

Synthesis

**Findings and insights
from technical cooperation evaluations**

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Evaluation department (EvD)



European Bank
for Reconstruction and Development

Synthesis Papers bring together the findings of prior evaluation studies on a related group of operations. Syntheses do not gather new evidence or carry out additional analysis. Instead, they identify priority areas for future work and explore recurring themes and issues such as project design, monitoring and self-assessment, policy dialogue and client buy-in, among others. This presentation of commonly occurring findings is followed by a series of recommended actions to enhance future operations.

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Abbreviations

CSU	Consultancy Services Unit
DAC	Development Assistance Committee (within the Organisation for Economic Co-operation and Development – OECD)
EBRD	European Bank for Reconstruction and Development
ECG	Evaluation Cooperation Group
EvD	Evaluation department
MEI	Municipal and Environmental Infrastructure
OCE	Office of the Chief Economist
OCU	Official Co-financing Unit
OPER	Operation Performance Evaluation Review
PCR	Project Completion Report
PCRA	Project Completion Report Assessment
PIU	Programme/Project Implementation Unit
SME	Small to Medium sized Enterprise
TC	Technical Cooperation
TCR	Technical Cooperation Request
TC Com	Technical Cooperation Review Committee
TI	Transition Impact
TIMS	Transition Impact Monitoring System
ToR	Terms of Reference

Defined terms

Evaluability	The extent to which the expected results of a project are verifiable in a reliable and credible fashion (adapted from ECG definition)
Impacts	The positive and/or negative long-term effects to which an operation contributes, directly or indirectly, intended or unintended (adapted from OECD-DAC definition)
Indicator	Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an operation, or to help assess the performance of a development actor (adapted from OECD-DAC definition)
Outcomes	The short-term and medium-term effects directly attributable to operation outputs (adapted from OECD-DAC definition)
Outputs	The products, capital goods and services which result from an operation (adapted from OECD-DAC definition)
Quality-at-entry	A comprehensive check on all aspects of design integrity and alignment with policies and strategies – incorporates evaluability (EvD's definition)
Results	The output, outcome or impact (intended or unintended, positive and/or negative) of an operation (adapted from OECD-DAC definition)

Executive summary

Over the years, technical cooperation (TC) has been recognised as fundamental to the Bank's business model. With its valuable and flexible bottom-up approach, TC is a vehicle to help the Bank ensure its additionality. In recent years the supply of TC funding has increased dramatically. However, there has not yet been a commensurate increase in effort dedicated to ensuring these funds produce the results expected. Therefore the Bank is currently committed to a systematic review of the grant co-financing programme.

This synthesis report is not an evaluation of the TC instrument itself or its performance. Rather, it attempts to consolidate the knowledge and findings of past evaluations of the Bank's TC operations. Between 2000 and 2010, the Evaluation department (EvD) wrote 60 TC Operations Performance Evaluation Reviews (OPERs), producing 262 findings. Yet 92 per cent of the findings relate to the Bank's processes for managing TC rather than to actual results obtained or the relevance and sustainability of TC. This invites critical reflection on the process for the design and management of TC, and the evaluation approach that has been employed for more than a decade.

Findings relate to all phases of the Bank's TC project cycle but most often to TC identification, formulation and monitoring. Weaknesses in formulation include a regular lack of demonstrated relevance, and insufficient clarity on either the problem being addressed or the expected results. The absence of clarity on expected results is mirrored in a lack of indicators of success, baseline data, management arrangements, financing plan, risk management, and monitoring and evaluation arrangements. TC design does not yet ensure TC relevance, effectiveness, efficiency, sustainability and impact. Evidence from evaluations shows that these weaknesses negatively affect results on the ground and undermine the ability to report on what has been achieved.

The issues identified cannot be rectified merely by changing tools and templates. A culture change to a more results-focused approach is required. The Bank should not miss the opportunity presented by the ongoing Grant Co-financing Strategic Review to address these longstanding problems pragmatically. The proposed adoption of a results-based approach, wherein expected results will be specified in measurable terms from the outset, is to be welcomed and will enable the Bank to monitor, report on and eventually evaluate TC, whether they are linked to investments or not.

TC evaluations identify two other key determinants of success, namely: (i) a client's commitment to and ownership of the TC; and, (ii) making more strategic use of the Bank's capacity to steer sector reforms through continuous policy dialogue activities.

Recommendations for the Bank based on TC evaluation findings are:

- adopt and apply a results-based management approach to TC
- ensure client commitment and ownership over TC operations
- sharpen the Bank's focus on policy dialogue and donor coordination.

Implementation of these recommendations would also benefit from improvements on the evaluation side. To this end, EvD must:

- strengthen its accountability function by enhancing evaluation methodology around TC, refreshing products related to TC and introducing new types of assessments
- strengthen its learning function by ensuring more effective incorporation of evaluation findings into the shaping of future TC operations.

1. Context and scope

When the European Bank for Reconstruction and Development (EBRD) was established, the use of advisory services and technical assistance was expected to be a prominent element of its operational toolkit to promote transition to free market economies.

The Agreement establishing the Bank states, *inter alia*, that the institution should use advisory services and technical assistance to fulfil its mandate (article 2). This has been reiterated in the subsequent policy documents related to grants...:

"To fulfil its mandate to promote development of free market economies in Central and Eastern European countries, the EBRD must provide comprehensive technical assistance, training, and advisory services to address all aspects of the economic and social transformation."¹

"It has become increasingly evident that technical cooperation is much needed for both the public and private sectors in the Bank's countries of operations and that adequate technical cooperation funding is vital to the success of the Bank."²

"The ultimate aim of the Bank's TC programme – indeed, its *raison d'être* – is to increase the pace and sustainability of the transition process in its countries of operation by creating a sound basis and environment for direct investment, trade and financial intermediation."³

... and, most recently, in Capital Resources Review 4:

"Grant and concessional resources from donors and from the EBRD Shareholder Special Fund play a vital role in enabling the EBRD to address the transition challenges in its countries of operations... It is increasingly recognised (...) that blending of policy driven investments with grant funded instruments in the form of technical assistance and other types of concessional finance is vital to breaking down barriers to investment and to achieving common objectives. (...) This means that the Bank has a special mission to deploy grant funded instruments in a targeted and focused manner, with an emphasis on sound implementation, demonstration and avoidance of market distortions."⁴

Since 1991 a total of €1.56 billion has been committed by the Bank through its Technical Cooperation (TC) programme, primarily through resources supplied directly to the Bank by donor country governments and committed by the Bank primarily on grant terms. The volume of such resources made available to the Bank has increased greatly in recent years from €89.9 million in 2007 to €453.9 million in 2011;⁵ and while such flows are small relative to the Bank's overall annual business volume,⁶ they are every bit as central to fulfilment of its mandate as they have ever been. Indeed, the Bank's ability to mobilise TC funds is seen by many clients as a valuable service and incentive.

Despite these increases in commitments there has not yet been a commensurate level of resources and institutional focus to ensure both optimal fund management and the production of the results expected. Consequently, the Bank has identified a strategy "to sharpen its approach to grant funded instruments",⁷ one of the pillars of which is the quality, effectiveness and efficiency of management. As part of that,

management has launched a wide-ranging strategic review of grant co-financing⁸ covering the policies, systems and processes required for the optimal use of donor and Bank funded resources. The initiative is led by the Official Co-financing Unit (OCU) and draws in part on the findings and issues identified by EvD's evaluation work on TC conducted over the years.

This synthesis draws from all EvD Operation Performance Evaluation Reviews (OPERs) for TC completed over 10 years (2000-10).⁹ This is not an evaluation of the TC instrument itself or its performance. It is an effort to review a large sample of EvD's past TC evaluation work in order to identify consistent findings or patterns that might contribute to using these valuable resources more effectively. The Evaluation department's (EvD) Work Programmes have always included evaluation of TC operations and a substantial body of analysis and evidence-based findings has emerged over the years. This synthesis presents the most important findings and themes, briefly explores underlying factors and issues and identifies steps that might offer improved outcomes. The paper seeks to contribute to institutional understanding and learning and, through this, to better designed and more effective future TCs.

This synthesis is structured as follows:

- an overview of the TC OPERs aggregated at different levels of interest (country, industry, rating)
- a description of frequent issues and findings from TC evaluations (whether applicable to a particular phase of the TC or a persistent theme in all phases)¹⁰ and a description of key contributors to or drivers of those
- conclusions, recommendations and proposals for the Bank and for EvD.

2. Overview of TC OPERs (2000-10)

This synthesis paper draws on the full body of TC evaluations completed by EvD between 2000 and 2010 – a total of 60 evaluations (OPERs) covering 309 individual TC operations with a total value of €123.56 million.¹¹ This amounts to roughly 15 per cent of the total amount of TC provided over the period.¹²

The selection of TCs for evaluation under current policy is made on a purposeful basis against criteria such as size (exceeding €200,000), potential for lessons, particular interest from the Board or management, relevance to other work in progress and sector, country or thematic distribution. Evaluations cover the full range of:

- countries of operations
- sector-focused TCs – such as transport, energy, municipal services and finance
- TC-types – such as for project preparation and implementation, advisory services or training.

EvD typically evaluates TCs one and a half years after closure on the basis of self-assessments (Project Completion Reports), consultant reports and field work. To date, EvD has not applied formal guidelines for TC evaluation but has employed the same criteria used to evaluate the Bank's investment operations. In practice, and for reasons explored more fully below, EvD's work has concentrated more on effectiveness and efficiency than on relevance, impact and sustainability.

TC OPERs 2000-10 – a snapshot

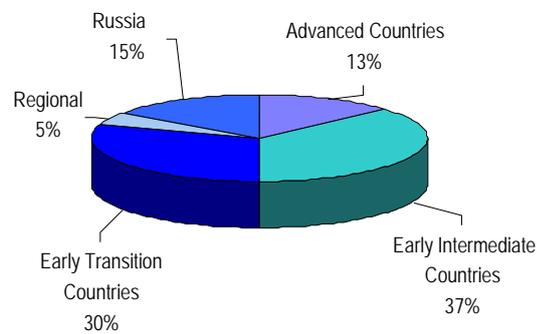
Table 1: TC OPERs by sector (2000-10)

Sector	N. TC OPERs 2000-10	TC OPERs % 2000-10
Transport, Storage	15	25.0%
Finance, Business	13	21.7%
Local Authority Services	10	16.7%
Energy	9	15.0%
Construction	3	5.0%
Extractive Industries	3	5.0%
Community/Social Services	2	3.3%
Telecommunications	2	3.3%
Agriculture, Forestry, Fishing	1	1.7%
CEALs, CoFinancing Lines	1	1.7%
Manufacturing	1	1.7%
TOTAL	60	100.0%

Table 2: TCs evaluated by TC type (2000-10)

TC type	N. TCs evaluated	%
Project Implementation	141	45.6%
Project Preparation	99	32.0%
Advisory Services	55	17.8%
Training	11	3.6%
Sector Work	3	1.0%
TOTAL	309	100.0%

Figure 1: TC OPERs by region (2000-10)


 Table 3: Overall performance ratings¹³

TC Overall Performance Rating	N. TC OPERs 2000-10	TC OPERs % 2000-10
Highly Successful	2	3.3%
Successful	30	50.0%
Partly Successful	21	35.0%
Unsuccessful	7	11.7%
TOTAL	60	100.0%

Table 4: Transition impact ratings

Transition Impact Rating	N. TC OPERs 2000-10	TC OPERs % 2000-10
Excellent	1	1.7%
Good	19	31.7%
Satisfactory	20	33.3%
Marginal	8	13.3%
Unsatisfactory	2	3.3%
Negative	0	0.0%
Not rated	10	16.7%
TOTAL	60	100.0%

3. Key findings

Several important themes and patterns emerge consistently from the more than 260 specific findings, lessons and issues of concern presented by past evaluation work. They relate to the substantive content and focus of the Bank's TC work; process and design issues with respect to TC development and delivery; and challenges around monitoring systems and identification of results. These common threads provide potentially useful insights at both the operational and programme design levels. The source of findings underpinning these threads – the self-assessments and independent evaluations of individual TC operations – is part of a process limited by many of the same issues.

