November 2012

Annual Evaluation Review

European Bank
for Reconstruction and Development

Definitions and abbreviations

Abbreviations

EBRD	European Bank for Reconstruction and Development
ECG	Evaluation Cooperation Group [of the multilateral development banks]
EvD	Evaluation Department
OPA	Operations Performance Assessment
TC	Technical cooperation
TI	Transition impact
TIMS	Transition Impact Monitoring System
XMR	Expanded Monitoring Report
CV:	curriculum vitae

Defined terms

Evaluability	The extent to which the value generated or the expected results of a project are verifiable in a reliable and credible fashion
Impact	The positive or negative long-term effects produced by an intervention, directly or indirectly, intended or unintended; an impact generally results from a series of causal factors of which the project is but one
Indicator	A quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a specified entity
Outcome	The short-term and medium-term effects consequent to delivering the intervention's outputs
Output	The products, capital goods and services that result from an intervention - its deliverables
Quality-at-entry	A comprehensive check on all aspects of design integrity of an intervention and its alignment with polices and strategies - incorporates evaluability
Result	The output, outcome or impact (intended or unintended, positive or negative) of an activity or intervention
Results chain	A clear causal sequence that identifies the sequence of cause and effect assumed or observed to achieve desired results - beginning with inputs, moving through activities and outputs, and culminating in outcomes and impacts.

The Evaluation Department's Annual Evaluation Review

presents analysis and evidence on the performance of EBRD operations as assessed by the Evaluation Department. It also summarises findings from the completed year's evaluation reports, presents a stocktaking of evaluation in the EBRD, and from time to time gives additional treatment to special topics.

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Introduction

1.1 Purpose of the report

The Evaluation Department's Annual Evaluation Review provides:

- an assessment of the performance of the European Bank for Reconstruction and Development's (EBRD's) mature operations from an evaluation perspective based on a mix of in-depth evaluations by the Evaluation Department (EvD) and validated self-evaluations
- the main findings from evaluation studies completed under the 2011 Work Programme
- a quality check on the self-evaluation and transition impact monitoring systems in the EBRD
- a review of EvD's activity and performance.

1.2 Changes introduced in this report

The Annual review continues to evolve. This edition continues last year's effort to make the presentation more succinct and to highlight data and findings likely to be both of broad interest and value to the Bank's Board of Directors and Management.

This year aggregate performance is reported by year of approval rather than, as previously, by year of evaluation. This change means that variations in performance can be more readily understood in the context of specific events, such as the financial crisis, approval of a new policy or strategy, market cycles and so on. Over time this will allow more reliable conclusions to be drawn when reported findings change across years. This year, we also try to clearly identify more findings that we cannot yet adequately explain and that therefore invite future examination.

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The report seeks to present only the most meaningful data. A fuller data set and information is appended.

1.3 Key messages

On the aggregate performance of the EBRD's operations

- The evaluated performance of the EBRD's operations has not varied much over the last 20 years, remaining generally in the range of 50-60 per cent rated successful or highly successful.
- For projects approved in 1992-94 the success rate was 53 per cent whereas for those approved in 2006-08 (the most recent period for which evaluation results are available) it was 58 per cent, with the latter period clearly affected by the global financial and economic crisis as noted below.

The evaluated performance of the EBRD's operations has not varied much over the last 20 years, remaining generally in the range of 50-60 per cent rated successful or highly successful.

- The proportion of evaluated rated highly successful declined from a high of 17 per cent for those approved in 2001-03 to zero or near zero in the two most recent three-year periods. Available data do not provide an adequate explanation, but the reasons should be investigated; highly successful projects provide valuable learning.

- Aggregate annual results show more variation as the effects of macro-economic shocks become more evident. Of those projects approved in 2007, and evaluated to date, the proportion with performance rated successful or better was quite low. Almost certainly the effects of the financial crisis can be seen here; however a limited sample size makes further data and analysis essential.

- Much has changed over the last 20 years, but the observed stability in rated performance and the lack of discernible trend towards rising success merits attention. Opportunities for an improved trend in evaluated performance likely exist.

- However, the situation is complicated by the manner in which performance is rated. On key criteria performance is rated against expectations at approval; a low rating may therefore reflect a mix of unrealistic expectations and low achievement.

- The Evaluation Department (EvD) is reviewing its performance rating methodology to ensure ratings are soundly based and consistently derived, and the determinants of performance more self-evident.

- The persistent lower performance of operations in Central Asia needs further investigation as the reasons are not clear from the data.

- The ex ante rating of transition potential is almost 20 per cent above the rating when assessed ex post; this reflects the realisation of the transition risk identified at appraisal.

- The proportion of projects for which ex ante statements of additionality were fully verified has fallen to around 50 per cent in recent years.

- A fall in the proportion of evaluated projects classified with the most significant potential adverse environmental and social impacts is associated with a 20 percentage point drop in the proportion of projects rated good or excellent for environmental performance. The available data do not establish causality and cannot inform as to whether more challenging projects have the potential to produce better results.

Main findings from evaluations in the 2011 Work Programme

- There is real scope for sector strategies to drive operational choices more effectively, with a more demonstrable alignment between stated objectives, investment choices and observed impact.

- Such sector strategies would be more specific and focused, setting out more specific targets and indicators. This in turn would make strategies more capable of evidence-based review, feedback and refinement.

The increase in the number of operations in the Bank's portfolio, reflecting the sharp rise in annual business volumes, should trigger a careful review of the provision of resources for effective portfolio monitoring and management.

There is real scope for sector strategies to drive operational choices more effectively, with a more demonstrable alignment between stated objectives, investment choices and observed impact.

- Sector strategy evaluations also identified the fact that policy dialogue may benefit from more structured plans and targets, staff and technical cooperation support, and increased coordination with other financing institutions.

- Evaluations of crisis-related interventions raise the issue of foreign exchange risk and highlight the imperative of integrating the latest economic developments before signing.

- Risks identified during due diligence are not always reflected in Board documents and opportunities are missed to covenant specific areas of risk.

- Mitigating the risk of poor corporate governance is immensely difficult; getting it right from the start is essential.

On self-evaluation and transition impact monitoring

- The quality of operational self-evaluations varies widely, but overall needs substantial improvement; this invites reflection on accountabilities and incentives, but also represents a real opportunity for performance improvement.

- Management and EvD are working cooperatively to improve this situation, in part by introducing a new EvD-designed self-evaluation tool and process for investments and more training for bankers. Sustained effort and significant Management support will be required to embed the changes.

- Over time, a more effective self-evaluation process coupled with a more effective EvD validation process should narrow the current disparities between self- and independent ratings.

- Management is also moving to improve the quality of technical cooperation self-evaluation (with EvD support), among a number of improvements to the use and management of technical cooperation.

- Transition Impact Monitoring System (TIMS) and EvD ratings of transition impact are not directly comparable; some ongoing initiatives (for example, the EvD review of project performance rating criteria and the work of the results taskforce) offer promise for improvements.

- The increase in the number of operations in the Bank's portfolio, reflecting the sharp rise in annual business volumes, should trigger a careful review of the provision of resources for effective portfolio monitoring and management.

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2
Chapter

Aggregate performance[1]

2.1 How operations are evaluated in the EBRD

Under existing policy and practice all mature operations[2] (including technical cooperation [TC]) are self-evaluated by banking staff. All such self-evaluations are assessed or reviewed by EvD, with assessment (now termed validation) being a more thorough process. EvD also independently evaluates a selection of operations – either individually or via sector and other special studies.

Important changes were introduced to these processes in 2012 but these do not affect the 2011 data in this report. A new Operations Performance Assessment (OPA) has replaced the Extended Monitoring Report (XMR) as the self-evaluation tool for operations. The OPA is a dedicated assessment of the performance of mature operations rather than being a part of the Credit Monitoring Report as was the case with the XMR. Under this new approach EvD no longer formally signs off on self-evaluations (OPAs), as it did with the XMRs. The department's role, properly, is now solely advisory with respect to self-assessments. The OPA is a Management product for which Management is responsible, and which is then independently assessed and its findings validated by EvD.

2.2 Overall performance

Based on three-year averages (to smooth out year-on-year variations), the success of evaluated projects has varied little between the early 1990s and the most recent period (Chart 2.1). Fifty-eight per cent of projects approved in the period 2006-08 were rated successful or better compared with 54 per cent of those approved in the period 1992-94. Aggregate levels of successful or better operations reached an all-time high of 68 per in the period 2002-04 before declining again. Thus the broad picture is one of stability in the institutional success rate in the range of 50 to 60 per cent, without a sustained long-term trend towards either improved or deteriorating performance.

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Some of the rise and fall in performance over the last two decades can be explained by changes in the proportion of operations rated highly successful. Over the two most recent periods this has fallen to just a few per cent from a high of 17 per cent so-rated in 2001-03. The reason for the decline in the percentage of operations rated highly successful is not known.

[1] This chapter picks out the highlights. Further details, including the sampling methodology used, are appended.
[2] Mature operations are those judged by EvD to be ready for evaluation.

However, there are several complicating factors. First, evaluation derives performance ratings largely on the basis of comparing actual achievements to those expected at approval. A long-term aggregate success rate of around 50 per cent may, in part at least, be a consequence of expected results being consistently over-projected, perhaps reflecting internal dynamics as much as circumstances on the ground. But on the other hand, the Bank is expected to be ambitious, and setting "stretch objectives" can be a way of improving performance. If the observed phenomenon is being driven by the former it raises one set of questions; if the latter, entirely another.

Second, the balance of sectors and countries of operations has changed over time, so it might be argued that the balance has shifted towards countries and sectors where results are harder to achieve. Yet if this were so it ought to be reflected in the level of results expected. Third, macro-economic shocks and other external events do affect risk-adjusted performance as shown below.

Notwithstanding these cautions, the long-term level of performance, its narrow range, and the absence of a sustained trend towards improved performance together invite the question of whether a higher rate of success should be targeted. If so, the way forward would likely lie in part with incentives, such as those embedded in targeting ex-post performance in scorecards. Also, greater attention may be required during due diligence to ensure the realism of expected results, and to check that risks have been correctly and fully identified along with sound mitigation plans.

Macro-economic shocks (and market cycles) of course affect the performance of the EBRD's operations. This may be seen in the evaluated performance of projects approved just before the Asian and Russian financial crises of 1997-98. Low evaluated performance is also emerging for operations approved before the broader financial crisis beginning in 2008, though care must be taken given the still-limited size of the evaluated project pool. It is likely that these projects faced particular problems having been approved in a benign economic environment but then beset by economic turbulence before they were well established.

Chart 2.1: Overall performance by approval year (rolling three-year sample)

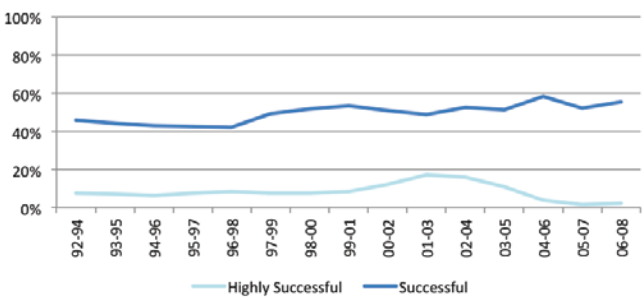
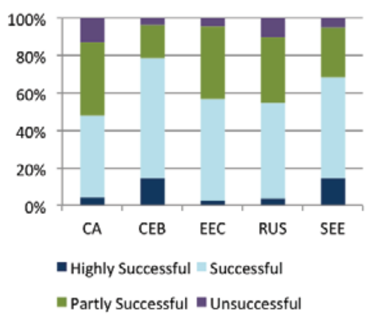
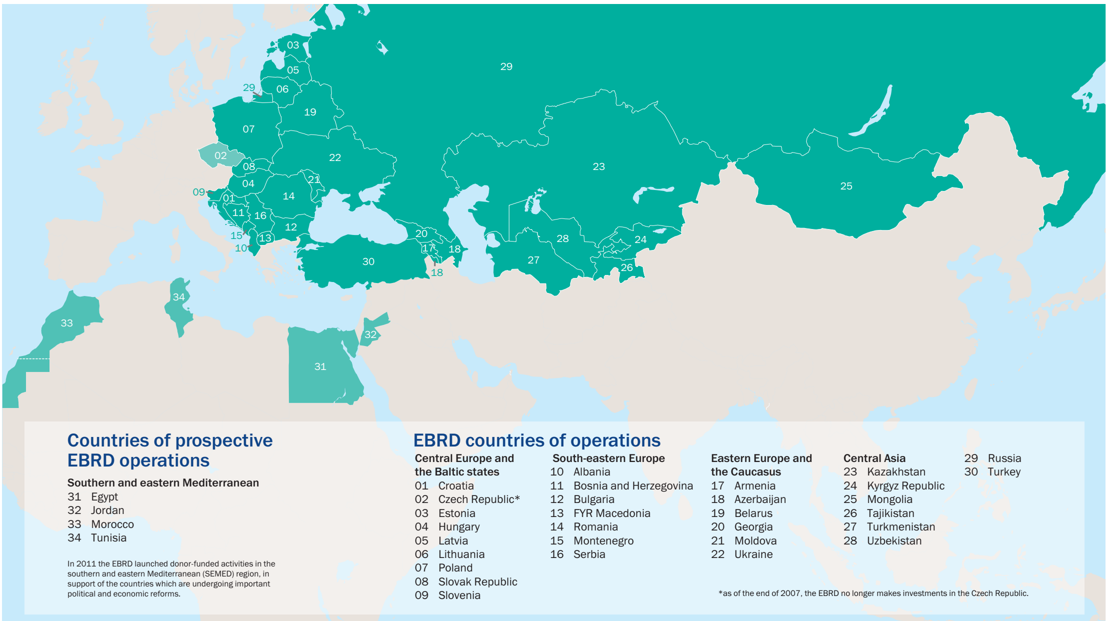


Chart 2.2: Overall performance by region, projects approved 2003-08

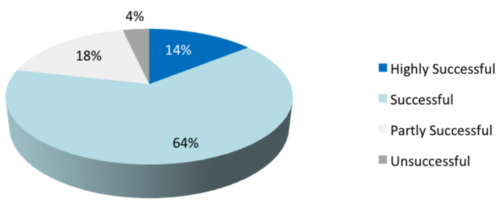


CA: Central Asia
RUS: Russian Federation
CEB: Central Europe and the Baltic states
SEE: South-eastern Europe
EEC: Eastern Europe and Caucasus

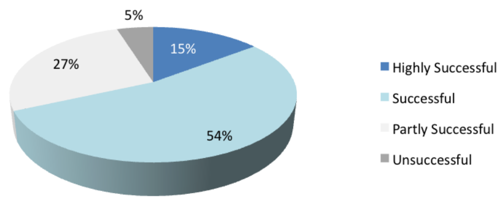
Chart 2.2: Overall performance by region, projects approved 2003-08 (continued)



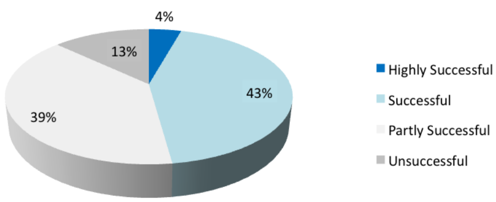
Central Europe and the Baltic states



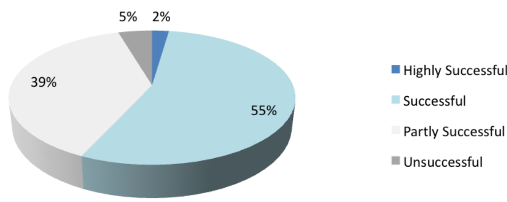
SEE



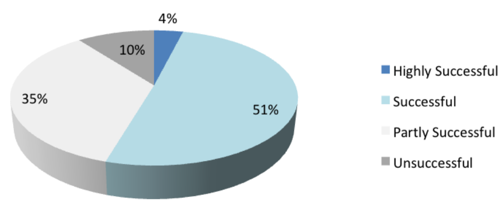
Central Asia



Eastern Europe and the Caucasus



Russia



2.3 Performance by sector and country

Aggregate performance by sector for operations approved in the period 2003-08 shows only minor differences so that data is not presented here. A regional comparison of performance (Chart 2.2) shows that the central Europe and the Baltics states (CEB) and South-Eastern Europe (SEE) regions outperform other regions, while Central Asia (CA) underperforms.

