent evaluations. The 9 SCF aspiration covered here have been organised into 3 groups – strategic focus, operational scope, and organisational efficiency.

3.1. Strategic focus

3.1.1. Maintaining EBRD's private sector focus

33. One of SCFs objectives is to maintain Bank's private sector focus with "*ensuring that more than three-quarters of the Bank's total investment in the SCF period is in the private sector*". Despite crises that resulted in substantial growth of the Bank's investments in the public sector, this target has been maintained in SIPs, with the actual delivery being above the target in 2021 (76%), in 2023 (80%) and slightly below the target in 2022 (74%). (Figure 8)

Figure 8: Portfolio class composition in Annual Bank Investment (ABI), 2021-23



Source: IEvD using DW_Banking_Operational

34. **This positive trend masks the challenges that Bank faces in delivering this ambition due to the polycrisis.** There are two areas where public sector operations constitute a significant share

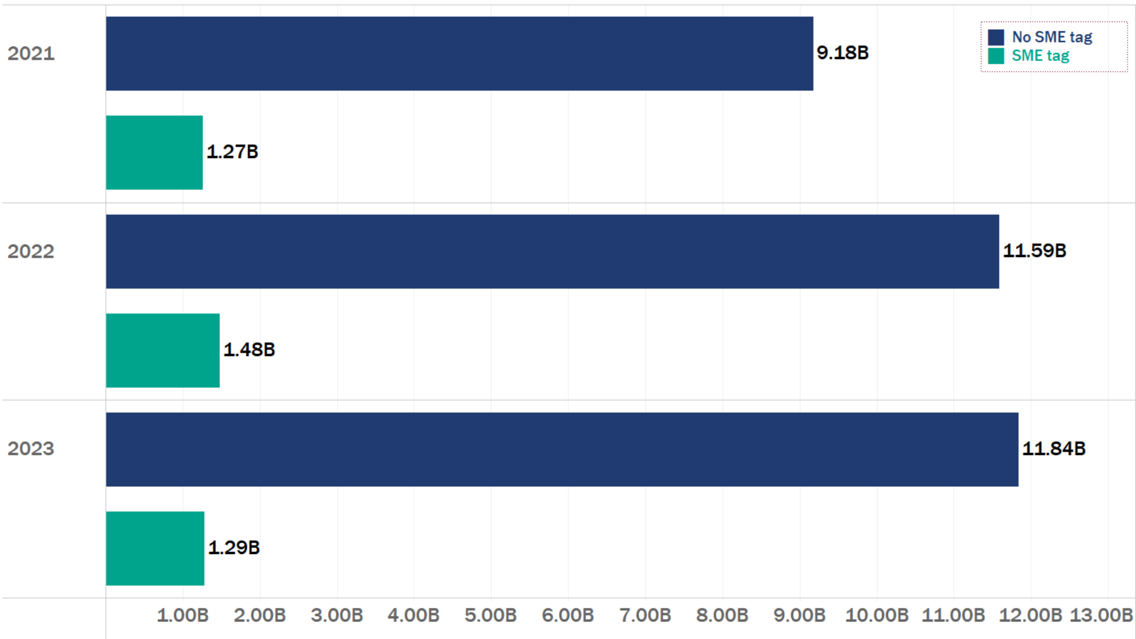
of the ABI: crises response (e.g. Ukraine) and green investments. The war on Ukraine called for unprecedented package of support, where significant share is directed towards supporting critical infrastructure and services, most often delivered by state owned companies (SOEs). Equally, systemic change through green investment is more prominent with the public sector clients and municipalities. The Bank invests significant amount of money in decarbonisation of country energy systems and ensuring that cities across all regions of operation invest for positive environmental change (i.e. through Green Cities Programme). Unlike some other MDBs such as the International Finance Corporation (IFC), the EBRD does not distinguish municipal investments as not being part of the public sector.

35. **It should be highlighted that different regions have different shares of private sector transposed into their targets and respective departmental scorecards.** This variety reflects the realities of local markets, some of which are dominated by the public sector and SMEs. For example, for Central Asia the target is 50%, while for Central Europe and Baltics it is 80%.

Empowering SMEs

36. The SCF highlights support to SMEs. Almost one-third of the EBRD's projects and over 10 % of the Bank's ABI are directed to SMEs. On average, this means that the Bank channels more than €1 billion to over 300,000 small businesses each year. The EBRD is unique in its programme of direct financing and business advice to SMEs. (Figure 9)

Figure 9: SME Flag in Annual Bank Investment (ABI), 2021-23



Source: IEvD using DW_Banking_Operational

37. The SCF outlines the EBRD's integrated approach to supporting SMEs with strategic priorities, which are presented in Box 3. The Bank commits to continue to strengthen its approach to SMEs through a combination of indirect financing via Partner Financial Institutions (PFIs), direct financing by the Bank alone or in partnership with PFIs, business advice, and policy engagement.

Box 3: Strategic priorities in the area of SME support

- **Creating new products that integrate investment and new areas of advisory support**, designed to address key issues such as youth employment and skills, with a strong focus on digitalisation.
- **Supporting SMEs to integrate supply chains** by investing in aggregators via digital supply chain platforms and/or PFIs' own supply chain solutions, including by providing advisory services to both SMEs and aggregators. Also looking to collaborate with other MDBs to support SME participating in supply chains through reverse factoring.
- **Expanding the Bank's successful 'Blue Ribbon' programme** which supports emerging leaders in the sector.
- **Strengthening the coherence and integration of the Bank's instruments** to achieve greater impact through targeted policy dialogue, expanded market coverage and lead to a better performing portfolio.
- **Expanding the use of existing products, such as Women in Business**, to additional countries of operations.
- **Exploring the merits of creating an impact fund**, possibly jointly with the African Development Bank, drawing in official and private investors, for SME development in the SEMED region. This would replicate the Bank's success with the Enterprise Expansion Fund in the Western Balkans.
- **Creating a digital platform for SME knowledge management**, to help SMEs navigate workforce and growth issues.

38. In 2024, IEvD conducted its Phase 1 evaluation of Small Business Initiative (SBI)[7] to take stock of the ongoing transformation of the Bank's SME-related activities. This evaluation focused on two key areas: (i) the efficiency of delivery of planned changes and performance against objectives set in 2015; and (ii) the subsequent evolution of the Bank's SME activities with respect to its coherence with the Bank's strategy and relevance to its stakeholders. The evaluation examined interventions in indirect and direct financing, as well as business advisory services, with policy dialogue to be reviewed in future assessments.

39. This evaluation has several findings, lessons, and recommendations that are relevant to the SCF goal, which are presented in Box 4.

[7] Evaluation of the Small Business Initiative Phase 1

Box 4: Key insights from IEvD's SBI Phase 1 Evaluation (2024)

- The SBI initiative has increasingly aligned with the EBRD's priorities, with further improvement still possible.
- **The Green Economy Transition (GET) ratio in indirect financing increased from 10% in 2015 to 20% in 2023**, while over €1 billion was invested in Women in Business and Youth in Business programs, representing more than 10% of indirect financing. However, indirect financing's contribution to digitalisation remained limited. During the same period, the combined GET ratio of risk-sharing facilities and direct SME financing rose from 30% to 41%, though the volume of direct SME financing declined by 26%, largely due to increased activity in smaller countries with lower investment volumes.
- **Advisory services proved highly adaptable during crises (COVID-19 pandemic, the war on Ukraine, and the Türkiye earthquake)**, with operational plans adjusting quickly to meet emerging needs. In 2021-23, advisory services for market and sector development grew significantly, with a considerable portion of these services delivered digitally.
- **SBI represents an excellent vehicle to transpose Bank's strategic investment goals and transition objectives at scale to the thousands of private sector businesses across all countries of operation.** From 2021, EBRD's strategic priorities, including green, gender, youth, and digitalisation, have been systematically integrated into the operational plans and manuals. The Business Advisory Operational Manual introduced a new focus on aligning SBI activities with SCF priorities, tracked through project-level cross-cutting themes. Incentives were enhanced for advisory projects targeting key issues like inclusion and sustainability, with top-up incentives for cross-cutting projects.
- **Another element that contributed to a streamlined crisis response was the Small Business Impact Fund (SBIF).** With streamlined access and faster approval process compared to the major SBI donor, the EU, SBIF has been instrumental in the swift crisis response.
- **Yet, there were also some gaps in the country-level work.** There is no explicit rationale for prioritisation across instruments or in-depth country-level analysis of SME needs (apart from SME Finance and Development's Operational Plans). Despite that there are some good individual examples of country-level integration. The SME sector transition gap assessment methodology is outdated as was not reviewed since its introduction in 2016.
- **The evaluation recommended that the Bank should review the country-level strategic planning process to strengthen the integration and coherence of the response to SME needs across the organisation.** This involves articulating how systemic change will be achieved through the integration of the entire set of tools within SBI at the country-level. In parallel, the evaluation recommended that the SME sector transition gap assessment and associated transition impact scoring should be updated.

3.1.2. Policy engagement

40. This chapter is largely based on the work from the recent evaluation of the performance and results of the EBRD's policy dialogue that is to be presented to the Board's Audit and Risk Committee on 5 December 2024.

41. **Policy engagement features prominently in SCF 2021-25.**[8] It is one of three areas identified for strengthening the EBRD's business model and toolkit (the others being mobilisation and donor resources). By 2025, the SCF expects the EBRD to have "*achieved greater transition impact by further integrating policy engagement and investment activity and reinforced its ability to measure its effectiveness.*"

42. **However, the SCF does not specify what is meant by integrating policy engagement and investment activity, nor does it provide a clear rationale for greater integration.** Policy engagement has undoubtedly contributed to the Bank's transition impact but by how much is not known because of weaknesses in results management – there are poor or absent results frameworks (including the almost total absence of outcome indicators), absent theories of change, and patchy monitoring.

43. **Policy engagement is considered vital for achieving the SCF's objectives for green, digital, economic governance, inclusion, and support to SMEs among others.** It is also important for achieving the SCF's increased mobilisation objectives by improving investment climate in the countries of operation – the message that comes clearly from the Mobilisation deep dive (refer to the Mobilisation Technical Report for more details). The SCF identifies 5 areas for policy engagement improvement, which are assessed in the following table 3 along with some other SCF ambitions.

Table 3: SCF strategic priorities and commitments on policy engagement

SCF strategic priorities	Commitments on policy engagement	Status
Broadening policy activity from individual transactions to seeking systemic impact through sector and economy level interventions.	The strategy seems to contradict the objective of integrating policy engagement with investment activity. Prioritising technical co-operation has led to cutting back on crucial policy areas, like dispute resolution, which are essential for a favourable investment climate. While streamlining is necessary for managing a growing investment portfolio across more regions, some areas of policy engagement will need to be phased out. However, the most important structural reforms are often far removed from EBRD's investments, meaning the Bank will need to rely on other MDBs and development partners who have policy engagement resources but may lack specific market insights and experience.	
A commitment to capturing the results of policy work and streamlining reporting of results at the country and aggregate level.	It is anticipated that there will be greater changes in the forthcoming years, as the Bank streamlines its data governance standards for all projects, including policy engagements, at the origination stage. Advancements in Bank's Compendium of Indicators are essential to capture the granular results of policy engagement, while integrating TC workflows into the Monarch platform should enhance the capturing of results.	

8 There are 46 occurrences of policy engagement in the SCF main text (this includes the phrases policy engagement [27], policy dialogue [3], policy work [8], policy activities [5], and policy advice [3]). There are 4 occurrences of support for policy reform(s), 2 of policy impact/outcomes, and 36 other occurrences relevant to the Bank's policy engagement. Words associated with these 33 other occurrences include design, effort, goals, agenda, approach, objectives, expertise, support, requests, equation, messages, delivery, coherence, and capacity.

SCF strategic priorities	Commitments on policy engagement	Status
Consolidating knowledge, experience gained and lesson learning from policy engagement	Consolidation is dependent on availability of underlying project level data, which as noted repeatedly, still requires a lot of improvement. There is a growing number of events to exchange the tacit knowledge, however the efforts are dispersed and capturing this knowledge through more explicit channels is very limited. In fact, progress has been negative, with the Policy Academy no longer filling its intended role.	🔴
Building stronger and clearer internal incentives to deliver policy objectives	Recent evaluative evidence suggests that there was no progress compared to previous periods. Incentives for bankers remain focused exclusively on investment delivery and policy work, although often intensive, and often concentrated on the country level in Resident Offices, remains an “add on” activity with little incentives attached to prioritise it.	🔴
The development of common country platforms to define joint policy engagement priorities and common messages with other development partners	The Bank has made notable strides in consolidating international partners around resource efficiency, climate change mitigation, and promoting a circular economy. Examples include the Egypt country platform, the North Montenegro platform, and the forthcoming Türkiye platform, all aimed at low-carbon transitions in challenging industries. Additionally, the Donor Platform for Ukraine, involving MDBs, international agencies, and donors, is fostering greater alignment and addressing urgent infrastructure and economic needs. In other crisis-stricken countries co-ordination with international stakeholders is also strong. Progress in other areas remains limited.	🟡
The SCF envisages that the share of policy activities will increase in less advanced countries.	The extent of policy engagement in ETCs is unclear as there is no baseline or trend data. Revising the definitions of ETCs and ATCs is necessary to better reflect the changing country portfolio of the EBRD, including new Sub-Saharan regions and fragile states. This will increase the need for systemic, sustainable, and impactful policy engagement.	

🟢 = complete; 🟡 = significant progress; 🟠 = some progress; 🔴 = limited progress

44. **The war on Ukraine and the EBRD’s response dramatically changed the policy engagement portfolio.** Support for reform in Ukraine is an important requirement of the paid-in capital increase approved by all governors at the end of 2023.

45. **The SCF acknowledges that the Bank’s policy engagement relies heavily on donor funds and the SSF.** SIPs also note that grant funds are constrained. Expansion to new countries of operation that will all likely be ETCs/fragile and conflict affected states, plus the ongoing need to support reform in Ukraine, will require a lot more policy engagement, particularly upstream work to help create bankable projects. SIPs to date have not provided for the increased demand for policy engagement resources, which are already constrained, from expansion.

46. The resources of expanded policy engagement in new countries of operation should not come from existing ones, so incremental resources will be required. Dialogue is ongoing with donors, including potential new donors. However, it may be prudent to consider the alternatives

available should new and existing donors are not able to plug the gap. One option might be to release grant resources that are currently funding staff positions and associated expenses that could and should be covered by the core budget. As noted in section 3.2.2 of this report on donor financing, the SCF commits to phase out use of donor funds for staff positions as a high priority, but this has not yet been done.

47. **SIPs generally repeat statements made in the SCF regarding policy engagement rather than introducing anything new** – one exception is organisational redesign to create a focal point for policy engagement though responsibility for policy engagement remains scattered (and to some extent needs to be). The teams in VP3 is under-resourced when considering the ambitions for policy engagement in the SCF. While SIPs provide some increase in staff and budget resources for policy engagement in the areas of green, digital transition and equality of opportunity, policy engagement is just one of many areas expected to benefit from the increments. As a result, the amount specifically going to policy engagement, while unknown, is likely to be modest.

48. **The EBRD is doing little to develop capacity in policy engagement** – the Policy Academy is no longer fulfilling that role – and political economy considerations are not reflected sufficiently in country strategies and delivery reviews.

Interviewee observations:

- *A key success factor is the linkage between policy engagement and investment capacity building, with impactful examples like energy auctions, setting up covered bonds, and opening the market sector. Establishing the Nexus of Food, Water and Energy in Egypt was a significant highlight, alongside achieving numerical targets. Covid and the war on Ukraine created important needs for policy engagement.*
- *Efforts to build a policy academy in the Bank lost momentum, and we should reinvest in it to preserve policy knowledge, which is often held by individuals. My experience at HQ helps me connect the dots, but new staff may struggle to find information and lessons learned.*
- *In SEMED, much policy dialogue is done by field staff on an ongoing basis, but we lack proper documentation and measurement. These activities, often done via emails and letters, are not well captured, and we do more than we report. Policy dialogue is mainly conducted by RO-based staff, though more VP3 people are now in the field.*
- *Transactional TCs are prioritised, while non-transactional TCs are deprioritised. Policy work is increasingly geared towards supporting EBRD investment.*
- *We have got rid of a number of policy workstreams (like dispute resolution) that contribute significantly to the quality of investment climate - something that is crucial also for our own investments and for the direct delivery of transition impact.*

3.1.3. Gender, equality and inclusion

49. **The SCF has a significant focus on gender, equality and inclusion.** Its aspiration is for EBRD to have: "*promoted equality of opportunity for disadvantaged groups and deepened the mainstreaming of gender considerations in projects through strengthened capacity for investment and policy engagement*".

50. **The SIP 2021-23 set a minimum of 18% for gender-tagged operations, marking a three-percentage point increase.** This target was measured through the Gender SMART process. The goal was to embed gender equality in the Bank's investment culture from project development to completion. The SIP 2022-24 introduced strategies on Equality of Opportunity and Gender Equality, aligning with global efforts to promote Sustainable Development Goal (SDG 5). The 2022 Corporate Scorecard set a minimum of 25% for gender-tagged projects. Support was provided by the Gender and Economic Inclusion Team and a Network of Gender Champions. The Equality of Opportunity Strategy (2021-25) introduced new approaches to inclusion, focusing on digital, green, and science, technology, engineering and mathematics skills.

51. **The SIP 2023-25 ensured the continued rollout of these strategies, despite resource pressures.** Gender-tagged operations increased, with the 2023 scorecard target raised to 30%, aiming for 40% as advocated in the SCF. Resource pressures limited new products and policy engagements, with reliance on donor-funded positions. The Bank focused on raising bilateral funds into multi-donor vehicles like the Gender and Inclusion Fund. Efforts strengthened capacity, expanded the hub-and-spoke model, and reduced dependency on donor-funded staff. In 2022, these needs were met by strengthening capacity in the central team, ESD, and the financial institutions' group in Banking.