The great majority of TC evaluation findings (about 92 per cent) concern process, design and delivery issues relating mainly to the TC instrument itself rather than to specific sectors, themes or countries of operations. This reflects several factors discussed below including the intended purpose of TCs, how they are designed and monitored and the typical evaluation approach. Findings related to specific sectors, such as Small and Medium-Sized Enterprises (SMEs), transport, energy or municipal infrastructure, comprise only about 8 per cent of the total (namely, 20 findings). This is in sharp contrast to other EvD products (such as OPERs and Special Studies) which tend to focus on sector or operation-specific findings.

For the purposes of this paper, evaluation findings are categorised mainly according to their connection to specific phases of the TC project cycle, shown in the graph below and explained in more detail in Annex 1. The phases identified for this synthesis are those highlighted in the graph, namely formulation/design, implementation and monitoring, and self-assessment.

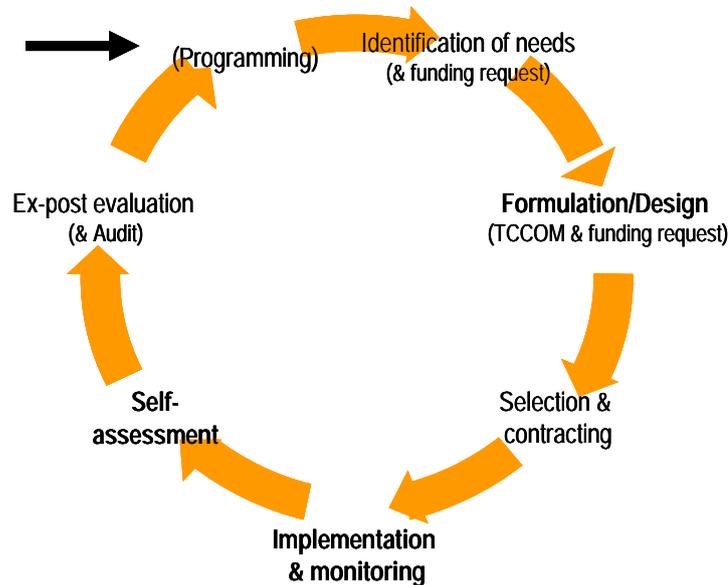


Figure 2: TC project cycle in the EBRD

3.1 Design

Over 10 years of TC evaluation the most consistently flagged issues of concern, irrespective of the overall performance rating, were those relating to basic design aspects of individual TC operations. Sixty-five

findings (around 25 per cent of the total) relate to shortcomings in the specification of TC objectives (outcomes), expected results (outputs), and related indicators.

This both underlies and reinforces the point set out most recently in EvD's Annual Evaluation Overview Report for 2011, namely that EvD has "repeatedly raised in TC evaluation reports...the lack of rigour in the definition of TC objectives. Common problems include describing inputs and activities as objectives (e.g. "to assist the client in ...") leaving too much room for interpretation ("to increase the quality of ...") or mixing project phases and related milestones with overall project achievements (...)".¹⁴

Findings and lessons stress the importance of clearly spelling out TC objectives at the design stage in order to establish the observable benchmarks and targets needed for effective project monitoring and supervision. The absence of criteria that can be easily monitored may reflect an insufficiently robust analysis of the underlying determinants of the problem to be addressed, and the specific causal relationships or assumptions through which the operation is expected to have its desired impact. Operations built on a reasonably clear model of cause and effect are much more likely to produce the intended results than those lacking this rigour, not least because by design they have identified critical performance indicators that support effective execution. The available evidence supports the proposition that weak project design can significantly reduce the collective leverage of lenders and donors on transition impact and result in TC projects that are neither realistically planned nor tailored to actual needs.

More rigorously designed TC operations appear to be more successful than those that are not. More loosely or vaguely designed TC operations are more likely to generate unsuccessful outcomes and the operation teams are less likely to see problems corrected during execution, given their often associated shortcomings on the monitoring side (see par. 3.2). Of course, all TC operations are to some extent subject to exogenous factors such as political or economic setbacks, performance failure by consultants or sharply changed circumstances at the client level. In general, the limited evidence base does not permit much to be said about relative performance in these circumstances.

The Bank's mandate creates both the need and the opportunity for many TC operations to focus, on the public side, on longer-term sector reforms, and on the private side, on sustained efforts to build governance and managerial capacity in clients making their own transition to a market economy.¹⁵ Where the objectives are very challenging, as is typical in these cases, entry-level clarity about objectives, results and indicators is even more necessary, together with sufficient baseline data to provide a performance and monitoring anchor. Evaluation has shown, for instance, that greater precision at the outset about TC deliverables and specific linkage to sector reform needs will result in more innovative features in TC design. Also, it has often been stressed that the Bank should consider clustering TC operations that aspire to deal simultaneously with reforms on multiple fronts. In contrast, a series of relatively small individual TC efforts in these situations tends not to achieve critical mass and leads both to a loss of continuity and focus, and to administrative complications.

On a pragmatic administrative and procedural level, evaluations confirm (31 findings, around 12 per cent of the total) that a more systematic TC design process also contributes to an easier and more effective process in identifying the types, specialties and amounts of consultancy services needed. It also produces improved coordination mechanisms between stakeholders, identifies tendering procedures with fewer difficulties and results in fewer conflicts of interest.