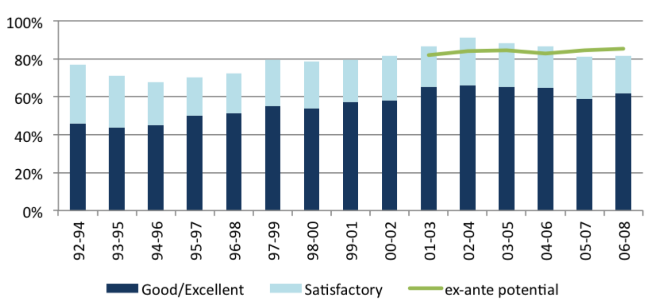
EvD has not determined the reasons for the relative underperformance of projects in Central Asia. Analysis of the ratings for each of the seven criteria that make up the overall performance rating does not give a clear answer. The ratings for transition impact, extent of environmental change, financial performance, and (in particular) Bank handling are lower for projects in Central Asia; those for fulfilment of project objectives, environmental performance, and additionality are the same or higher than for other projects. The issue of lower ratings for Bank handling in Central Asia projects may warrant further investigation to verify if this a causal factor affecting performance or not.

Project size does not appear to explain differences in regional performance. The 2009 AEOR found that large projects generally performed better than small ones. Subsequent internal work by EvD confirmed the relationship and sought to explain it. This work showed that 73 per cent of large projects were rated successful or highly successful, versus 63 per cent of medium-sized projects and 42 per cent of small ones. While Central Asia (and eastern Europe and Caucasus) had a higher proportion of small projects, south-eastern Europe also has a high proportion of small projects, despite having the highest overall performance. Russia had relatively low overall performance ratings although it also has a low proportion of small projects and a high proportion of large projects. Thus, project size does not appear to explain the underperformance of Central Asia projects.

The sector composition of small, medium and large projects also did not appear to explain the differences in performance, probably because performance by sector does not vary much as noted above. Therefore, the sector composition of regional portfolios is not likely to explain variations in regional performance.

Whether the statement of expected results is unrealistically high on average in Central Asia has not been explored.

Chart 2.3: Transition impact by approval year (three-year rolling sample)



2.4 Transition Impact and Additionality

Chart 2.3 shows the proportion of projects rated good/excellent and satisfactory by EvD for transition impact (for three-year periods by year of Board approval). The pattern of performance is similar to that for overall performance (see Chart 2.1). This is not surprising since transition impact is one of the more important criteria used to derive the overall performance rating.

> **The three-year rolling figures show a steady improvement in financial performance of operations.**

About 90 per cent of projects get good additionality ratings, but the proportion getting the highest rating has declined. Initial indications are that additionality has improved again since the financial crisis, although as yet the number of post-evaluated projects is too small to produce statistically significant results. The reasons for this decline are not obvious. One possible surmise is that prior to the recent financial crisis the EBRD was becoming less additional in absolute terms but without this being fully reflected in projections at approval.

2.5 Financial performance

Financial performance follows a clear trend with significant differences over time (Chart 2.5).

The three-year rolling figures show a steady improvement in financial performance of operations from the low of around 25 per cent rated as good/excellent in 1994-96 to a peak of just over 60 per cent so-rated in 2001-03. Thereafter, performance declined somewhat, stabilising at just under 50 per cent for the last two periods. Clearly, macro-economic and market conditions affect the financial performance of individual operations. However the smoothness of this pattern suggest more than just these factors is at play.

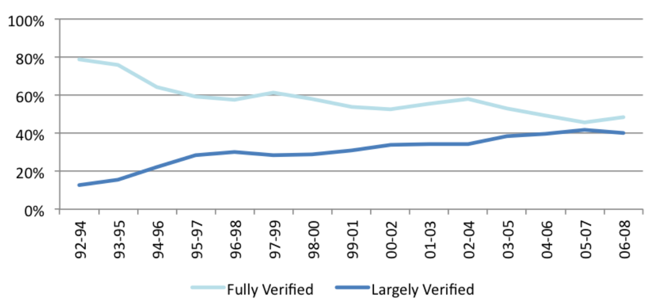
There are some quite large variations in financial performance by sector (Chart 2.6) and lesser variations by region (Chart 2.7). Financial performance appears weakest in the Financial Institutions and Industry, Commerce and Agribusiness, which have the greatest exposure to market forces. Unsurprisingly, central Europe and Baltics, the most advanced region economically as well as in terms of transition, generates better financial results than other regions. It is positive to see that Central Asia and eastern Europe and the Caucasus, the most challenging regions, no longer show significantly weaker results than other regions.

In considering these data, it should be noted that financial performance is also assessed against expectations at appraisal for each project, rather than against an objective measure of financial performance such as a benchmark rate of return. Therefore improved results may indicate either improved performance or more realistic appraisal estimates. Either is welcome but it would be helpful to separate the channels of effect.

2.6 Environmental and Social Impact

The proportion of projects rated good or excellent for environmental performance reached an all-time high

Chart 2.4: Additionality by approval year (three-year rolling sample)



of just under 70 per cent for projects approved in 2001-03. The proportion has fallen to close to 40 per cent in the most recent period (Chart 2.8).

Further analysis for projects approved in the period 2001-08 shows an association between environmental and social impact and the environmental category of a project. This is the classification applied during due diligence to reflect the project's potential to generate significant and adverse environmental and social impact. Category A and B projects have greater potential to generate such impact than category C and FI projects; they also tend to exhibit higher ratings for both environmental and social impact indicators (Charts 2.9 and 2.10). As Chart 2.11 shows, the proportion of category A and B projects in the evaluated portfolio has decreased over time. We observe a fall in the proportion of projects achieving the highest ratings alongside a fall in the proportion of projects with potential for the greatest positive or negative environmental and social impact. However, the available data do not show causality, and no such assertion could be made on the basis of the information on hand.

It should be noted that the decreasing proportion of A and B projects in the evaluated portfolio does not result from a fall in the number of A and B projects approved, but rather a fall in the number evaluated. It is possible that projects with significant environmental elements take

Chart 2.5: Financial performance by Board approval year (three-year rolling sample)

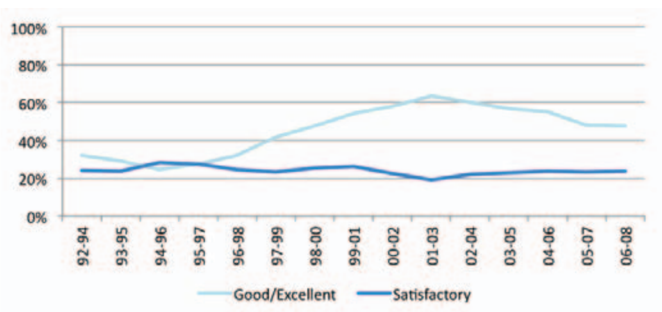


Chart 2.6: Financial performance by sector of projects approved 2003-08

Chart 2.7: Financial performance by region of projects approved

ENE: Energy
FIN: Financial Institutions
ICA: Industry, Commerce and Agribusiness
INF: Infrastructure
CA: Central Asia
CEB: Central Europe and the Baltic states
EEC: Eastern Europe and Caucasus
RUS: Russia

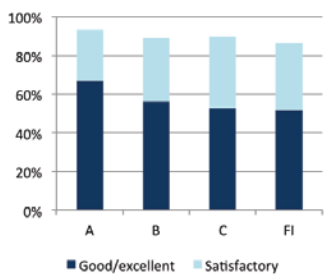
somewhat longer to implement and therefore those approved in recent years have not yet shown up in the evaluated sample. The time lag between approval and evaluation also means that all the projects considered in this section were approved under the 2003 or even 1996 Environmental Policies.

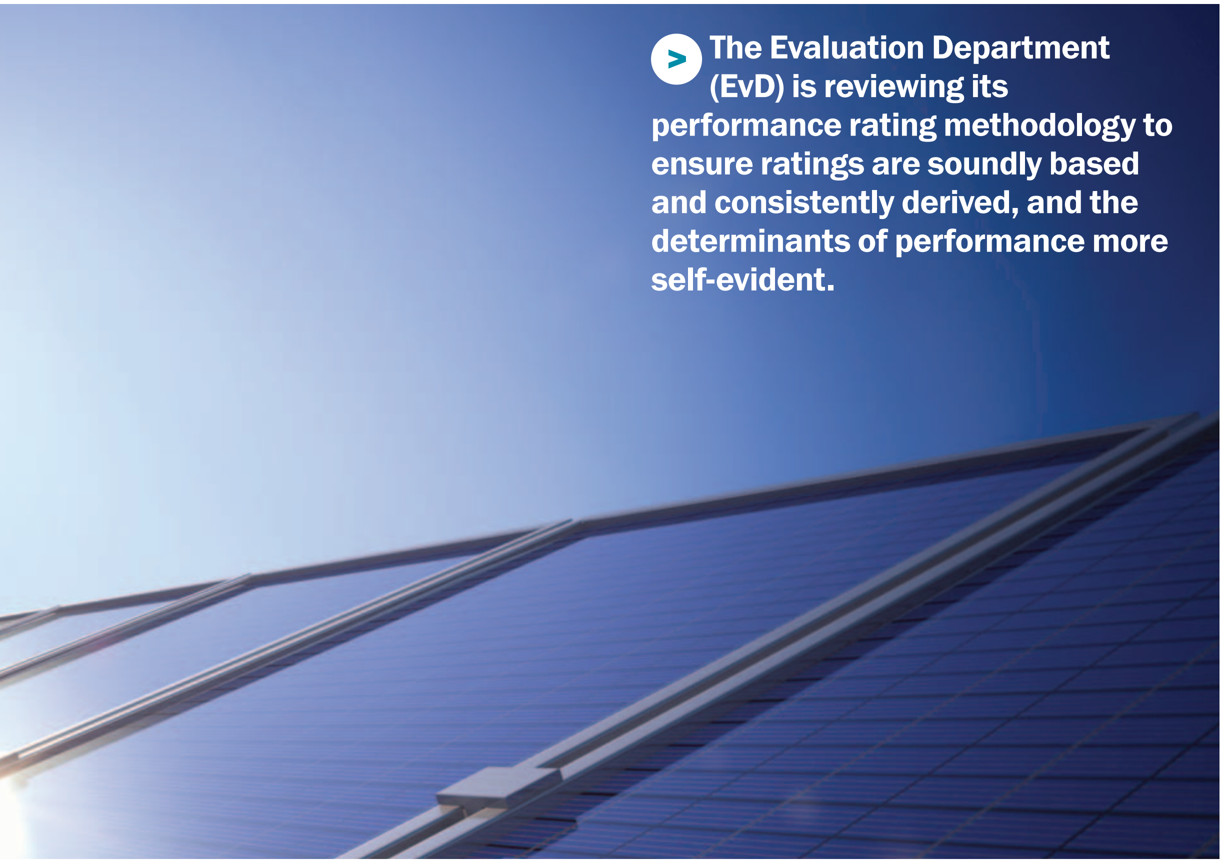
2.7 Project rating methodology

The review of aggregate performance and the need to explain aspects of this had highlighted a number of issues surrounding the project rating methodology. One of these has already been noted above – namely, the rating of achievement against expectations held at approval regardless of how these stated expectations measure up with time and experience and/or generally accepted standards. This and a number of other issues are currently under review with the aim of providing a more robust rating methodology that yields more consistent results and provides a better means to understand variations in performance.

Chart 2.8: Environmental and social performance by Board approval year (three-year rolling sample)

Chart 2.9: Environmental and social performance by environmental category for projects approved 2001-





> The Evaluation Department (EvD) is reviewing its performance rating methodology to ensure ratings are soundly based and consistently derived, and the determinants of performance more self-evident.

Chart 2.10: Environmental and social change by environmental category for projects approved

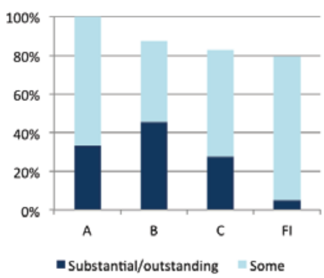
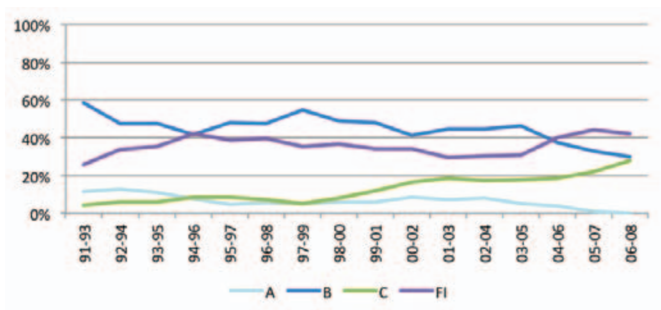


Chart 2.11: Evaluated projects by environmental category and Board approval year (three-year rolling



Chapter 3

Findings from Evaluation in the 2011 Work Programme

3.1 Introduction

This chapter presents the main findings from evaluations in the 2011 Work Programme. Some will seem self-evident or unexceptional. Yet the fact that that they have been identified, and in many cases have come up repeatedly, indicates that they are either not self-evident, or they are not being internalised.

3.2 Sector strategy evaluations

EvD delivered three sector strategy evaluations in 2011 – covering transport, power and energy, and extractive industries. Common findings were: a high level of generality in stated objectives and a concomitant lack of the clarity as to what outcomes were anticipated; limited specificity on intended links between operations and wider intentions; and, process issues around their preparation.

Clarify the purpose of sector strategies and make them more focused and evaluable: The evaluation of the transport sector strategy in particular noted that it was couched in very general terms. It found that the strategy established few credible filters for operational choices by teams; little was excluded by the strategy so an extremely wide range of proposals could claim strategic alignment. As well as recommending that sector strategies be more specific and focused regarding the EBRD's strategic approach, the evaluation also recommended that strategies be made more evaluable by including targets, timelines and verifiable indicators. It further recommended that these should form the basis of a self-evaluation by the sector team prior to the formulation of a new strategy. These findings and recommendations echo those made in many other EvD evaluations over the years. EvD also recommends a much closer relationship between sector and country strategies. Sector strategies should establish how country or country grouping-specific issues should be approached. Country strategies should clearly reflect the strategic direction established by sector strategies for those sectors forming part of the country programme.

Sector strategies should play a greater role in determining the projects the EBRD funds and the way that funding is used: The evaluations of the transport and the power and energy sector strategies both identified the tension between the bottom-up, demand-driven project approach and the achievement of broader sector reform objectives. This has been a recurring theme in EvD work; sector and country strategies could and should have a greater influence in shaping what the Bank finances and the approaches adopted, and need not sacrifice essential responsiveness to client demands to accomplish

> Strategies that give a clear sense of strategic direction, and the alignment of projects to those, create a firmer and more plausible link between individual operations and higher order objectives such as transition impact.

this. Strategies that give a clear sense of strategic direction, and the alignment of projects to those, create a firmer and more plausible link between individual operations and higher order objectives such as transition impact. A coherent effort is more likely to produce discernible results at the sector and economy-wide levels than a disparate group of operations.

Strengthen policy dialogue and international finance institution cooperation: Several recommendations arising from the sector strategy evaluations identified the merit of a more structured approach to policy dialogue, recognising that there will be commensurate need for resources in terms of staffing and technical cooperation funds. Results from other evaluations reinforce the message that international finance institutions can amplify their influence on policy dialogue if they provide consistent messages. Benefits can be mutual and substantial.

