
EvD Work Programme & Budget 2020

Final for Board Consideration

18 December 2019

EBRD EVALUATION DEPARTMENT



European Bank
for Reconstruction and Development

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Note: This document incorporates a number of small changes reflecting guidance from Board members at the Audit Committee meeting on 13 December. The EvD increment requested below was reviewed by the Audit Committee after the overall SIP had largely been completed. As a result it is not reflected in the final SIP proposal for 2020. However Management assures EvD and the Board that EvD’s incremental needs will be met

Executive Summary

EvD's core objective is to deliver high-quality, high-value products and services that help Board and Management improve EBRD's operational performance effectiveness. It does so by providing a range of different products and services including advisory work, analysis and training, and by contributing to effective evaluation and performance assessment systems and standards institution-wide. A pragmatic balance needs to be found across this spectrum reflecting the identified needs of key EvD stakeholders, the Bank's strategic context, directions, and opportunities, available resources, and the sound functioning of the Bank's wider results and performance management systems.

EvD's Work Programme for 2020 is built around three main considerations:

- the standing need for product/service delivery to meet the provisions of the Bank's Evaluation Policy and the needs of Board and Management;
- the findings and recommendations of the first ever Independent External Evaluation of Evaluation in the EBRD (the Kirk report); and
- challenges from the Bank's wider institutional context, including major new strategic commitments and an ongoing debate about future directions and priorities.

Standing requirements include core evaluation work such as analysis of cross-cutting, thematic and strategic issues, and project-focussed evaluations based mostly on specific transactions. The former typically focus on a specific issue or initiative and seek to contribute to decision-making for the future; the latter focus on operational and strategic issues through the lens of transactions-level performance and provide evidence-based findings useful both for accountability and learning. For 2020 EvD proposes:

- a somewhat modified mix of a select few new strategic and thematic evaluations, combined with relatively greater weight on selected new project cluster evaluations;
- continued individual project-level evaluations where good value may be produced

The Kirk Report's findings largely affirm issues identified by EvD in its own self-evaluation and flagged consistently in its work and engagement with the Board. EvD agrees with the Report on all issues of consequence and has integrated those directed specifically at EvD into this Work Programme. This work is all additional to EvD's regular programme and includes:

- new evaluations of the transition qualities and learning in EBRD;
- preparing a multi-year strategy for EvD;
- supporting fundamental changes in Management's self-evaluation system;
- updating the Evaluation Policy and related processes and systems;
- improving EvD capacity and effectiveness in communication, outreach, and learning.

The Kirk Report recommends increasing overall budget resources for evaluation-related work in the Bank, including for EvD. This budget requests an additional £232K for an additional position.

The Bank's strategic priorities and directions have always been central to EvD's planning and regularly discussed in the Work Programme. 2020 brings unusual challenges and uncertainties that need to be acknowledged. These include a new 5-year strategic plan (SCF), still to be agreed; a wider political-level discussion about EBRD's future, still at an early stage; the recent launch of complex new internal systems, many of which are still work in progress; and, an impending senior Management changeover. In aggregate these factors create the most fluid and uncertain set of circumstances for EBRD and EvD in many years.

This paper sets out EvD's proposals to deliver work of high value and relevance given this wider set of challenges. EvD's priorities will be: deliver a core programme, including major new tasks called for by the Kirk report; improve on existing internal EvD approaches, systems and capacity; and, assist Management with its urgently required work wherever possible. Management will need to lead on key issues for which it is responsible while EvD builds out its own processes in response.

But while much can be anticipated at this early point there is also little doubt that unexpected demands and opportunities will arise. Specific plans will take time to develop and flexibility will be required. EvD will need to preserve the flexibility and resource availability to engage and contribute wherever it can bring value.

Thus 2020 is a transition and building year. It will be important for all parties to recognize that most of the Bank's most substantial challenges (and opportunities) related to evaluation and performance will not be resolved in a single year. It will be critical for the Board to remain fully informed and effectively engaged. EvD will keep the Audit Committee and Board informed through its regular engagements and reports, such as its Mid-year update. We expect to have a much clearer medium-term budget picture a year from now but in any event will provide an update at the mid-year point.

In summary the key elements of EvD's proposed Work Programme and Budget for 2020 for Audit Committee and Board consideration are:

- launch and deliver a selective group of major new evaluations of high strategic and operational relevance;
- deliver specific new evaluation work and EvD strategic planning tools as recommended by the Kirk Report;
- engage quarterly with the Board on evaluation matters;
- work in collaboration with Management to strengthen core elements of EBRD's evaluation and results management systems, as recommended by the Kirk report;
- secure a modest EvD budget increase to augment staff capacity and skills;
- increase EvD's internal voice and engagement and external profile;
- continue to provide the full standard range of EvD advisory and support services.

1 Work Programme Overview

1.1 Effective Evaluation as a Source of Value

The core purpose of evaluation in EBRD is to contribute to superior institutional performance through objective assessment of accomplishments relative to goals. EvD's specific role and work are built upon the proposition that evidence-based assessment of performance relative to expectations is critical for institutional accountability and improvement and that evaluation and results perspectives should be integrated across the full project cycle.