52. Strategic priorities and SCF commitments specifically related to gender, equality and inclusion, along with IEvD's assessment of achievement, are shown in the Annex 3. The evaluation of the SCF has not made its own assessment of the progress made on the gender and inclusion ambitions of the SCF. Rather, the findings of IEvD's recent evaluation *Paving the way for gender equality: Evaluation of EBRD's support of gender equality – Phase 1 (2017-2021)*[9] have been used for the assessment. However, as a project cluster evaluation its focus is on the project level rather than high-level strategy. Management's self-assessment was also used.[10] Given the information sources available the assessment is sometimes made against a group of priorities and commitments.

53. IEvD's recent cluster evaluation of the EBRD's support for gender equality[11] identifies some limitations regarding access to data and information. These are noted in Box 5. In highlighting these issues, IEvD acknowledges that many SCF strategic ambitions are underfunded, and teams are under pressure. Also, data and information systems are being worked on, but solving these problems will require resources.

[9] Link to be provided when available
[10] CS/FO/24-24 (Addendum 1)
[11] EBRD's Strategy for the Promotion of Gender Equality (SPGE) 2021-25

Box 5: Limitations regarding access to data and information: findings from IEvD Cluster evaluation of EBRD's support for gender equality

- Monitoring reports, gender action plans, gender baselines, and technical cooperation (TC) data were not easily accessible to the team. IEvD experienced frequent delays in response from the GEI staff who needed considerable time to retrieve relevant data.
- Gender data recorded in EBRD's IT systems, including the Technical Cooperation Reporting System (TCRS) and ProjectLink, was often outdated and lacked basic information about activities.
- The evaluation team faced significant challenges in extracting TC-related data through the TCRS. Checking and triangulating them with other data sources required considerable effort and time.
- Reporting, monitoring, and filing of gender information did not appear to be systematic, and there was no clear allocation of responsibility with respect to data collection and management.

Resourcing inclusion work

54. **SIP 2021-23 flags incremental resources for operational sustainability, including the Gender and inclusion team.** £0.9 million and 15 FTEs under Operational Sustainability (Gender and Inclusion team resources internalisations, Donor Partnership resources for donor related activities and field-based resources to support portfolio activities). **SIP 2022-23 flags the following incremental resources**: "c. 13 FTEs and £1.1 million budget are proposed to develop key thematic priority areas (e.g. inclusive financial systems, inclusive region and cities, digital/green skills, care economy, safe transport and inclusive infrastructure, as well as gender mainstreaming through institutional capacity building)." It also envisages "£1.0 million and c. 12 FTEs under the Equality of Opportunity theme. Ten FTEs to further embed GEI experts across sectoral and regional banking teams by ensuring conversion of donor- to Bank-funded positions to maintain existing capacity, building capacity in strategic priority areas of policy engagement and gender mainstreaming, and for the management of a fast-increasing stock of projects and Technical Cooperation positions. Two FTEs for gender capacity within the Financial Institution group in Banking to promote gender mainstreaming across PFIs." And further "£0.1 million and one FTE under the Equality of Opportunity theme for the Gender Based Violence and Harassment project."

55. **SIP 2023-24 flags the following with regards to incremental resources.** Up to 32 new fee-funded staff positions, covering high priority areas related to areas of historical underinvestment and capacity building, and to meet new cross-cutting donor demands such as gender and economic inclusion and a number to support the Bank's response to the war in Ukraine though the SIP also notes "resource pressures limit the development of new products and approaches."

56. IEvD has not been able to determine the extent to which incremental resources flagged in SIPs were in fact delivered. In a recent FOPC, the GEI director mentioned that the current GEI team has 45 staff members, with half of them funded by donors. This dependency on donor funding raises concerns about sustainability and poses a number of operational risks.

Interviewee observations:

- *On gender and inclusion, we have successfully framed our approach to include people's livelihoods during shocks. However, scaling up has led to a significant rise in staff, creating instability due to reliance on donor funding and temporary resources. Our organisation is improving in learning, especially in GEI activities where good data has become increasingly important.*
- *We have integrated equality of opportunity into our impact stories with main clients, though further progress requires incremental gains. Inclusion is often new for our clients, but where we can advance, it brings genuine value. We have only completed a few projects for disadvantaged groups and need to focus more broadly on human capital.*
- *In the Caucasus region, we are about to launch a youth in business program with ambitions similar to the Women in Business (WiB) program.*

3.1.4. Digital transition

57. **Digital transition is third strategic theme of SCF 2021-25** which says "*accelerating the digital transition, recognising that technology can be a key enabler of transition progress within countries of operations across the six transition qualities. The Bank has some emerging expertise in this area, such as in the application of technology in infrastructure. A comprehensive Approach to strengthen the Bank's activity will be prepared for discussion with the Board of Directors in 2021*." It was expected that by 2025, the Bank will have launched a comprehensive and coherent set of activities to help countries of operations leverage the digital transition as an enabler of transition across all sectors. Other points made in the SCF are as follows.

58. **The Board approved EBRD's approach to Accelerating the Digital Transition, 2021-25 (Digital Approach) at the end of 2021[12].** This document is not a sector strategy, but a thematic paper that presents a set of bank-wide inputs and activities that should deliver outputs and then outcomes; it sets up a framework for implementing the SCF digital commitment.

59. **Recent evaluations highlight a lack of mature investments approved since the Approach's launch.** An ongoing evaluation of the Approach may offer useful insights for the next SCF, where digitalisation changed from a cross-cutting theme to an enabler, emphasising it as "a means rather than an end".

60. In 2021, IEvD conducted an evaluability assessment of the Digital Approach[13], highlighting several areas for improvement (Box 6). The findings from this assessment remain relevant today.

[12] The EBRD's Digital Approach: Accelerating the Digital Transition 2021-25
[13] IEvD Preliminary Comments on the Approach to Accelerating Digital Transition 2021-2025

Box 6: Evaluability Assessment of the "EBRD Approach to Accelerating the Digital Transition 2021-25"

- Digital Transition faces challenges in measurement due to its multifaceted nature.
- The Digital Approach lacks tangible targets and benchmarks, making success difficult to assess by 2025.
- No clear metrics for project numbers, investment volume, or donor financing exist, which are essential for tracking progress.
- The absence of baselines complicates assessing progress from the Bank's current activities.
- Proposed indicators are incomplete, mixing outputs, outcomes, and activities without clear alignment.
- A performance management framework similar to sector strategies is needed to understand attribution and measure impact at each stage.
- Initial results measurement should focus on measurable activities, given the uncertainty in outcomes.
- IEvD recommends a simple Theory of Change to clarify pathways between activities and outcomes and address measurement gaps.

Findings from more recent evaluations

61. **Digitalisation has enhanced resilience, particularly in e-governance and infrastructure projects.** However, the limited scale of direct interventions, especially in promoting sustainability-related technological advancements, suggests that there is significant potential for the EBRD to expand its role in driving digital transformation.

62. **While progress has been made in transportation and agribusiness, a more coherent and integrated approach to supporting digital innovation across other sectors is needed.** Enhanced collaboration within the teams and stronger partnerships with local stakeholders could significantly amplify the impact of digitalisation efforts.

63. **There is limited evidence that the EBRD has significantly financed the diffusion of innovative practices such as smart, digital, or precision agriculture at the primary producer level**. This suggests that the EBRD's usual demand-driven approach might not be effective in fostering a significant volume of such innovative projects due to their high-risk and nascent nature.

64. While bigger companies are better equipped to invest in new technology, the SME sector, which forms the backbone of the EBRD regions, often lacks the know-how, financial resources and, in some cases, awareness or competitive imperative to digitalise.

65. Regarding the Green Cities Programme (GrCP), the current SCF notes that "all future Green City Action Plans generated by the Bank will include 'smart city' elements to connect disparate utility, infrastructure and public services to generate real time data allowing a range of benefits, including reduced pollution, improved environment and the more efficient delivery of public

services. Significant progress has been made in this area, which is noted in recent Interim evaluation of GrCP (2023).

Interviewee observations

- *The digital initiative had ambitious goals with partner of choice but lacked clear targets* and *serious implementation power. While the Bank has made significant achievements in cybersecurity, the digital transformation is still in its early stages and not yet at scale. The next SCF will make this more explicit.*
- *The digital hub banking space and the people running the digital agenda have not developed as expected, and the initiative has been too ambitious without sufficient resources. Globally, digital is crucial for capital markets and growth, but there is a striking underfunding at EBRD, raising concerns about missed opportunities.*
- *Despite some successful projects, like rural broadband, and clients investing in digitalising their businesses, the overall digital effort is struggling and needs more support and closer connections with the banking teams, similar to the partnership between CSD and banking.*

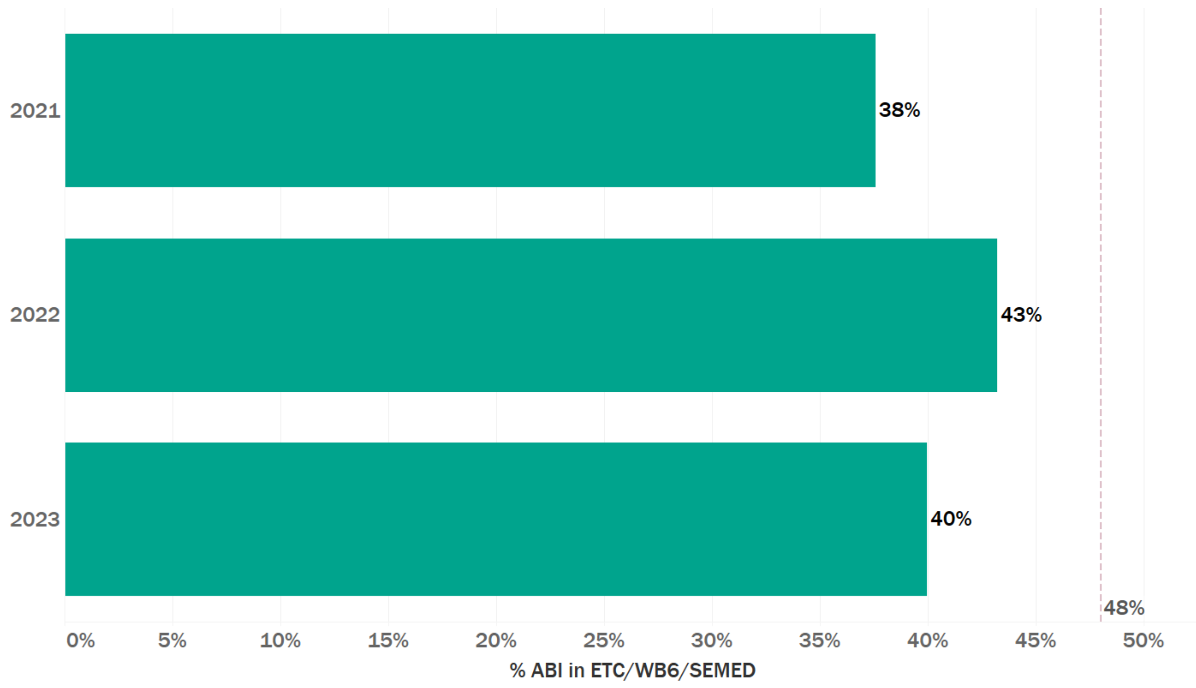
3.2. Operational scope

3.2.1. Geographies of operation

Delivery in priority countries

66. **The SCF identifies several priority countries that face particular challenges in narrowing transition gaps and achieving higher rates of growth, productivity and prosperity**: Early Transition Countries, SEMED and Western Balkans. Commitment to investment in those countries is translated into targets in the consecutive scorecards. For the years 2021-23 the target for the ABI share to be delivered in ETCs, SEMED and Western Balkans countries remained at 48%. However, actual levels were lower: in 2021, 38%, in 2022, 43%, and in 2023, 40% (Figure 10).

Figure 10: % ABI in ETC/WB/SEMED, 2021-23



Source: IEvD using DW_Banking_Operational

67. **The share of ABI might not a suitable and meaningful measure of support for small countries where large projects are not feasible – the number of operations might be more illustrative given the size of the markets.** The self-assessment of SCF delivery (2024) as well as IEVD's Evaluation of ECTs (2023) illustrate that priority countries usually have small economies with a limited number of bankable private sector clients. Portfolios are usually dominated by public sector operations, where origination, approval and implementation take a long time, and regularly is subject to alterations and cancellations. These countries require more intensive TC-funded support at the preparatory stage and support in implementation. For example, ETCs have 75% of the total transactional TC projects.

68. **Another reason why ABI alone is not a good indicator of the EBRD's support for ETCs is that a lot of it is TC-funded policy engagement.** Almost all comes from donor financing and/or the Bank's SSF. IEvD's 2024 evaluation of EBRD's policy engagement performance notes that just over a third of TC approved in the period 2017-23 was for policy engagement (compared to around 55% in support of investment project implementation). Almost half of all policy advice, legal and regulatory reform, and institution-building engagements over the period 2017-23 had been directed to Ukraine in Eastern Europe and the Caucasus region (EEC). Meanwhile South-Eastern Europe (SEE) and SEMED account for 15% of policy engagement in terms of number.

69. **From the above, it is clear that EBRD's support for ETCs and more generally for fragile and conflict affected states extends well beyond ABI.** It is also clear that presenting data on a regional basis does not provide an accurate picture of the EBRD's resource allocation or support to ETCs/fragile and conflict affected states. On top of this, much policy engagement is conducted informally, largely by resident offices. This goes largely unreported and unrecognised. Beyond

policy engagement, projects in ETCs/fragile and conflict affected states require a lot more upstream work to produce bankable projects and/or support reform efforts, and much more 'hand holding' and guidance during project implementation. This too is a large part of the EBRD's focus on ETCs/conflict affected states, but which goes largely unreported (see Technical Report on Crisis Response for more illustrations).

70. **Expansion to SSA and Iraq will bring a greatly increased challenge to prioritise efforts in ETCs/ fragile and conflict-affected states given that all expansion countries will fall into this category.** This is particularly important as expansion should not be accompanied by a transfer of resources from the EBRD's existing regions. The agreement for an increase in the Bank's paid-in capital states that "*the goal of increasing the Bank's investment and policy activity in the countries least advanced in transition – the Early Transition Countries (ETCs) and the countries in the Southern and Eastern Mediterranean and the Western Balkans – remains in place*" It also states "*The Bank will continue to address transition challenges across all its countries of operations with shareholders consistently emphasising the importance of addressing the largest and most pressing needs*" and "*aiming to deliver the SCF 2021-2025 goal of increasing the investment and policy activity in ETCs, SEMED and the Western Balkans.*"[14]

71. **Of importance to the next SCF is in the proposal for the paid-in capital Increase that indicates that there will be a new context for the definition and assessment of the Bank's geographic priorities.** It also includes a policy commitment requiring the Bank to "*work to find a consensus on appropriate funding for Board advisers from, in particular, least advanced countries of operation not directly represented in the Board of Directors by the end of 2025*."

72. **Coming up with a new definition of priority countries that goes beyond the concept of ETCs is a major challenge, as regional groupings also must include fragile and conflict-affected states.** Given the number of such countries (28 if all envisaged expansion occurs) and given the diversity of countries requiring different types of responses some sub-groups of countries in terms of necessary strategic approach may be needed.

73. **It is also important to go beyond (or dropping) ABI as a measure of geographic prioritisation.** A new matrix should capture the totality of EBRD's activities to be a more accurate reflection of the Bank's efforts in the priority countries, compared to the current one.

74. **Resourcing the needs of priority countries without prejudicing the pressing needs of other countries needs to be made much more explicit in the future SCF.** This particularly concerns the requirements for TC supported by donor financing and SSF and the need for adequate staffing of resident offices.

Interviewee observations

– *I consider current volumes as a success, but volume targets provide the wrong incentives, pushing us towards larger public sector operations. Priority countries should be evaluated individually and by the number of transactions to emphasise private sector deals.*

[14] BDS23-116 (Addendum 5) (Rev 1)

- *In the next SCF we need to rethink the concept of priority regions like ETCs and the Western Balkans.*
- *We must not lose sight of fragile countries. Although small, EBRD plays a significant role there, especially in infrastructure.*
- *EBRD is a demand-driven Bank, and we need to put more energy into ETCs, which are inherently more challenging.*

Expansion to new countries

75. Key points from documents on expansion to new countries are:

- The SCF 2021-25 strategic aspiration includes "*successfully begun operations in new countries of operations within the Bank's existing region, such as Algeria and taken steps to begin operations in a limited number of countries beyond the Bank's current geographic region*." EBRD's shareholders gave the green light to expand incrementally into six countries in Sub-Saharan Africa and Iraq at its 2023 Annual Meeting in Samarkand.
- An essential prerequisite for the success of any limited and incremental expansion into the region by the EBRD would be the establishment of clear modalities for collaboration with existing institutions.
- In the Report of the Board of Directors to the Board of Governors Proposal for a Paid-In Capital Increase a condition is that the "*SCF 2026-2030 will also set out the parameters for a review of the Bank's operational experience in new countries of operations in 2028.*"

76. The first three SIPs since approval of SCF 2021-25 make no significant mention of expansion – SIPs 2022-24 and 2023-25 note that the mid-term budget perspective will "*require resources to support the Bank's operational delivery and future regional expansion." SIP 2024-26 states the same but it also notes "financial projections based on planned business volumes – including the proposed acceleration of investments in Ukraine and a limited and incremental expansion to sub-Saharan Africa and Iraq from 2025 – and related financial assumptions show that the* ***EBRD's finances are sustainable over the SIP period but not without risk in the event of a severe downturn*** [emphasis in the original].