Inter-departmental cooperation: The studies raised various points relating to coordination among teams within the Bank. The extractive industries and the power and energy evaluations commented on how strategies should address projects or components of projects handled by other teams. The natural resources evaluation made some specific recommendations on the use of standard industry codes to capture components of projects managed by other teams, such as captive mines and quarries linked to steel or cement plants. Both studies recommended stepping up cooperation among teams in the formulation of sector strategies. A similar finding from a specific project evaluation encouraged coordination between Banking teams and the Energy Efficiency and Climate Change team.

3.3 Crisis-affected Projects

In 2010, EvD conducted an initial evaluation of the EBRD's Response to the 2008-09 Crisis (CS/AU/10-50). Recognising that it was too early to identify results and findings from individual projects approved as part of the crisis response, the study focused on the Bank's readiness and response to the crisis. It recommended a future look at project outcomes once more projects from the period had been evaluated. The projects evaluated in 2011 included some

> sector strategy evaluations identified the merit of a more structured approach to policy dialogue, recognising that there will be commensurate need for resources in terms of staffing and technical cooperation funds.

crisis-response projects approved in 2008-09 and some projects approved earlier that were significantly affected by the economic turmoil. Useful findings continue to emerge and some are presented below.

Reflecting risk in Board documents: A 2011 evaluation concerned a bank with large short-term liabilities in a vulnerable country. At appraisal, Risk Management identified important refinancing risks while the Office of the Chief Economist highlighted foreign exchange risks. EvD's evaluation found that these risks were not clearly reflected in the Board approval document and that as a result the Bank missed an opportunity to insist on covenants related to short-term financing. Management was largely in agreement with the recommendations from this evaluation.

The discussion of this finding in the Audit Committee referred to a recent agreement between Board and Management that for projects risk-rated 7 or higher the Board will be informed of serious credit risks, and of occasions when Risk Management disagrees with the decision to proceed with a project. [3]EvD notes that projects risk-rated 7 are seldom proposed to the Board. The project in this case, for example, was rated 6W and would not have been captured by this agreement.

Taking account of recent economic developments: The sudden deterioration of the economic situation in late 2008 highlighted the need for the Bank to take account of the latest economic conditions before committing funds. EvD recommended that the Bank should consider adding a provision to its Closing Certificate, requiring the signatory to verify that no major macroeconomic change has taken place since approval, which could have an impact on the evaluation. Currently, the Closing Certificate (used to authorise the signing of the loan agreement) is geared towards capturing potential changes to the commercial or legal terms of the Bank's financing, which might have happened during the final round of negotiations, as compared to those approved by OpsCom and the Board,. The Closing Certificate also includes a more general question, i.e. "Any other material changes requiring an additional review by Credit, OpsCom or the Board?" However, it is unclear whether "material changes" also refer to changes in the macroeconomic outlook. It should be noted that the provision noted above is already a general obligation; however in the light of crisis-related developments some issues have arisen with respect to the consistency of its application.

Foreign exchange risk: Numerous evaluations over the years have identified lessons on matching the currency of the EBRD loan to the company's main revenue stream. Two 2011 evaluations noted the adverse effect of the financial crisis on retail projects that already had an in-built currency mismatch because much of their business was based on high-end imports denominated in foreign currency while their sales were in local currency. Another evaluation of a bank situated in a country with a particularly high level of foreign currency debt in its banking system also pointed out how the crisis exacerbated an already risky situation. The examples highlighted again the importance of taking full account of currency risk, investigating the client's risk management process, and encouraging clients to take local currency financing where possible.

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The following findings come from the evaluations of individual operations.

3.4 Corporate governance

In conducting due diligence of partner institutions, the Bank must make a careful assessment of the strengths and weaknesses of the system of governance and internal controls: Financial intermediaries need transparent and efficient internal organisation to be sustainable in the long term. A clear policy on fraud prevention is needed with appropriate checks and balances to facilitate detection. The due diligence assessment of governance should determine the location of decision-making powers within the organisation and the processes by which decisions are implemented. The assessment should cover monitoring and control procedures, the evaluation of measures for the prevention and detection of fraudulent activity, and the effectiveness of the internal audit function.

It is important to limit the ability of management to influence board decisions: Heavy management representation at board level makes it difficult for the board to challenge management actions and may result in delays in adopting necessary measures. The Bank should encourage client companies to adopt the provisions of an acceptable code of governance.

Incorporating mitigating measures in cases of potential conflicts of interest between shareholders: In cases of possible conflict of interest between shareholders due to potential related party risks, it is important to incorporate provisions in Project agreements to protect the EBRD's and other minority shareholders' rights, including the appointment of an independent chief executive officer, and to make sure that such commitments are effective and met in due course.

A supervisory board dominated by independent outside directors improves corporate governance:

The EBRD should favour active and independent supervisory boards dominated by independent, outside directors. There is little evidence from experience that a minority investor's board nominee, be it the EBRD's or anyone else's, can impose prudential limits on management where management dominates the supervisory board.

Independent corporate governance ratings can help improve corporate governance: The EBRD should consider encouraging partner banks to improve corporate governance by, among other things, seeking a corporate governance rating from an independent rating agency. The rating process can enhance the effectiveness, independence, and transparency of EBRD's institution building programme with a bank and help lead to more visible, clearly bench-marked results of improved corporate governance. Also, it can provide valuable support to the efforts of EBRD's minority board nominees to improve corporate governance.

3.5 Client capacity and institutional development

Sector reforms require sufficient institutional capacity and autonomy of the executing agency: The Bank and other international finance institutions injected substantial grant funds over more than a decade to build the capacity of the counterpart organisation. Yet, although corporatised, the organisation was under the effective control of the oversight ministry. The management changed frequently and less incentivised staff left their jobs. This weakened accountability and ownership of the project, which resulted in slower and less motivated sector reform actions. The project suggests that sufficient institutional reforms should be a precursor to sector reforms.

The Bank must act when it has received clear warnings of weaknesses in business management systems and controls: Where inadequate controls are identified as an issue, the Bank should establish specific strategies and approaches to deal with the deficiencies. This could range from covenanted actions, more general undertakings or soft approaches through Board interaction.

Ensuring implementation of an institution building plan requires major efforts and conditionality if the Bank does not have the support of a foreign strategic investor: Conditionality should be agreed at the outset in order to achieve implementation of the institution building plan. There may be a link to further equity investments or to loan facilities (pricing and size of facilities). A minority representative in the Supervisory Board is not able to enforce such changes in the absence of a foreign strategic investor.

3.6 Conditionality in follow-on projects

Successive rounds of EBRD financing should be accompanied by enhancements to fulfil mandate objectives: Higher expected standards and conditions from one round of financing to another would also underpin additionality; the credibility of claims is undermined when repeat financings are arranged
with similar objectives, conditions, covenants and with the same group of syndicate banks.

Dealing with unmet previous commitments by the same client: The evaluation recommended (i) the requirements for important environmental investments, on which a client has repeatedly failed to deliver under previous operations, should be covenanted in the main body of the loan agreement and detailed milestones leading to the completion of such investments agreed; (ii) while Environmental Action Plans can codify and stimulate specific actions, they are not in themselves a strong compliance instrument, nor always as effective as intended; (iii) entrepreneurs often view environmental investments as an expense with no benefits and may avoid undertaking them unless forced by direct and clear loan covenants; (iv) relatively large environmental investments, covenanted in the loan agreements, require a timetable for their progressive achievement.

3.7 Audit Committee review of EvD reports

EvD presented 20 items to 10 meetings of the Audit Committee of the Board of Directors in 2011. EvD

> There is little evidence from experience that a minority investor's board nominee, be it the EBRD's or anyone else's, can impose prudential limits on management where management dominates the supervisory board.

also presented four corporate reports to the full Board of Directors. Some of main themes from Audit Committee deliberations on EvD evaluations follow.

Absence or brevity of Management comments: As in previous years, the Audit Committee commented on a number of occasions on the absence or brevity of Management comments and the absence of a representative of Management when Management was broadly in agreement with the findings of an evaluation. This issue is being addressed as part of a revision to the Evaluation Policy.

Policy dialogue: The discussion of a natural resource mining project focused on the policy dialogue aspects of the project and the related TC funding. The Committee queried whether it was realistic to include the TC component in the project and the transition impact benchmarks given that it was completely separate from the Bank's loan and outside the client's sphere of influence. This debate links in with issues raised in the past, particularly in the context of infrastructure projects, about limits to the Bank's leverage and the difficulty of linking institutional objectives closely to project implementation.

Energy efficiency and transition impact: The discussion of the Sustainable Energy Initiative raised the question of the connection between energy efficiency and transition impact. The Committee agreed that energy efficiency improvements should be assessed in terms of their contribution to market transition, but the discussion reconfirmed the need for more clarity on the issue. The Office of the Chief Economist has been working on this question.

Section 4

Review of self-evaluation and monitoring in the EBRD

4.1 Assessing self-evaluation and impact monitoring

To date, EvD has assessed the quality of self-evaluation in the EBRD by looking at the difference between operations staff ratings of a specific project and EvD's own rating of the same project – the ratings gap. Similarly, a proxy for the quality of monitoring has been the ratings gap between the most recent transition rank produced by the transition impact monitoring system (TIMS) and EvD's own transition impact performance assessment. The ratings gap is the percentage of performance ratings raised or lowered by EvD. This data presented in previous years has been updated with another year's evaluation results.

The ratings gap indicator of course does not provide a complete assessment of the quality of self-evaluation or impact monitoring, and EvD would make no such claim. However, it is at least a useful indicator of both the current situation and the trends over time.

Use of the same criteria for assessing project performance should ensure that different evaluators operating independently should arrive at largely similar assessments of performance across different projects. If this consistency obtains with respect to EvD's ratings then variation in these ratings should capture inconsistencies in the underlying self-evaluated ratings – an indicator of the quality of the self-evaluation. Of course, some variation can reflect the different times at which the evaluations take place or the exercise of legitimate evaluator judgment. However, a wide variation is usually symptomatic of a problem with self-evaluation. To date, EvD has not attempted to characterise what might be an acceptable level of variation. Discussions with colleagues in other international finance institutions show that a variation of five percentage points or less is generally considered to be acceptable;.

Starting this year, EvD will be providing a narrative assessment of the quality of OPAs, the new self-evaluation document replacing the XMR. Results will be presented in next year's Annual Review.

4.2 The quality of investment self-evaluations

Table 4.1 shows what EvD has termed the "binary ratings gap" – the proportion of ratings that EvD changed from an overall positive (successful or highly successful) to an overall negative (partly successful or unsuccessful) rating or vice versa when it evaluated the project. As such, this does not include rating changes between highly successful and successful or partly successful and unsuccessful.

> With 19 per cent of ratings being downgraded by EvD evaluations, there would appear to be a consistent upward bias in self-assessment ratings

Table 4.1: Binary ratings gap between self-assessment or monitoring and evaluation

	% of ratings raised substantively at evaluation	% of ratings substantively unchanged	% of ratings lowered substantively at evaluation
Overall performance in XMRs	2%	79%	19%

With 19 per cent of ratings being downgraded by EvD evaluations from successful or highly successful to partly successful or unsuccessful, there would appear to be a consistent upward
bias in self-assessment ratings. Only 2 per cent of such ratings were upgraded by EvD ex-post.

The degree of disconnect has progressively increased since 2000-04 (Table 4.2). Taking all changes to ratings into account (between highly successful, successful, partly successful and unsuccessful) the downgrade proportion is consistently around 30 per cent (Table 4.3).

Table 4.2: Overall performance binary ratings gap between XMRs and evaluation reports - change over time

Binary comparison for period...	% of ratings raised at evaluation	% of ratings unchanged	% of ratings lowered at evaluation
2000-04	1%	84%	15%
2001-05	2%	82%	16%
2002-06	3%	80%	17%
2003-07	3%	82%	15%
2004-08	4%	81%	15%
2005-09	3%	78%	19%
2006-10	3%	78%	19%

Table 4.3: Overall performance total ratings gap between XMRs and evaluation reports - change over time

2007-11	2%	79%	19%

Comparison for period...	% of ratings raised at evaluation	% of ratings unchanged	% of ratings lowered at evaluation
2000-04	3%	64%	33%
2001-05	2%	67%	31%
2002-06	4%	67%	29%
2003-07	4%	68%	28%
2004-08	4%	68%	28%
2005-09	4%	66%	30%
2006-10	4%	66%	30%
2007-11	3%	65%	32%

The most plausible conclusion from these data is that what might be called the realism standard of self-evaluation is inadequate, with no observable trend towards improvement. Management has made a commitment to address this issue and there has been close cooperation between the Portfolio Monitoring Group and EvD in the roll-out of the OPA and provision of training to Banking staff. For its part, EvD has stepped up its review of draft self-evaluations and provision of comments to improve their quality. EvD is also providing an increased level of training and support to operations leaders preparing self-evaluations. It is hoped that future annual reviews will be able to show a significant narrowing of the ratings gap and so improvement in the quality of self-evaluation. The support of Management to improve the quality of self-evaluation is welcome, and it will be vital if the issue of overly optimistic expectations at approval is to be effectively addressed.

There is also a clear and persistent difference between those projects that evaluated in depth, through Operations Evaluation Reports (OPERs), and those subject to a substantially less extensive XMR Assessment. OPERs resulted in 19 per cent of ratings being substantively changed; for the much lighter XMR Assessments, in contrast, the figure was 7 per cent. EvD needs to reduce this gap through ensuring greater consistency and rigour in its own validation process.

4.3 Introducing a new self-evaluation tool

EvD worked during 2011 to develop a new self-evaluation product (the OPA) to replace the XMR, for which EvD had identified a number of faults with the existing template and process, including:

- minimal ownership of the XMR by both operations teams and Management, who view it more as an EvD burden than a useful tool;
- too close a connection to the portfolio monitoring process, encouraging operation teams to focus on recent developments rather than performance throughout the lifespan of the project;
- the cumbersome and inflexible nature of the Project Monitoring Module, the platform for preparation of XMRs and monitoring reports;
- lack of clarity over the physical and transition objectives, and the distinction between them;
- absence of information on technical cooperation funds connected to the investment project.

The new Operation Performance Assessment (OPA) has been rolled out on a pilot basis for all projects scheduled for evaluation in 2012. EvD will review the OPAs received during the first six months of 2012 with a view to making further improvements. The objectives of the new approach are to:

- encourage operation teams and Management to take greater ownership of the self-assessment process;
- detach the report from PMM and the monitoring system, encouraging both a longer view and a greater focus on dimensions of performance beyond the targeted financials;
- help clarify the relationship between evaluation, self-assessment and monitoring;
- emphasise the importance of learning as a function of self-assessment and evaluation;
- allow a full and logical project assessment, including of related TC.

In addition to the changes in format, EvD has made changes to the process. EvD no longer "signs off" the OPA, to underline that it is a product of the Operation team. Nor does it chase sign-offs from other departments; it is the responsibility of the operation leader to ensure that the report is reviewed and cleared by all parts of the Operation team. Coordination with Management has ensured its buy-in at a senior level, and this is welcome. A promotional and training drive to introduce Bankers to the new approach is reaching greater numbers of staff than in the past.

> A new self-evaluation tool (The Operation Performance Assessment) has been rolled out on a pilot basis for all projects scheduled for evaluation in 2012.

[3] Minutes of the meeting of the Audit Committee of 14 December 2011, CS/AU/M/11-26 paragraph 4.5.

4.4 Self-evaluation of technical cooperation

Self-evaluation of TCs takes place through Project Completion Reports (PCRs). EvD has for some time conducted an assessment of a selected group of these PCRs in alternate years. As this did not take place in 2011, there are no new figures to report on the ratings gap between PCRs and PCR Assessments. However, for the purposes of comparison, the figures for the period 2007-10 are shown in Tables 4.4 and 4.5 below. This shows that EvD raised ratings in 5 per cent of cases and lowered them in 34 per cent. Considering only major changes between successful or highly successful and partly successful or unsuccessful, the figures are 3 per cent of ratings raised and 10 per cent lowered. This is a somewhat better performance than for investments. However, it is clear that the quality of TC self-evaluations is not satisfactory.