Effective evaluation requires a whole-of-Bank perspective and reach, with joint and specific responsibilities for Management, Board and the Evaluation Department (EvD). A set of coherent and effectively interconnected systems is needed to ensure the means to execute responsibilities. Bank-wide, and for EvD specifically, evaluation and results management must produce something that is valued by the organisation and, for this reason, is adequately resourced, incentivised and absorbed.

The independent Kirk Report reinforced these basic principles as applicable within EBRD and affirmed that they are at the heart of its Evaluation Policy and EvD's operational strategy. With current EvD methods, processes and products and the Board's strong support, key elements necessary for effective evaluation were found to be in place.

The combination of multi- and single-project evaluations and higher-level evaluations focussed on sector, programmatic or thematic issues used by EvD is broadly consistent with evaluation good practice, institutional policy and operations, and the evolving demands and preferences of shareholders and Management. It has also enabled contribution to evidence-based analysis and Board oversight of the Bank's many new strategic initiatives.

However the Kirk Report also identified areas of both clear need and real opportunity for changes that would substantially strengthen the value and effectiveness of EBRD's overall systems. This Work Programme identifies specific actions that EvD will initiate and deliver, and others where EvD will collaborate where primary responsibility rests with Management or the Board.

1.2 EvD Products and Services

EvD's priorities and product/service mix have adapted continuously to institutional circumstances and opportunities including: new institutional strategies and initiatives; changes in the Bank's transition concept and delivery approaches; feedback on product value and performance; institutional learning needs and effectiveness; and, geographic expansion. EvD's main products and services fall into four broad areas.

Thematic/Strategic evaluations

Thematic/strategic evaluations provide insights into performance management, results identification and internal learning. They are intended to be a core component of the institution's internal strategy review cycle, engaging both the Board and Management. They present analysis, provide performance feedback and identify gaps and opportunities in systems, methods or resources that can contribute to performance. With sharper focus, higher quality and more cross-cutting scope these studies have been a priority for EvD in recent years. They are highly valued by the Board and generally seen to contribute positively to internal discussion and institutional development. Management appreciates the relevance

and rigour of EvD's analysis and agrees that it brings value; however, the actual uptake of findings and implementation of recommendations is uneven and limited.

Project evaluations

Project-specific evaluations provide close review of individual or clusters of projects, covering design, implementation, monitoring and effectiveness. Again the primary goal is to ascertain the drivers of performance and draw operationally useful lessons for the future. As covered at length in previous Work Programmes, EvD's self-assessment of 2017, and the Kirk report EvD has largely discontinued the detailed single-project evaluations that were its flagship product in the past. Instead it has favoured evaluating clusters of projects that share common features or attributes (sector; design elements; strategic drivers). Such cluster evaluations provide more value to Board and Management by covering a larger body of evidence on which to base findings, and capturing design and performance features in different circumstances. Strategically chosen, they also provide detailed input into the broader sector or thematic evaluations that are highly valued by Board and Management. Additional project-level coverage is provided through thematic evaluations that include detailed case-studies of individual operations as foundational work for their wider insights.

Management's Full-coverage Self-evaluations (OPAs)

Ex post evaluation of projects is to be done by operations teams on all completed projects considered by Management to be evaluation ready, drawing in part on EvD's own assessment. On average about 140 projects have been so identified in recent years.

The self-evaluation done by Management for each of these projects since 2016 uses an EvD-designed template developed to enable operations teams to blend key performance data with structured thinking around project design and results, systematically including associated TC and policy dialogue. EvD provides Management with an arm's length quality review of draft OPAs, often offering specific guidance to strengthen them. But they remain a fully-Management owned product whose subsequent use is determined by Management. OPAs are treated as confidential, not circulated internally or shared with clients or the Board.

EvD's main immediate objective was for OPAs to capture more fully the unique insights on design and performance that can only come from operations teams actively involved with the project over time. Over time this would accumulate into a solid body of evidence-based project-specific performance assessments. Stronger, higher quality self-evaluation was intended both to increase internal Bank understanding of wider performance issues as well as provide higher quality primary information with which EvD could perform its own ex post evaluation responsibilities. But as confirmed by the Kirk report, while self-evaluation is essential for institutional accountability and learning it has been regarded by operations mainly as an overhead and not a priority for Banking. Quality has varied widely, and insufficient use is made of this work by either Management or EvD.

In order to facilitate full transfer of ownership for managing the self-evaluation process to Management its specific responsibilities for project selection and delivery have been increased substantially for 2020. EvD will provide an initial assessment of experience this year as part of its Annual Evaluation Review for 2019.