77. IEvD notes Management's April 2024 update to the Board of Directors and Board of Governors of SCF implementation progress with regards to expansion within the Bank's existing geographic scope, the report says that Algeria became a member and shareholder in October 2021. The only comment on progress is that "*over the period the Algerian authorities and the Bank have engaged in discussions about future cooperation and continue to do so*."

78. On the increase of the Bank's geographic scope, the same Management report says, "*following exhaustive analysis, the first formal step to fulfil the aspiration was taken at the Bank's 2023 Annual Meeting where an amendment to the Bank's geographic scope contained in Article 1 of the Agreement Establishing the Bank was approved*." The review notes that three-quarters of the members will have to approve the amendment before it can be effect. It adds "*work is ongoing on the necessary internal steps for the Bank to operate in new countries, once approved*."

79. SIP 2024-26 states that future EBRD budgets "*will need to take into account resources to support the Bank's operational delivery and future regional expansion. Interviews suggested that the 2025-2027 will specifically start to budget for expansion*."

80. **Section 3.2.1 above flags the issue of the need and requirement to come up with a new definition of priority countries to replace the concept of ETCs.** It will require significant resources (covering staff, core budget), SSF and donor grants) to deliver on the ambition, particularly post-expansion. Interviews indicated that staff resources will be a constraint, especially compared to peers like IFC, which has around 450 staff in SSA and Iraq. The EBRD aims for less than a third of this number. Additionally, securing sufficient donor financing and grants for the expansion countries will be challenging without impacting existing countries. Though progress has been made with identifying new donors, raising enough funds remains difficult. The EBRD relies heavily on donor financing and SSF support, which need regular replenishment.

81. **Another demand on donor finance comes from the need to meet mobilisation targets.** This too has to be factored in. This highlights another point – namely the distinct need for non-transactional as well as transactional TC.

82. IEvD's 2016 evaluation of *EBRD's experience with resident offices*[15] indicated that the experience of expansion to SEMED showed the challenge of having the right staff available with the knowledge and experience of the new region, and ideally language skills, to staff resident offices. This too needs to be taken into account in future strategies.

Interviewee observations

- *We've prepared for the necessary decision-making and are progressing in SSA, where we need to focus on specific areas for policy action and ensure policy engagement aligns with investment activities. If resources are reallocated to SSA, it could risk some accomplishments, but it's manageable if adequately resourced.*
- *Our experience in Egypt has prepared us for SSA expansion, emphasising the need for agility. EBRD's bottom-up, driven nature is praised but makes us less predictable.*
- *It's crucial to position the bank as a first-rate institution and carefully select initial clients. Failures in SEMED, like not recognising cultural differences, highlight the need for a tailored approach in SSA. The context is different, and this is a key lesson from SEMED.*

Graduation

83. One of the 13 aspirations outlined in Box 1 is that "*by 2025 the Bank will have strengthened its support for any country opting to graduate from using Bank resources through and enhanced Post-Graduation Operational Approach*". The SCF also reaffirms the principle of graduation as defined in *A Policy on Graduation of EBRD Operations*, which it notes is a country-led process. For countries advanced in transition the SCF expects that their country strategies "*will be narrow and increasingly focussed on a limited number of areas*."

[15] The EBRD's experience with resident offices, 2016

84. **In responding to the Covid-19 pandemic, and later to the war on Ukraine, 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.** The Post-Graduation Approach provides a premise for "*a rapid right of return in the case of a crisis*." SCF recognises that Covid-19 pandemic has enhanced the EBRD's additionality in all its countries of operations.

85. 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 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.

86. **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.** War context is reflected significantly in the strategy for the Slovak Republic (2023-28) and to a lesser degree in Croatia (2023-28). Countries like Poland, Lithuania, Estonia, and Latvia, which had potential of graduation due to significantly reduced transition gaps currently face significant vulnerabilities related to the energy security, macroeconomic stability, value chains, and pressure on labour market and public services due to large volumes of refugees. SIPs, including that for 2024-26, make no mention of graduation.

87. **Advanced transition countries also play important role in supporting Bank's primary strategic aspiration of green transition.** Private sector investments and policy dialogue/ technical assistance in the area of capital market development in those geographies are unlocking opportunities for more innovative solutions for decarbonisation of the industries and services. Recent cluster evaluation of the Decarbonisation of Built Environment (2024) highlighted the significance of Lithuania's role model in large-scale decarbonisation of residential buildings that are responsible for significant share of GHG emissions across all countries of operation.

Interviewee observations

- *Graduation is not the word we hear – advanced EU countries have big needs, and we are additional there again. We are moving to more complex projects in green, capital markets and digital that are in high demand.*
- *Post-graduation approach still exists but I don't think any country will graduate in the next SCF as it is a voluntary process. We need massive investments to decarbonise or address geopolitical risks. The ongoing war scared off many investors.*
- *Under current situation it is impossible to imagine any graduation. Crisis requires our action.*

3.2.2. Collaboration with global stakeholders and cross MDB coordination[16]

What SCF and SIPs mention

[16] This section does not include donor financing, which though part of international collaboration and coordination, is dealt with on its own in section 3.3.1 given its importance to EBRD achieving its strategic ambitions. Collaboration and coordination around EBRD's geographic expansion is also covered separately.

88. The SCF Executive Summary has a section entitled Partnering for Impact in which it states that "*EBRD will sustain focused coordination with other actors through the SCF period…working with and through other institutions, including other MDBs, bilateral development finance institutions, the European Union and other donors*," with 3 expected results areas – namely, (i) multiplication of the EBRD impact, (ii) the EBRD focusing on its strengths, and (iii) exchange of learning.

89. **The SCF points out that the Covid-19 crisis brought home the importance of different development actors combining their strengths (presumably rather than competing).** According to the SCF cooperation would be manifest through co-financing, policy coordination and mutual lesson learning. Again, these reflect expected results areas for international collaboration during the SCF period.

90. In section 1.3.2 of the main text, the SCF acknowledges that IFIs and MDBs need to act more as a system, and presumably less as independent actors. Common priorities are identified as the mobilisation of private capital; "policy coherence within and across countries, good standards, including with respect to environmental, social and governance safeguards, transparency, pricing and debt sustainability;" and coordination and agility. These too are expected results areas from the SCF focus on international collaboration.

91. Aside from coverage of donor financing and alignment with the Paris Agreement, the SIP 2021-23 does not mention international collaboration. The executive summary of the SIP 2022-2024 makes a stronger statement on Paris Agreement alignment by stating that all the Bank's activities will be aligned with the Paris Agreement by the end of the first year of the SIP. Similarly, the executive summary states that the Bank will align with global efforts to promote SDG 5 on women's equality and empowerment. IEvD has not been able to determine progress on this commitment. It is hoped that the document commenting process may result in information on progress. The main text of the SIP 2022-24 provides further details on Paris alignment. It also notes that "*scaling up policy engagement on ambitious low carbon and climate resilient pathways*" will be subject to adequate resourcing and this will involve "*leveraging enhanced partnerships with other IFIs, international partners, and local stakeholders*." Similarly, the alignment with SDG 5 will bring "the Bank closer to the often more ambitious goals of its key partners, such as the EU, donors and policy stakeholders." Meanwhile, in the area of support to digital transition, "partnerships with other MDBs, policy makers and technology specialists will be critical as EBRD scales up its work in this new area where the rules and standards are evolving rapidly.

92. SIP 2023-25 understandably has a lot to say about Ukraine and the consequences for strategy from Russia's war on Ukraine. On wider collaboration, the SIP notes that EBRD acted as Chair of the Climate Head's Group of MDBs, the Bank played a prominent role at COP27 in Egypt. It also confirms the rollout out of Paris alignment methodologies. Additionally, the Bank "review the implications for countries of operation and Bank activities of the Global Biodiversity Framework, as well as the recent focus on this topic by stakeholders such as the Network for Greening the Financial System."

93. The agreement on a paid-in capital increase has a lot to say about international collaboration. Understandably much of this concerns Ukraine. However, it goes beyond Ukraine as discussed below. Some of the points from the Board of Director's proposal in Box 7 follow:

Box 7: International Collaboration in the Board of Director's proposal on paid-in capital increase

- The scale of support required by Ukraine requires effective and efficient coordination to maximize impact. The response has been the formation of a Ukraine Multi-Agency Donor Coordination Platform with an operational arm of an IFI-led coordination group covering topics such as joint project preparation and implementation capacity support, and coordination in procurement among others.
- Experience has shown that strong Ukrainian leadership towards clear goals is the best way to achieve coherence and complementarity.
- A Ukraine Investment Platform promotes co-financing. The heads of EBRD, World Bank, EIB and the Council of Europe Development Bank signed a Memorandum of Intent to harmonise parties' approach to procurement in Ukraine.
- The policy commitments in the agreement include the need to:
    - Strengthen the coordination of international economic assistance as well as the prioritisation and implementation of policy reforms.
    - Continue active and positive role in international coordination at the national level, sectoral and project level supporting the Ukrainian Government in the pursuit of macroeconomic stability and progress towards membership of the EU.
    - Collaborate with EIB, World Bank and other MDBs and bilateral agencies to streamline implementation support
    - Support consistency in procurement practice across MDBs
    - Prepare concrete plans for collaboration and coordination with development partners in any new countries of operation.
    - Build on experience with successful collaboration with other MDBs in Ukraine to advance harmonisation and mutual recognition between partners, focussing initially on procurement with a view to strengthening the approach to cofinancing.

Source: Board of Director's proposal on paid-in capital increase

94. Management's April 2024 Report to the Board of Directors and Board of Governors does not provide any update on MDB or other international collaboration or coordination.

95. **IEvD reviewed available evidence on international and cross-MDB collaboration through the lens of SCF commitments. Ratings and their substantiation are included in Annex 3.**

96. **A key consideration for strategizing future international collaboration is the extent to which collaboration under crisis conditions provides a model or at least direction of travel for collaboration in non-crisis situations.** The paid-in capital increase requires the EBRD to consider the wider applicability of the experience of successful collaboration in Ukraine.

97. **The evidence available does not allow IEvD to have clear findings on this matter, though it seems that harmonisation on procurement would be both achievable and highly desirable.**[17] Similarly, it should be possible for selected MDBs to use each other's assessments of safeguard issues when cofinancing. Within country strategies there can be agreements on harmonised policy messages though care needs to be taken with joint approaches to policy engagement as it needs to respond to the demand of the countries many of whom like a plurality of policy advice. Mutual learning at the country level is also beneficial.

98. **IEvD acknowledges that coordination and collaboration incur costs, including time and potential frustration.** These efforts may be beneficial in crisis situations but might not be as valuable in non-crisis contexts. The loss of agility and flexibility, which are valued EBRD qualities, are an important consideration when collaborating with others. Another issue of extending crisis processes more generally relates to risk. Taking shortcuts in a crisis may be justified even though financial and reputational risk are heightened. However, in normal circumstances such risks may be unacceptable.

International memoranda and agreements signed

99. **Within the evaluation period the Bank signed 28 MoUs and 1 Memorandum of Intent with bilateral and multilateral partners.** These are not necessarily legally binding documents, but they establish frameworks for international cooperation and inter-institutional coordination. A focus on initiatives in specific countries centres around the areas of gender equality and green transition. Also, there are MoUs with international partners on crisis response, digitalisation and cyber security, and wider issues surrounding the sustainable development agenda in EBRD countries of operation.

100. **The evaluation assessed the purpose of the various agreement in their ability to help the EBRD to deliver on its strategic priorities at scale and categorised them as strategically relevant or not.** More weight was given to agreements that covered multiple countries, agreements with entities that worked in multiple countries even if the agreement only covered a single country as the possibility of replication to other countries exists. Higher relevance was also associated with a clear focus on SCF strategic priorities. Limited strategic relevance does not mean the agreement was not worth entering into, just that the support to SCF being realised at scale was less.

101. The full assessment is presented in Annex 4 while Table 4 summarises key findings.

Table 4: Strategic relevance of EBRD's international agreements/ MoUs

Assessment category	Number of agreements	Percent of total
⬢ = strategically highly relevant	10	34%
⬢ = strategically relevant	4	14%

[17] IEvD evaluation of paid-in capital increase planned for 2026 will be able to look into this issue in detail

🟠 = somewhat strategically relevant	11	38%
🔴 = limited strategic relevance	4	14%

102. Only 14% of signed agreements were considered to be of limited strategic relevance with almost half being considered to be of high strategic relevance of strategic relevance. One might have expected to see more agreements in the new priority area of digitalisation and with international organisations focussed on crisis response.

Interviewee observations

- *It's challenging for the SCF to guide our international collaborations and partnerships. However, in the last 2-3 years, cooperation with MDBs has gained momentum and will be more clearly reflected in the next SCF. We are strong believers in cooperation, actively participating in the G20 and MDBs arena. Our cooperation in Ukraine has been impressive and is reflected in the upcoming five-year plan, driven by practical situations on the ground.*
- *We have made significant progress in the green area, aligning with international frameworks for climate and nature, including the Paris Agreement. On the inclusion side, initiatives like the Women Entrepreneurs Finance Initiative have translated systemic ambitions into better policies for promoting women's entrepreneurship with the World Bank. In the digital realm, we are more involved in working groups with MDBs.*
- *Ukraine has been a powerful example of coordination among international partners, helping set up structures to match Ukraine's needs with the capabilities and funds of international partners, especially in energy. There is multilateral engagement at strategic levels, such as the G7, G20, and MDB heads, alongside direct bilateral relationships with specific MDBs to address alignment and operational issues in particular countries.*
- *The concept of country platforms, which first appeared in 2015, has been revived. These platforms are crucial for working better together as a system, with everyone committed. EBRD was the first to implement such a platform in Egypt and North Macedonia, and the latest iteration will be announced at COP29, focusing on industrial low-carbon footpaths in Türkiye.*

3.3. Organisational efficiency

3.3.1. Critical role of donor finance

103. The SCF gives a lot of attention to donor financing to provide grant funds and funding for staff positions and associated staff costs in priority areas (see Box 8).

104. The implementation of the Bank's sectoral, thematic, and geographical priorities (as described in Box 1 in section 2.1) were expected to require a further increase in the proportion of projects supported by donor funding. The Bank was deploying 75 per cent of donor resources in the priority regions that face the highest transition challenges and where projects tend to need higher grant intensity relative to their size. The Bank was directing over 60 per cent of all donor support to GET projects. The environment for raising additional donor resources for countries of

operations over the SCF period was expected to be more challenging as public finances globally are under pressure.

Box 8: Donor financing in the SCF

- It is one of three areas targeted for strengthening of the Bank's toolkit (the others being mobilisation and policy engagement).
- Donor finance is a key enabler for achieving the Bank's strategic goals, particularly the delivery of impact.
- Specific areas noted for use of donor finance include:
  - support for SMEs
  - addressing major climate mitigation and adaptation and other environmental challenges
  - expansion of geographic scope of operations will require additional donor resources
  - development of sustainable and inclusive markets
  - support to the preparation and implementation of projects
  - enabling policy engagements
  - provision of advisory services
  - expansion of the universe of bankable projects
  - support mobilisation of private capital
  - preservation of transition gains post-Covid
- The demand for donor financing will remain strong.
- 70% of donor funds directly support investments.
- EBRD adheres to the DFI Principles for Blended Concessional Finance in Private Sector Operations.
- The Bank has put in place internal guidelines and governance measures for the effective and efficient use of valuable donor resources.
- The Bank's donor base has grown including more country of operations donors although the dominance of multilateral donor support has increased sharply.

Source: SCF 2021-2025

105. **In 2020, the EBRD approved its Donor Strategy 2021-25 to provide SCF 2021-25 with the platform that enables deeper partnership with the donors for achieving shared objectives across EBRD regions of operation.** It also positions Bank's own Shareholder Special Fund as a key complementary instrument for delivering important policy work and activities in the areas that are hard to fund by donors (see section at the end of the chapter). The document states the vision of the EBRD to become "*the preferred partner for donors in the development of sustainable and inclusive market economies, in line with the Bank's transition mandate*".[18] It intends to implement its vision through: (i) innovating in line with the emerging best practices; (ii) effective mobilisation of donor financing and private sector finance; (iii) provision of high quality

[18] "Preserving and Accelerating Transition: Working with Donors 2021-2025", internal document

services to donors; (iv) impactful delivery enabled by knowledge and skills of EBRD staff; and (v) an efficient operating model. The Bank committed to upscale its accountability and governance frameworks and to enhance efficiency of its operational model.

106. **As a result, there were substantial changes to the way donor funding is being managed by the Bank.** In 2023, there was a relaunch of the team under the name of Donor Partnerships (DP), which underscores the nature of relations between the Bank and its donors. Practically it meant consolidation of team around five key pillars[19] and creation of Donor Finance Management team (in 2024) for more effective end-to-end management of donor funds cycle. The DP team launched user-friendly information and data solutions for EBRD staff to effectively originate and manage donor-supported projects (including Donor Funds Tracker and Donor Agreement Library); enhanced and streamlined guidance and advice for staff via dedicated chapter in the Operations Manual (formally Donor Manual); ongoing reengineering of processes and workflows, and their integration into Bank's main platform Monarch.