3.2 Implementation and monitoring

The implementation stage is a point at which expected results may be delivered, outcomes achieved and overall contributions identified and assessed. It is at this point that design stage strengths or weaknesses become most evident and where effective monitoring becomes both important and pragmatic. The TC OPERs reviewed here provided findings related directly to monitoring in about 10 per cent of the cases (namely, 26 findings). A substantial number of these findings come from evaluations of TC work in Municipal and Environmental Infrastructure (MEI) and Legal Transition operations, so they cannot claim to be fully representative. Nevertheless, in cases such as these where TC programmes are designed to run for a long period and are concerned with public entities, the evidence supports the proposition that establishing monitoring bodies and mechanisms can maximise achievement of TC objectives and help build capacity. In cases where TC milestones have been clearly identified upfront, it has been easier for the Bank to provide a rapid and efficient response when a TC project appears to be going off course. Having a detailed work plan for implementation of key activities is a good investment in TC effectiveness and success.

The Bank's TC monitoring system has been built with reporting to donors as its primary objective and it has many features that are intended to support this purpose. However, it has not been particularly structured as a management tool; for example, it is not set up to provide early warning of emerging problems with a view to triggering timely corrective action. The operation team may not have sufficient information or ability to address problems and perceived incentives may work in other directions. Evaluation findings have often flagged the crucial coordinating role of the operation leaders and the importance of their having the capacity to assign roles and responsibilities as appropriate. This appears particularly relevant and feasible when the operation team is based in the country.

3.3 Self-assessment and archiving

Every TC operation is subject to a self-assessment by the operation team, done in the form of a Project Completion Report (PCR), with a quality check by OCU.

EvD has provided specific findings on TC reporting and self-assessment processes and issues on a fairly consistent basis in TC OPERs. In addition, EvD has directly assessed these issues in a series of annual Project Completion Report Assessments (PCRA) in which a total of 20 TC operations and their respective PCRs have been reviewed.

The overall picture that emerges is that despite material improvements in recent years, PCRs generally do not provide adequate analysis and evidence to draw solid conclusions about the effectiveness and efficiency of the Bank's TC operations. The 2009 PCRA was particularly illustrative, noting: "The Bank needs to improve the 'evaluability' of its TC projects (...) since satisfactory quantitative and qualitative indicators for project success are not built into project design at the concept stage and therefore not monitored effectively; (...) There is no systematic monitoring of the value-for-money aspect in the Bank's TC work".¹⁶

It has also been noted in TC evaluations that relevant documents are not being archived systematically and there is a tendency for the specific experience and institutional memory of a TC operation to remain at best within the original operation team. In December 2007 the Bank established TC-link to provide storage for all TC-related documentation. On completion of a TC programme, the operation team is expected to review its documentation and construct a complete record which would then be on file in TC-link and accessible by other teams within the Bank. However, as uploading this information is not mandatory, it is

very rarely possible to obtain documentation from TC-link. This means that the sole repository of information related to a particular TC operation is the operation team and whatever is stored in the Team's shared drive. This inevitably leads to the erosion and loss of a unique knowledge asset within the Bank and a sharply reduced ability to provide an evidence-based narrative about the experience of a TC operation and its particular accomplishments and lessons. The ongoing Grant Co-financing Strategic Review is addressing the specific issue of archiving documents in the broader exercise to restructure the entire IT system related to TC operations.

3.4 Cross-cutting issues

3.4.1 *Client buy-in*

Issues around stakeholder participation in TC operations were the second most important group of findings flagged in TC OPERs between 2000 and 2010. Fifteen per cent of lessons/findings (namely, 36 findings) identify insufficient client involvement in project formulation, implementation and follow-up.

Good practice in international financial institutions generally sees substantial client involvement in project formulation as an essential condition for success. Numerous EvD evaluations stress that a client's commitment from the early stages gives added value in terms of:

- good understanding of the problem to be addressed and avoidance of overlap with other donors
- analysis of the clients' absorption capacities
- contextualisation of the Bank's services to a specific country
- identification of tailored criteria for selecting the consultants
- design of a cost-effective budget in the context of the Bank's TC procedures.

As well as highlighting the importance of client involvement at the design stage, evaluations have also consistently stressed the need for the client to be fully committed to a clear set of intended results during implementation. This has been noted as particularly relevant for MEI projects where a participatory approach can win stronger commitment to transition impact. Moreover, full commitment from the client implies that they will allocate adequate staff to support TC activities and take sufficient measures to retain staff that have benefited from TC assistance.

The risk of discontinuity in client relationships is very common. Therefore, as part of its monitoring and coordination role, the Bank must maintain the client's interest in and commitment to the TC through continuous dialogue (see also paragraph 3.4.2), and through active engagement during transitions and across budget cycles. This is especially true for TC programmes lasting several years and involving major public sector institution building activities.

3.4.2 *Policy dialogue and donors' coordination*

"Policy dialogue is a broad concept. In essence, it is a dialogue about policies between the EBRD and its countries of operation that is intended to further the EBRD's transition objectives in those countries. Policy dialogue takes two main forms. The first is project facilitation, i.e. dialogue about policies that facilitate the implementation of the EBRD's ongoing or proposed investment operations. The second, environment

enabling, is dialogue about policies that improve the operation of the economy beyond the confines of particular projects."¹⁷

Evaluations highlight the importance of complementary policy dialogue activities of the Bank to achieve expected results at project as well as sector level. Eleven per cent of findings (namely, 29 findings) from past TC evaluations concern the importance of continuity and consistency in policy dialogue work, especially where the Bank's effectiveness depends in part on a conducive regulatory framework. For example, when an administrative unit implementing an institutional reform TC project is likely to be subject to political interference, the Bank's engagement and dialogue should be continuous. Constant policy dialogue activities will help to maintain the momentum of the implementation in order to generate an impact. Further, in difficult environments it can be more effective to front-load the technical assistance for the policy dialogue before starting an operation, in addition to developing it while the operation is being implemented.