EvD Validations of Management Self-Evaluations (OPAVs)

Each year out of the “evaluation-ready” pool of projects noted above EvD selects between 12-15 individual projects presenting issues of particular relevance and importance, with particular emphasis on supporting larger thematic or cluster evaluations, specific topics known to be of concern to the Board, and linkages to strategic initiatives. For each of these projects EvD uses the self-evaluations and other desk-based analysis to prepare independent validations (OPAVs) providing evidence-based analysis and performance assessment.

Experience with OPAVs has been mixed. In some cases the quality of the underlying material and data availability are good; in others there is limited value in the form of useful findings or insights. Across several years of experience the most important differentiators, in EvD’s view, are the quality of the underlying material and the level of commitment from the Management side. EvD will select about 12-15 OPAs for validation in 2020 while at the same time working with Management toward wider improvements in self-evaluation tools and processes.

Advisory, training and other services

EvD provides a variety of advisory and training activities to operations including: evaluation components of core banker training courses; evaluation training and hands-on advisory work in specific cases; evaluation-specific presentations to operations teams; and, tailored training and briefing offerings to field office staff. EvD provides additional advisory work to Management on an ad hoc basis, including through special purpose working groups and Communities of Practice.

2 EvD Work Programme Context

2.1 Wider Bank Context

Institutional-level strategic and operational changes over the past few years and still unfolding have major implications for operations, performance and results management, and the full range of the Bank’s evaluation-related activities.

Strategic Priorities and Operational Scope

- Strategic commitments to inclusion, gender, green goals, migration, collaboration with other IFIs, mobilization, and the SDGs present major challenges for operational delivery and performance assessment.
- Internal Strategic Review and SCF work continues; wider external discussions are underway among shareholders; new strategic planning and delivery tools are in place.
- The Bank’s approach to transition impact has been redefined in order to clarify core concepts and provide a better instrument for operational focus and results measurement.
- There have been major shifts in regional and country operational activity and portfolio composition and these are likely to continue.
- Transactions flow is projected to continue and the portfolio will grow accordingly.

Internal Structures/Instruments

- Reformulated country strategies are to be central to strategic and operational choices, and in principle provide the main context for assessing results.
- Key elements of a new approach to results and performance management have been introduced, including complex new tools and processes. Results frameworks are in principle mandatory for project proposals and country strategies.
- Investment activity is to be joined systematically with analytical, advisory and policy dialogue work and delivered as a unified package. Consolidated banking and policy functions are expected to strengthen the integrated banking model.
- A long-promised IT upgrade continues; long-standing data quality and accessibility problems are major obstacles to effective evaluation and performance management.

2.2 EvD Context

Many of the organisational developments noted above have elements that reflect Board concerns and recommendations EvD has made regularly in recent years. They are also for the most part echoed in the findings of the Kirk report. Specific points include:

- Operational choices should be driven by more clearly articulated country-level strategic priorities. Transition impact may be more clearly identified in its country context, but requires connection to the specific operations intended to give it effect.
- Stronger results frameworks are needed to identify expected results, integrate causal links fully into design and delivery, and incorporate critical non-investment components such as policy dialogue.
- Baseline data, performance monitoring, and results reporting are critical to a meaningful results tracking system but are insufficiently resourced and prioritised.
- There is clear need to improve self-evaluation quality, internal uptake and priority.
- Incremental resources are needed for results and performance-related processes and this work needs higher profile and priority.
- Investment, advisory and policy dialogue work need to be designed and delivered in a more integrated way, and treated from a results perspective as an integrated package.

These observations also represent important challenges for EvD, as identified by EvD's self-evaluation and reinforced by the Kirk Report.

- EvD's methods need to adapt to the new transition concept and related new processes and instruments on the Management side.
- Project-level evaluation needs sufficient coverage and quality to provide accountability and ensure that EvD's insights are informed by close knowledge of the operational realities of a transactions-driven institution.
- EvD needs to communicate findings and insights more effectively, and promote greater uptake and absorption by Board and Management. Better EvD internal knowledge management and outreach are both required.

3 EvD Work Programme for 2020

3.1 Overview

The Work Programme for 2020 responds to these issues while also recognizing that the year will be a transitional one for both EvD and the Bank. It continues the basic strategic orientation and operational priorities established in recent years, approved by the Board, and endorsed by the Kirk Report. But it also extends beyond this by incorporating specific new elements recommended by the review. Main items include:

- Several new thematic evaluations called for in the Kirk report will be completed in 2020, including Learning in EBRD and the Evaluability of the Transition Qualities.
- Launch of new thematic work will be limited in order to accommodate incremental Kirk-related work and to complete priority thematic work in progress. As always EvD seeks to focus selectively on issues of strategic interest, relevance and timing.
- Relatively greater weight will continue to go to project-related evaluations where we will seek to integrate the new transition qualities.