Table 4.4: Overall performance total ratings gap between PCRs and PCR Assessments

Figures for the period...	% of ratings raised at evaluation	of ratings % unchanged	% of ratings lowered at evaluation
2007-10	5%	60%	34%

Table 4.5: Overall performance binary ratings gap between PCRs and PCR Assessments

Figures for the period...	% of ratings raised substantively at evaluation	% of ratings substantively unchanged	% of ratings lowered substantively at evaluation
2007-10	3%	86%	10%

In 2011 Management initiated a strategic review of grant co-financing, including both TC and non-TC interventions. EvD was invited to contribute its views to the review, particularly in the area of results specification and monitoring, and it has done so in multiple ways. Current proposals envisage enhanced evaluation of TC and investment grants through:

- evaluation of attached TC in the new Operations Performance Assessment tool
- an enhanced Project Completion Report (PCR) format
- validation of a random sample of PCRs by EvD
- more extensive evaluation of TC and investment grants by EvD following new guidelines to be developed in 2012.

This implies an increased focus by EvD on TC performance and its improvement. To this end, EvD will strengthen TC evaluation methodology, refresh its TC products, introduce new types of assessments, and work toward more effective incorporation of evaluation findings into design of future TC operations.

4.5 Monitoring of investment operations

There are some differences between TIMS and EvD's methodology for rating transition impact. As a result it is not possible to make a detailed comparison of ratings raised or lowered during evaluation, as is the case for XMR and PCR performance ratings. However, it is possible to make a binary comparison, and also to compare EvD's transition impact ratings with the six-point transition potential rating from TIMS.

Table 4.6 below shows a binary comparison of the assessed overall transition impact. This is based on 230 projects evaluated in 2007-11 and compares the evaluated transition impact rating with the transition rank assigned through TIMS in the year of evaluation. A rating is considered substantively unchanged if a TIMS transition rank of 1-4 was confirmed by an EvD rating of satisfactory or better, or if a transition rank of 5-8 was confirmed by an EvD rating of marginal or worse.

> EvD will strengthen TC evaluation methodology, refresh its TC products, introduce new types of assessments, and work toward more effective incorporation of evaluation findings into design of future TC

Table 4.6: Binary ratings gap between TIMS and EvD assessments of overall transition impact

Figures for the period...	% of ratings raised substantively at evaluation	% of ratings substantively unchanged	% of ratings lowered substantively at evaluation
2007-10	27%	67%	6%

Unlike the situation with self-evaluations, Table 4.6 shows that upon evaluation EvD's transition impact rating raises the TIMS rating from overall negative to overall positive for 27 per cent of projects; only 6 per cent of projects go the other way. Of the projects in this comparison, EvD rated 83 per cent satisfactory or better, while TIMS assigned a positive rating to only 62 per cent. This has been a consistent result over several years.

The result appears to be at odds with expectations. In fact, it illustrates the lack of direct comparability between TIMS ratings and evaluation ratings. A transition rank of 5 is less than satisfactory in the comparison above and is below the benchmark level in the Bank's own monitoring. It actually represents any of the following combinations of transition potential and risk:
- excellent potential, high/excessive risk
- good potential, high risk;
- satisfactory potential, medium risk

Intuitively, it is clear that there is a good chance of such projects being rated satisfactory or better at evaluation. This would count as an upgrade in the comparison above.

Since this comparison is clearly not useful, EvD has instead compared the evaluation rating against the original transition potential assessed at approval for evaluated projects.

All operations are rated ex-ante for transition potential and risk. Only operations rated at least satisfactory for transition potential proceed to approval. Of the 230 projects in the sample, 38 were rated excellent, 172 good and 20 satisfactory.

At evaluation, 83 per cent of projects were rated satisfactory or better, while 17 per cent were evaluated less than satisfactory (Table 4.7). That is, they did not reach their potential in terms of transition impact. Operations with excellent potential at approval were slightly more likely than those with good potential to be rated less than satisfactory at evaluation.

Table 4.7: Binary evaluation ratings compared with ex-ante transition potential

Ex ante transition potential No. of projects	Excellent 38	Good 172	Satisfactory 20	All projects 230
Satisfactory or better at evaluation	76%	84%	90%	83%
Less than satisfactory at evaluation	24%	16%	10%	17%

[4] In summary, in TIMS the overall transition impact rating is called Transition Rank and uses an eight-point rating scale, with 1 as a high rating and 8 as a low rating. EvD rates overall transition impact using a six-point scale.

[5] A small number of evaluated projects have been excluded from the comparison because they have not been monitored in TIMS. For example, frameworks are not fully covered, and some operations are not individually monitored if there are several facilities with a single client. Furthermore, TCs are not (yet) systematically captured in TIMS.

The possibility that operations may fail to achieve their transition potential is recognised at appraisal through the transition risk rating. Most of the operations in the sample had high to medium transition risk, which reflects the difficulties faced by the Bank's projects and the Bank's willingness to accept risk. As Table 4.8 shows, 19 per cent of projects rated high risk ex-ante achieve less than satisfactory transition impact, compared with 11 per cent of those with medium risk. The number of projects rated low risk is too small for the figures to be reliable. This difference between high risk and medium risk projects indicates that the risk assessment appears to be broadly accurate.

Table 4.8: Binary adjustment of ex ante transition potential at evaluation, by ex ante transition risk

Ex ante transition risk	High	Medium	Low	All projects
Transition impact satisfactory or better at evaluation	81%	89%	60%	83%
Transition impact less than satisfactory at evaluation	19%	11%	40%	17%
No. of projects	139	82	5	230

4.6 Resourcing the monitoring function

Every five years, the EBRD conducts a Capital Resources Review that sets out the medium-term strategic direction of the Bank in terms of transition objectives, operational activity, risk, financial performance and resource requirements. The Third Capital Resources Review (CRR3) covered the period 2006-10. As described in the AEOR for 2011, the Bank's business volume and number of transactions substantially exceeded projections throughout that period. This was particularly pronounced in 2009-10 when volumes increased significantly in response to the financial crisis, but the volumes in previous years had also been ahead of forecasts. In 2010 the Bank prepared the Fourth Capital Resources Review (CRR4) covering the period 2011-15. It took the opportunity to reset its projections to take account of the volume and number of projects already being generated by the Bank.

Chart 4.1 shows the projected and actual volumes and numbers of projects according to the CRR3 and CRR4.

The CRR4 was approved in the first half of 2010. In 2011, the Bank met its targets, with exactly the projected number of operations (380) and annual business volume exceeding projections by around 0.5 per cent. This contrasts with the previous period, when the Bank was already substantially exceeding its targets in 2006, the year that the CRR3 was adopted.

For the remainder of the 2011-15 period, the Bank expects volumes to decrease slightly, from €9.0 billion to €8.5 billion per year, while the number of projects continues to increase from 380 in 2011 to 425 in 2015. This implies a reduction in the average operation size. The figures do not take account of operations in the new southern and eastern Mediterranean (SEMED) region, which joined the Bank's countries of operations only after approval of the CRR4. The Bank's 2012 Business Plan and Budget allows for an additional €0.25 billion - €0.5 billion of business in the SEMED region and foresees this rising to between €0.5 billion and €1.0 billion in 2013.

> As the level of annual business volume stabilises, it is important that the work of monitoring a large and challenging portfolio, particularly with respect to the non-financial dimensions of performance, receive adequate resources and Management engagement

Chart 4.2 shows that this results in a continued increase in the number and volume of projects in the Bank's portfolio; that is, the total number of active projects. The increase is expected to slow from 2013 as the Bank starts to exit many of the projects approved in the immediate post-crisis period. Nevertheless, by 2015 portfolio volume will reach 249 per cent of its 2006 level and the number of portfolio operations will be 140 per cent of the 2006 level.

The CRR4 comments that "the portfolio number of operations is a key driver of Bank operational activity and resource requirements, particularly within a heightened risk environment". It recognises that monitoring will absorb increasing resources, and the monitoring function within Banking has already been boosted through the appointment of a full-time Managing Director and Senior Banker devoted to this area. As the level of annual business volume stabilises, it is important that the work of monitoring a large and challenging portfolio, particularly with respect to the non-financial dimensions of performance, receive adequate resources and Management engagement.

Chart 4.1: Annual business volume 2006-15, projected and actual

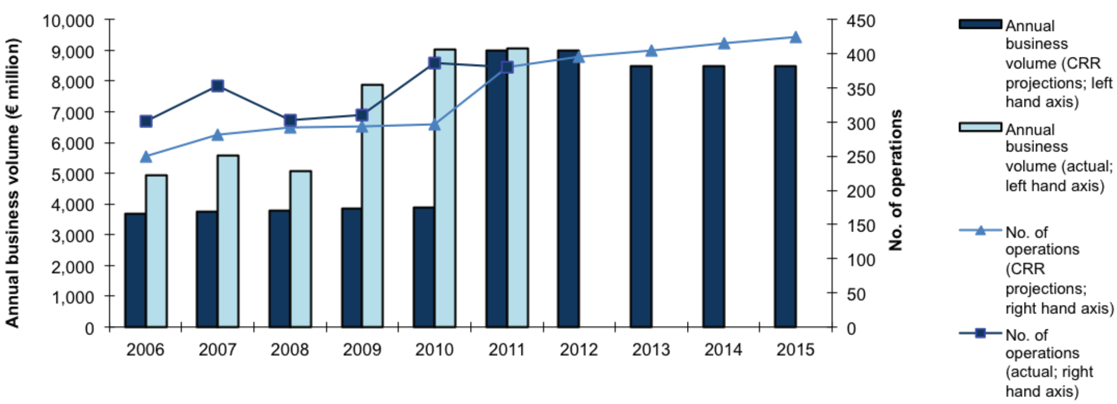
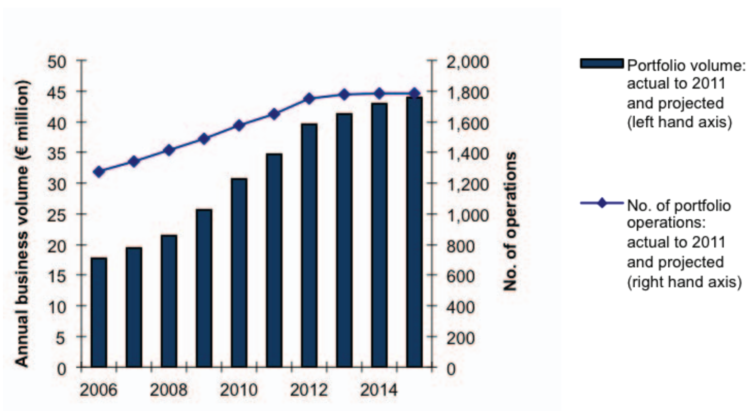


Chart 4.2: Portfolio 2006-15, projected and



Section 5

Review of EvD activities

5.1 Charting a new direction for evaluation in the EBRD

EvD invested considerable effort during the course of 2011 in a careful review of its key products and processes through the lens of how to increase the contribution of the EBRD's evaluation activities to its organisational performance.

An internally focused analysis and first-ever internal client survey produced four key findings:
- EvD's independence within the Bank was widely understood and embedded; but there was also a strong perception of unhealthy isolation
- EvD products and services were seen by many staff (although much less so the Board) as of limited relevance and value to wider organisational objectives, and often not very effectively connected to organisational debate, incentives and choices.
- The evaluation process overall was not seen by many to contribute effectively to institutional performance
- There was a widely felt need to find a better balance between EvD's essential accountability function and a less well served, but also essential institutional learning function.

A complementary analysis of the external context yielded five key findings;
- the wider shareholder context is one of constrained resources, more competition, and higher expectations
- the broader results agenda for international finance institutions is here to stay, and increasingly seen as part of the basic management toolkit
- operational experience is increasingly seen as a unique source of competitive advantage, and solid evaluation as a cost-effective means to exploit it
- evaluation departments across comparator institutions have made substantial changes in approach, processes and instruments over the past decade in response to changing client and shareholder needs
- these changes have elevated evaluation's learning function, increased the emphasis on and perceived value of self-assessment by operations, strengthened operations' evaluability, and increased Management ownership of results.

> **EvD presented a strategic document for Audit Committee discussion focused on "increasing the contribution of evaluation to organisational performance".**

In October 2011, EvD presented a strategic document for Audit Committee discussion focused on "increasing the contribution of evaluation to organisational performance". This contained a two-year Action Plan to deliver improved evaluation products and services and met with considerable support. The approach set out was the basis for EvD's Work Programme for 2012, which modified the balance of EvD's work and products in significant ways. In brief, the 2012 Work Programme includes fewer deep-drilling individual project evaluations, a greater proportion of shorter independent validations of operations, and a number of newer-style papers intended to focus on higher level topics and issues. EvD also committed to producing a new Evaluation Policy for the Bank to codify in policy many of the directional changes around which there is, in principle, broad agreement.

5.2 Delivery of the 2011 Work Programme

5.2.1 Approval of the Work Programme

The Evaluation Department's original Work Programme for 2011 was set out in Board document BDS11-007, considered by the Audit Committee on 16 February 2011 and approved by the full Board on 2 March 2011. A revised version (BDS11-007(Rev 1) was discussed by the Audit Committee on 29 June 2011 and approved by the Board on a no-objection basis.

5.2.2 EvD evaluations

The revised Work Programme for 2011 comprised 41 special studies, operations performance evaluations and corporate reports. These are the reports that are circulated to the Board of Directors. In addition, work remained to be done on several reports carried over from previous years.
Table 5.1 summarises the status of reports at the end of April 2012.[7]

EvD also committed to producing a new Evaluation Policy for the Bank to codify in policy many of the directional changes around which there is, broad agreement.

Table 5.1: Status of evaluation reports, April 2012

Type of report	Carried over from 2010	2011 WP	Reports completed	Reports cancelled/ postponed	Reports pending
Special studies	**5 under review**	**10**	**7**	**0**	**4 pending +4 under review**
Investment OPERs	**3 pending +17 under review**	**19**	**24**	**4**	**4 pending + 7 under review**
TC OPERs	**1 pending +1 under review**		**6**	**5**	**2 1 under review**
Corporate reports[1]	**0**	**6**	**6**	**0**	**0**
Total	**4 pending +23 under review**	**41**	**42**	**6**	**8 pending + 12 under review**

[1] The six corporate reports comprised the Work Programme Completion Report for 2010, Work Programme Final Report for 2011, Preliminary Work Programme for 2012, the Annual Evaluation Overview Report for 2011, Follow-up of Recommendations by Management and an additional report: Increasing the Contribution of Evaluation to Organisational Performance.

[7] Once a report has been drafted, there is a period of consultation: peer review both within EvD and with other departments in the Bank, followed by the formal process of Management comments. The time taken in consultation can vary from a few weeks to several months. For the sake of clarity, Table 4.1 distinguishes between reports still in preparation ('pending') and those going through the period of consultation

5.2.3 XMR Assessments and Reviews

The revised Work Programme for 2011 had 30 XMR Assessments. Two more were later added. The Work Programme also included 31 XMR Reviews, of which two were subsequently cancelled. Table 5.2 summarises the status of reports at the end of April 2012.

The review and consultation period for XMR Assessments and Reviews is almost without exception shorter and less resource intensive than for OPERs and studies, which is why fewer reports remain under review compared with Table 5.1 above.

Table 5.2: status of XMR Assessments and Reviews, April 2012

Type of report	Carried over from 2010	2011 WP	Reports completed	Reports cancelled/ postponed	Reports pending
XMR Assessments	14 under review	32	36	4	3 pending +3 under review
XMR Reviews	0	31	29	2	0
Total	14 under review	63	65	6	3 pending + 3 under review

5.3 Facilitating the use of evaluation findings

5.3.1 What is knowledge management?

EvD has always been concerned about the use and non-use of evaluation findings. Most effort to date has been on the dissemination of findings (such as through the internal EvDNet and the Lessons Database), and finding points of entry for evaluation-related input into business processes. This would include the due diligence process for the approval of new operations and the process of formulating new strategies and policies. However, the uptake and application of evaluation findings is less systematic and effective than it might be – which is a challenge for evaluation across the system of international financial institutions.