Role of donor financing in operational model

107. **The need for donor funding for enabling the Bank's operations in many countries of operation not only remained strong, but dramatically increased in the first three years of SCF implementation due to the polycrisis that affected all regions and sectors of operations.** First the Covid-19 pandemic, then the war on Ukraine, followed by several conflict and natural disasters in Türkiye, Morocco, Armenia, West Bank and Gaza, and Lebanon, require a significant amount of grant and concessional funds that can support clients in the time of great need. Equally, substantial macroeconomic distress can lead to reduced capacity of certain countries of operation to deliver on intended investments, thus requiring additional push, often donor-funded, to progress with the crucial changes (e.g. Egypt). And finally, the increasing climate crisis that affects many communities in EBRD countries of operation, requires a significant scale up of blended climate finance, including for adaptation and climate resilience, from both private and public sectors (see Technical Report on Green Results for more insights).

108. Table 5 provides IEvD's assessment of the degree to which SCF strategic priorities and commitments regarding donor financing have progressed in the first three years (2021-23).

Table 5: SCF strategic priorities and commitments in donor financing

Strategic priorities for Donor support	Status
Over the SCF period, the EBRD will continue to strengthen its business model and toolkit, including with respect to mobilisation, **donor resources** and policy engagement.	
Using donor finance in a focused and disciplined manner	
During the SCF period, the Bank will deepen and expand its work with donors and broaden and diversify its donor base to access long-term, predictable and flexible external donor finance at levels commensurate with the ambitions of the SCF. New donors will be required to support geographic expansion.	
The Bank will undertake to increase transparency by progressively moving to have all core Bank activities financed from the Bank's own budget and not donor funds. This will be an immediate priority.	

[19] (i) strategy policy, analysis and communications; (ii) EU partnerships, (iii) green partnerships; (iv) bilateral donors and SSF; (v) donor operations

Strategic priorities for Donor support	Status
Leveraging donor financing to raise the bar on results-based approaches to project design and results monitoring and reporting.	⬣
Geographic expansion will require additional donor resources	⬣
Draw on donor finance to enable, support and scale up the Bank's investments, policy engagement and advisory work in its countries of operations;	⬣
Employ donor finance to help mobilise private capital for development and act as a catalyst to generate additional funding for the Bank's investments, resulting in higher transition impact, including through innovative and novel approaches and funding vehicles.	⬣

⬣ = complete; ⬣ = significant progress; ⬣ = some progress; ⬣ = limited progress

109. **The role of donors will continue to be central, although currently it is not mentioned as a key strategic enabler in the proposed SCF 2026-30 structure, unlike mobilisation of private finance.** This might need to be reconsidered if meaningful partnership for aligned goals is to be built on strategic level – in countries and sectors. Firstly, as EBRD ventures into 6 new countries of operation in Sub-Saharan Africa (Kenya, Nigeria, Cote d'Ivoire, Ghana, Benin, and Senegal) and Iraq in the next strategic cycle the role of donors will be crucial in underscoring the unique operational and delivery model in those markets. Secondly, there is a significant shift in financial instruments offered by donors, with greater emphasis on unfunded and reimbursable instruments, including equity and guarantees (e.g. EU's European Fund for Sustainable Development), that blends the borders between private and donor mobilisation effort.

110. **Significant progress has been made in 2021-23, as outlined in Chapter 5 of the 2023 Donor Report.**[20] However, using donor finance in a focused and disciplined manner has seen only some progress. The Donor Partnerships team lacks a strategic role in the Bank, leading to fragmented decision-making.

111. **The Bank's strategic ambitions and business model have become highly dependent on donor finance, posing a potential risk.** The Bank aims to deepen and expand its work with donors, broadening and diversifying its donor base to access long-term, predictable, and flexible external donor finance at levels commensurate with the SCF's ambitions. This ambition has seen some progress but remains challenging due to efforts required to align institutional priorities and donor pressures.

112. **Progressive financing of all core Bank activities from the Bank's own budget, rather than donor funds, has seen limited progress.** There were changes in accounting for donor funds management fees, with increased flow into Bank's own resources. At the same time donor financing of core strategic activities have been increasing,, but there is incomplete information on how many positions are funded by donor finance. This reliance on donor financing for critical roles bears a sustainability risk, as well as operational risks in certain domains, like inclusion and digital, as noted below.

113. **Leveraging donor financing to enhance results-based approaches to project design and monitoring has also seen limited progress, partly due to under-resourcing.** Geographic expansion will require additional donor resources, a challenge acknowledged in the next SIP. Meeting the

[20] The EBRD & Donors: The 2023 Report

high demand for donor resources from new countries of operation while maintaining current demands is difficult.

114. **Drawing on donor finance to support and scale up the Bank's investments, policy engagement, and advisory work has seen some progress**. However, the SCF priority to link policy engagement to investments has reduced the share of non-transactional TC, crucial for upstream policy engagement. The ability of donors to provide increased grant financing to significantly scale up activities in these areas is questionable.

115. Finally, employing donor finance to mobilise private capital for development and act as a catalyst for additional funding for the Bank's investments, resulting in higher transition impact through innovative approaches, has seen limited progress.

Trends in donor financing and its use[21]

116. In-flows[22] were relatively stable from 2017 to 2020, but for 2021 and 2022 in-flows increased significantly due to special circumstances. In 2021. There was. The increase came in the form of loans while grants remained steady. Some of the increase seen in 2021 and 2022 came from one-off contributions: a €500m under the Greek Recovery and Resilience Facility and additional support to tackle the Covid-19 pandemic, contributions from the United States of $500m and €169m contribution from Norway.

117. **A large increase in 2022 was provided for the EBRD's support of Ukraine and EU's provision of unfunded guarantees.** While the amount of grants nearly doubled in 2022, loans disappeared, and the balance of the large increase came in the form of risk-sharing instruments and unfunded guarantees. In 2023, in-flows declined significantly, with declines in unfunded guarantees, risk-sharing instruments and grants. This decline was in part driven by the Paid-in Capital Increase policy commitment to gradually phase out donor funded guarantees in Ukraine.

118. **Recent events have not only increased inflows, but there has also been a significant change in the nature of the instruments.** The 2023 donor report opines that this may signify a long-term shift in the direction of donor financing "*given the limited availability of donor funds in general*."

119. The one-off contributions, shift in instruments (if part of a structural change) and temporary responses to crises may have important consequences for the Bank. While the 2023 donor report notes "grants remained the most common form of instrument received, **totalling €800m or almost 50% of all secured contributions in 2023 (emphasis in the original)," the actual amount of grants declined in 2023** over 2022 although still ahead of the average 2017-2021 level.

120. **If the amount of grants continues to decline or proves difficult to increase, this will be a concern.** As the 2023 donor report itself notes "*grants remain integral to EBRD's programming by financing TC activities, such as capacity building, project preparation and implementation, policy reforms and other technical assistance initiatives. Furthermore, investment grants are crucial to fund capital expenditure for infrastructure and energy projects*." The demand for grants

[21] The key reference used is the *EBRD and donors: The 2023 report.*
[22] This section does not cover contributions from retained earnings to the SSF or the West Bank and Gaza Trust Funds. Nor does it consider contributions to EBRD-managed multi-donor/multi-partner funds.

will only become greater as EBRD welcomes new countries of operations through expansion in its existing geographic scope and beyond to SSA and Iraq.

Deployment of concessional resources

121. **The high utilisation of concessional resources in 2022 and 2023 can be attributed to the high need for support to Ukraine and affected countries.** Another feature is the increased allocation to the EU countries of operation, part of which is due to increased concessional loans under Greece's Recovery and Resilience Plan and the earmarking of TC grants (€27m) under the InvestEU programme. Increased funds earmarked for the Western Balkans can largely be attributed to the increased allocation of capital expenditure grants from the Western Balkans Investment Fund. The utilisation for TC was 20% in 2023 down from 23% in 2022. At €238m in 2023, this was a decrease of 4.8%. The share of transactional versus non-transactional was 33% in 2022 and 26.5% in 2023.

Utilisation of donor funds for EBRD staff and associated costs

122. The donor reports make no mention of the utilisation of donor funds to cover the costs of many staff positions in key strategic areas of the Bank's operations despite an SCF commitment to progressively move "*to have all core Bank activities financed from the Bank's own budget and not donor funds.*"

123. **The three SIPs covered by this evaluation all deal with the topic of the 2020 reforms to the use of donor fees paid to EBRD as a management fee, which constitutes Bank's own resources.** The SIPs also provide information on the proposed use of the released donor fees to be used for incremental staff positions. In the SIP 2022-24, three quarters of the total donor fee budget, approximately £10 million, were allocated to cover the costs of existing staff, including extensions to positions, and ongoing non-staff costs such as audit fees, bank charges, and some communication-related expenses. In the SIP 2023-25, over 80 percent of the total fee budget, exceeding £14 million, were dedicated to similar expenses.

124. The trend continued in the SIP 2024-26, with over 80 percent of the total fee budget, around £16 million, allocated to these costs. Additionally, the plans included the creation of 30 new staff positions to address high-priority areas related to historical under-investment, capacity building, and reform areas identified in the Donor Funds Business review. These positions also aimed to meet new cross-cutting donor demands.

125. In the SIP 2023-25, up to 32 new fee-funded staff positions were added to cover similar high-priority areas, including gender and economic inclusion, and to support the Bank's response to the war in Ukraine. In the SIP 2024-26, around 10 new fee-funded staff positions were created to support the Bank's work on sustainable infrastructure, the green economy, and to manage the complexity of administering new instruments such as unfunded guarantees. Non-staff costs remained consistent across these years.

126. IEvD sought further information, including on the number of existing staff funded from donor fee income in each year covered by this evaluation. It was anticipated that donor fee income would fund 62 additional staff positions. Using the same cost for incremental as existing staff would suggest there were 90 and 128 existing staff positions being funded in 2022 and 2023 respectively.

The role of Shareholder Special Fund

127. **The Bank's own Net Income Allocation through the SSF represents a significant input into delivering its strategic goals, especially in the areas where donor financing is scarce or unavailable. The SCF notes SSF's** critical role for supporting the Bank's growing policy agenda and project preparation and implementation support, supplying half of the needed resources for this work. The flexibility and predictability of the SSF makes it an effective tool for crisis response in the immediate term as well as for medium-term recovery support, when it can help mobilise additional complementary donor finance. SCF committed to develop proposals for consideration by the Board of Directors for a strengthened, well-structured SSF, which includes determining the priority eligibility and focus for SSF funds.

128. IEvD's evaluation of the SSF (2022), although covering previous strategic period (2016-20) raised several important issues related to fitness of SSF to support delivery of SCF 2021-25 objectives (Box 9).

Box 9: Key insights from IEvD's evaluation of SSF (2016-20)

- SSF supported key programmes: SBI advisory and Legal Transition Programme relied heavily on SSF. It funded new areas like inclusion, green, governance, and digitalisation.
- SSF stands out for its quick application process and reliable funding. IEvD emphasised maintaining this flexibility beyond 2022.
- By 2022, SSF funding was adequate but needed re-evaluation due to rising inflation and increased Bank ABI.
- Crises are now constant, requiring a larger SSF budget. The need increased with the Covid-19 pandemic and the war in Ukraine, and recent earthquakes in Türkiye and Morocco.
- SSF mobilised investments by making projects viable and leveraging donor funds, although crisis response projects now dominate.

129. **IEvD evaluation found that the SSF was universally appreciated as important and at times instrumental in delivering, broadening, and deepening the EBRD's transition impact**. For instance, the Fund was instrumental in developing projects with public sector clients in the early transition countries (ETCs) and in enabling the Bank to develop and deliver its non-transactional work related to new areas of SCF ambition and policy priorities. It was also an important element of Bank's crisis response toolbox (e.g. Syrian refugee and Covid-19 crises), a feature that gained even more prominence recently. Further, in 2016-20, the SSF contributed, either alone or along with other donor funding, to more than three-fourths of all transactional and non-transactional TCs and more than half of all co-investment funds (by volume and by number of projects).

Interviewee observations

– *Donor money is not increasing, and to get funding we need to be highly attractive and focus on niche, private sector areas where more resources are desired, but it will be challenging.*

- *The Covid pandemic significantly changed donor financing, and we successfully fundraised for pandemic response. The war in Ukraine also impacted the first part of the SCF, with donor support being crucial to EBRD's response.*
- *There is a shift towards more complex instruments, such as reimbursable instruments and unfunded guarantees, with fewer grants. We need people skilled in these areas and new processes.*
- *Donor financing may not be taken as seriously as it should be and lacks the right status in the Bank. The evolution of donor financing raises questions about the sustainability of EBRD's business model. There is no systematic process for determining donor financing priorities, and the Bank is not unified in providing clear priorities. The response to the Ukraine crisis, where dedicated Ukraine Hub was created to enhance co-ordination with donors (and inside the Bank) may not be a suitable model for other causes, like expansion to SSA.*

3.3.2. Increasing efficiencies: Role of staff, resources, systems and organisational transformation agenda in delivering the SCF

130. One of SCF's strategic aspirations is "*Cost effective delivery of the SCF through investment in staffing, skills, processes, systems and IT upgrades, as well as increased efficiency and reallocation*." **IEvD argues that this is a corporate enabler rather than a strategic priority** for the bank as addresses internal process efficiencies and adequacy of intellectual, financial, and technical resources to ensure Bank delivers on its transition mandate in the five-year period. The document suggests that "modernising the Bank is crucial to attracting and retaining talent, increasing efficiency and productivity, minimising operational risks and ultimately to delivering value and impact to shareholders and clients. Investment in the Bank's capabilities will be scrutinised and approved by the Board of Directors in the annual budgetary process."

131. **SCF has two focus areas that transpose the importance of this strategic aspiration: people planning and modernisation of technology and associated processes.** They have been consistently reflected in SIPs in the period 2021-23.

132. The SIP 2021-23 focused on organisational design and skills and talent development. It included decentralisation with the design of strengthened regional hubs, a review of end-to-end delivery of policy activity Bank-wide, and the organisational impacts of the IT multi-year investment plan (MYIP). Additionally, it addressed the organisational delivery of GET 2.1. For skills and talent, the plan involved carrying out a Bank-wide skills audit to assess the current skillset, introducing measures to improve mobility, developing leadership and competency-based career paths, providing growth opportunities, re-skilling, and enhancing career options for top talent. It also aimed to upscale on-the-job learning opportunities through internal and external mobility schemes.

133. The SIP 2022-24 allocated £0.8 million to Change and Transformation to set up initial capabilities aligned with best practices in other organisations, ensuring continued high performance and strengthening the data management function within the new VP CTO area. For developing talent, it continued the Skills Sharing Initiative, supported the delivery of the GET 2.1 approach through masterclasses and dedicated learning opportunities, and developed a learning concept to support the Digital Transition agenda. Measures to increase staff mobility and strengthen the Bank's corporate and leadership capabilities were also introduced. In terms of

organisation design, the plan included the implementation of the Policy & Partnerships re-organisation, decentralisation with a focus on priority regional hubs, design work to support the Bank's efficiency agenda, and organisational design changes resulting from the target operating model design and process re-engineering work from the MYIP. Preparatory work for the possible geographic expansion of the Bank was also considered.

134. Table 6 provides more details on the goals and suggests assessment of the progress achieved to date:

Table 6: SCF strategic priorities and commitments in people planning and technological modernisation

SCF Priorities: Transformation, Staff and Efficiency	Assessment	Status
People planning, including: (i) assessing existing and future skills needs and gaps on a regular basis; (ii) improving mobility and encouraging turnover by rotating staff internally and opening up more opportunities for external moves; (iii) strengthening culture of continuous learning and investing in training in both managerial and technical skills; (iv) exploring right level of decentralisation of people and processes; (v) improve collaboration methods across departments, with specialised external partners and in close collaboration with other institutions.	HROD established Talent Forum and performed first Bank-wide skills audit in 2021; it launched internal Skills Sharing Initiative and IFI Talent Share Programme with 13 participating institutions on the basis of an IFI Mobility MoU; created a number of cross-institutional mentoring opportunities; launched its institutional learning platform ELSy; revised conditions for senior positions to encourage mobility; and greater decentralisation. On the other hand, evidence suggests that opportunities for internal mobility are still very limited; teams face great constrains in learning due to very limited department budgets for specialised trainings, as well as lack of time for studying due to increased workload and lack of incentives to study.	⬢
Modernisation of technology and associated processes, including: (i) improving networks and infrastructure; (ii) maximising use of cloud-based infrastructure and business solution platforms; (iii) supporting more integrated working with clients and stakeholders; (iv) moving to integrated Enterprise Resource Planning; (v) improving data and analytics capabilities; (vi) building connected and digitally enabled workforce.	EBRD achieved significant progress in all the areas, especially those enabled by new technological solutions and enhanced process engineering capabilities. More details are provided in the text below.	⬢

⬢ = complete; ⬢ = significant progress; ⬢ = some progress; ⬢ = limited progress

135. **EBRD has invested a significant amount of effort and resources in increasing its operational efficiencies through large-scale transformation programme in the first 3 years of SCF**. Initially it was triggered by the Covid-19 pandemic, that demanded completely new ways of working, with the greater reliance of IT infrastructure and digitalised communications and data sources. A Multi-year IT Investment Plan (MYIP) was designed and approved in 2020 to dramatically revamp it is largely antiquated IT infrastructure. MYIP implementation is ongoing and in 2020-24 a total of GBP 144.7 million investments were implemented across 4 phases of MYIP and further 45.6 million requested for the year 2025.[23]

136. Since 2021, the Bank has focused on transforming processes across all functions to enhance efficiency, client relations, data governance, and cybersecurity. The Vice President, Chief Transformation Officer was appointed in 2021, and the Transformation Office was established in 2022. A comprehensive audit and the OrgVue survey in 2023 gathered staff feedback for better process reengineering.

137. Prioritised changes target crucial processes like investment project management and corporate functions. New communication tools like Monarch, Pegasus, Client Dynamics, and M365 were introduced to streamline internal and external communications. Box 10 below highlights the objectives and achievements of the Monarch platform at the time of evaluation.