Policy dialogue activities require and deserve particular attention and care, especially from senior management and Resident Offices. Evaluations often note that the role of Resident Offices in providing Headquarters with a realistic assessment and practical advice on how to advance policy dialogue early on should not be underestimated.

Accomplishing effective sector reforms in the presence of multiple players requires effective coordination. Evaluations frequently cite competition or insufficient coordination among IFIs as counterproductive to achieving transition impact. Meanwhile, the Bank's additionality can be leveraged up by a systematic well-functioning dialogue mechanism. It is widely recognised, but still worth repeating, that the value of good coordination is especially high in circumstances where transition gaps remain very large and institutional leverage is limited. Such coordination helps to define the ground rules for future investment operations and reduces the risk of donor competition which sometimes does not help the host country to implement the necessary reform steps. There are positive examples of Bank cooperation with others in the MEI area where overlaps and mutual interests can be substantial.

It goes almost without saying that these challenges – and opportunities – will loom especially large in the Bank's new countries of operations in Northern Africa and the Middle East, where other players have been deeply engaged for many years and across a wide range of activities.

3.4.3 Sustainability

Sustainability is the continuation of benefits from an intervention after assistance has been completed, as well as the probability of continued long-term benefits. Sustainability has been rarely considered directly in the TC project cycle and system – namely, using deliberate follow-up to increase operational effectiveness and impact. The fact that only 5 per cent of past evaluation findings (namely 13) flag this issue confirms that it is not getting sufficient focus from either operations or evaluation. The evidence that is available from the evaluation work reinforces that follow-on mechanisms are critical for any coherent results-focused system for sustainability and for effective institutional learning. Examples can be found from institution-building activities in MEI projects and sector reform assistance.

It is worth mentioning that at the level of the TC request no information is currently required with respect to the estimated ongoing benefits expected from the intervention after donor funding has been completed. Information about sustainability could readily be included at the TC request level, which will also give the Bank and the relevant donor an indication of the clients' ownership and commitment.

4. Underlying issues

The previous section attempted to convey, albeit in summary and selected form, that TC evaluation findings tend to be clustered around a limited set of thematic issues related mainly to the instruments and processes through which the Bank delivers its TC operations. This section attempts to build on that foundation, identifying some probable underlying factors and institutional drivers and suggesting some specific measures that may be worth examining. As noted at the outset, some of these observations track with or amplify some of the directions being discussed in the Grant Co-Financing Strategy Review and it is hoped that they might be useful in that context.

4.1 Design

At present there is no systematic support to operation leaders in the use of standard technical assistance project management tools. While the TC grant process is part of the Operations Manual, the entire EBRD TC project cycle is not formally codified. This is currently left to the mechanics of the TC approval process but definitions and guidelines are only provided for certain phases. For example, in November 2011 CSU published the revised “Guidelines for Bank Staff for the Selection and Engagement of Consultants Funded from the Bank’s Budget or from Technical Co-operation Funds” and the “Guidelines for Clients Managing Technical Co-operation Funded Consultancy Assignments” providing information, principles and practices on the design of TC projects.¹⁸ TC training, introduced in late 2009 and led by OCU and CSU with some EvD contributions, has resulted in the provision of some practical guidance on TC design but mostly focused on procurement and contract management practice. However, this training is not mandatory and often operation leaders do not attend. A wider and deeper understanding by operations professionals of the TC instrument and project cycle would provide both benefits and efficiencies for the Bank and could be accomplished with relatively limited additional training effort.

The design of Terms of Reference (ToRs) for consultants is often seen as equivalent to the design of the TC project itself. But these ToRs rarely consider client needs and problems explicitly, nor do they typically treat critical contextual issues adequately. Before making a submission to the TC Review Committee (TC Com), operation teams liaise with TC Com members, particularly CSU, to seek advice on structuring the project and designing the assignments. There are some tools available to assist in designing the ToRs¹⁹ but, while useful, they alone are not sufficient to ensure good design. Inadequately designed ToRs often lead to TC projects lacking clarity on objectives, adequate client ownership assessment, expected results, indicators, monitoring plans or consideration of sustainability issues.

The Official Co-financing Unit’s (OCU) current reflections on an improved results management system for the Bank’s TC touch on many of the design issues flagged by past evaluations. In particular it is crucial that the design and approval process should focus on relevance of the interventions and the clarity of expected results, indicators and targets. An entry-level assessment of the adequacy of these metrics is mandatory in many institutions; at the moment the Bank has no such formal systematic tool or process.

At present, the operation teams submit individual TC assignments to TC Com, whose mandate is “accountability to TC donors and the members of the Bank in respect of the decisions to use TC funds and ensuring the integration of and compliance with all key aspects of the Bank’s operations, policies and procedures”.²⁰ Largely consistent with this mandate, TC Com has focused its activities primarily on compliance with procurement procedures and resource mobilisation considerations rather than on assuring the quality of TC project formulation or the strategic relevance of proposals. As noted above there is often engagement on specific issues upstream of the TC Com, such as with CSU. It is not

possible to draw any definitive conclusions on this from the evaluation material at hand nor is it captured in the TC Com minutes.

In addition, TC Com minutes are stored in the Technical Cooperation Request (TCR) system along with each submission but nowhere else centrally. Minutes have restricted circulation and there is no system in place to track comments, thus limiting their use as a learning or accountability tool. As a result there is a cumulatively large amount of experience and insight, embodying a substantial investment of time and resources, embedded in various places in the Bank which is making no discernibly useful contribution inside the organisation.