For all major evaluations EvD's commitment includes:

- All will continue to be selected for relevance, timeliness and prospective strategic value; all will build on previous work wherever possible and/or provide analysis valuable for ongoing or anticipated areas of Board/Management focus and concern; project evaluations will continue to be grouped into clusters of related operations and given relatively greater weight in the work programme than in the past.
- Approach papers prepared by EvD in advance set out the intended scope, methods, timetable, and resource needs; Management provides formal review and comment to ensure clarity as to key issues and lines of inquiry, and no surprises.
- All evaluations will seek to provide a limited number of actionable recommendations as appropriate and be capable of delivery through specific, time-bound action plans; all will seek to build where possible on existing work and bridge to future work.
- The bulk of the work will be performed by internal EvD teams; specialised consultants will be engaged as needed and to add depth and quality; expert external review will be obtained in all cases.
- Completion will be targeted for within 12 months of initiation; the main text of final reports will be no longer than 35 pages.
- EvD will use Management's "Follow-up Reports" to the Board to provide an independent assessment of Management progress on Action Plans for EvD recommendations.

3.2 Update on 2019 Work Programme – Delivered and Underway

The following papers have been completed this year and presented or scheduled for the Audit Committee (except for individual project validations).

- **Transport Sector Strategy Review**
- **Annual Evaluation Review 2018**
- **Use of Delegated Authority**
- **Climate Initiatives**
- **Country Strategies**
- **Women in Business Programme**
- **Mongolia Mining (Project Cluster)**

The following papers are in late stages of preparation or under Management review.

- **Georgia Hydropower (Project Cluster)**
- **Policy Dialogue in SEMED**
- **Assessment of Project Self Evaluation**
- **EBRD-Ukraine Multidonor Account**

Three additional pieces were launched outside the agreed Work Programme.

- **Memo on SCF Issues (requested by Audit Committee)** - Complete
- **Evaluability of Transition Qualities (Kirk recommendation)** – In Draft
- **Executive Summaries of EvD Papers 2015-2019** - Complete

Work on other 2019 items is underway with expected delivery dates noted below. In most cases these items are broadly on track relative to expected timelines.

- **Cross-border Connectivity / Regional Integration** (Project Cluster; March). A cluster evaluation of projects with cross-border, physical connectivity components (international corridors/airports/seaports /pipelines). Issues of focus include adequacy and evidence on performance benchmarks, role of policy dialogue and TC. The extent of actual integrating impact and any larger effects in terms of competitiveness, regional economic links and investment flows is being verified. Cross-IFI collaboration is also reviewed.
- **Health Focussed Interventions** (Project Cluster; July or earlier). A variety of interventions (projects and advisory) in the health area is under review, including M&S projects and MEI's PPP portfolio in Turkey; 15 plus projects in Egypt, Georgia and Turkey are expected. Issues include the EBRD's setting of priorities, organisational framework, evidence of contributions to improved market structure and regulations, quality standards, access and affordability. Cross-IFI collaboration will be reviewed.
- **Legal Transition Programme** (March) The LTP has been EBRD's key channel for legal reform and investment climate work since 1995. The evaluation covers 2011-2018 and focuses on LTP's efficiency, effectiveness, impact and sustainability both externally

(benefiting countries) and internally (benefiting Bank's own policies and operations). It assesses LTP's strategic fit with the updated Transition Concept, CF, Enhanced Approach to Policy Dialogue, and country strategies. EvD is concentrating on three policy areas - insolvency and restructuring, public procurement, ICT and knowledge economy. The report is currently being drafted.

- **Mobilization of Private Investment (February)**. Mobilisation is a major issue of concern and area of challenge. It is central to the Bank's expected role and contribution in key sectors, a key element of the current Strategic Review, and a major element of multiple cross-IFI systemic analyses, such as the recent Tharman/G-20 Report. There has been no comprehensive EBRD review to date. The evaluation would seek to develop a comprehensive picture of mobilisation through different channels, and examine internal mechanisms/tools/processes/incentives for mobilisation. It would seek to shed light on crowding in versus crowding out private sector finance, and on the frequent the co-financier vs competitor relationship with other IFIs. A review of the quality and accessibility of data would be included, as would overall management of the issue; practice in comparable institutions would be explored.
- **Sovereign Operations (Project Cluster; June)**. Sovereign operations have grown substantially, are central to strategic and business plans for a range of initiatives and priorities, and have been flagged as of major Board interest/concern in Strategic Review. The evaluation will look at experience in recent years through the lens of a selected group of projects in addition to their impact on the Bank as a class of operations. Areas of focus are expected to be: low disbursement, dependence for GET ABI, use of policy dialogue; repeat transactions with the same borrower; degree of ambition of conditions and compliance; transition ambition; IFI coordination; adequacy of diagnostics; consistency with country strategy; additionality/competition; and, impact on Bank finances/mobilisation.
- **EBRD Nominee Directors (June)**. This work is still in the scoping stage. Nominee Directors (NDs) are an important element of the Bank's equity engagement; they are often considered central to managing EBRD's interests as a shareholder and are embedded in Management's enhanced equity approach. The evaluation would develop a picture of the Bank's use and expectations of NDs, including mandates and specific objectives, reporting and information flow, use of ND information internally, any identifiable accomplishments/outcomes, and overall management and resourcing.
- **Refugee/Migration Operations (Project Cluster)**. Work on this evaluation has been postponed. Exploratory work indicated a limited amount of material on which to build a useful evaluation; main concerns included the relative immaturity of operations. EvD will provide the Board with an updated status in its Mid-Year Report.