[23] CS/BU/24-29 SIP 2025-2027 Overall Approach and Key Building Blocks, internal document, October 2024

Box 10: Monarch Platform

- Development of Monarch platform was initiated by Client Services Group (CSG) and IT departments in 2017 to created "*a comprehensive and modern platform that brings together, streamlines, and automates the majority of CSG activities related to project origination, design, approval, monitoring and reporting*." It was developed in several stages with the first taking 4 years until 2021 to produce some fundamental modules.
- Since the approval of the MYOP and dedicated budget in 2020 Monarch development entered second phase with significant scaling up. At the time of evaluation, it included 20 separate modules across 5 different categories with many other being at the development stage.
- The platform was developed with several key objectives in mind:
  - Digitalisation of core business processes within a unified and scalable platform;
  - Reduction of operational risks and enhancement of operational resilience and compliance;
  - Improved used experience and increased quality of service enabled through review, optimisation, and streamlining existing processes;
  - Improved collaboration and increased efficiency of processes through substitution of emails and offline document and data sharing with the fully digitalised and unified platform.
  - Launch of platform enabled savings of 31.2 FTEs in the period 2021-24, which were further reinvested in the platform to develop new modules that respond to the most recent compliance requirements, for example those related to Green priority.
- Monarch development allowed to bring to the Bank agile practices and provide business units with the control over the process development and implementation, while ensuring they have adequate support and technical expertise from IT teams and consultants. This collaborative approach led to changes in attitudes and capabilities to understand business processes and make them more efficient across wide range of teams. It also triggered development of EBRD Monarch data model that is based on unified taxonomy and enables centrally-driven governance and management of data related to Bank core operational processes and operations.
- Automated feeding of data from other platforms (i.e. DTM) to Monarch and automated filing of data from Monarch to Project link enables accurate recording and reduction of operational risks. According to Monarch team up to date they contributed to closure of 23 audit points and operational risks.
- While conducting interviews for the current evaluation 100% of internal stakeholders mentioned Monarch as the example of successful transformations that bring real value to the banking and non-banking teams.

Source: Project update provided by the Monarch team, October 2024

138. The Transformation Agenda is important and already delivered a number of improvements in operations. However, the perception of Transformation Agenda varies across the functions.

139. **Corporate functions and front-line staff who are directly involved in the process re-engineering are acknowledging the benefits while recognising that further push is necessary to ensure that changes deliver full anticipated value.**

140. **Those who are more remote from the direct implementation, and the Bank segments which were not yet affected by the changes are more sceptical and note inconsistencies and marginal improvements to the workload due to increased commitments in core corporate functions where Transformation Agenda is yet to be deployed.** What is emerging as a strong message from various stakeholders inside the Bank, is that several new commitments the Bank took on during the SCF period – especially green, but also inclusion and digital – is disproportionally reflected on a number of additional steps/checks and processes that frontline bankers need to comply with in order to get a project approved, and later on, to monitor its implementation. Similarly, stricter requirements related to integrity, sanction regimes, value chain vulnerabilities in certain segments, and increasing geopolitical tensions that are being reflected in the policies of major shareholders, require more rigorous checks and compliance procedures. These are yet to be included in the Transformation Agenda which can help with better structures and streamlined processes and workflows.

141. **Increased number of operations with blended finance, especially un (funded guarantees) provided by many donors in support of operations in Ukraine, add additional complexities, while the Bank systems are not yet geared up towards meeting these demands at scale.** Many processes related to the most recent iterations in operations are performed manually, and at the great cost to the personnel involved.

Interviewee observations

- *The transformation agenda in IT has seen progress, particularly with the Monarch platform. However, there are still questions about efficiency, as the workload has increased despite improvements in discrete tasks.*
- *The transformation agenda will not deliver change, unless there is a critical mass of people who come onboard. We have leadership at the highest level – the President is clear that she wants this transformation to be a success.*
- *We need to see some results from transformation. Now nobody understands what's happening there; there is too much jargon.*
- *I believe in the transformation beyond IT – in processes, streamlining objectives. We have to look at resource allocation where we don't need them. Learning and Development are very important.*

4. Insights and Suggestions

4.1. Key Insights

Strategic Focus

142. **The SCF's primary purpose is to determine the Bank's capital adequacy. However, the strategic element's expected users and uses are not clearly defined.** The strategic architecture, as shown in the SIP 2022-24 diagram, lacks clarity regarding the relationship between the SCF, SIPs, and subsidiary strategies (country, sector, and thematic/cross-cutting strategies). **The primacy of country strategies as accountability documents, with their annual Country Strategy Delivery Reviews, needs to be incorporated into the strategic architecture.**

143. There is a misalignment between high-level strategic aspirations and the core budget and non-budget resources required to realise these aspirations and commitments. The SCF contains several inadequately funded commitments and aspirations. **While there are many reasons why aspirations and commitments may not be realised, a lack of budget should not be one of them, as this is entirely under control of the EBRD and especially its shareholders (sphere of control).**

144. In uncertain and dynamic environments, such as those in many EBRD countries of operation, coupled with the effects of country, regional, and global crises, the ability of strategies to predict the future is limited. Therefore, 5-year strategies need to be flexible and not overly prescriptive. **The need for an emergent strategy (adjusting to changes in various contexts and learning from experience) should be formally recognised in high-level strategy.**

145. It is useful to consider spheres of the EBRD's influence in high-level strategy (and in subsidiary strategies too). Three spheres of influence can be recognised: core (where EBRD has near-total control), sphere of influence (where it can significantly affect events), and sphere of interest (where the EBRD has less influence). **High-level strategy should focus more on what EBRD can control.**

146. **The SCF could benefit from focusing on a limited number of truly strategic directions by moving detailed operational strategy to subsidiary strategies.** For example, an integrated approach to SME support may not fit within a high-level strategy. High-level strategy formulation in the EBRD tends to be a bottom-up process where every part of the Bank sees itself reflected. **As such, the high-level strategy attempts to be all things to all people, making the SCF cumbersome and more descriptive of reality than a high-level strategic document pointing to future directions.**

147. The SCF contains several apparent contradictions or priorities that may push in opposite directions. These need to be resolved or acknowledged in future SCFs. **For example, maintaining a private sector focus may conflict with other priorities that require working with the public sector.** Specifically, policy engagement pushes for both greater integration with investments and a broadening of policy activity from individual transactions to seeking systemic impact through sector and economy-level interventions.

148. **High-level strategy should be considered in the formulation of country strategies, but there can be good reasons for not incorporating all high-level priorities into country strategies.** However, country strategies should provide the rationale for both the SCF priorities that are incorporated and those that are not.

Operational Scope

149. **The SCF's push for greater integration of policy engagement and investments, while also broadening policy engagement to deliver systemic impact at the sector and country level, has been noted as inconsistent.** If the ambition for closer integration between policy engagement and investments is to be retained, the practical implications and rationale need to be clarified.

150. Ambitions regarding capturing the results and knowledge from policy engagement, building EBRD staff capacity in policy engagement, and directing it to investments or more broadly, would be better addressed in a revised Enhanced Approach to Policy Engagement V2.0 rather than being part of the SCF.

151. Ex-ante targets, while useful, measure expected results rather than actual outcomes. **Although gathering information on actual results is challenging and not cost-free, the inadequacy of relying on ex-ante expectations should be acknowledged, and their use should be temporary.** This also applies to green results, though it is not the focus of this paper.

152. The definition of ETCs/priority countries needs to be revised to include fragile and conflict-affected states, as this is a policy commitment under the increase in paid-in capital. **Following expansion, the revised definition may require creating sub-categories of countries based on the type of response needed, with up to 28 such countries if all envisaged expansion goes ahead. ABI is not a suitable measure of focus, and while the number of projects is a better measure, it is still not sufficient.** Additionally, TC, policy engagement, upstream work, and 'hand holding' during implementation are not captured.

Organisational Efficiency

153. **Global and regional crises have increased coordination and cooperation. A key consideration for future international collaboration is whether crisis collaboration provides a model for non-crisis situations.** The paid-in capital increase requires the EBRD to consider the wider applicability of successful collaboration in Ukraine. However, coordination and collaboration incur costs, including time and potential frustration, which may be justified in crises but not in non-crisis contexts. The loss of agility and flexibility, valued by the EBRD, is important when collaborating. Extending crisis processes generally also relates to risk; taking shortcuts in crises may be justified despite heightened financial and reputational risks, but such risks may be unacceptable in normal circumstances.

154. MoUs with international organisations could be more focused on helping EBRD deliver on its international priorities. **During the evaluation period, 52% of the MoUs signed were assessed as being of somewhat or limited strategic relevance, although it is recognised that they may have other benefits aside from helping the EBRD achieve its strategic priorities.**

155. **The EBRD's business model, its ability to deliver transition impact, and to some extent its staffing are highly dependent on donor financing.** In times of crisis, the Bank is even more

dependent on donor financing. **The Bank's dependency on donor finance poses a risk to the sustainability of its delivery of transition impact, particularly if the decrease in grants available that occurred in 2023 versus 2022 is part of a new trend.** Donor financing needs to be considered as a key strategic enabler like the mobilisation of private finance and addressed as such in the new SCF.

156. **Donor Partnerships is currently focused on raising and managing donor finance, but it is not involved in allocating the funds raised.** This results in fragmented decision-making and a possible lack of focus on priorities.

157. **The current SCF commits the Bank to progressively move "to have all core Bank activities financed from the Bank's own budget and not donor funds."** There appears to have been no progress on this. In fact, the number of staff positions funded by donor fee income (Bank's own resource) and donor funds has probably increased. This increase has been almost exclusively in non-banking functions.

158. **The transformation agenda has led to many operational improvements, but its perceived value varies across different functions.** Corporate functions and front-line staff directly involved acknowledge the benefits but also recognise the need for continued efforts to fully realise the anticipated improvements. However, functions not yet impacted by the transformation are sceptical, noting inconsistencies and minor workload improvements, especially regarding new commitments related to green, inclusion, and digital initiatives.

159. Increased regulatory requirements, integrity, sanction regimes, and geopolitical tensions add significant compliance requirements, placing additional burdens on front-line bankers during project approval and implementation monitoring.

4.2. Suggestions

Suggestion 1: Clarify users and uses of the strategy part of the SCF

Issue – why it needs to be changed	Suggestion – what needs to be changed
• The primary purpose of the SCF is stated as the determination of the EBRD's capital adequacy. While a number of statements on purposes expected to be served by the strategic component of the SCF, there is a lack of clarity regarding who is expected to use the SCF strategy and what use are they expected to make of it.	• The SCF should clearly establish who should use the strategic part of the SCF for what purposes.

Suggestion 2: Review the depiction of EBRD's strategic architecture

Issue – why it needs to be changed	Suggestion – what needs to be changed
• The depiction of the EBRD's strategic architecture first elaborated in diagrammatic form in SIP 2022-24 does not fully capture the realities of the relationships between the SCF, SIPs and subsidiary strategies on the one hand, and collectively the corporate scorecard and the new impact report. Also, the fact that country strategies and their annual CSDRs are a core accountability document.	• Review the depiction of the EBRD's strategic architecture, considering the suggestions made by this evaluation.

Suggestion 3: Focus the SCF on a limited number of core strategic directions

Issue – why it needs to be changed	Suggestion – what needs to be changed
• Currently the SCF covers many areas with the consequence that there is a loss of focus on the most important strategic directions for the forthcoming period.	• The SCF should become more an umbrella strategy that focuses on the most important strategic directions for the coming period • The SCF should distinguish between three spheres – control, influence, and interest • The SCF should recognise the importance of emergent strategy arising from the need to respond to crises and from learning.

Suggestion 4: Better align ambition with core budget, donor financing and SSF funds required

Issue – why it needs to be changed	Suggestion – what needs to be changed
• The current SCF has a number of unfunded or under-funded ambitions meaning that a significant part of the EBRD's strategic ambitions go unrealised or only partly realised. Provision of adequate core budget is	• Cost ambitions and determine the core budget and other sources of finance required to deliver on the ambition.

Issue – why it needs to be changed	Suggestion – what needs to be changed
fully under EBRD control. The availability of funding from the SSF is significantly under EBRD control. The availability of donor finance is partly under EBRD control – not only from fund-raising efforts but also by being able to demonstrate positive results from donor finance.	• Consider the likelihood of the funding being available and tailor ambition accordingly.

Suggestion 5: Convert donor financed staff positions to the core budget

Issue – why it needs to be changed	Suggestion – what needs to be changed
• The current SCF commits the Bank to progressively move "*to have all core Bank activities financed from the Bank's own budget and not donor funds*." There appears to have been no progress on this. In fact, the number of staff positions funded by donor fee income (Bank's own resources) and donor funds has probably increased. This increase has been almost exclusively in non-banking functions.	• Convert to the extent possible direct donor funded staff positions from to core budget financing in key strategic areas.

Suggestion 6: Consider donor financing to be a key strategic enabler

Issue – why it needs to be changed	Suggestion – what needs to be changed
• The EBRD's business model, its ability to deliver transition impact, and to some extent its staffing are highly dependent on donor financing. In times of crisis, the Bank is even more dependent on donor financing. The Bank's dependency on donor finance poses a risk to the sustainability of the EBRD's delivery of transition impact, particularly if the decrease in grants available that occurred in 2023 versus 2022 is part of a new trend.	• Donor financing needs to be considered as a key strategic enabler like the mobilisation of private finance and addressed as such in the new SCF.

Suggestion 7: Donor Partnerships should be part of the decision-making process for the use of donor financing

Issue – why it needs to be changed	Suggestion – what needs to be changed
• Donor Partnerships is currently focused on raising and managing donor finance, but it is not involved in allocating the funds raised. This results in fragmented decision making and possible lack of focus on priorities.	• Donor Partnerships should be part of the processes of determining the priorities for the uses of donor financing

Suggestion 8: Resolve or justify contradictions in strategy

Issue – why it needs to be changed	Suggestion – what needs to be changed
• The are some possible contradictions in the current SCF – for example, the need to maintain the EBRD's private sector focus but then establish a number of strategic priorities that necessitate working with the public sector. Another example is the strategic priority to integrate policy engagement more closely to investments while also expanding the scope of policy engagement to generate systemic transition impact at the sector and country levels.	• Avoid contradictions in the strategy or at least explain how apparently contradictory ambitions will be balanced.

Suggestion 9: Transition as quickly as possible from using ex-ante targets as a basis for reporting on results

Issue – why it needs to be changed	Suggestion – what needs to be changed
• Important strategic priorities such as GEI and green use ex-ante targets as the basis for reporting on results. Many factors can affect the achievement of actual results such that actual deviates significantly from expected. A failure to	• The EBRD should transition as quickly as possible from using expected results specified ex-ante as the basis for reporting on results.

Issue – why it needs to be changed	Suggestion – what needs to be changed
achieve expected results is a valuable opportunity for learning.	

Suggestion 10: Update the definition of priority countries

Issue – why it needs to be changed	Suggestion – what needs to be changed
• The definition of ETCs and other priority countries is no longer fit for purpose, and this will be even less the case if expected geographic expansion occurs.	• Revise the basis for classifying countries as priority countries and consider creating sub-categories of such countries based on the type of responses the EBRD can provide.

Suggestion 11: Preparing an Enhanced Approach to Policy Engagement v2.0

Issue – why it needs to be changed	Suggestion – what needs to be changed
• Aside from the contradiction noted above, there are a number of unrealised ambitions regarding policy engagement. Given that strengthening policy engagement was an important part of the strategic ambition to strengthen selected tools in the EBRD's tool box, this is of concern.	• New options for better capturing of the results of policy engagement; the capturing the knowledge from policy engagement; capacity building of EBRD staff in policy engagement; resolving the contradiction of the directing of it to investments or more widely; and better incorporating policy engagement in country strategies and reporting achievements and proposing revisions in CSDRs would all be better captured in a revised Enhanced Approach to Policy Engagement v2.0 rather than being part of the SCF.

ANNEXES

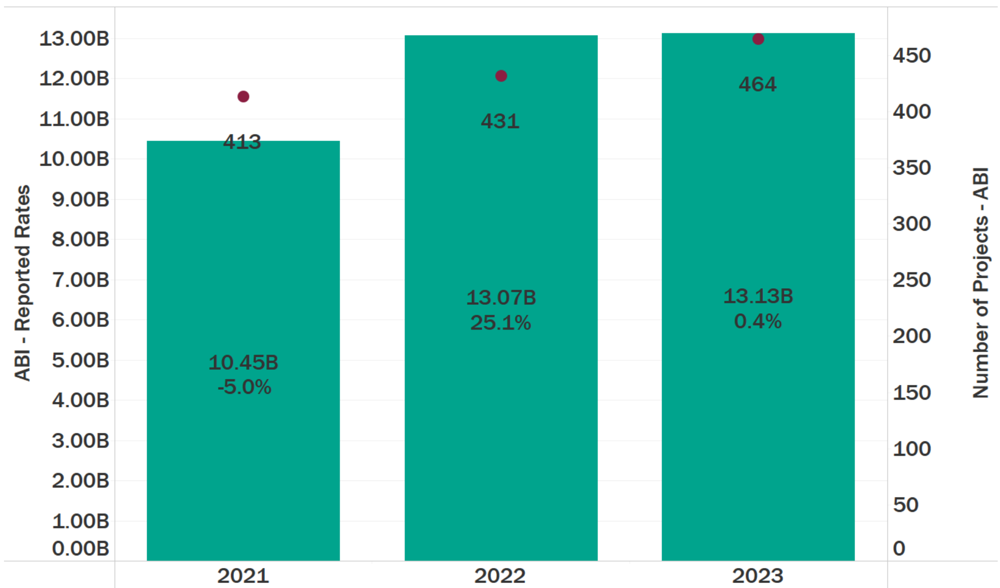
Annex 1. Overview of EBRD's portfolio in the period of 2021-23

This portfolio analysis is providing key insights into Bank's investments in 2021-23 along key priorities identified in SCF. These are specifically: annual business volume, share of private sector, annual mobilised investment, GET share, share of primary TQs in annual business investment. This analysis is based on data extracted from DW_Banking_Operational and GET Database as of the *month ending December 2023*.