Evaluation findings point to numerous aspects of the TC submission template where redesign is both desirable and feasible. It is worth mentioning the following current practices, among others, which could be improved:

- The TC request (TCR) template is meant for "TC projects", thus covering the Bank's entire range of TC forms (standard TCs, framework TCs or call-offs from framework TCs) which are often understood differently in the Bank's departments.²¹ The template can be adjusted according to the form that is chosen together with justification for the choice made.²²
- The relevance of the TC operation and its link with the investment, if any, should be more clearly justified.
- There is no specific identification of the objectives of the TC²³ and it is not possible to differentiate a hierarchy of inputs and results (impacts, outcomes, outputs, activities).
- Success indicators in TC requests²⁴ are not required to be specific, measurable, achievable, relevant and time-bound (so-called SMART indicators). Indicators for the transition impact of the investment to which the TC is linked (if any) tend to be mixed with success indicators for the TC operation. Or, the mere implementation of activities by a consultant may be considered a good indicator of success.
- There is no requirement to identify milestones that would facilitate the measurement of achievements throughout implementation.
- Specific implementation schedules are often missing.
- The requirement to indicate risks and related mitigation measures in the request²⁵ should not be underestimated. It is important to identify external factors which could affect the project but over which the Bank has no direct control, and include measures for mitigating the effects.
- Estimates of the funds to be used per project activity are not provided.
- Treatment of sustainability issues is not required. It would be important at approval stage to know if the benefits of the activities of the TC are likely to continue after donor funding has been withdrawn.

There are different ways to bring more rigour to TC project design and in particular to the expected linkages between inputs and results – cause and effect. A Logical Framework Approach (LFA) setting out baseline data, carefully chosen indicators and the means of measurement is one such approach. Other logic models are widely used not only to present the expected results chain of a TC intervention but also as a learning tool. Whatever their specific design, logic models directly support effective management, monitoring and review. They are a means to accomplish more successful projects with improved ability to

measure and report the results obtained, and they are widely used as a matter of standing practice with respect to provision of technical assistance.

A structured process could be introduced to design TC projects based on an understanding of the problem, its underlying causes, what needs to be done to address it and the results that should flow from solving the problem. A TC project designed through a logic model will ease the work of the operation leaders who are also drafting ToRs in a short period of time, in the absence of methodological guidance and often copying from previously designed ToRs. ToRs should be understood as the link between the formulation and implementation phases. They are not the core part of the formulation phase. In fact, the aim of the ToRs is to give instructions and guidance to consultants at the selection stage about the nature of the proposal they will need to submit and serve as the consultant's mandate during project implementation. In the Bank's effort to move towards a results-oriented management of TC it will also be necessary to revise the ToRs guidance note to focus more on expected results (in particular outputs) while maintaining full compliance with the Bank's rules and procedures for consultancy services.

4.2 Monitoring and self-assessment

Operation teams typically place less emphasis on TC implementation and monitoring than on investments. This is reinforced by a monitoring system designed much more for reporting to donors than for use as a management tool, and that is not systematically connected with the Bank's monitoring system for investments to which the TC is associated with (Transition Impact Monitoring System – TIMS). In fact the TC monitoring system is a Consultant Assignment Reporting (CAR) system through which operation leaders track progress as well as report on final completion of each assignment. At present, progress reporting is done once a year and simultaneously for all TC projects which neither creates the context for nor puts much value on the activity as a corporate priority.

Reporting for self-assessment purposes (PCR) is widely perceived more as an administrative task adding little to future development of TC projects rather than a useful and valued means of accountability, quality improvement or operationally relevant insight. Preparation of PCRs may often be delegated to support staff without standardised quality checks and there is generally a lack of incentives to undertake this work.

The usefulness of reporting is also diminished by its typical lack of context, such as an adequate description of the activities implemented, results achieved in relation to those set at entry (if any), or key factors that may have arisen during execution.

Reporting is explicitly linked to the donor that has wholly or partially funded a TC project and not to the operation team as approved by TC Com, nor is it in any way connected with associated investment operations.

The 2008 PCRA's recommended the Bank "develop and implement a new streamlined version of the current PCR Template and add practical guidance on its completion alongside on OCU's webpage; (...) to motivate operation leaders to take full responsibility on the required TC reporting".²⁶ Improvements have been made over the years to enhance the reporting system but substantially more could be done with relatively little investment.

5. Recommendations to consider

Over the last 10 years, evaluation has flagged a relatively consistent set of issues regarding the Bank's TC operations and identified specific ways in which the effectiveness and utility of those operations might be improved. Some improvements have been made but evaluation findings (by operations teams themselves as well as by EvD) confirm that many of the core issues remain and that substantial scope still exists for additional improvements. The foregoing synthesis of available findings has identified numerous specific areas that both call for and, EvD believes, would reward selective change. Together with the management-level review now in progress, there are many specific ways through which improved performance and results could be effective. Recommendations directed to management and to EvD follow.

5.1 For management

5.1.1 *Adopt and apply a results-based approach*

A results-based approach should be understood simply as a set of management tools and processes built specifically to ensure superior TC performance and sustained impact. Results-based management is seen as a life-cycle approach starting with elements of planning, such as defining expected results. Once it has been agreed to pursue a set of results through a TC project, implementation begins and monitoring becomes an essential task to ensure that results are achieved in relation to indicators set up-front. Lastly, *ex post* evaluation provides invaluable lessons and information for future decision-making.

The adoption of a results-based management approach, as already identified by the ongoing Grant Co-financing Strategic Review, will be crucial in tackling the most frequent findings related to the Bank's TC management, from design to reporting, and ultimately will serve to enhance the Bank's performance and the perception of this. As a condition of approval, TC project submissions should include clear and measurable success indicators. Baseline data should be provided. Targets should be specified for each indicator as well as timelines for expected accomplishments, with progress subject to monitoring and evaluation at completion. A detailed implementation plan should be integral to each TC project.

This agenda would be facilitated by moving away from the current system of a contract-by-contract process to a more programme-based design approach where the desired results of the TC projects are determined first, followed by a specification of the inputs and resources required.

The Bank could draw usefully from other organisations to develop, for example, a TC results matrix as a management tool for planning, monitoring and evaluation, and eventually reporting to donors. The results matrix will provide the "story" of the TC project, highlighting its relevance and the results that will help to achieve transition impact (related to the Bank's investments, country strategies, sector strategies and related national priorities). The matrix will include: results (impact, outcomes and outputs), indicators, baselines and targets; the source of information for those indicators; risks and assumptions; roles and responsibilities of the parties involved; indicative resources (in terms of time and costs).