The underlying issues are multiple and complex and can differ importantly in different circumstances. But part of the challenge is surely that evaluation findings are just one source of knowledge in an increasingly crowded arena – a specific illustration of the larger challenge organisations face in sifting, valuing and internalising information.

To increase the use of its findings, EvD must adopt a more comprehensive approach to knowledge generation and utilisation – going well beyond mere dissemination to ensuring that the knowledge produced by EvD is "worth knowing" and, from that, is usefully applied.. Elements of the knowledge management approach being progressively adopted are;

- ensuring that evaluation findings are credible – steps being taken include reviewing methodologies and processes and enhancing quality control
- ensuring that evaluations are relevant to organisational needs – selecting topics that contribute more to decisions and to the issues facing EBRD, and conducting evaluations with particular end users in mind
- ensuring that evaluation findings are easy to use by: making reports more succinct, using simple English, more selectivity in data presented, and greater use of visuals; producing end-products in a variety of formats tailored to individual users' needs; having evaluation findings available to those that need them, when they need them; and carrying out a major revamp of the lessons database
- facilitating the use of evaluation findings by: improving outreach and training within the EBRD;

exploring ways to move the use of evaluation findings from a necessary compliance step to one based on a belief in the utility and value of the exercise; and increased advocacy for evaluation directly to teams in the Bank
- measuring and reporting on the results achieved by EvD itself through use of a results framework
- strengthening self-evaluation as a more effective and efficient way of achieving learning and at the same time increasing accountability
- more active participation by EvD in working groups, task forces and other internal forums considering matters affecting operational performance
- consideration of establishing an evaluation helpdesk in EvD

Although EvD is moving towards a knowledge management approach, for the year covered by this report the focus remained on dissemination. The next sections detail achievements in terms of dissemination.

5.3.2 Internal dissemination

Circulation of evaluation reports: During the 2011 calendar year, EvD circulated eight special studies, 21 investment operations performance evaluations and five TC evaluations in final form. The final reports were circulated to senior Management. Summaries of the investment operations evaluations were sent to the Board of Directors, while the special studies and TC evaluations were sent in full.

Interaction with bankers and the Operations Committee: EvD continued to assist Bankers with past experience materials on request. It commented on all Final Review Memoranda submitted to the Operations Committee in 2011. This process is under review, with a view toward discontinuation.

Electronic dissemination of findings: Final reports continued to be published in the EvD Report Centre and the lessons entered into the Lessons Database, available to operational staff. During 2011, the Lessons Database was updated with lessons from the 2010 Work Programme. The database is currently being revamped to ensure continued relevance of the content and improved functionality so lessons from 2011 onwards will not be entered until this process is complete.

Contribution to Bank training – EvD contributed to two general Bank training courses. "Exploring the EBRD", an introductory course for all new staff, was run on seven occasions in 2011. EvD contributed to the regular TC training for Bankers on three occasions. In addition, EvD ran five XMR training sessions for Bankers.

5.3.3 External dissemination

The Evaluation Department maintains an external Lessons Database accessible to the general public on the EBRD web site. EvD also publishes evaluation reports on the web site, subject to clearance in respect of commercial confidentiality. In 2011, EvD published three corporate reports, four TC evaluations, five special studies and summaries of 12 investment evaluations on the web site. The EvD also contributed to the Bank's Annual Report and Sustainability Report.

5.4 Engagement with the international evaluation community

EvD engages with the international evaluation community to both stay abreast of international best practices and to contribute to the development of these.

5.4.1 Evaluation Cooperation Group

The Evaluation Cooperation Group (ECG) brings together the heads of independent evaluation of all the major international finance institutions. This is the most important reference group for the EBRD. Meetings are held twice a year. In 2011, EvD attended both meetings of the ECG. Among other activities, the ECG adopted new good practice standards for public sector and private sector evaluation. The latter were largely developed by the EBRD and the International Finance Corporation. The group also published a joint evaluation synthesis report, Evaluative Lessons for Agriculture and Agribusiness, to which EvD contributed findings from its evaluations in the sector.

5.4.2 Evaluation Network of the OECD/DAC

Although EvD is moving towards a knowledge management approach, for the year covered by this report the focus remained on dissemination.

The Evaluation Network is the principal international forum for the evaluation units of bilateral aid agencies. Most members of the Evaluation Cooperation Group also participate in the Network in order to stay in touch with the thinking of bilateral aid agencies, many of whom are donors to the international finance institutions. The Network also meets twice a year. One of the focus areas in 2011 was communication of evaluation results. Some innovative approaches were presented including short video clips on the Evaluation of the Implementation of the Paris Declaration (Phase 2), web communication tools deployed by the Asian Development Bank, as well as a more comprehensive polling and research exercise implemented by the United Kingdom's Department for International Development communications team to understand public attitudes towards and support for development co-operation and related evaluation findings.

5.4.3 Other

EvD attended a meeting organised by the Network of Networks for Impact Evaluation (NONIE). NONIE was formed to promote quality impact evaluation based on a common understanding of the meaning of impact evaluation and approaches to conducting impact evaluation. It focuses on impact evaluation and does not attempt to address wider monitoring and evaluation issues. As this meeting was the fifth of its kind the main focus was presentations of case studies, and lessons from undertaking impact evaluations.

As part of its cooperation and information sharing with other evaluation units, EvD seconded one member of staff to spend a week in Washington at the Independent Evaluation Group of the World Bank Group. The visit also incorporated a visit to the Inter-American Development Bank. The visit provided a valuable opportunity to exchange information on processes including the selection of the work programme, the role of self-evaluation, the actual evaluation process; and the dissemination of findings within the organisation and beyond.

5.5 EvD budget and staffing

In 2011, the budget was approved for an additional

Evaluation Analyst position, for a period of two years. This position has not been filled pending completion of a review of staffing requirements in light of the new strategic direction. Instead, and to retain flexibility, EvD has employed a number of interns to meet the requirements of specific evaluation projects. During the year, one Senior Administrative Assistant was promoted to Communications Officer, to focus on improving the products, presentation and communication of the department. The staffing situation at the end of 2011 is summarised in Table 5.3 below.

With the retirement of a Senior Evaluation Manager the opportunity was taken to appoint a Senior Adviser to assist with implementation of the new strategic direction. He started work in January 2012.

Table 5.3: staffing in the Evaluation Department

Professional staff	
Chief Evaluator	**1**
Senior Evaluation Manager	**5**
Senior Environmental Evaluation Manager	**1**
Senior Economist	**1**
Principal Evaluation Manager	**2**
Evaluation Manager	**2**
Evaluation Analyst / Intern	**1**
Support staff	
Personal Assistant	**1**
Communications Oficer	**1**
Senior Administrative Assistant	**2**
Total staff	**17**

Appendices

Appendix 1:

Selection of investment projects for evaluation

Appendix 2:

Summary of evaluated project performance by year of approval

Appendix 3:

Summary of evaluated project performance by year of evaluation

Appendix 1:

Selection of investment projects for evaluation

Appendices 1, 2 and 3 are included in order to comply with the Good Practice Standards for Private Sector Evaluation (GPS), which have been developed jointly by the evaluation departments of major multilateral financial institutions under the auspices of the Evaluation Cooperation Group.

1 Identification of the population of projects ready for evaluation

The process for selecting projects for evaluation is based on the GPS. Each year, unevaluated operations are reviewed to identify those that have reached early operating maturity. According to the GPS, this is achieved when:

(a) the project financed has been substantially completed

(b) the project financed has generated at least 18 months of operating revenues for the company

(c) the Multi-lateral Development Bank has received at least one set of audited annual financial statements covering at least 12 months of operating revenues generated by the project.

In practice, EvD does not have this information readily available for all projects. It therefore sets as a working assumption that loan operations can be ready for evaluation 18 months after last disbursement, and equity operations two years after last disbursement. It sends operation teams a list of projects in their area that will reach this status within the evaluation year. Each operation team then identifies the projects expected to meet all three criteria for early operating maturity in the course of the year.

Excluded from the population are:

- dropped and cancelled investments where no disbursement has been made
- very small investments made under large frameworks (which are generally evaluated on a programme basis through a Special Study)
- certain follow-on operations, such as minor capital increases or investments undertaken to help finance further expansion or cost overruns on projects previously financed by the EBRD, especially where such follow-on operations did not have separate objectives against which performance could be evaluated.

The GPS also allow the exclusion of “jeopardy” cases, which in the EBRD’s case means projects that have been transferred to the Corporate Recovery Unit for special handling. EvD follows the advice of the Director for Corporate Recovery on the timing of evaluations of these projects.

Subject to these exclusions, the population includes all investments that have reached early operating maturity, plus any unevaluated investments that have already been closed, even if they never reached early operating maturity (for example, prepaid operations).

Projects not expected to reach early operating maturity during the year are excluded from the population and rolled forward for inclusion in a future year. Investments are included in the population only once (that is, only for the year in which they will have reached early operating maturity).

2 Selection of the sample of projects for evaluation

Once the population of projects ready for evaluation has been identified, EvD takes a random, representative sample of sufficient size to establish, for a combined three-year rolling sample, performance rates at the 95 per cent confidence level, with sampling error not exceeding ±5 percentage poin s, for key performance indicators. This procedure has been followed for the last three years (starting 2009) to ensure EBRD compliance with the GPS.

Chapter 2 of the AEOR is based on findings from the randomly selected operations.

The sampled projects may be evaluated through OPERs or lighter XMR Assessments. EvD elects to prepare OPERs for a subset of sample projects with the aim of maximising the potential for learning lessons. Some additional projects may also be selected purposively for evaluation through OPERs, again with an exercise of judgement as to prospective insights and lessons; these remain outside the sample and have not been included in the results presented in Chapter 2.

3 Projects selected in 2011

In 2011, 39 randomly sampled projects were added to the evaluation database. Of these, 11 were evaluated through OPERs and 28 through XMR Assessments. Table 1a and 1b overleaf shows the key features and results of the projects in the 2011.

4 Size and representation of the sample

The random sample is intended to achieve statistical significance over a three-year rolling period. This section therefore considers the latest such period, projects randomly selected for evaluation in 2009-11.

4.1 Standard error of the sample

The Good Practice Standards specify that the sample should be of sufficient size to establish, for a combined three-year rolling sample, success rates at the 95 per cent confidence level, with sampling error not exceeding ±5 percentage points. In the three years 2009-11, there was a combined population of 294 individual operations ready for evaluation, excluding the sub-operations of large frameworks. Of these, 159 were evaluated by EvD. Thus the overall coverage ratio was 54 per cent. At a confidence level of 95 per cent, the standard error of the sample was 5.28 per cent, just outside the limit set by the ECG. This shortfall occurred because a number of operations originally selected for evaluation were postponed mid-year when it was decided that an evaluation would not be appropriate. This was part of EvD's repositioning exercise and is not expected to recur to the same extent in future years.

Not all projects are rated for every indicator. Table 2 shows the standard error for each indicator at the binary level.

Table 1a: OPERs in the 2011 sample

Operation	Approval year	Country	Industry sector	Portfolio class	Operation type	Transition impact	Environmental performance	Project financial performance	Overall performance
Project 1	2009	TURKEY	Power and Energy	PRIVATE	Debt	Excellent	Good	Excellent	Successful
Project 2	2009	UKRAINE	Bank Lending	PRIVATE	Debt	Good	Good	Satisfactory	Successful
Project 3	2009	UKRAINE	Bank Lending	PRIVATE	Debt	Good	Good	Satisfactory	Successful
Project 4	2006	RUSSIAN FEDERATION	Manufacturing and Services	PRIVATE	Debt	Excellent	Good	Marginal	Successful
Project 5	2009	MONGOLIA	Natural Resources	PRIVATE	Equity	Excellent	Good	Excellent	Highly successful
Project 6	2007	RUSSIAN FEDERATION	Manufacturing and Services	PRIVATE	Debt	Satisfactory	Good	Satisfactory	Partly successful
Project 7	2006	BOSNIA AND HERZEGOVINA	Manufacturing and Services	PRIVATE	Debt	Good	Satisfactory	Satisfactory	Suc cessful
Project 8	2009	REGIONAL	Telecoms Informatics and Media	PRIVATE	Equity	Good	Satisfactory	Satisfactory	Successful
Project 9	2009	ARMENIA	Power and Energy	PRIVATE	Debt	Satisfactory	Satisfactory	Excellent	Partly successful
Project 10	2004	BULGARIA	Municipal and Environmental Infrastructure	STATE	Debt	Good	Satisfactory	Good	Successful
Project 11	2008	RUSSIAN FEDERATION	Natural Resources	PRIVATE	Debt	Marginal	Satisfactory	Unsatisfactory	Unsuccessful

Table 1b: XMR Assessments in the 2011 sample

Operation	Approval year	Country	Industry sector	Portfolio class	Operation type	Transition impact	Environmental performance	Project financial performance	Overall performance
Project 12	2010	RUSSIAN FEDERATION	Insurance and Financial Services	PRIVATE	Debt	Satisfactory	Good	Satisfactory	Partly successful
Project 13	2003	RUSSIAN FEDERATION	Municipal and Environmental Infrastructure	STATE	Debt	Good	Marginal	Good	Partly successful
Project 14	2006	ROMANIA	Power and Energy	PRIVATE	Equity	Good	Satisfactory	Good	Successful
Project 15	2006	ROMANIA	Power and Energy	PRIVATE	Equity	Good	Satisfactory	Good	Successful
Project 16	2007	POLAND	Manufacturing and Services	PRIVATE	Debt	Satisfactory	Satisfactory	Marginal	Partly successful
Project 17	2008	UZBEKISTAN	Insurance and Financial Services	PRIVATE	Debt	Marginal	Marginal	Marginal	Partly successful
Project 18	2009	POLAND	Insurance and Financial Services	PRIVATE	Debt	Good	Good	Good	Successful
Project 19	2009	POLAND	Insurance and Financial Services	PRIVATE	Debt	Good	Good	Good	Successful

Table 1b (cont.): XMR Assessments in the 2011 sample

Operation	Approval year	Country	Industry sector	Portfolio class	Operation type	Transition impact	Environmental performance	Project financial performance	Overall performance
Project 20	2000	REGIONAL	Equity Funds	PRIVATE	Equity	Excellent	Satisfactory	Excellent	Highly successful
Project 21	2008	RUSSIAN FEDERATION	Municipal and Environmental Infrastructure	PRIVATE	Debt	Satisfactory	Unsatisfactory	Satisfactory	Partly successful
Project 22	2007	UZBEKISTAN	Bank Lending	PRIVATE	Debt	Good	Satisfactory	Good	Successful
Project 23	2009	RUSSIAN FEDERATION	Small Business Finance	PRIVATE	Debt	Satisfactory	Good	Good	Successful
Project 24	2008	RUSSIAN FEDERATION	Natural Resources	PRIVATE	Equity	Excellent	Excellent	Good	Successful
Project 25	2007	SERBIA	Property and Tourism	PRIVATE	Debt	Good	Satisfactory	Good	Successful
Project 26	2006	UKRAINE	Transport	PRIVATE	Debt	Good	Good	Satisfactory	Partly successful
Project 27	2006	REGIONAL	Property and Tourism	PRIVATE	Equity	Unsatisfactory	Satisfactory	Highly unsatisfactory	Unsuccessful
Project 28	2006	RUSSIAN FEDERATION	Agribusiness	PRIVATE	Debt	Satisfactory	Good	Good	Successful
Project 29	2005	UKRAINE	Natural Resources	PRIVATE	Debt	Good	Good	Good	Successful
Project 30	2004	POLAND	Transport	STATE	Debt	Satisfactory	Satisfactory	Good	Successful
Project 31	2004	POLAND	Municipal and Environmental Infrastructure	STATE	Debt	Satisfactory	Good	Good	Successful
Project 32	2008	RUSSIAN FEDERATION	Insurance and Financial Services	PRIVATE	Debt	Good	Satisfactory	Good	Successful
Project 33	2003	UZBEKISTAN	Municipal and Environmental Infrastructure	STATE	Debt	Good	Good	Good	Successful
Project 34	2006	RUSSIAN FEDERATION	Bank Lending	PRIVATE	Debt	Good	Satisfactory	Satisfactory	Successful
Project 35	2006	RUSSIAN FEDERATION	Bank Equity	PRIVATE	Equity	Good	Satisfactory	Satisfactory	Successful
Project 36	2007	RUSSIAN FEDERATION	Bank Lending	PRIVATE	Debt	Good	Good	Satisfactory	Partly successful
Project 37	2007	TAJIKISTAN	Transport	STATE	Debt	Satisfactory	Good	Satisfactory	Partly successful
Project 38	2007	RUSSIAN FEDERATION	Transport	STATE	Equity	Good	Satisfactory	Satisfactory	Successful
Project 39	2006	UKRAINE	Transport	PRIVATE	Debt	Satisfactory	Good	Good	Successful

Table 2: Summary performance and sample errors for projects evaluated

Indicator	Binary success rate	No. of rated operations	Population size	Standard error of the sample
Overall performance	58%	159	294	5.28
Transition impact	80%	159	294	5.28
Environmental and social performance	90%	152	294	5.53
Extent of environmental change	24%	147	294	5.73
Additionality	90%	159	294	5.28
Financial performance	73%	154	294	5.46
Achievement of operational objectives	84%	159	294	5.28
Bank handling	94%	159	294	5.28

4.2 Description of the sample

The sample comprises 159 operations, of which 54 are covered by OPERs, five by Special Studies and 100 by XMR Assessments. They total €4,249 million in business volume. Table 3 below compares the sample with the Bank's active portfolio of projects as at the end of December 2011, with reference to instrument type, sovereign risk type, facility risk, industry sector and geographic region. There are some differences between the sample and the portfolio. The most obvious of these is the over-representation of Russia at the expense of south-eastern Europe and central Europe and the Baltic states. This is because of the relatively larger size of projects in Russia. The sample also appears to under-represent sovereign operations and over-represent financial institutions at the expense of other sectors. The sampling process attempts to match the population of projects ready for evaluation (rather than the Bank's portfolio) in terms of the number of operations in each category (rather than volume). Given the different target of the sampling process, some differences of this kind can be expected and are not a cause for concern.