Annual Business Volume

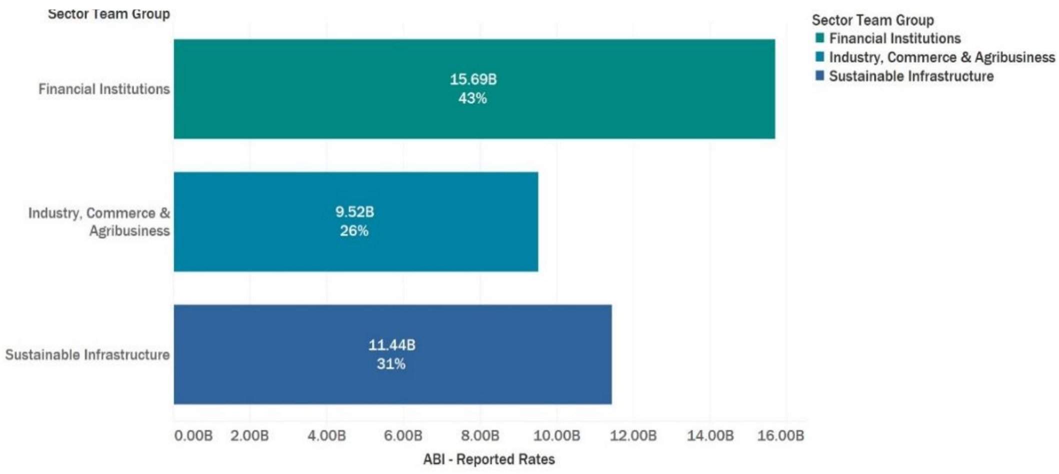
The Annual Bank Investment (ABI) totalled €36,65bn over the period spanning 2021 to 2023. To break down the figures further, the ABI in 2021 amounted to €10,45bn encompassing 413 operations. Moving to 2022, the ABI rose to €13,07bn, involving 431 operations. Finally, in 2023, the ABI reached €13,13bn, comprising 464 operations (Figure 11).

Figure 11: Annual Bank Investment and number of operations, 2021-2023



In terms of sectors, the largest contribution to ABI came from Financial Institutions (FI) at €15,69bn, accounting for 43%. Sustainable Infrastructure (SI) followed closely with €11,44bn, representing 31%, and Industry, Commerce, and Agribusiness (ICA) contributed €9,52bn, making up 26% (Figure 12).

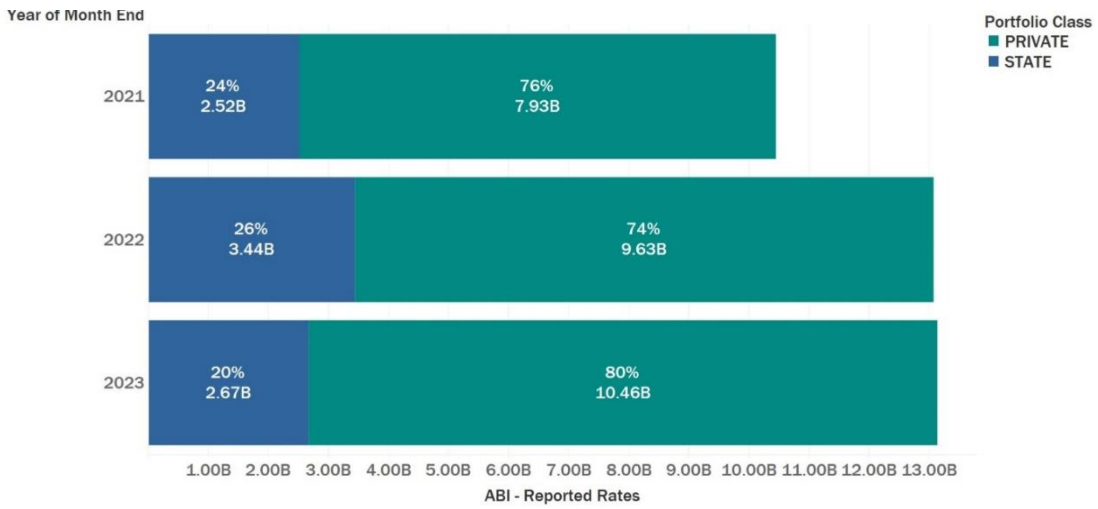
Figure 12: ABI volume and share by sector team group, 2021-2023



Portfolio class

SCF 2021-2025 stated that the Bank reinforced its private sector focus by ensuring that more than threequarters of the Bank's total investment in the SCF period is in the private sector. The majority of ABI during the period from 2021 to 2023 was in Private portfolio class, although the composition of this portfolio class varied across sector groups. Specifically, the total ABI in the Private portfolio class amounted to €28.02bn over the 2021-2023 period, representing 76% of the total ABI. Notably, the proportion of the Private portfolio class experienced an upward trend over this period, reaching 80% of the total ABI in 2023 (Figure 13).

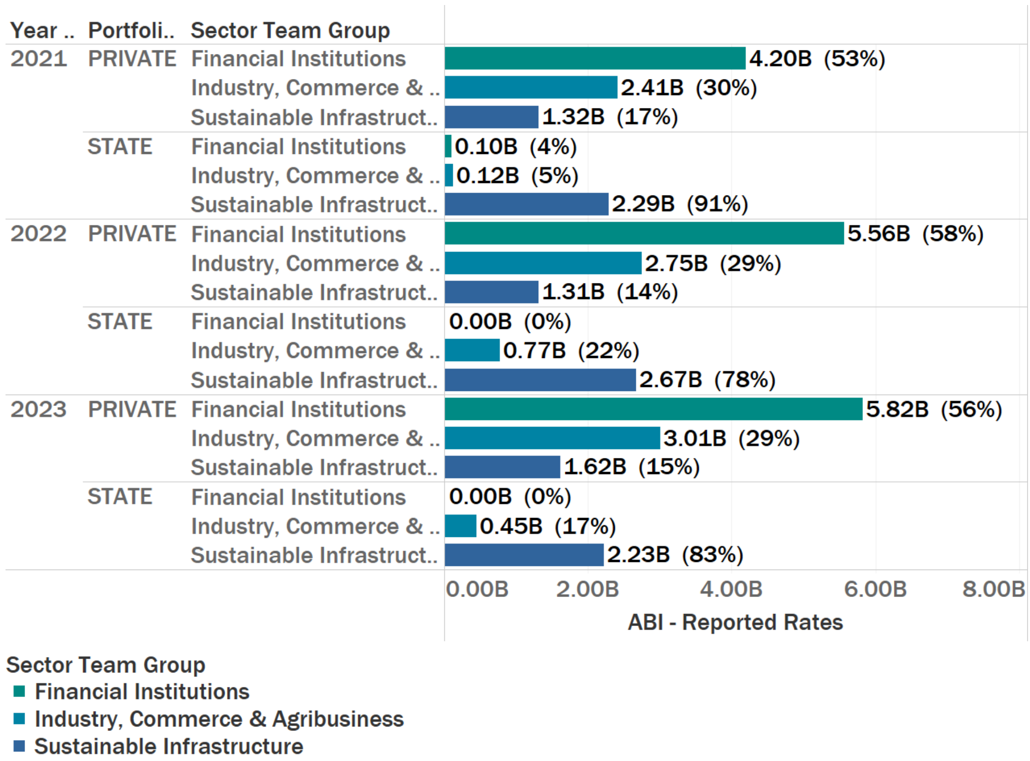
Figure 13: Portfolio class as of share of ABI, 2021-2023



The distribution of portfolio classes was significantly influenced by the sector of implementation. In particular, ICA and FI operations were predominantly concentrated in the Private sector. However, in the case of SI operations, the State portfolio held a slightly higher share of ABI

(€7.18bn of ABI) compared to the Private portfolio ((€4.25bn of ABI) over the period spanning from 2021 to 2023 (Figure 14).

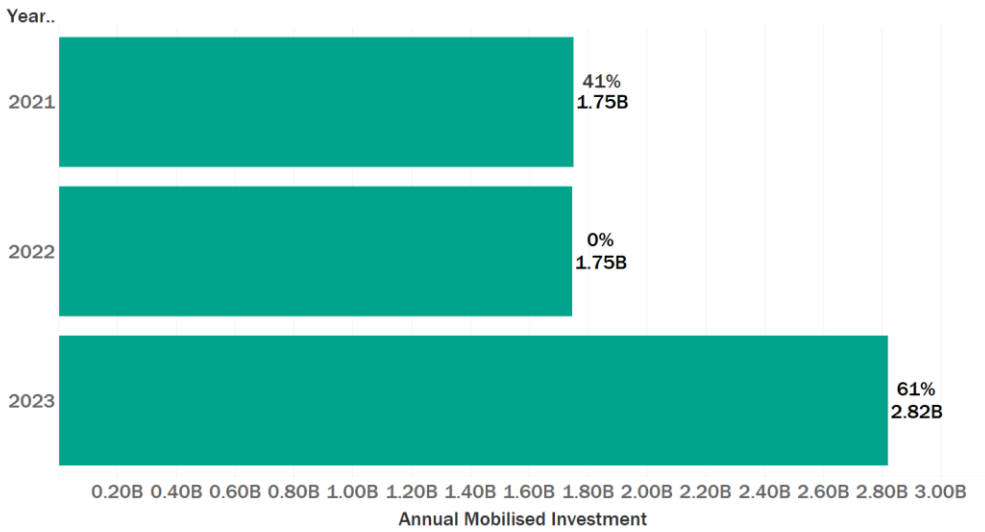
Figure 14: Portfolio class by sector team group, 2021-2023



Annual Mobilised Investment

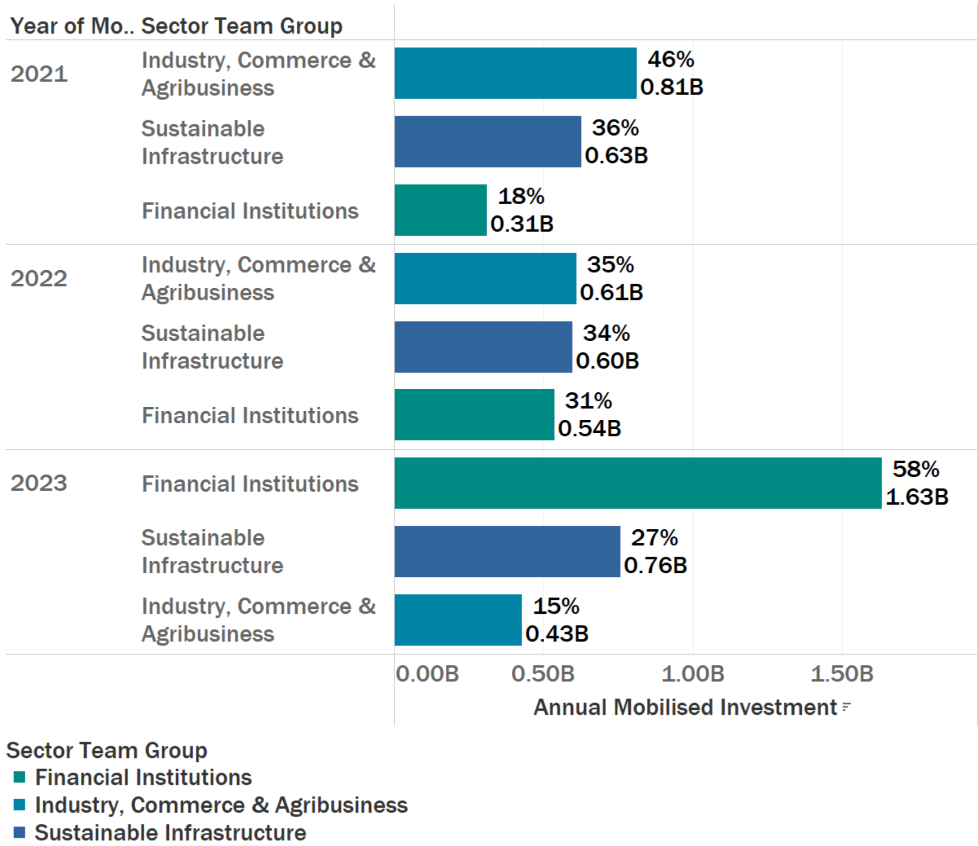
The total approved Annual Mobilised Investment (AMI) on operations over the period spanning from 2021 to 2023 was €6.31bn. To break down the figures further, the AMI in 2021 and 2022 amounted to €1,75bn. Moving to 2023, the AMI rose to €2,82bn (Figure 15).

Figure 15: Annual Mobilised Investment, 2021-2023



160. The total AMI was generated by operations from FI (39%), ICA (29%) and SI (31%) (refer to Figure 16).

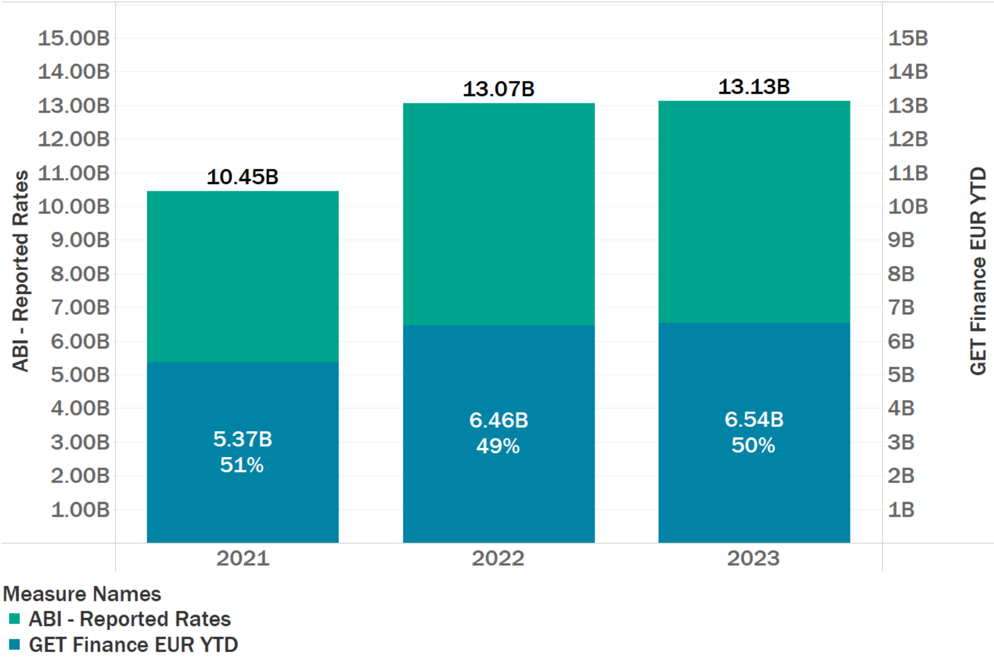
Figure 16: Annual Mobilised Investment volume and share by sector team group, 2021-2023



GET Finance

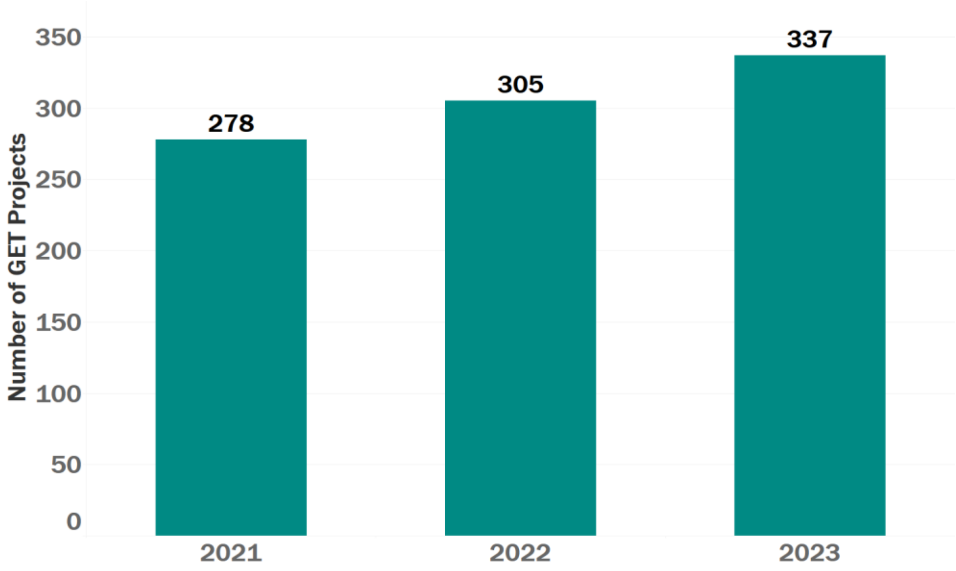
SCF 2021-25 stated that the Bank will deepen and extent its green delivery through the implementation of the GET Approach 2021-25. The goal was to raise the share of green finance to at least 50 per cent of ABI and to reduce net CO_2 emissions by 25-40 million tonnes by the end of the SCF period. The overall GET ratio for the 2021-2023 period was 50% but this varied across individual year (refer to Figure 17).