With a solid results matrix in hand, the operation leader has a powerful tool to monitor implementation. Risks associated with external conditions will be more easily identified and mitigated if they occur. Accountability will be enhanced. The operation team will be able to provide all required information to the donors. The dissemination and visibility of TC projects will also benefit once it is possible to tell a story about the success of the completed TC project and guide the consultants as well as the operation teams.

Other initiatives could complement adoption of a results-based management approach to TC:

- TC project guidelines should cover design (focusing on impact, outcomes, outputs, indicators and milestones), implementation, monitoring and evaluation, reporting and follow-up of TC projects
- provide coaching in the design of TC projects; invest in mandatory training for all Bank professionals dealing with operations, particularly staff in the Resident Offices
- adopt procedures to ensure quality control in the design of TC projects (improved template for submission of TC projects; quality checklists)
- review the role and mandate of TC Com and the upstream processes needed for quality-at-entry, which is stated in TC Com's ToRs but not systematically undertaken
- introduce benchmarks or indicators to check that sustainability criteria are included for each TC operation submitted for approval
- connect the TC monitoring system to the Transition Impact Monitoring System (TIMS); this will help to distinguish more fully between TC attached to an investment and stand-alone TC in terms of expected transition impact and outcomes
- refresh guidelines for consultancy ToRs
- design a results-oriented reporting and self-assessment system in order to respond to principles of accountability and learning.

5.1.2 Ensure client commitment and ownership

Client commitment is crucial to the success of a TC project. It is imperative that the client understands that TC funding is not a substitute for committed management. If a TC (and related investments) is to be successful the recipient must engage with the operation team during all phases of the project. At the same time, the operation team has to provide the client with the necessary information and time to understand, adopt and absorb the technical assistance to be provided.

Over the years, the Bank has been implementing different methodologies and tools to obtain client buy-in, namely: involvement in drafting ToRs; participation in the procurement process;²⁷ signing of policy statements; in-kind contributions; and clients covering additional costs which arise outside the direct implementation of the TC. In addition, in 2010 the Bank adopted an important policy for cost-sharing between clients and donors.²⁸ By introducing cost-sharing mechanisms the Bank ensures that the client has ownership of the TC project and is prepared to commit its own resources in order to achieve the agreed results. This is a way of avoiding a top-down approach to designing TC projects, ensuring full understanding of the client's needs and absorption capacities, having mutual understanding of the risks, selecting the proper consultants, ensuring continuity in the relations with the client and maintaining a regular dialogue with the operation team and the consultants during the implementation of the operations. It goes without saying that effective implementation of the policy is the actual challenge.

5.1.3 Sharpen the Bank's leverage on policy dialogue

The importance of continuity and consistency in policy dialogue has been repeatedly stressed in evaluations. Such activities do not strictly accompany investments but contribute strongly to the achievement of transition impact objectives. However, evaluations have shown that policy dialogue

activities are perceived to be *ad hoc* interventions. Indeed, the introduction of a logic model and a results matrix will be a key tool to help operations leaders embed more policy dialogue activities into the project cycle and develop more systematic monitoring.

Evaluations have also revealed that the Bank's Resident Offices are pivotal to policy dialogue activities and to coordination with other players, and should be supported accordingly in terms of resources. It would be useful to explore the possibility of delegating the management of grants deserving particular care to the Resident Offices, along with the responsibility for maintaining dialogue with local stakeholders. More delegation could also help to collaborate better with clients to identify needs and design the TC, to monitor the implementation of the activities and coordinate the work of the consultants on the ground and to maintain a dialogue with clients, local authorities and other donors.

5.2 For EvD

EvD is directed to contribute to the effectiveness of the Bank's TC operations mainly by producing evaluation reports that encompass TC issues either directly or indirectly. The value and wider utility of this work is for the Board and management to judge. However, a retrospective look at a decade's worth of evaluation work on the subject provides some important findings on which EvD needs to carefully reflect and respond.

TC operation evaluations have been a catalyst for important changes, resulting in the Bank taking active measures such as revising the progress and completion report templates and developing TC training modules.

However, the fact that evaluation produces clusters of recurring and broadly consistent findings across sectors and time suggests strongly that EvD should look critically at the whole scope of its work on TC evaluation – what it is evaluating, how it is doing so, for what purposes and how it is communicating its findings. While *ex post* assessment work must remain at the centre of EvD's engagement, it might also be worthwhile to reflect on EvD's role and possible contributions, if any, at other points across the TC cycle.

This review has confirmed clear deficiencies in the evaluation of TC. For example, the fact that most evaluation findings concern Bank handling to some extent reflects the chosen focus of the evaluations themselves. Very little can be drawn from the analysis regarding, for example, accumulated experience in capacity building, institutional strengthening and governance improvement in different sectors and countries. Evaluations are largely silent on the issue of the relevance of the TC being evaluated, both in terms of its strategic relevance in light of country and sector strategies and its technical relevance. They also avoid the key questions of sustainability and wider impact. While this is partly due to the design-level shortcomings regarding expected results cited earlier, it is also due to a lack of guidelines for the evaluation of TC and the consequent lack of a consistent approach to doing so.

EvD is moving to address at least some of these problems. Specifically, it expects to adopt the DAC criteria of relevance, efficiency, effectiveness, impact and sustainability for assessing the performance of TC with clear guidance on how these criteria are to be assessed.

In addition, EvD's work programme includes more TC-related work (such as this synthesis paper). This may create opportunities for more regular Audit Committee discussion of TC-specific issues. Possible wider internal distribution of evaluation-related material, to be discussed in connection with a new Evaluation Policy, could give TC issues greater prominence.

The new self-assessment format for investments (the Operations Performance Assessment – OPA) specifically requires operations teams to assess any associated TC and EvD will be giving this particular focus in the validations it will be preparing.