Table 3: Comparison of the evaluation database with the Bank's portfolio

	Evaluation database 2009-11		EBRD portfolio Dec-2011	
	MEUR 4,249	%	MEUR 34,793	% 100%
Instrument type				
Debt	3,163	74%	26,919	77%
Equity	1,086	26%	7,874	23%
	4,249	100%	34,793	100%
Sovereign risk				
Non-sovereign	3,940	93%	29,257	84%
Sovereign	309	7%	5,537	16%
	4,249	100%	34,794	100%
Facility risk				
<5	808	19%	4,600	13%
5 to 7.9	3,166	75%	29,264	84%
8 or more	276	6%	929	3%
	4,249	100%	34,793	100%
Sector				
Energy	784	18%	6,812	20%
Financial Institutions	1,401	33%	9,459	27%
Industry, Commerce and Agribusiness	1,160	27%	10,272	30%
Infrastructure	904	21%	8,250	24%
	4,249	100%	34,793	100%
Region				
Central Asia	344	8%	2,619	8%
Central Europe and the Baltic states	459	11%	6,088	17%
Eastern Europe and Caucasus	828	19%	6,669	19%
Russia	2,152	51%	9,453	27%
South-eastern Europe	422	10%	8,440	24%
Turkey	45	1%	1,525	4%
	4,249	100%	34,794	100%
	4,249	100%	34,794	100%

Appendix 2:

Summary of evaluated project performance by year of approval

1. Overall performance

Table 1.1: Overall performance by year of approval

	Highly successful		Successful		Partly successful		Unsuccessful		No. of reports
	No.	%	No.	%	No.	%	No.	%	
92-94	9	8%	54	46%	33	28%	22	19%	118
93-95	11	7%	68	44%	38	25%	36	24%	153
94-96	11	7%	72	43%	47	28%	38	23%	168
95-97	14	8%	79	42%	53	28%	40	22%	186
96-98	14	9%	68	42%	52	32%	28	17%	162
97-99	12	7%	79	49%	48	30%	22	14%	161
98-00	11	8%	75	52%	45	31%	14	10%	145
99-01	13	9%	81	53%	46	30%	12	8%	152
00-02	17	12%	72	51%	43	30%	9	6%	141
01-03	23	17%	66	49%	40	30%	6	4%	135
02-04	20	16%	66	52%	34	27%	6	5%	126
03-05	14	11%	67	52%	43	33%	6	5%	130
04-06	5	4%	75	59%	40	31%	8	6%	128
05-07	2	2%	66	52%	46	36%	13	10%	127
06-08	2	2%	54	56%	29	30%	12	12%	97

Table 1.2: Overall performance by sector: projects approved 2003-08

	Highly successful		Successful		Partly successful		Unsuccessful		No. of reports
	No.	%	No.	%	No.	%	No.	%	
ENE	0	0%	16	67%	6	25%	2	8%	24
FIN	6	8%	36	48%	26	35%	7	9%	75
ICA	9	10%	43	47%	32	35%	7	8%	91
INF	1	3%	26	70%	8	22%	2	5%	37
All sectors	16	7%	121	53%	72	32%	18	8%	227

Table 1.3: Overall performance by region: projects approved 2003-08

	Highly successful		Successful		Partly successful		Unsuccessful		No. of reports
	No.	%	No.	%	No.	%	No.	%	
CA	1	4%	10	43%	9	39%	3	13%	23
CEB	4	14%	18	64%	5	18%	1	4%	28
EEC	1	2%	24	55%	17	39%	2	5%	44
RUS	3	4%	39	51%	27	35%	8	10%	77
SEE	6	15%	22	54%	11	27%	2	5%	41
TUR	0	0%	0	0%	0	0%	0	0%	0
Regional	1	7%	8	57%	3	21%	2	14%	14
All regions	16	7%	121	53%	72	32%	18	8%	227

2. Transition Impact

Table 2.1: Transition impact by year of approval

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Negative		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
92-94	6	5%	48	41%	37	31%	18	15%	5	4%	4	3%	118
93-95	11	7%	56	37%	42	27%	27	18%	9	6%	8	5%	153
94-96	10	6%	66	39%	38	23%	31	18%	14	8%	9	5%	168
95-97	15	8%	78	42%	38	20%	26	14%	20	11%	9	5%	186
96-98	11	7%	72	44%	34	21%	23	14%	17	10%	5	3%	162
97-99	11	7%	78	48%	39	24%	17	11%	14	9%	2	1%	161
98-00	10	7%	68	47%	36	25%	23	16%	8	6%	0	0%	145
99-01	13	9%	74	49%	34	22%	24	16%	7	5%	0	0%	152
00-02	19	13%	63	45%	33	23%	21	15%	4	3%	1	1%	141
01-03	25	19%	63	47%	29	21%	15	11%	2	1%	1	1%	135
02-04	24	19%	59	47%	32	25%	8	6%	2	2%	1	1%	126
03-05	21	16%	64	49%	30	23%	11	8%	4	3%	0	0%	130
04-06	14	11%	69	54%	28	22%	13	10%	4	3%	0	0%	128
05-07	10	8%	65	51%	28	22%	16	13%	8	6%	0	0%	127
06-08	7	7%	53	55%	19	20%	12	12%	6	6%	0	0%	97

Table 2.2: Transition impact by sector: projects approved 2003-08

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Negative		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
ENE	3	13%	13	54%	4	17%	4	17%	0	0%	0	0%	24
FIN	11	15%	37	49%	10	13%	12	16%	5	7%	0	0%	75
ICA	11	12%	49	54%	22	24%	5	5%	4	4%	0	0%	91
INF	3	8%	18	49%	13	35%	2	5%	1	3%	0	0%	37
All sectors	28	12%	117	52%	49	22%	23	10%	10	4%	0	0%	227

Table 2.3: Transition impact by region: projects approved 2003-08

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Negative		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
CA	4	17%	10	43%	5	22%	2	9%	2	9%	0	0%	23
CEB	5	18%	11	39%	11	39%	0	0%	1	4%	0	0%	28
EEC	2	5%	25	57%	8	18%	8	18%	1	2%	0	0%	44
RUS	9	12%	39	51%	18	23%	8	10%	3	4%	0	0%	77
SEE	7	17%	23	56%	6	15%	4	10%	1	2%	0	0%	41
TUR	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Regional	1	7%	9	64%	1	7%	1	7%	2	14%	0	0%	14
All regions	28	12%	117	52%	49	22%	23	10%	10	4%	0	0%	227

3. Financial performance

Table 3.1: Financial performance by year of approval

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
92-94	10	9%	27	23%	28	24%	34	29%	8	7%	9	8%	116
93-95	14	9%	30	20%	36	24%	39	26%	16	11%	16	11%	151
94-96	16	10%	25	15%	47	28%	40	24%	20	12%	19	11%	167
95-97	21	11%	30	16%	51	27%	33	18%	28	15%	23	12%	186
96-98	21	13%	31	19%	40	25%	32	20%	22	14%	16	10%	162
97-99	22	14%	44	28%	37	23%	29	18%	15	9%	12	8%	159
98-00	24	17%	42	30%	35	25%	25	18%	8	6%	5	4%	139
99-01	31	21%	48	33%	38	26%	18	12%	5	3%	5	3%	145
00-02	31	23%	47	35%	30	22%	19	14%	3	2%	4	3%	134
01-03	31	24%	52	40%	25	19%	21	16%	0	0%	2	2%	131
02-04	22	18%	52	42%	27	22%	19	15%	1	1%	2	2%	123
03-05	14	11%	56	46%	28	23%	15	12%	9	7%	1	1%	123
04-06	7	6%	60	49%	29	24%	9	7%	14	11%	3	2%	122
05-07	5	4%	53	44%	28	23%	14	12%	18	15%	3	2%	121
06-08	6	6%	40	41%	23	24%	14	14%	11	11%	3	3%	97

Table 3.2: Financial performance by sector: projects approved 2003-08

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
ENE	3	13%	15	63%	3	13%	1	4%	2	8%	0	0%	24
FIN	6	9%	29	43%	14	21%	9	13%	10	15%	0	0%	68
ICA	10	11%	29	32%	24	26%	18	20%	7	8%	3	3%	91
INF	1	3%	23	62%	10	27%	1	3%	1	3%	1	3%	37
All sectors	20	9%	96	44%	51	23%	29	13%	20	9%	4	2%	220
TUR	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Regional	1	7%	9	64%	1	7%	1	7%	2	14%	0	0%	14
All regions	28	12%	117	52%	49	22%	23	10%	10	4%	0	0%	227

4. Environmental and social performance

Table 4.1: Environmental and social performance by year of approval

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly Unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
92-94	12	10%	35	30%	57	49%	6	5%	6	5%	0	0%	116
93-95	19	13%	44	29%	63	42%	18	12%	7	5%	0	0%	151
94-96	20	12%	61	37%	56	34%	20	12%	9	5%	0	0%	166
95-97	29	16%	72	39%	48	26%	29	16%	7	4%	0	0%	185
96-98	22	14%	70	43%	42	26%	23	14%	4	2%	0	0%	161
97-99	16	10%	76	47%	46	29%	21	13%	2	1%	0	0%	161
98-00	12	8%	71	49%	44	31%	15	10%	2	1%	0	0%	144
99-01	17	11%	75	50%	43	29%	13	9%	2	1%	0	0%	150
00-02	21	15%	63	46%	37	27%	13	9%	4	3%	0	0%	138
01-03	27	20%	62	47%	27	20%	14	11%	3	2%	0	0%	133
02-04	23	18%	55	44%	33	26%	10	8%	4	3%	0	0%	125
03-05	16	13%	55	45%	35	28%	15	12%	2	2%	0	0%	123
04-06	3	3%	51	43%	53	44%	12	10%	1	1%	0	0%	120
05-07	3	3%	49	42%	50	43%	15	13%	0	0%	0	0%	117
06-08	4	4%	38	40%	45	48%	6	6%	1	1%	0	0%	94

Table 4.2: Environmental and social performance by sector: projects approved 2003-08

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly Unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
ENE	5	21%	12	50%	6	25%	0	0%	1	4%	0	0%	24
FIN	3	4%	30	44%	25	37%	10	15%	0	0%	0	0%	68
ICA	8	9%	34	38%	39	44%	8	9%	0	0%	0	0%	89
INF	4	11%	17	47%	10	28%	3	8%	2	6%	0	0%	36
All sectors	20	9%	93	43%	80	37%	21	10%	3	1%	0	0%	217

Table 4.3: Environmental and social performance by region: projects approved 2003-08

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
CA	2	9%	6	27%	11	50%	3	14%	0	0%	0	0%	22
CEB	6	21%	12	43%	9	32%	1	4%	0	0%	0	0%	28
EEC	0	0%	21	48%	14	32%	9	20%	0	0%	0	0%	44
RUS	5	7%	33	48%	24	35%	4	6%	3	4%	0	0%	69
SEE	4	10%	16	39%	17	41%	4	10%	0	0%	0	0%	41
TUR	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Regional	3	23%	5	38%	5	38%	0	0%	0	0%	0	0%	13
All regions	20	9%	93	43%	80	37%	21	10%	3	1%	0	0%	217

5. Extent of environmental change

Table 5.1: Extent of environmental change by year of approval

	Outstanding		Substantial		Some		None/Negative		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.
92-94	3	3%	27	23%	55	47%	31	27%	116
93-95	2	1%	34	23%	76	50%	39	26%	151
94-96	2	1%	37	22%	88	53%	39	23%	166
95-97	2	1%	40	22%	97	52%	46	25%	185
96-98	4	2%	28	17%	90	56%	39	24%	161
97-99	3	2%	28	17%	85	53%	45	28%	161
98-00	3	2%	26	18%	82	57%	33	23%	144
99-01	3	2%	32	21%	82	55%	33	22%	150
00-02	4	3%	28	20%	80	58%	26	19%	138
01-03	6	5%	31	23%	70	53%	26	20%	133
02-04	6	5%	34	27%	63	50%	22	18%	125
03-05	5	4%	35	29%	62	51%	19	16%	121
04-06	2	2%	33	28%	69	59%	13	11%	117
05-07	0	0%	24	21%	72	64%	16	14%	112
06-08	1	1%	21	23%	59	65%	10	11%	91

Table 5.2: Extent of environmental change by sector: projects approved 2003-08

	Outstanding		Substantial		Some		None/Negative		No. of reports
	No.	%	No.	%	No.	%	No.	%	
ENE	1	4%	13	54%	9	38%	1	4%	24
FIN	0	0%	3	4%	54	79%	11	16%	68
ICA	3	4%	25	30%	42	50%	14	17%	84
INF	2	6%	15	42%	16	44%	3	8%	36
All sectors	6	3%	56	26%	121	57%	29	14%	212

Table 5.3: Extent of environmental change by region: projects approved 2003-08

	Outstanding		Substantial		Some		None/Negative		No. of reports
	No.	%	No.	%	No.	%	No.	%	
CA	0	0%	6	29%	12	57%	3	14%	21
CEB	2	7%	10	36%	14	50%	2	7%	28
EEC	0	0%	11	25%	29	66%	4	9%	44
RUS	2	3%	11	17%	39	59%	14	21%	66
SEE	2	5%	14	34%	22	54%	3	7%	41
TUR	0	0%	0	0%	0	0%	0	0%	0
Regional	0	0%	4	33%	5	42%	3	25%	12
All regions	6	3%	56	26%	121	57%	29	14%	212