Figure 17: GET Share, 2021-2023



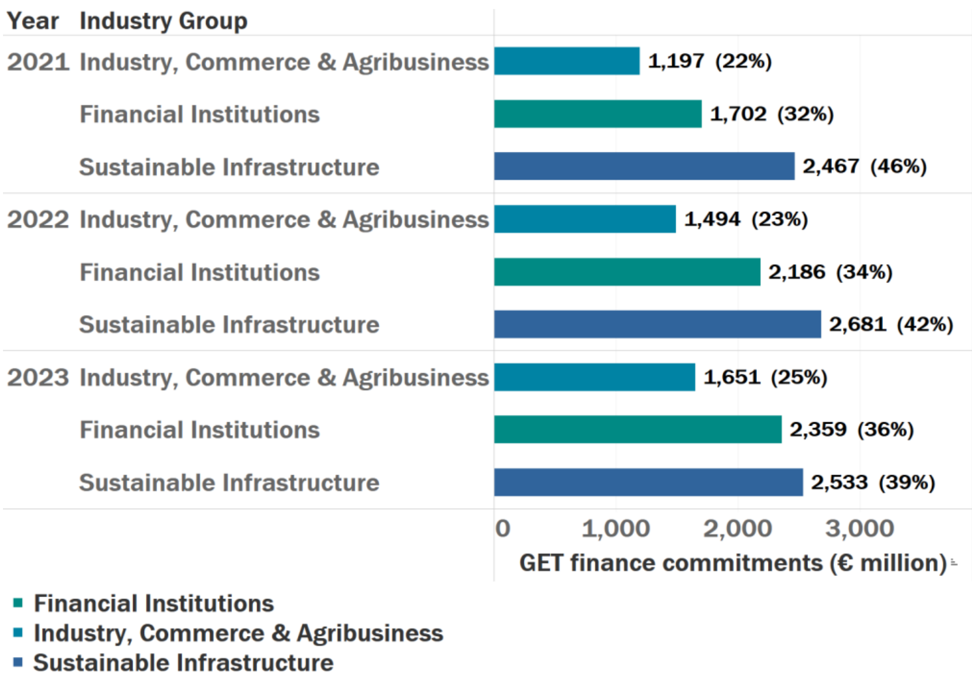
In 2021, the GET finance ratio was stood at 51%, delivered by 278 operations. Subsequently, in 2022 and 2023, the GET finance ratio experienced a slight decline to 49%. However, both the number of GET operations and the volume of GET finance increased during these years, reaching 337 operations with €6.46bn in 2022 and 337 operations with €6.54 bn in 2023 (refer to Figure 18).

Figure 18: Number of GET projects, 2021-23



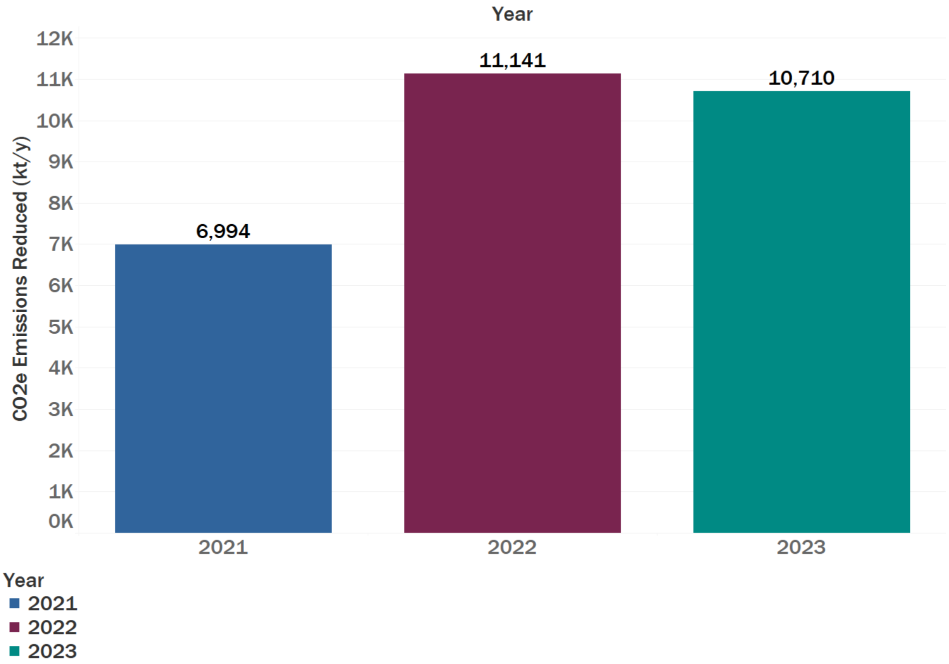
The total amount of GET finance committed from 2021 to 2023 amounted to €18.27bn (refer to Figure 17), with SI operations delivering 69%, ICA contributing 46%, and FI covering 40% (refer to Figure 19).

Figure 19: EBRD annual green finance commitments by sector team group, 2021-2023



The net expected reduction in greenhouse gas (GHG) emissions over the period from 2021 to 2023 was estimated at 27.5 million tonnes (though not verifiable ex post). However, it's important to note that this figure does not account for delivery adjusted GHG emissions reductions (refer to Figure 20).

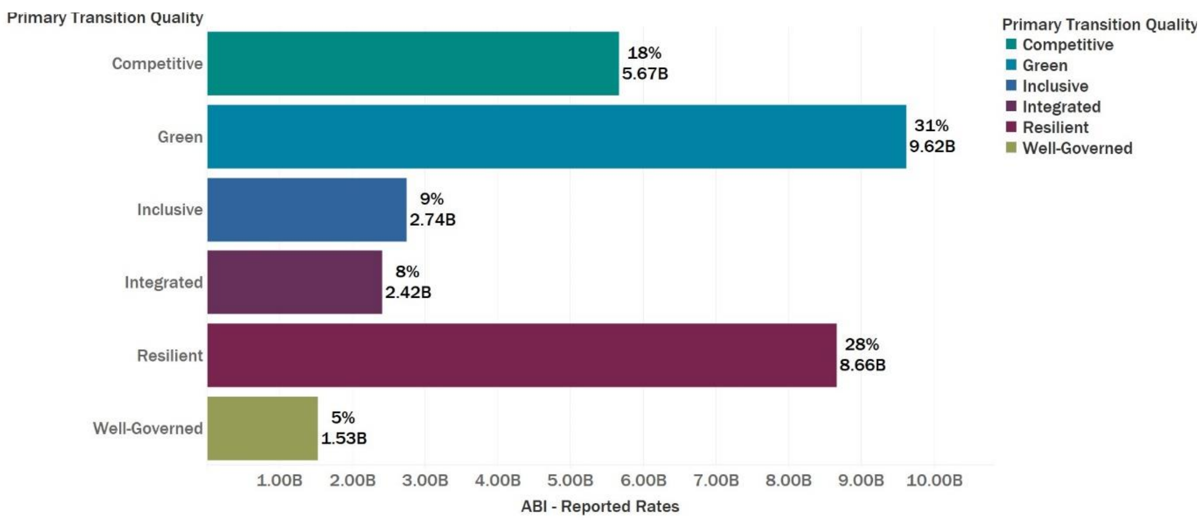
Figure 20: EBRD annual expected GHG reduction, 2021-23



Transition Qualities

Green, Resilient, and Competitive primary TQs collectively constituted 77% of the ABI (Annual Business Impact) from 2021 to 2023. Notably, Green TQ emerged as the predominant primary TQ, accounting for 31% of the ABI during this period and yielding a total ABI of €9.6bn. Following closely, Resilient TQ held the second-highest representation at 28%, delivering a total ABI of €8.7bn. Meanwhile, Competitive primary TQ accounted for 18% of the ABI and contributed €5.7bn in total ABI over the same timeframe (refer to Figure 21).

Figure 21: ABI by primary TQ of operations, 2021-2023



In Green primary TQ, 57% of the projects originated from SI operations, 22% from ICA and 21% from FI sector team groups. Within the second most targeted primary TQ, Resilient 41% of the projects were originated from FI operations, 35% from ICA and 24% from SI. In the Competitive primary TQ, 44% of projects originated from ICA operations, 33% from FI and 23% from SI (Figure 22).

Figure 22: ABI by primary TQ of operations and by sector team group, 2021-2023

Annex 2. Assessment of cascading of SCF priorities into strategies

Priority	Cascading of SCF priorities to...		
	Country strategies	**Sector strategies**	**Other strategies**
1. Timely and effective support to countries of operations to preserve and accelerate transition in the context of the economic crisis caused by the Covid-19 pandemic	Bosnia and Herzegovina Country Strategy (2022-27) Croatia Country Strategy (2023-2028) Czech Republic Country Strategy (2021-26) Egypt Country Strategy (2022-27) Estonia Country Strategy (2021-26) Georgia Country Strategy (2021-26) Hungary Country Strategy (2021-26) Kazakhstan Country Strategy (2022-27) Kosovo Country Strategy (2022-27) Latvia Country Strategy (2021-26) Lithuania Country Strategy (2021-26) Moldova Country Strategy (2023-28) Mongolia Country Strategy (2022-27) Montenegro Country Strategy (2021-26) Serbia Country Strategy (2023-28) Slovak Republic Country Strategy (2023-28)	Energy Sector Strategy (2024–28) Financial Sector Strategy (2021-25) Mining Sector Strategy 2024	EBRD digital approach (2021-25) Equality of Opportunity Strategy (2021-25) Post Graduation Approach Strategy for the Promotion of Gender Equality
2. Focused efforts on supporting those of its countries of operations less advanced in transition, including the Early Transition Countries (ETCs), SEMED and the Western Balkans, through enhanced investment and policy activity	Bosnia and Herzegovina Country Strategy (2022-27) Croatia Country Strategy (2023-2028) Czech Republic Country Strategy (2021-26) Egypt Country Strategy (2022-27) Estonia Country Strategy (2021-26) Georgia Country Strategy (2021-26) Hungary Country Strategy (2021-26) Kazakhstan Country Strategy (2022-27) Kosovo Country Strategy (2022-27) Latvia Country Strategy (2021-26) Lithuania Country Strategy (2021-26) Moldova Country Strategy (2023-28) Mongolia Country Strategy (2022-27) Montenegro Country Strategy (2021-26) Serbia Country Strategy (2023-28) Slovak Republic Country Strategy (2023-28)	Energy Sector Strategy (2024–28) Financial Sector Strategy (2021-25) Mining Sector Strategy 2024	EBRD digital approach (2021-25) Equality of Opportunity Strategy (2021-25) Post Graduation Approach Strategy for the Promotion of Gender Equality

Priority	Cascading of SCF priorities to...		
	Country strategies	**Sector strategies**	**Other strategies**
3. Reinforced private sector focus by ensuring that more than three-quarters of the Bank's total investment in the SCF period is in the private sector.	Bosnia and Herzegovina Country Strategy (2022-27) Croatia Country Strategy (2023-2028) Czech Republic Country Strategy (2021-26) Egypt Country Strategy (2022-27) Estonia Country Strategy (2021-26) Georgia Country Strategy (2021-26) Hungary Country Strategy (2021-26) Kazakhstan Country Strategy (2022-27) Kosovo Country Strategy (2022-27) Latvia Country Strategy (2021-26) Lithuania Country Strategy (2021-26) Moldova Country Strategy (2023-28) Mongolia Country Strategy (2022-27) Montenegro Country Strategy (2021-26) Serbia Country Strategy (2023-28) Slovak Republic Country Strategy (2023-28)	Energy Sector Strategy (2024–28) Financial Sector Strategy (2021-25) Mining Sector Strategy 2024	EBRD digital approach (2021-25) Equality of Opportunity Strategy (2021-25) Post Graduation Approach Strategy for the Promotion of Gender Equality
4. Directly supported progress towards green, low-carbon economies through higher levels of investment in the Green Economy Transition	Bosnia and Herzegovina Country Strategy (2022-27) Croatia Country Strategy (2023-2028) Czech Republic Country Strategy (2021-26) Egypt Country Strategy (2022-27) Estonia Country Strategy (2021-26) Georgia Country Strategy (2021-26) Hungary Country Strategy (2021-26) Kazakhstan Country Strategy (2022-27) Kosovo Country Strategy (2022-27) Latvia Country Strategy (2021-26) Lithuania Country Strategy (2021-26) Moldova Country Strategy (2023-28) Mongolia Country Strategy (2022-27) Montenegro Country Strategy (2021-26) Serbia Country Strategy (2023-28) Slovak Republic Country Strategy (2023-28)	Energy Sector Strategy (2024–28) Financial Sector Strategy (2021-25) Mining Sector Strategy 2024	EBRD digital approach (2021-25) Equality of Opportunity Strategy (2021-25) Post Graduation Approach Strategy for the Promotion of Gender Equality

Priority	Cascading of SCF priorities to...		
	Country strategies	**Sector strategies**	**Other strategies**
5. Equality of opportunity for disadvantaged groups and deeper mainstreaming of gender considerations in projects through strengthened capacity for investment and policy engagement	Bosnia and Herzegovina Country Strategy (2022-27) 🔴 Croatia Country Strategy (2023-2028) 🟠 Czech Republic Country Strategy (2021-26) 🔴 Egypt Country Strategy (2022-27) 🟢 Estonia Country Strategy (2021-26) 🔴 Georgia Country Strategy (2021-26) 🟢 Hungary Country Strategy (2021-26) 🔴 Kazakhstan Country Strategy (2022-27) 🔴 Kosovo Country Strategy (2022-27) 🟠 Latvia Country Strategy (2021-26) 🔴 Lithuania Country Strategy (2021-26) 🔴 Moldova Country Strategy (2023-28) 🟠 Mongolia Country Strategy (2022-27) 🔴 Montenegro Country Strategy (2021-26) 🔴 Serbia Country Strategy (2023-28) 🔴 Slovak Republic Country Strategy (2023-28) 🔴	Energy Sector Strategy (2024–28) 🔴 Financial Sector Strategy (2021-25) 🟢 Mining Sector Strategy 2024 🟠	EBRD digital approach (2021-25) 🔴 Equality of Opportunity Strategy (2021-25) 🟢 Post Graduation Approach 🔴 Strategy for the Promotion of Gender Equality 🟢
6. Comprehensive and coherent activities to help countries of operations leverage the digital transition as an enabler of transition across all sectors.	Bosnia and Herzegovina Country Strategy (2022-27) 🔴 Croatia Country Strategy (2023-2028) 🟠 Czech Republic Country Strategy (2021-26) 🔴 Egypt Country Strategy (2022-27) 🔴 Estonia Country Strategy (2021-26) 🔴 Georgia Country Strategy (2021-26) 🔴 Hungary Country Strategy (2021-26) 🔴 Kazakhstan Country Strategy (2022-27) 🔴 Kosovo Country Strategy (2022-27) 🔴 Latvia Country Strategy (2021-26) 🔴 Lithuania Country Strategy (2021-26) 🔴 Moldova Country Strategy (2023-28) 🔴 Mongolia Country Strategy (2022-27) 🔴 Montenegro Country Strategy (2021-26) 🔴 Serbia Country Strategy (2023-28) 🔴 Slovak Republic Country Strategy (2023-28) 🔴	Energy Sector Strategy (2024–28) 🔴 Financial Sector Strategy (2021-25) 🔴 Mining Sector Strategy 2024 🟠	EBRD digital approach (2021-25) 🟢 Equality of Opportunity Strategy (2021-25) 🔴 Post Graduation Approach 🔴 Strategy for the Promotion of Gender Equality 🔴
7. Successful launch of operations in new countries of operations within the Bank's existing region, such as	⚫ = not applicable	⚫ = not applicable	⚫ = not applicable

Priority	Cascading of SCF priorities to…		
	Country strategies	Sector strategies	Other strategies
Algeria, subject to the approval of Governors			
8. If approved by the Board of Governors, beginning of operations in a limited number of countries beyond the Bank's current geographic region	= not applicable	= not applicable	= not applicable
9. Support for any country that chooses to graduate from the use of the Bank's resources through an enhanced Post-Graduation Operational Approach	= not applicable	= not applicable	EBRD digital approach (2021-25) Equality of Opportunity Strategy (2021-25) Post Graduation Approach Strategy for the Promotion of Gender Equality
10. Increased levels of mobilised private capital for countries of operations through a widened and deepened scope of activities.	Not applicable to most country strategies except for: Kazakhstan Country Strategy (2022-27) Serbia Country Strategy (2023-28)	Not applicable	Not applicable
11. Greater transition impact by further integrating policy engagement and investment activity and reinforced its ability to measure its effectiveness	Bosnia and Herzegovina Country Strategy (2022-27) Croatia Country Strategy (2023-2028) Czech Republic Country Strategy (2021-26) Egypt Country Strategy (2022-27) Estonia Country Strategy (2021-26) Georgia Country Strategy (2021-26) Hungary Country Strategy (2021-26) Kazakhstan Country Strategy (2022-27) Kosovo Country Strategy (2022-27) Latvia Country Strategy (2021-26) Lithuania Country Strategy (2021-26) Moldova Country Strategy (2023-28) Mongolia Country Strategy (2022-27) Montenegro Country Strategy (2021-26) Serbia Country Strategy (2023-28) Slovak Republic Country Strategy (2023-28)	Energy Sector Strategy (2024–28) Financial Sector Strategy (2021-25) Mining Sector Strategy 2024	EBRD digital approach (2021-25) Equality of Opportunity Strategy (2021-25) Post Graduation Approach Strategy for the Promotion of Gender Equality