3.3 New Work for Launch in 2020

New EvD work slated for delivery in 2020 (see Fig.1) includes: several discrete new deliverables and activities called for by the Kirk Report; major new thematic and project-focussed evaluations that constitute the standard core of its programme; and, standard products and services that are delivered on a regular basis. Given the additional demands flowing from new Kirk-related work, relatively fewer major new evaluations will be launched.

Figure 1 - 2020 EvD Work Programme Overview

1-Kirk Report Implementation	2. Strategic Thematic Corporate	3. Project-Related	4. Regular Products & Services
<ol style="list-style-type: none"> 1. Learning in EBRD 2. EvD Medium-term Strategy 3. Evaluation Policy 4. Self Evaluation Redesign 5. EvD Communications and Outreach 6. EvD Internal Learning and Capacity Enhancement 	<ol style="list-style-type: none"> 1. Trade Facilitation Programme [TFP] 2. Shareholder Special Fund [SSF] – Follow-up on Reforms 3. Country Strategy Related Evaluation 4. Strategy Implementation Plan (SIP) Evaluation 	<ol style="list-style-type: none"> 1. Sustainable Infrastructure in Advanced Transition Countries [ATCs] 2. Hydrocarbon Investments 3. Oyu Tolgoi Project (Mongolia) 4. Single-Project Validations (12-15 single projects) <p>(*) Refugee / Migration Operations (originally planned in 2019) has been temporarily postponed due to relative immaturity of operations – EvD will provide the Board with an updated status in its Mid-Year Report</p> <p>(*) Policy Reform in KAZ Rail Sector has been postponed for consideration in future Work Programme</p>	<ol style="list-style-type: none"> 1. Annual Evaluation Review [2019 AER] 2. Quarterly Board presentations on important evaluation matters 3. Mid-Year EvD Report 4. Management Follow-up on EvD Recommendations 5. Board Consultative Visits Briefings 6. Engagement with Management 7. External Engagement

1. Kirk Report Implementation

Learning in EBRD

This evaluation is one of the Kirk Report’s main recommendations for new work for EvD. EvD has not yet begun to scope the work and so can provide little specificity at this stage. An Approach Paper will be prepared drawing on the body of knowledge management work done recently in EBRD, systems and experiences in other multilateral and bilateral development finance institutions, and the large amount of academic and private sector material on the subject. The basic approach would be to assess the objectives, performance and adequacy of existing processes, identify specific opportunities for performance improvement, and recommend ways to accomplish it. EvD would expect to engage an expert consultant for some of the work, and to discuss its approach with interested Board members as it develops. Completion would be targeted for 2020.

EvD Medium-term Strategy

The Kirk Report recommended that EvD prepare a multi-year strategic plan, for Board review and approval. EvD will launch this work early in 2020 with a view to completing it in 3Q:2020, for consideration alongside its Work Programme and Budget for 2021. A medium-term performance scorecard for EvD will be developed as part of this work.

Evaluation Policy

Also reflecting a Kirk Report recommendation EvD will initiate a review of the EBRD Evaluation Policy approved in 2013. It will coordinate closely with Management in order to

produce an agreed revision for Board review and approval in 4Q:2020. Complementary work will also be needed to revise the Operations Manual and any detailed guidance to ensure effective evaluation-related procedures and to improve efficiency/reduce transactions costs wherever possible.

Self Evaluation Redesign

Management was tasked by the Kirk report with responsibility to improve its self-evaluation system and instruments and bring them into compliance with the Evaluation Policy. EvD will contribute actively to this critical effort, including by participating in a Management-led Working Group process.

EvD Communications and Outreach

EvD has developed the main elements of an improved communication and outreach programme. However this needs to be expanded into a more comprehensive and ambitious approach to EvD's own learning and knowledge management. EvD will produce a communications and outreach plan to create a more systematic, ambitious and effective EvD presence and voice, principally in the first instance inside the institution. Opportunities will be identified to improve the quality, relevance and targeting of EvD's communication and engagement, and an action plan will be built around this. Improved Knowledge Management inside EvD is essential.

EvD Internal Learning and Capacity Enhancement

Continuous learning inside the Evaluation Department is critical to maintaining skills and drawing effectively on good practice elsewhere. External training for EvD team members has accordingly been expanded considerably in recent years, and team members are encouraged to seek it out. This will continue and opportunities to increase it will be explored.

