

## **Management Comments on the EvD Special Study report on the Japanese-European Cooperation Fund**

### **1. Legal Transition Programme (LTP) policy framework (Section 5.1.1)**

Management notes that the Report recognises the formulation of LTP “action plans”, the first and most recent of which has been disseminated to the Board. These plans constitute the Bank’s strategy or framework for legal reform for defined periods. Management does not believe there is a need to move beyond this and indeed the current interaction with the Board on legal transition issues should be viewed as significant, constructive and adequate. For example:

- Action Plans draw from the legal transition annexes of country strategy documents approved by the Board as well as other aspects of Board approved policy, e.g., in determining the regional and sector focus of the LTP;
- Like the Action Plans themselves, the activities and work products of the LTP are communicated to and made available to the Board through direct distributions (e.g. Law in transition) and indirectly (i.e. through publication on the Bank’s internet and intranet sites);
- Information sessions on legal transition issues are conducted where there is a need or demand, most recently to explain the Bank’s approach to mortgage law reform; and
- Following the creation of the EBRD Shareholders Special Fund, Board approval is required for many if not most legal reform projects funded by it.

Management will ensure that the next Action Plan, the term of which will commence in 2010, will be built on the above.

### **2. TAM/BAS funding arrangements**

Section 5.1.2 addresses TAM/BAS cost sharing (see also TAM and BAS evaluations 2004 and 2007; sections 4.2.2 and 4.2.4), and notes "...Costs of the infrastructure in the field (staff and offices) will be paid for from the recently established Shareholder Fund, albeit only in part. The same but to a far lesser extent, applies to TAM/BAS operations. This progress increases the stability and planning certainty of both programmes substantially, and is possibly the farthest that the Bank can reasonably go."

A significant part of the administrative and management costs of the TAM/BAS programme have been taken on the Bank’s budget. This includes the team at headquarters whilst the utilisation of budget funds for strengthening management of the programmes in the field is being reviewed. The EBRD Shareholders’ Special Fund will fully or partly fund particular TAM or BAS country programmes where funding from other donors is not available. Whilst the EBRD Shareholders’ Special Fund will increase the stability and planning certainty of the TAM and BAS programmes, cost-sharing with other donors will continue to be important. For example, donors will continue to bear the costs of country BAS offices in their delivery of projects.