Priority	Cascading of SCF priorities to…		
	Country strategies	**Sector strategies**	**Other strategies**
12. Stronger overall results framework, knowledge management and the use of evaluation findings to improve the design and impact of operations	Bosnia and Herzegovina Country Strategy (2022-27) 🔴 Croatia Country Strategy (2023-2028) 🔴 Czech Republic Country Strategy (2021-26) 🔴 Egypt Country Strategy (2022-27) 🔴 Estonia Country Strategy (2021-26) 🟠 Georgia Country Strategy (2021-26) 🔴 Hungary Country Strategy (2021-26) 🔴 Kazakhstan Country Strategy (2022-27) 🔴 Kosovo Country Strategy (2022-27) 🔴 Latvia Country Strategy (2021-26) 🟠 Lithuania Country Strategy (2021-26) 🟠 Moldova Country Strategy (2023-28) 🔴 Mongolia Country Strategy (2022-27) 🔴 Montenegro Country Strategy (2021-26) 🔴 Serbia Country Strategy (2023-28) 🔴 Slovak Republic Country Strategy (2023-28) 🔴	Energy Sector Strategy (2024–28) 🟢 Financial Sector Strategy (2021-25) 🟠 Mining Sector Strategy 2024 🔴	EBRD digital approach (2021-25) 🟢 Equality of Opportunity Strategy (2021-25) 🟢 Post Graduation Approach 🟠 Strategy for the Promotion of Gender Equality 🟢
13. Cost effective delivery of the SCF through investment in staffing, skills, processes, systems and IT upgrades, as well as increased efficiency and reallocation	⚫ = not applicable Taken as not applicable to country strategies though in fact there is no reason why these could not address staff skills, processes, etc. required for strategy implementation	⚫ = not applicable As for country strategies	⚫ = not applicable As for country strategies

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

Annex 3. Assessment of SCF commitments in selected areas

Table 7: SCF strategic priorities and commitments for gender equality and inclusion

Strategic priorities and SCF commitments for gender, equality and inclusion	Assessment (where the evaluation was able to glean evidence)	Status
Over the SCF period, the Bank will maintain its focus on three priority pillars: (i) increased access to finance and business support for women-led businesses; (ii) increased access to employment opportunities and skills for women and (iii) improved access to services, focusing on sustainable infrastructure. These pillars will be supported by continuing to promote gender mainstreaming across the Bank's work and institutional capacity building.	Some progress at the beneficiary level	
	Significant progress in terms of meeting scorecard targets and in implementing the GenderSMART process Specific information not available. However, over the past three years, there has been a notable increase in gender-related initiatives, with the scorecard target of gender-tagged operations increasing from 18% to 25% to 30% in 2022-2024, with the actual tagging overachieved consistently (44% in 2023). It was especially notable in areas like gender and climate finance. However, challenges remain in capacity building and monitoring, although the Bank is on track to exceed its targets for next year	
In the SCF period, the Bank will put in place gender-responsive instruments and tools and strengthen Bank-wide capacity to promote gender equality. This will include		
Supporting innovation with new financial products to enhance women's access to finance and savings	Again, specific information to assess against each strategic priority and SCF commitment was not available for this evaluation, so no rating is provided. A general discussion follows. IEvD notes Management's self-assessment of April 2024 that "the Bank has been particularly successful in integrating gender into climate finance and policy engagement, for example in, the majority of the Bank's Green Cities programmes, GEFFs and Renewable Energy Frameworks - such as in Egypt or Kazakhstan." Other achievements noted in the self-assessment include: • policy programmes to promote regulatory reforms that remove barriers for women to start up and grow their businesses • the Bank's response to the war on Ukraine, with almost all projects in the country specifically supporting human capital resilience by protecting jobs and livelihoods and, maintaining access to finance and vital services the Bank has supported the development of needed skills at both the firm and sector level, combining investment and policy engagement. Examples have included the development of Sector Skills Councils across	
Leveraging innovative digital financial technologies to reduce costs and increase access		
Promoting women as entrepreneurs by supporting specialised skills development, including in Science, Technology, Engineering and Mathematics (STEM) areas, business mentoring, coaching and financial literacy activities		
Promoting women's participation in the workplace by increasing the number of women on boards, in management positions and at technical levels		
Supporting inclusive procurement and empowering the integration of women-led businesses in supply and value chains		
Working with clients to address issues of workplace sexual		

<table>
<tr><th>Strategic priorities and SCF commitments for gender, equality and inclusion</th><th>Assessment (where the evaluation was able to glean evidence)</th><th>Status</th></tr>
<tr><td>harassment and gender bias in recruitment and promotion</td><td rowspan="4">countries in the SEMED region and the Western Balkans.
• Youth in Business programmes have been expanded across the Bank's countries of operations notably in the SEMED, Western Balkans and Central Asian region.
However, IEvD did not validate the progress made in these areas, The current evaluation does note that Management's self-assessment states "Looking forward, both the impact of the implementation of the SPGE and the EOS will be assessed in concert with the IEvD in the course of 2024 against the detailed results framework contained in each strategy. This will inform the mid-term reviews of both strategies in 2024 and their implementation to the end of 2025. It will also form the basis for the development of future strategies in these areas." Apparently, the review went ahead without the involvement of IEvD.</td><td></td></tr>
<tr><td>Supporting actions to address challenges resulting from child and elder-care responsibilities, and promoting a more effective care economy</td><td></td></tr>
<tr><td>Enhancing safe and accessible transport to widen opportunities for women</td><td></td></tr>
<tr><td>Assisting clients to address gender-based violence</td><td></td></tr>
<tr><td colspan="2">Institutional strengthening commitments</td><td></td></tr>
<tr><td>Embedding more gender expertise throughout the Bank, building on the establishment of the Bank's Network of Gender Champions and providing dedicated training and toolkits across regional and sector teams</td><td>Data not available on the increase in gender expertise and the establishment of a Network of Gender Champions.
The existence of a Gender Academy is noted. However, IEvD was not able to get data on the number of trainees or the other elements of this ambition.</td><td></td></tr>
<tr><td>Developing new tracking tools to strengthen understanding of the Bank's investments, which will be anchored in sound gender analysis</td><td></td><td></td></tr>
<tr><td>Making efforts to institutionalise gender outcome monitoring, for example within the ATQs, to further support the establishment of regional and country specific outlooks</td><td></td><td></td></tr>
<tr><td>Strengthening existing partnerships and building new ones to identify new opportunities for clients and investors alike</td><td>During a recent FOPC session on human capital and gender, the GEI director mentioned the regular collaboration with MDBs though IEvD has no details of what is involved.</td><td></td></tr>
<tr><td colspan="2">Other commitments</td><td></td></tr>
<tr><td>The Bank integrates gender considerations as an essential component of investments and policy engagements, as well as into sectoral and country strategies. To support this work, signalling from</td><td>During the same FOPC session noted above, the GEI director underscored the importance of the Bank's distinct approach to policy engagement. Unlike other institutions, the EBRD effectively leverages its private sector relationships to bring employers into policy discussions particularly around human capital</td><td></td></tr>
</table>

Strategic priorities and SCF commitments for gender, equality and inclusion	Assessment (where the evaluation was able to glean evidence)	Status
senior management is crucial as is building the capacity of staff and developing gender toolkits.	reforms. She provided the example of Kazakhstan where the Bank successfully facilitated dialogue between employers and ministries. Additionally, EBRD has been instrumental in creating sector skills councils that help shape human capital policies by bringing together various sectoral stakeholders.	
Expanding policy engagements from Central Asia to SEMED and other regions, to support gender-sensitive regulatory reforms to promote an enabling environment for female entrepreneurship and to enhance the digital, financial and legal literacy of women entrepreneurs.		⬢
Integrating gender and inclusion components into the Green Cities Programmes		
The Bank will seek to strengthen data quality, with a focus on sex-disaggregated data collection and reporting, to support a better understanding of the impact of the Bank's interventions and to enhance inclusive policy design	See Blueprint article, Walking the talk: EBRD collects sex-disaggregated data posted 18/12/2023	⬢

⬢ = complete; ⬢ = significant progress; ⬢ = some progress; ⬢ = limited progress

Table 8: SCF strategic priorities and commitments international collaboration and coordination

Strategic priorities and SCF commitments for international collaboration and coordination	Comments (where the evaluation was able to glean evidence)	Status
The SCF commits the Bank to "implementing an operational framework to align with the principles of international climate agreements, including principally the Paris Agreement."	See green technical paper for more details	⬢
It also commits to defining thematic interventions to address major climate issues including through mobilising "donor resources and collaborative work with partners both in-country and through expert networks."	See green technical paper for more details	⬢

Strategic priorities and SCF commitments for international collaboration and coordination	Comments (where the evaluation was able to glean evidence)	Status
The Bank is supporting the G20 to establish an agenda to accelerate InfraTech…to advance many aspects of the G20 Quality Infrastructure Investment Principles.	Progress has not been determined by this evaluation	
The SCF notes that "an essential prerequisite for the success of any limited and incremental expansion into the region by the EBRD would be the establishment of clear modalities for collaboration with existing institutions, such as the IFC, EIB and bilateral DFIs."	Interviews indicated that positive progress is being made. EBRD concluded an agreement with the African Development Bank	
The SCF notes that donor partnerships provide benefits beyond finance as they may facilitate the adoption of new ways of working "such as results-based approaches to project design" and that it can "raise the bar on results monitoring and reporting."	Covered below under donor financing.	
In this period, the MDBs and DFIs will need to innovate to share and to leverage skills, balance sheets, risk and networks across the system.	The most notable progress has been for Ukraine. A crisis is a clear motivator to cooperate and coordinate. It may be harder under a 'business as usual' scenario.	
The IFIs will need to provide the right incentives by avoiding distortions in the use of concessional resources.	DFIs have signed up to guidelines for the use of blended finance for private sector projects and a working group is monitoring and reporting on progress.	
Above all, aligned policy messages are essential in a range of areas, including managing state intervention in the economy and prioritising a 'tilt to green.'		
At the end of 2019, just under 15 per cent of transactions in the portfolio were co-financed with partner MDBs and DFIs but no targets for cofinancing were set.	Progress not determined	

Strategic priorities and SCF commitments for international collaboration and coordination	Comments (where the evaluation was able to glean evidence)	Status
The EBRD is keen to work constructively within country platforms with national authorities and other IFIs, including exchanging diagnostic work and lessons learned (examples include Western Balkans Investment Framework, Ukraine Reforms Architecture programme, and the Compact with Africa)		🟠
The EBRD collaborates with other institutions to agree common priorities and key messages with respect to policy outcomes in countries of operations, including implementation arrangements		🟠
The EBRD is an active member of many of the over 100 MDB working groups.		🟡
The Covid-19 crisis has accelerated the degree of institutional knowledge sharing across a wide range of functions.		🟠
During the SCF period, the EBRD will continue to explore new partnerships, platforms and instruments across the system to optimise its financing capacity and technical capabilities to achieve transition impact.		🟠
The Bank will also seek innovative ways to facilitate exchanges of talent and expertise so that strengths can be deployed across the system in the most effective way.		🔴

🟢 = complete; 🟡 = significant progress; 🟠 = some progress; 🔴 = limited progress

Annex 4. Strategic relevance of international agreements

MoU and other agreements signed during the evaluation period	Assessment of relevance of MoU/ agreements to SCF strategic priorities	Status
1. MoU with the Association of European Development Finance Institutions on collaboration to help achieve 2030 Agenda for Sustainable Development	Strategically highly relevant For achievement of SDG alignment	
2. MoU with the International Trade Centre for collaboration and co-creation of content for MSMEs, providing technical assistance, market opportunities, and access to finance for women entrepreneurs, particularly targeting Mongolia	Strategically relevant Support for a strategic priority though for a single country. MoU with an organisation working in multiple countries provides opportunities for replication.	
3. MoU with the Ministry of Energy of Kazakhstan for long-term decarbonization strategy for the development of the energy sector in Kazakhstan	Somewhat strategically relevant The subject is strategically relevant but in a single country with an organisation that only works in one country	
4. MoU with the Ministry of Finance of Greece to cooperate on the design and implementation of the funding programme under the Recovery & Resilience Facility	Somewhat strategically relevant Single country agreement on a strategic priority – crisis response	
5. MoU with the Ministry of Investments and Foreign Trade and Ministry of Water Resources of the Republic of Uzbekistan for Institutional, Governance and Digitalisation Improvements of the Irrigation Water Conveyance Sector of the Republic of Uzbekistan	Somewhat strategically relevant Single country agreement with a domestic entity for an area of strategic priority - digitalisation	
6. MoU with the National Securities and Stock Market Commission and Warsaw Stock Exchange for cooperation for the development of capital markets in Ukraine	Somewhat strategically relevant Single country agreement with a national entity for a strategic priority – crisis response	
7. MoU with the SNGFE for sustainable economic development (access to financing, financial inclusion and green economy) in the Kingdom of Morocco	Somewhat strategically relevant Single country agreement with a national entity for two strategic priorities – inclusion and green	
8. MoU with the UNDP for strengthening cooperation in areas of mutual concern, such as the realization of the Sustainable Development Goals	Strategically highly relevant Agreement with a multilateral for a strategic priority – SDG alignment	
9. MoU Development-G7 DFI-EDFI Ukraine Investment Platform for establishment of Ukraine Investment Platform	Strategically relevant Single country agreement with a number of international entities for a strategic priority – crisis response	
10. MoU with the New Urban Communities Authority (NUCA) for cooperation regarding the Green Cities Framework in Egypt	Somewhat strategically relevant Single country agreement with a national entity for a strategic priority – green	

MoU and other agreements signed during the evaluation period	Assessment of relevance of MoU/ agreements to SCF strategic priorities	Status
11. MoU with the Bank Al Maghrib and GBPM to collaborate on financial climate and environmental risks management and green finance promotion in the Kingdom of Morocco	Somewhat strategically relevant Single country agreement with a national entity for a strategic priority – green	●
12. MoU with the ADF Group for collaboration to achieve the sustainable development impact	Limited strategic relevance Not specifically directed towards a strategic priority	●
13. MoU with the Moroccan Research Institute for Solar Energy and New Energies (IRSEN) for cooperation for acceleration of a green energy transition in Morocco	Somewhat strategically relevant Single country agreement with a national entity for a strategic priority – green	●
14. MoU with the Administration for Digital Industries of the Taiwanese Ministry of Digital Affairs for cooperation in support of private sector digital transformation and cybersecurity	Strategically highly relevant Agreement with a national entity for multiple countries for a strategic priority – digitalisation	●
15. MoU with the International Organization for Migration on cooperation on economic inclusion	Strategically highly relevant Agreement with a national entity for multiple countries for a strategic priority – inclusion	●
16. MoU with the Ministry of Local Development and the Governorate of Alexandria for cooperation on the Green Cities Framework	Somewhat strategically relevant Single country agreement with a national entity for a strategic priority – green	●
17. MoU with the Ministry of Local Development and the Governorate of Cairo for cooperation on the Green Cities Framework	Somewhat strategically relevant Single country agreement with a national entity for a strategic priority – green	●
18. MoU with the United Nations for cooperation to enhance public procurement in EBRD countries of operation	Limited strategic relevance Agreement with a multilateral organisation but specifically directed towards a strategic priority	●
19. MoU with the UN Women for cooperation to promote gender equality	Strategically highly relevant Agreement with a multilateral covering multiple countries for a strategic priority – inclusion	●
20. MoU with the African Development Bank for promoting sustainable private sector development in Africa	Strategically highly relevant Agreement with a multilateral covering multiple countries for a strategic priority – inclusion	●
21. MoU with the Ministry of Energy of the Republic of Azerbaijan for cooperation to develop the power sector in the Azerbaijan	Limited strategic relevance Agreement with a national entity for single country not in a SCF priority area	●
22. MoU with the MasterCard for cooperation on gender and economic inclusion, support for small businesses, and digital transformation	Strategically highly relevant Agreement with a private sector multinational covering multiple countries for two strategic priorities – inclusion and digitalisation	●
23. MoU with the ILO and Union of Municipalities of Turkiye for cooperation to promote more accessible childcare with the view to encouraging women's participation in the labour force	Strategically relevant MOU with a multilateral for a single country though multiple municipalities for a strategic priority – inclusion	●

MoU and other agreements signed during the evaluation period	Assessment of relevance of MoU/ agreements to SCF strategic priorities	Status
24. MoU with the Ministry of Energy Transition and Sustainable Development of Morocco for promoting decarbonization of the electricity sector	Somewhat strategically relevant Single country agreement with a national entity for a strategic priority – green	●
25. MoU with the Jordan Securities Commission for promoting capital market development in Jordan	Limited strategic relevance Single country agreement with a national entity for an area not a strategic priority	●
26. MoU with the Japan Bank for International Cooperation for cooperation to support the economic development and energy transition of regions of common interest	Strategically highly relevant Agreement with a bilateral development bank covering multiple countries for a strategic priority – green	●
27. Financial Framework Partnership Agreement with the EU for Financial Framework Partnership Agreement (priorities are support for Ukraine's economy, infrastructure and citizens' everyday lives, developing low-carbon green economies, accelerating the digital transition and providing equal economic and employment opportunities across 38 economies)	Strategically highly relevant Agreement with EU for 38 countries for two strategic priorities – green and inclusion	●
28. MoU between the EBRD and the World Bank Group to facilitate collaboration and cooperation between the parties, in particular on climate, energy and transport connectivity, economic resilience and recovery in Ukraine, co-financing of private sector projects.	Strategically highly relevant Agreement with a multilateral for multiple strategic priorities – including crisis response, green and private sector support	●
29. MoU between the EBRD, CEB, EIB, and the WBG to harmonise procurement practices for public sector investment financed by MDBs in Ukraine.	Strategically relevant Single country agreement with multiple agencies in support of crisis response	●

● = strategically highly relevant; ● = strategically relevant; ● = somewhat strategically relevant; ● = limited strategic relevance