2. Evaluations: Strategic/Thematic/Corporate

Trade Facilitation Programme (TFP)

First approved in 1999 for €100M the TFP limit has been progressively extended to €1.5B; a requested further expansion to €2B is currently before the Board. Annual business continues to increase, with the TFP supporting 1,740 transactions in 2018 and delivering ABI of about €1.1B, 12% of the Bank total and 35% of FI's volume. EvD has reviewed the programme twice, most recently in 2008-09. TFP's operational period currently runs until 30 June 2021. This large and high-profile Bank programme merits an independent review to inform the Board's consideration of the 2021 renewal, and is directly relevant to the assessment of strategic priorities by the Board and Management. Areas of particular interest may include changes in the portfolio and risk composition, strategic fit with the new transition qualities, results/performance issues relevant for effective self-evaluation, and **comparison with similar efforts in other IFIs.**

Shareholder Special Fund – Follow-up on Reforms

EvD completed a first-ever evaluation of the Shareholder Special Fund in late 2014. It identified several important issues, including a lack of clarity about the central purpose of the Fund, how strategic objectives are identified and operationalised, the adequacy of resourcing, and some governance questions. A set of recommendations for SSF planning, management and reporting was endorsed by the Board and fed into a subsequent SSF reform plan. In the five years that have elapsed since the evaluation SSF's role as a critical source of concessional support for Bank operations has grown. EvD's follow-up will assess

SSF's current structure and operations, review the implementation of past action plans, and develop an evidence-based picture of overall effectiveness. It will identify any priority design and performance issues for Board and Management attention.

Country Strategy Related Evaluation

Country Strategy Delivery Reviews (CSDRs) were introduced in 2017 as an authoritative analysis and communication of up-to-date operational and performance experience at the individual country level. They are a key complement to Country Strategies, which make individual countries the unit of reference and accountability for the Bank's transition mandate and results; and they are the focus of substantial internal resources and Board interest. This evaluation will build on EvD's existing Country Strategy work and focus on Country Strategies slated for update in the next 18 months; it will assess recent CSDRs against their original Country Strategies, in terms of quality and comprehensiveness, as a reporting/analytical tool on country-level transition results, and as a contribution to absorption of findings and feedback into country operational choices. Useful insights are expected with respect to content and approach of future CSDRs, and with respect to further improvements in the design and content of new country strategies

Strategy Implementation Plan (SIP) Evaluation

The Strategy Implementation Plan (SIP) aims to provide a three year perspective on how the Board-approved priorities of the Strategic and Capital Framework (SCF) will be operationalized. It sets the context for Board consideration of the Bank's annual Administrative Expense Budget and Corporate Scorecard. EvD will review the scope and objectives of the newest SIP combined with a thorough assessment of its tools and processes, **including the Scorecard**. This evaluation will focus mainly on two issues: i) is the SIP an effective tool for operational guidance? and ii) does it provide adequate tools and processes to translate SCF priorities (including any necessary course corrections) into operational action plans? The evaluation will focus mainly on the four SIPs of the current SCF 2016-2020. Findings are expected to identify areas of possible improvement and contribute to further Board and Management development of strategic planning and operational tools.

3. Evaluations: Project- Related

Sustainable Infrastructure Operations in Advanced Transition Countries (ATCs)

Sustainable infrastructure investments have been a Bank focus in ATCs in recent years, including but not limited to expanding capacity in renewable energy production. A multi-project cluster evaluation of recent such operations would provide a valuable overall picture of the Bank's efforts, objectives and emerging experience in this area. It would also provide operations-based insights into design and performance issues to inform future choices and priorities.

Hydrocarbon Sector Investments

EBRD has been an active investor in the hydrocarbon sector, including for extraction, refining and transport. These investments can have significant up and downstream linkages, are potentially relevant across multiple transition qualities, and are often areas of joint public/private engagement. Future engagement in the sector, under the new Energy Sector Strategy 2019-2023, is a matter of substantial interest and debate, and will no doubt engage

shareholders in the future. An evaluation of recent investments, particularly in the gas sector, would provide valuable analytical and evidentiary input for that discussion.

Oyu Tolgoi Project (Mongolia)

EBRD's investment in Oyu Tolgoi is its single-largest ever investment and accounts for a large share of its portfolio in Mongolia. A recently completed cluster evaluation of 14 mining projects in Mongolia including Oyu Tolgoi recommended that Management prepare and EvD independently validate a full self-assessment of the Oyu Tolgoi investment as a prior condition to any follow-up investment. This recommendation was supported by the Board. Assuming that Management does seek additional commitments to Oyu Tolgoi EvD will ensure rapid completion of its validation so that both Board and Management have it in hand upstream of any recommendation of further investment.

Policy Reforms in KAZ Rail Sector - Postponed for consideration in future Work Programme

4. Single-Project Validations

EvD will complete approximately 12-15 project-specific "validations" in 2020. Projects for validation are purposefully selected by EvD from list of approximately 125-150 projects that are assessed by EvD and Management to be "evaluation ready." EvD's selection criteria include: project size; particular challenges or innovative elements; direct relevance to a strategic or policy issue of known concern to Board or Management; likelihood of yielding insights useful for wider thematic work. EvD moved to this system of deliberate (versus random) selection in the belief that focussing on these projects yields higher value for both Board and Management than spreading EvD resources across a larger pool of projects randomly selected. Additional background is provided in EvD's self-evaluation; multiple previous Work Programmes; and, the Kirk Report.