6. Additionality

Table 6.1: Additionality by year of approval

	Fully verified		Largely verified		Partly verified		Not verified		No. of reports
	No.	%	No.	%	No.	%	No.	%	
92-94	93	79%	15	13%	8	7%	2	2%	118
93-95	116	76%	24	16%	8	5%	5	3%	153
94-96	108	64%	37	22%	16	10%	7	4%	168
95-97	110	59%	53	28%	16	9%	7	4%	186
96-98	93	57%	49	30%	15	9%	5	3%	162
97-99	99	61%	46	29%	12	7%	4	2%	161
98-00	84	58%	42	29%	16	11%	3	2%	145
99-01	82	54%	47	31%	20	13%	3	2%	152
00-02	74	52%	48	34%	16	11%	3	2%	141
01-03	75	56%	46	34%	12	9%	2	1%	135
02-04	73	58%	43	34%	9	7%	1	1%	126
03-05	69	53%	50	38%	11	8%	0	0%	130
04-06	63	49%	51	40%	13	10%	1	1%	128
05-07	58	46%	53	42%	15	12%	1	1%	127
06-08	47	48%	39	40%	10	10%	1	1%	97

Table 6.2: Additionality by sector: projects approved 2003-08

	Fully verified		Largely verified		Partly verified		Not verified		No. of reports
	No.	%	No.	%	No.	%	No.	%	
ENE	16	67%	7	29%	1	4%	0	0%	24
FIN	33	44%	32	43%	10	13%	0	0%	75
ICA	45	49%	38	42%	7	8%	1	1%	91
INF	22	59%	12	32%	3	8%	0	0%	37
All sectors	116	51%	89	39%	21	9%	1	0%	227

Table 6.3: Additionality by region: projects approved 2003-08

	Fully verified		Largely verified		Partly verified		Not verified		No. of reports
	No.	%	No.	%	No.	%	No.	%	
CA	13	57%	9	39%	1	4%	0	0%	23
CEB	12	43%	13	46%	3	11%	0	0%	28
EEC	30	68%	5	11%	9	20%	0	0%	44
RUS	32	42%	40	52%	5	6%	0	0%	77
SEE	22	54%	18	44%	1	2%	0	0%	41
TUR	0	0%	0	0%	0	0%	0	0%	0
Regional	7	50%	4	29%	2	14%	1	7%	14
All regions	116	51%	89	39%	21	9%	1	0%	227

7. Achievement of operational objectives

Table 7.1: Achievement of operational objectives by year of approval

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
92-94	25	22%	29	25%	30	26%	20	17%	6	5%	6	5%	116
93-95	29	19%	33	22%	34	23%	31	21%	11	7%	13	9%	151
94-96	29	17%	40	24%	33	20%	35	21%	12	7%	18	11%	167
95-97	31	17%	51	27%	34	18%	35	19%	15	8%	20	11%	186
96-98	29	18%	49	30%	31	19%	29	18%	11	7%	13	8%	162
97-99	26	16%	53	33%	40	25%	23	14%	8	5%	9	6%	159
98-00	21	15%	48	34%	45	32%	20	14%	5	4%	2	1%	141
99-01	21	14%	58	39%	43	29%	19	13%	5	3%	1	1%	147
00-02	23	17%	61	44%	32	23%	17	12%	4	3%	1	1%	138
01-03	30	22%	57	43%	27	20%	17	13%	2	1%	1	1%	134
02-04	27	21%	54	43%	27	21%	15	12%	2	2%	1	1%	126
03-05	22	17%	62	48%	33	25%	12	9%	1	1%	0	0%	130
04-06	9	7%	72	56%	34	27%	10	8%	2	2%	1	1%	128
05-07	5	4%	63	50%	39	31%	13	10%	5	4%	2	2%	127
06-08	4	4%	43	44%	28	29%	15	15%	5	5%	2	2%	97

Table 7.2: Achievement of operational objectives by sector: projects approved 2003-08

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
ENE	3	13%	11	46%	6	25%	4	17%	0	0%	0	0%	24
FIN	5	7%	41	55%	17	23%	9	12%	3	4%	0	0%	75
ICA	15	16%	36	40%	26	29%	10	11%	2	2%	2	2%	91
INF	3	8%	17	46%	12	32%	4	11%	1	3%	0	0%	37
All sectors	26	11%	105	46%	61	27%	27	12%	6	3%	2	1%	227

Table 7.3: Achievement of operational objectives by region: projects approved 2003-08

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
CA	3	13%	9	39%	8	35%	1	4%	2	9%	0	0%	23
CEB	5	18%	12	43%	9	32%	1	4%	1	4%	0	0%	28
EEC	3	7%	26	59%	10	23%	5	11%	0	0%	0	0%	44
RUS	3	4%	33	43%	24	31%	14	18%	3	4%	0	0%	77
SEE	10	24%	19	46%	8	20%	4	10%	0	0%	0	0%	41
TUR	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Regional	2	14%	6	43%	2	14%	2	14%	0	0%	2	14%	14
All regions	26	11%	105	46%	61	27%	27	12%	6	3%	2	1%	227

8. Bank handling

Table 8.1: Bank handling by year of approval

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
92-94	11	9%	53	46%	28	24%	12	10%	11	9%	1	1%	116
93-95	15	10%	63	42%	36	24%	18	12%	16	11%	3	2%	151
94-96	15	9%	73	44%	35	21%	23	14%	13	8%	8	5%	167
95-97	24	13%	75	40%	38	20%	27	15%	11	6%	11	6%	186
96-98	24	15%	68	42%	32	20%	22	14%	7	4%	9	6%	162
97-99	29	18%	61	38%	41	26%	19	12%	5	3%	4	3%	159
98-00	23	16%	62	44%	36	26%	17	12%	3	2%	0	0%	141
99-01	29	20%	65	44%	36	24%	16	11%	1	1%	0	0%	147
00-02	31	23%	60	44%	34	25%	11	8%	1	1%	0	0%	137
01-03	38	29%	59	44%	31	23%	3	2%	2	2%	0	0%	133
02-04	34	27%	56	45%	30	24%	2	2%	3	2%	0	0%	125
03-05	29	22%	68	52%	28	22%	3	2%	2	2%	0	0%	130
04-06	27	21%	72	56%	24	19%	4	3%	1	1%	0	0%	128
05-07	20	16%	75	59%	27	21%	4	3%	1	1%	0	0%	127
06-08	16	16%	54	56%	22	23%	4	4%	1	1%	0	0%	97

Table 8.2: Bank handling by sector: projects approved 2003-08

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
ENE	6	25%	12	50%	6	25%	0	0%	0	0%	0	0%	24
FIN	12	16%	44	59%	18	24%	0	0%	1	1%	0	0%	75
ICA	20	22%	45	49%	20	22%	4	4%	2	2%	0	0%	91
INF	7	19%	21	57%	6	16%	3	8%	0	0%	0	0%	37
All sectors	45	20%	122	54%	50	22%	7	3%	3	1%	0	0%	227

Table 8.3: Bank handling by region: projects approved 2003-08

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
CA	3	13%	15	65%	3	13%	0	0%	2	9%	0	0%	23
CEB	9	32%	13	46%	5	18%	1	4%	0	0%	0	0%	28
EEC	8	18%	16	36%	19	43%	0	0%	1	2%	0	0%	44
RUS	8	10%	47	61%	17	22%	5	6%	0	0%	0	0%	77
SEE	12	29%	26	63%	3	7%	0	0%	0	0%	0	0%	41
TUR	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Regional	5	36%	5	36%	3	21%	1	7%	0	0%	0	0%	14
All regions	45	20%	122	54%	50	22%	7	3%	3	1%	0	0%	227

Appendix 3:

Summary of evaluated project performance by year of evaluation

1. Overall performance

Table 1.1: Overall performance by year of evaluation

	Highly successful		Successful		Partly successful		Unsuccessful		No. of reports
	No.	%	No.	%	No.	%	No.	%	
96-98	11	9%	56	47%	32	27%	20	17%	119
97-99	10	7%	63	47%	35	26%	27	20%	135
98-00	13	9%	66	47%	30	21%	32	23%	141
99-01	11	8%	63	44%	35	25%	33	23%	142
00-02	10	7%	61	43%	43	30%	28	20%	142
01-03	6	4%	70	46%	54	35%	23	15%	153
02-04	13	8%	78	50%	48	31%	16	10%	155
03-05	19	12%	84	54%	41	26%	13	8%	157
04-06	26	17%	80	51%	37	24%	13	8%	156
05-07	22	14%	79	50%	44	28%	13	8%	158
06-08	16	11%	72	48%	50	33%	12	8%	150
07-09	8	5%	78	49%	60	38%	13	8%	159
08-10	5	3%	82	50%	61	37%	16	10%	164
09-11	4	3%	87	55%	53	33%	15	9%	159
06-08	2	2%	54	56%	29	30%	12	12%	97

Table 1.2: Overall performance by sector: projects evaluated 2007-11

	Highly successful		Successful		Partly successful		Unsuccessful		No. of reports
	No.	%	No.	%	No.	%	No.	%	
ENE	2	7%	17	57%	7	23%	4	13%	30
FIN	3	4%	45	54%	30	36%	6	7%	84
ICA	3	3%	45	49%	34	37%	10	11%	92
INF	2	4%	30	59%	16	31%	3	6%	51
All sectors	10	4%	137	53%	87	34%	23	9%	257

	Highly successful		Successful		Partly successful		Unsuccessful		No. of reports
	No.	%	No.	%	No.	%	No.	%	
CA	2	8%	8	33%	11	46%	3	13%	24
CEB	1	3%	22	63%	9	26%	3	9%	35
EEC	1	2%	28	55%	19	37%	3	6%	51
RUS	2	3%	40	51%	27	35%	9	12%	78
SEE	3	6%	26	55%	16	34%	2	4%	47
TUR	0	0%	1	100%	0	0%	0	0%	1
Regional	1	5%	12	57%	5	24%	3	14%	21
All regions	10	4%	137	53%	87	34%	23	9%	257

2. Transition impact

Table 2.1: Transition impact by year of evaluation

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Negative		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
96-98	12	10%	52	44%	26	22%	21	18%	5	4%	3	3%	119
97-99	14	10%	45	33%	39	29%	21	16%	10	7%	6	4%	135
98-00	14	10%	50	35%	40	28%	16	11%	13	9%	8	6%	141
99-01	9	6%	53	37%	38	27%	17	12%	18	13%	7	5%	142
00-02	8	6%	63	44%	31	22%	20	14%	15	11%	5	4%	142
01-03	5	3%	71	46%	39	25%	22	14%	13	8%	3	2%	153
02-04	10	6%	83	54%	33	21%	21	14%	6	4%	2	1%	155
03-05	13	8%	86	55%	33	21%	19	12%	5	3%	1	1%	157
04-06	20	13%	81	52%	27	17%	21	13%	6	4%	1	1%	156
05-07	26	16%	68	43%	40	25%	16	10%	6	4%	2	1%	158
06-08	23	15%	63	42%	42	28%	14	9%	6	4%	2	1%	150
07-09	19	12%	71	45%	44	28%	18	11%	5	3%	2	1%	159
08-10	14	9%	81	49%	35	21%	25	15%	9	5%	0	0%	164
09-11	16	10%	80	50%	32	20%	23	14%	8	5%	0	0%	159
06-08	7	7%	53	55%	19	20%	12	12%	6	6%	0	0%	97

Table 2.2: Transition impact by sector: projects evaluated 2007-11

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Negative		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
ENE	7	23%	12	40%	5	17%	5	17%	1	3%	0	0%	30
FIN	8	10%	43	51%	14	17%	15	18%	4	5%	0	0%	84
ICA	11	12%	47	51%	24	26%	3	3%	5	5%	2	2%	92
INF	4	8%	19	37%	21	41%	6	12%	1	2%	0	0%	51
All sectors	30	12%	121	47%	64	25%	29	11%	11	4%	2	1%	257

Table 2.3: Transition impact by region: projects evaluated 2007-11

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Negative		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
CA	5	21%	7	29%	6	25%	4	17%	1	4%	1	4%	24
CEB	5	14%	13	37%	13	37%	1	3%	2	6%	1	3%	35
EEC	1	2%	30	59%	11	22%	8	16%	1	2%	0	0%	51
RUS	8	10%	38	49%	21	27%	8	10%	3	4%	0	0%	78
SEE	8	17%	22	47%	11	23%	5	11%	1	2%	0	0%	47
TUR	1	100%	0	0%	0	0%	0	0%	0	0%	0	0%	1
Regional	2	10%	11	52%	2	10%	3	14%	3	14%	0	0%	21
All regions	30	12%	121	47%	64	25%	29	11%	11	4%	2	1%	257

3. Financial performance

Table 3.1: Financial performance by year of evaluation

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
96-98	11	9%	29	24%	31	26%	30	25%	10	8%	8	7%	119
97-99	11	8%	23	17%	41	30%	31	23%	17	13%	12	9%	135
98-00	15	11%	20	14%	45	32%	27	19%	20	14%	14	10%	141
99-01	17	12%	18	13%	37	26%	34	24%	17	12%	18	13%	141
00-02	23	16%	25	18%	34	24%	31	22%	10	7%	17	12%	140
01-03	24	16%	28	19%	35	24%	29	20%	15	10%	15	10%	146
02-04	30	20%	42	28%	37	25%	19	13%	14	9%	7	5%	149
03-05	33	22%	48	32%	36	24%	20	13%	13	9%	2	1%	152
04-06	36	23%	55	35%	33	21%	22	14%	7	4%	3	2%	156
05-07	28	18%	60	39%	35	23%	22	14%	4	3%	6	4%	155
06-08	20	14%	56	39%	33	23%	22	15%	6	4%	7	5%	144
07-09	10	7%	64	43%	34	23%	23	16%	11	7%	6	4%	148
08-10	9	6%	66	42%	33	21%	25	16%	19	12%	4	3%	156
09-11	8	5%	69	45%	35	23%	20	13%	18	12%	4	3%	154

Table 3.2: Financial performance by sector: projects evaluated 2007-11

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
ENE	6	20%	15	50%	5	17%	1	3%	2	7%	1	3%	30
FIN	3	4%	35	46%	19	25%	9	12%	10	13%	0	0%	76
ICA	7	8%	28	31%	23	25%	20	22%	7	8%	6	7%	91
INF	1	2%	30	61%	12	24%	3	6%	2	4%	1	2%	49
All sectors	17	7%	108	44%	59	24%	33	13%	21	9%	8	3%	246

Table 3.3: Financial performance by region: projects evaluated 2007-11

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
CA	2	8%	9	38%	6	25%	5	21%	0	0%	2	8%	24
CEB	2	6%	21	62%	6	18%	2	6%	0	0%	3	9%	34
EEC	5	10%	18	36%	15	30%	5	10%	7	14%	0	0%	50
RUS	2	3%	33	46%	16	23%	12	17%	7	10%	1	1%	71
SEE	3	6%	19	40%	12	26%	7	15%	6	13%	0	0%	47
TUR	1	100%	0	0%	0	0%	0	0%	0	0%	0	0%	1
Regional	2	11%	8	42%	4	21%	2	11%	1	5%	2	11%	19
All regions	17	7%	108	44%	59	24%	33	13%	21	9%	8	3%	246

4. Environmental and social performance

Table 4.1: Environmental and social performance by year of evaluation

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
96-98	12	10%	41	34%	51	43%	8	7%	7	6%	0	0%	119
97-99	23	17%	40	30%	51	38%	13	10%	8	6%	0	0%	135
98-00	31	22%	41	29%	46	33%	17	12%	6	4%	0	0%	141
99-01	25	18%	52	37%	40	28%	19	13%	5	4%	0	0%	141
00-02	21	15%	65	46%	28	20%	24	17%	2	1%	0	0%	140
01-03	17	11%	76	50%	33	22%	23	15%	2	1%	0	0%	151
02-04	19	12%	82	53%	34	22%	18	12%	1	1%	0	0%	154
03-05	19	12%	83	53%	40	25%	14	9%	1	1%	0	0%	157
04-06	24	15%	74	48%	46	30%	10	6%	1	1%	0	0%	155
05-07	23	15%	62	41%	51	33%	13	8%	4	3%	0	0%	153
06-08	19	13%	55	38%	49	34%	13	9%	7	5%	0	0%	143
07-09	9	6%	60	41%	51	35%	20	14%	7	5%	0	0%	147
08-10	7	5%	62	40%	63	41%	20	13%	3	2%	0	0%	155
09-11	4	3%	64	42%	68	45%	15	10%	1	1%	0	0%	152