Selection Criteria for Operation Performance Assessment Validation

A first set of criteria is applied by EvD to identify a smaller set of projects for validation from the larger set of projects by Management for self-evaluation. Those criteria may include:

- Does the project inform a thematic or operation evaluation in the work programme?
- What is the extent of the transition impact to be achieved?
- Is the project high risk?
- Is the project linked to a strategic initiative?
- Is the project co-financed?
- Does the project have linked technical cooperation?

EvD consults with Management to understand which projects might yield appropriate results and if staff resources are available. Once a manageable set of projects is identified, more in-depth criteria will be applied for purposeful selection if possible.

- Known board interest in or high profile of the project
- Significant policy dialogue was elected
- Appropriate timing for input into new strategies
- Linkage to SIP themes and key priority areas
- Can provide applicable learning on Bank policy issues

EvD will seek to select projects of varying value, type, country and sector over the course of a multiyear programme.

5. Periodic and Regular EvD Products and Services

EvD's work in 2020 will also include a number of products prepared consistently as part of annual deliveries as well as a number of regularly provided services.

Annual Evaluation Review (AER)

EvD's main publication is structured to serve two key functions: reporting to the Board and public on EvD activities and evaluation issues within the Bank; and, presenting key evaluation findings and insights relevant to institutional performance in compact form. EvD will continue to target delivery of the completed AER before the Bank's Annual Meeting.

Management Follow-up on EvD Recommendations

Management became responsible in 2017 to report semi-annually to the Board on actions it has taken in response to EvD recommendations. EvD prepares comments on Management's progress report intended to provide the Board and senior Management with an independent assessment of the scope and status of Management's actions.

Board members consider the new procedure an improvement but also seek much greater clarity on management action plans – including timetables, specific accountabilities and resources required. These deficiencies were also identified in the Kirk Report. EvD will pursue the issues as far as it is able through its commenting role.

Quarterly Board Presentations

Following the specific recommendation of the Kirk Report and Board members' request, EvD will engage on a quarterly basis with the full Board on important evaluation matters. Board views on potential specific agenda items will be solicited via survey.

Board Consultative Visits Briefings

In recent years EvD has prepared compact briefings in advance of Board Consultative Visits (BCVs) intended to complement briefing material provided by Management with evaluation perspectives on portfolio and project-related performance issues. Board members have found these to be useful. While specific BCVs for 2020 are not yet determined, EvD will assume 3-4 such visits and prepare advance briefing material accordingly.

Engagement with Management

Designated Management Focal Points in the Banking and Strategy & Policy Vice Presidencies have been EvD's primary interface with Management for the past several years. While working relationships are good, and characterised by mutual professional respect and trust, there is need and scope for improvement. EvD's long-standing view is that additional resources are required on the Management side, reinforced by a higher institutional profile and higher senior level engagement and support.

There is additional need and scope for greater engagement between EvD and senior Management. The Kirk Report specifically recommends that EvD be invited to Management meetings where topically relevant and likely to be value-adding. EvD agrees it could add considerable value in such a context and stands ready to do so.

EvD engages informally with Management on internal operational initiatives, often on an ad hoc basis in working groups and workshops. While this work is mostly "below the radar" it has been a source of value for EvD, Management, and indirectly the Board. EvD will continue to engage in this way on a selective and opportunistic basis.

External Engagement

EvD will continue to build its professional network and strengthen external engagements. This includes the Evaluation Cooperation Group (ECG) which comprises Heads of Evaluation in major international financial institutions and is a valuable forum for professional exchange.

In part at EvD's initiative the ECG has launched a number of Working Groups to bring cross-institutional perspectives and experience to bear on several issues of direct interest at EBRD. These include: Additionality; Blended Finance; and Evaluation Knowledge Management

EvD also participates actively in the Organisation for Economic Cooperation and Development's Evaluation Cooperation Group, which is the primary forum for heads of evaluation of country development agencies. Finally it engages substantially with regional Evaluation Societies, particularly in their private sector focussed work. All of these engagements will continue.

3.4 Prospective Work Programme - 2021

EvD does not expect its overall Work Programme for 2021 to depart much in structure from the basic approach for 2020. However, there is considerable uncertainty at this point as discussed above. In addition as of this writing there is little clarity from Management as to scheduled policy/strategy reviews or updates. EvD has committed to provide upstream analysis of major Management policies and strategies wherever possible, and relies heavily on this input from Management for such medium-term work planning. The Medium-term Strategy will explore this in more detail.

As indicated above and following a recommendation in the Kirk Report EvD will produce for the first time a multi-year strategic plan for Board review for the first time. The Kirk Report also recommends that EvD provide the Board with a more clearly developed 3-year programme of expected major evaluations.

EvD therefore does not include here a listing of prospective major evaluations beyond 2020. A more useful alternative could be an informal mid-year discussion with the Board based on a more fully informed picture of the wider landscape. This could include both the medium-term EvD strategic plan and the 3-year advance work snapshot.

4 EvD Staffing, Administration and Budget

Note: The incremental EvD budget request below differs somewhat from that presented to the Audit Committee on 13 December. Projections for staff costs in 2020 have been reduced reflecting clarifications from HR and Budget: the all-in cost of an additional EvD senior staff is re-estimated; and the incremental budget needed for internal equity adjustments will be covered out of a central HR pool rather than, as assumed, from EvD's independent budget. Finally, in consultation with HR and Budget EvD has returned its consultant funding request to £300K; given a pattern of underspending it is believed that this will be adequate. EvD will provide the Board with a mid-year update on budget developments, or sooner if desired..

A key aspect of EvD's structural independence under the Evaluation Policy is that its Budget and Work Programme are separate from those of the overall Bank and reviewed by the Board on a stand-alone basis. The budget is reviewed initially by the Audit Committee in

connection with its first review of EvD's proposed Work Programme. It is then reviewed again in final proposed form by the Audit and Budget and Administration Affairs Committees. Final approval by the Board is obtained separately from but in parallel with the Bank's overall Business Plan and Budget. In recent years the Board has approved EvD's final budget on a non-objection basis, which EvD will propose to continue for 2020.

EvD's 2020 budget requests resources required to deliver the proposed Work Programme and provide the basis for successful delivery in subsequent years. It reflects and affirms the important shifts in EvD's strategic and business plans in recent years described above and the significant changes in structure and staffing needed to deliver them.

Key points are:

Overall

- EvD's budget request was essentially straightlined in real terms between 2011 and 2019. Work Programme delivery was accomplished within the envelope primarily by adjusting the product mix (eliminating costly single-project evaluations) and staffing mix, and reducing non-staff expenditures.
- EvD viewed this as broadly sustainable assuming a broadly unchanged product and services mix; it has indicated consistently that expanded ambitions or coverage would require additional resources.
- The Kirk Report recommends broadly that EvD continue its current activities and add incremental activities in three key areas: increase the amount of project-focussed evaluation work; complete several special purpose new assignments; and, increase its outreach, engagement and advisory work.
- In order to deliver on the now expanded expectations of the Board EvD is requesting an additional approximately £230K – from £3.09M to £3.32M – or about 7.5%. The 2019 level was essentially unchanged in nominal terms versus 2012, the first budget year for the current Chief Evaluator.

Staffing

- EvD structure and staffing have been reshaped substantially in recent years within the existing budget. Turnover plus selective recruitment has adapted the skills pool to EvD's new strategic direction, business model and product mix.
- Within the existing headcount (19) the F/M gender ratio is significantly higher, especially at senior levels; career advancement opportunities have been created and used; team engagement and morale is significantly improved.
- Vacancy times have been cut substantially wherever they have been within EvD administrative control; one very long-standing senior staff absence remains unresolved.
- The supplemental budget EvD is seeking for 2020 is primarily for an additional senior level staff position to augment skills and capacity consistent with Kirk report recommendations; smaller amounts would fund modest upgrades for existing staff.

Non-Staff Costs

- Travel and consultancy are the main drivers of non-staff costs; the request for 2020 is £400K, versus £627K in 2012 and £807 in 2016.

- Consultant savings in the past two years derive mainly from EvD doing fewer single-project evaluations which can require specialised expertise and on-site visit. It is clear that new consultant requirements will flow from Kirk report follow-up including for the Evaluation of Learning in EBRD and to assist with EvD's own expanded learning and knowledge management objectives. **Given a pattern of underspending these needs should be fundable within a reduced request.**
- The case for a limited increase in travel funding rests primarily on additional field travel related to project cluster evaluations, together with travel related to training and engagement with other IFIs.

Table 1 – EvD Budget Historical and Projected

	£'000	2012	2014	2016	2018	2019	2020
	Gross Salary	1,409	1,483	1,378	1,505	1,557	1,747
1	Benefits	951	997	863	950	996	1,120
2	Total Staff costs	2,367	2,482	2,243	2,457	2,555	2,869
	Consultancy	507	507	707	450	400	300
	Travel	120	120	100	75	78	100
3	Other	60	62	60	66	55	51
	Total Non-Staff costs	687	689	867	591	533	451
4	Total Direct costs	3,054	3,171	3,110	3,048	3,088	3,320

1 2015 variance is due to Retirement Plan budgets being allocated centrally for the year. Allocated benefit rates for 2020-22 are subject to change prior to Board approval.

2 Excluding PBC & Market Premium.

3 Excluding allocated IT costs. 2020 budget reduction reflects consolidation of the mobile cost budgets and actual costs under IT.

4 Changes from final version presented to Audit Committee reflect two factors: a portion of initially estimated salary costs will be centrally funded rather than funded by EvD; and reduction of 50K in consultancy request to be covered by internal reallocations of underspend.