Table 4.2: Environmental and social performance by sector: projects evaluated 2007-11

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
ENE	5	17%	14	47%	8	27%	0	0%	3	10%	0	0%	30
FIN	2	3%	38	49%	28	36%	9	12%	0	0%	0	0%	77
ICA	3	3%	30	34%	45	51%	9	10%	2	2%	0	0%	89
INF	3	6%	20	42%	14	29%	8	17%	3	6%	0	0%	48
All sectors	13	5%	102	42%	95	39%	26	11%	8	3%	0	0%	244
TUR	1	100%	0	0%	0	0%	0	0%	0	0%	0	0%	1
Regional	2	11%	8	42%	4	21%	2	11%	1	5%	2	11%	19
All regions	17	7%	108	44%	59	24%	33	13%	21	9%	8	3%	246

Table 4.3: Environmental and social performance by region: projects evaluated 2007-11

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
ENE	5	17%	14	47%	8	27%	0	0%	3	10%	0	0%	30
FIN	2	3%	38	49%	28	36%	9	12%	0	0%	0	0%	77
ICA	3	3%	30	34%	45	51%	9	10%	2	2%	0	0%	89
INF	3	6%	20	42%	14	29%	8	17%	3	6%	0	0%	48
All sectors	13	5%	102	42%	95	39%	26	11%	8	3%	0	0%	244
TUR	1	100%	0	0%	0	0%	0	0%	0	0%	0	0%	1
Regional	2	11%	8	42%	4	21%	2	11%	1	5%	2	11%	19
All regions	17	7%	108	44%	59	24%	33	13%	21	9%	8	3%	246

5. Extent of environmental change

Table 5.1: Extent of environmental change by year of evaluation

	Outstanding		Substantial		Some		None/Negative		No. of reports
	No.	%	No.	%	No.	%	No.	%	
96-98	1	1%	38	32%	52	44%	28	24%	119
97-99	2	1%	36	27%	60	44%	37	27%	135
98-00	3	2%	30	21%	69	49%	39	28%	141
99-01	3	2%	20	14%	82	58%	36	26%	141
00-02	2	1%	21	15%	85	61%	32	23%	140
01-03	1	1%	23	15%	91	60%	36	24%	151
02-04	2	1%	23	15%	85	55%	44	29%	154
03-05	5	3%	27	17%	86	55%	39	25%	157
04-06	8	5%	34	22%	77	50%	36	23%	155
05-07	8	5%	40	26%	76	50%	29	19%	153
06-08	6	4%	39	27%	71	50%	27	19%	143
07-09	3	2%	36	25%	84	58%	23	16%	146
08-10	2	1%	34	23%	96	64%	18	12%	150
09-11	2	1%	34	23%	95	65%	16	11%	147

Table 5.2: Extent of environmental change by sector: projects evaluated 2007-11

	Outstanding		Substantial		Some		None/Negative		No. of reports
	No.	%	No.	%	No.	%	No.	%	
ENE	0	0%	16	53%	10	33%	4	13%	30
FIN	0	0%	2	3%	65	84%	10	13%	77
ICA	3	4%	20	24%	48	57%	13	15%	84
INF	2	4%	20	42%	21	44%	5	10%	48
All sectors	5	2%	58	24%	144	60%	32	13%	239

Table 5.2: Extent of environmental change by sector: projects evaluated 2007-11

	Outstanding		Substantial		Some		None/Negative		No. of reports
	No.	%	No.	%	No.	%	No.	%	
CA	0	0%	4	20%	12	60%	4	20%	20
CEB	0	0%	11	32%	19	56%	4	12%	34
EEC	1	2%	11	22%	35	69%	4	8%	51
RUS	2	3%	11	16%	40	60%	14	21%	67
SEE	2	4%	19	40%	23	49%	3	6%	47
TUR	0	0%	0	0%	1	100%	0	0%	1
Regional	0	0%	2	11%	14	74%	3	16%	19
All regions	5	2%	58	24%	144	60%	32	13%	239

6. Additionality

Table 6.1: Additionality by year of evaluation

	Fully verified		Largely verified		Partly verified		Not verified		No. of reports
	No.	%	No.	%	No.	%	No.	%	
96-98	93	78%	12	10%	12	10%	2	2%	119
97-99	94	70%	24	18%	13	10%	4	3%	135
98-00	98	70%	29	21%	9	6%	5	4%	141
99-01	83	58%	42	30%	12	8%	5	4%	142
00-02	79	56%	42	30%	16	11%	5	4%	142
01-03	77	50%	51	33%	20	13%	5	3%	153
02-04	86	55%	45	29%	20	13%	4	3%	155
03-05	89	57%	51	32%	14	9%	3	2%	157
04-06	93	60%	48	31%	13	8%	2	1%	156
05-07	91	58%	54	34%	10	6%	3	2%	158
06-08	95	63%	44	29%	9	6%	2	1%	150
07-09	81	51%	64	40%	12	8%	2	1%	159
08-10	85	52%	63	38%	16	10%	0	0%	164
09-11	80	50%	63	40%	15	9%	1	1%	159

Table 6.2: Additionality by sector: projects evaluated 2007-11

	Fully verified		Largely verified		Partly verified		Not verified		No. of reports
	No.	%	No.	%	No.	%	No.	%	
ENE	22	73%	7	23%	1	3%	0	0%	30
FIN	38	45%	37	44%	9	11%	0	0%	84
ICA	43	47%	39	42%	7	8%	3	3%	92
INF	38	75%	10	20%	3	6%	0	0%	51
All sectors	141	55%	93	36%	20	8%	3	1%	257

Table 6.3: Additionality by region: projects evaluated 2007-11

	Fully verified		Largely verified		Partly verified		Not verified		No. of reports
	No.	%	No.	%	No.	%	No.	%	
CA	15	63%	8	33%	0	0%	1	4%	24
CEB	19	54%	12	34%	3	9%	1	3%	35
EEC	36	71%	6	12%	9	18%	0	0%	51
RUS	31	40%	42	54%	5	6%	0	0%	78
SEE	29	62%	17	36%	1	2%	0	0%	47
TUR	1	100%	0	0%	0	0%	0	0%	1
Regional	10	48%	8	38%	2	10%	1	5%	21
All regions	141	55%	93	36%	20	8%	3	1%	257

7. Achievement of operational objectives

Table 7.1: Achievement of operational objectives by year of

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
96-98	29	24%	29	24%	32	27%	17	14%	7	6%	5	4%	119
97-99	28	21%	27	20%	33	24%	28	21%	10	7%	9	7%	135
98-00	28	20%	31	22%	31	22%	29	21%	10	7%	12	9%	141
99-01	25	18%	39	28%	24	17%	26	18%	11	8%	16	11%	141
00-02	22	16%	45	32%	26	19%	24	17%	8	6%	15	11%	140
01-03	18	12%	48	33%	34	23%	26	18%	8	5%	12	8%	146
02-04	24	16%	54	36%	35	23%	25	17%	5	3%	6	4%	149
03-05	30	20%	60	39%	31	20%	24	16%	5	3%	2	1%	152
04-06	34	22%	64	41%	27	17%	25	16%	5	3%	1	1%	156
05-07	29	18%	68	43%	32	20%	21	13%	6	4%	2	1%	158
06-08	20	13%	65	43%	40	27%	18	12%	5	3%	2	1%	150
07-09	11	7%	76	48%	52	33%	13	8%	5	3%	2	1%	159
08-10	10	6%	74	45%	53	32%	20	12%	6	4%	1	1%	164
09-11	10	6%	74	47%	49	31%	18	11%	6	4%	2	1%	159

Table 7.2: Achievement of operational objectives: projects evaluated 2007-11

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
ENE	5	17%	12	40%	8	27%	5	17%	0	0%	0	0%	30
FIN	2	2%	48	57%	23	27%	8	10%	3	4%	0	0%	84
ICA	9	10%	40	43%	28	30%	8	9%	3	3%	4	4%	92
INF	2	4%	21	41%	19	37%	7	14%	2	4%	0	0%	51
All sectors	18	7%	121	47%	78	30%	28	11%	8	3%	4	2%	257

Table 7.3: Achievement of operational objectives by region: projects evaluated 2007-11

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
CA	3	13%	8	33%	9	38%	1	4%	2	8%	1	4%	24
CEB	1	3%	17	49%	13	37%	1	3%	2	6%	1	3%	35
EEC	3	6%	28	55%	15	29%	5	10%	0	0%	0	0%	51
RUS	2	3%	35	45%	25	32%	12	15%	4	5%	0	0%	78
SEE	5	11%	25	53%	11	23%	6	13%	0	0%	0	0%	47
TUR	1	100%	0	0%	0	0%	0	0%	0	0%	0	0%	1
Regional	3	14%	8	38%	5	24%	3	14%	0	0%	2	10%	21
All regions	18	7%	121	47%	78	30%	28	11%	8	3%	4	2%	257

8. Bank handling

Table 8.1: Bank handling by year of evaluation

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
96-98	9	8%	59	50%	27	23%	13	11%	9	8%	2	2%	119
97-99	18	13%	49	36%	30	22%	17	13%	15	11%	6	4%	135
98-00	24	17%	42	30%	30	21%	19	13%	18	13%	8	6%	141
99-01	25	18%	45	32%	28	20%	20	14%	15	11%	8	6%	141
00-02	22	16%	52	37%	29	21%	24	17%	8	6%	5	4%	140
01-03	23	16%	60	41%	33	23%	23	16%	4	3%	3	2%	146
02-04	29	19%	67	45%	30	20%	20	13%	2	1%	1	1%	149
03-05	36	24%	72	47%	32	21%	10	7%	2	1%	0	0%	152
04-06	40	26%	76	49%	31	20%	7	4%	2	1%	0	0%	156
05-07	39	25%	72	46%	40	25%	4	3%	2	1%	1	1%	158
06-08	30	20%	70	47%	41	28%	6	4%	1	1%	1	1%	149
07-09	19	12%	82	52%	46	29%	8	5%	2	1%	1	1%	158
08-10	23	14%	86	53%	44	27%	8	5%	2	1%	0	0%	163
09-11	21	13%	94	59%	35	22%	7	4%	2	1%	0	0%	159

Table 8.2: Bank handling by sector: projects evaluated 2007-11

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
ENE	9	30%	13	43%	8	27%	0	0%	0	0%	0	0%	30
FIN	9	11%	52	62%	23	27%	0	0%	0	0%	0	0%	84
ICA	12	13%	47	52%	23	25%	5	5%	3	3%	1	1%	91
INF	5	10%	28	55%	12	24%	6	12%	0	0%	0	0%	51
All sectors	35	14%	140	55%	66	26%	11	4%	3	1%	1	0%	256
TUR	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Regional	5	36%	5	36%	3	21%	1	7%	0	0%	0	0%	14
All regions	45	20%	122	54%	50	22%	7	3%	3	1%	0	0%	227

Table 8.3: Bank handling by region: projects evaluated 2007-11

	Excellent		Good		Satisfactory		Marginal		Unsatisfactory		Highly unsatisfactory		No. of reports
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
CA	2	8%	14	58%	4	17%	2	8%	1	4%	1	4%	24
CEB	6	17%	17	49%	9	26%	2	6%	1	3%	0	0%	35
EEC	7	14%	22	43%	21	41%	0	0%	1	2%	0	0%	51
RUS	7	9%	46	60%	18	23%	6	8%	0	0%	0	0%	77
SEE	9	19%	33	70%	5	11%	0	0%	0	0%	0	0%	47
TUR	1	100%	0	0%	0	0%	0	0%	0	0%	0	0%	1
Regional	3	14%	8	38%	9	43%	1	5%	0	0%	0	0%	21
All regions	35	14%	140	55%	66	26%	11	4%	3	1%	1	0%	256

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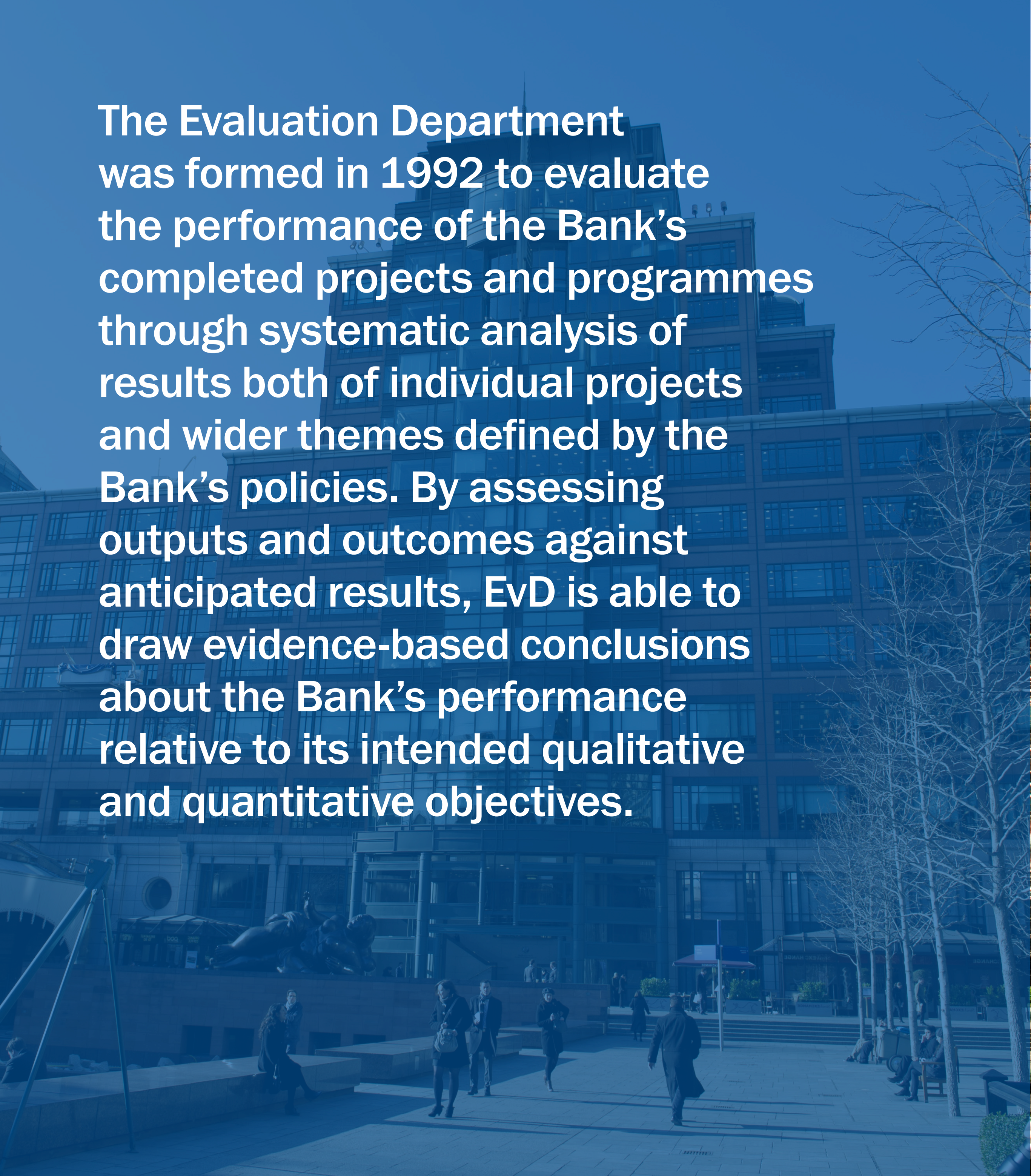

The Evaluation Department was formed in 1992 to evaluate the performance of the Bank's completed projects and programmes through systematic analysis of results both of individual projects and wider themes defined by the Bank's policies. By assessing outputs and outcomes against anticipated results, EvD is able to draw evidence-based conclusions about the Bank's performance relative to its intended qualitative and quantitative objectives.

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