EvD has also co-launched a new initiative within the multilateral Evaluation Cooperation Group focused on improving TA/TC evaluation methodologies and results.

EvD is currently working on revamping the “lessons database” to improve its content and usability. The ongoing exercise foresees the incorporation of lessons and findings from TC evaluations.

EvD will also explore with OCU and CSU the possibility of strengthening the TC self-assessment system and consider the introduction of a validation system for PCRs as an independent check of the robustness of the self-evaluation.

In addition, EvD will explore the possibility of supporting the introduction of an evaluability assessment or the broader quality-at-entry assessment for TC operations. These tools can provide an early check on the soundness of design as described in more detail in the EvD Briefing Note “Evaluability – is it relevant for EBRD?” currently in circulation.²⁹

Endnotes

- ¹ Technical Assistance, Training and Advisory Services [BDS91-24 (Final)], Introduction and Summary.
- ² Technical Cooperation Policy Paper [BDS92-117 (Final)], page 3.
- ³ Technical Cooperation Policy Review [BDS95-18 (Final)], page 8.
- ⁴ Capital Resources Review 4 (2011-15) [BDS10-020 (Final)], page 100.
- ⁵ Semi-Annual Report on Grant Co-financing, CS/BU/12-07, page 3.
- ⁶ Semi-Annual Report on Grant Co-financing, CS/BU/12-07, page 5.
- ⁷ Capital Resources Review 4 (2011-15) [BDS10-020 (Final)], page 101.
- ⁸ Prioritising TC in the context of the Grant Co-financing Strategic Review, January 2012, CS/BU/12-01; Grant Co-financing Strategic Review Interim Report, May 2012, CS/BU/12-10.
- ⁹ The TC OPER sample has purposely been restricted to the last 10 years. Findings from older TC OPERs relate to issues less relevant to the Bank today, and TC processes have changed significantly since TC COM was established in 1999.
- ¹⁰ The Bank's TC project cycle and its phases are described in Annex 1.
- ¹¹ OPERs are prepared for clusters of TCs for reasons of efficiency and/or thematic or sectoral commonality.
- ¹² These data are only intended to provide a general idea of the ratio between the TCs evaluated and those committed between 2000 and 2010 – as the two TC populations do not match it is not possible to make an accurate comparison. The sample of TCs to be evaluated is not chosen from a given year but is a purposive selection from the overall population of evaluation-ready operations.
- ¹³ It is also worth mentioning that it is not possible to compare ratings from the self-assessment (PCRs) with EvD ratings given in TC OPERs. This is due to the fact that through TC OPERs EvD is evaluating a group of TC for which a single PCR was completed.
- ¹⁴ BDS11-244, page 15.
- ¹⁵ For more information about the types of TCs in the Bank see Annex 1.
- ¹⁶ PCR Assessment Report 2009 (SGS11-053).
- ¹⁷ Policy Dialogue – Evaluation (CS/AU/10-52), page 3.
- ¹⁸ The two sets of Guidelines are not approved by the Board of Directors but have been sent for information to ExCom on 15 December 2011.
- ¹⁹ Initial draft ToRs are submitted to TC COM for prior approval, and are available through the TCR system; the final ToRs agreed on by the consultants, the Bank and the clients are uploaded to TCR by CSU to be used as best practice examples.
- ²⁰ Annex 2, Technical Cooperation Review Committee, Terms of Reference 2009.
- ²¹ Chapter 10 of the Bank's Operations Manual provides a definition of the three forms and how best they should be used. Standard TCs are best suited to assignments with a clearly defined scope which are to be carried out under one standard contract. Framework TCs should be used if the aim is to carry out a number of repetitive or similar assignments for different clients at different times. A framework TC is in effect a funding envelope under which "call-offs" are used to finance separate assignments. In addition, the "Guidelines for Bank Staff for the Selection and Engagement of Consultants Funded from the Bank's Budget or from Technical Co-operation Funds" provide a definition of various contract structures.
- ²² See box 1.9 of the TCR template (Annex 3).
- ²³ This information can be extracted from other two available boxes, namely, 1.10 – Main rationale for the proposed TC project; and 1.11 – Why use TC funds for the project? (Annex 3).
- ²⁴ See box 2.3 of the TCR template (Annex 3).
- ²⁵ See box 5.3 of the TCR template (Annex 3).
- ²⁶ PCR Review and Assessment Report 2008 (SGS10-193).
- ²⁷ As mentioned in par. 4.1, CSU has published the revised "Guidelines for Clients Managing Technical Cooperation Funded Consultancy Assignments" which is available in both English and Russian and has been published on the Bank's internet site.
- ²⁸ "Fees for Donor Funds and Arrangements for Cost Sharing Between Donors and Clients - Policy Review", BDS10-249 (Rev 3).

²⁹ Par. 2.4 of the Briefing Note “Evaluability – is it Relevant for EBRD?” (PE11-540S): “Evaluability forms part of quality-at-entry but the latter is much more comprehensive process that looks at all aspects of operation design, due diligence, alignment with policies and strategies and so on. Evaluability asks the question “can this operation be evaluated?” Quality-at-entry, on the other hand, asks the question “are we doing the right things and are we doing them right?”.

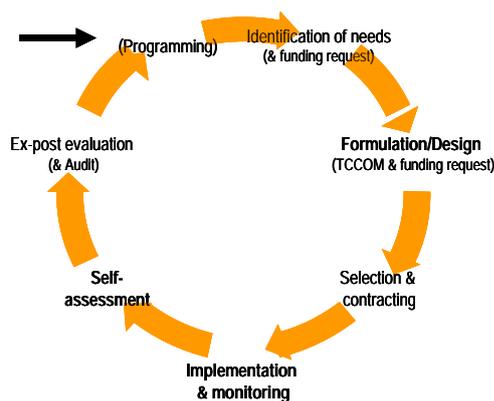
Findings and insights from technical cooperation evaluations

Annex 1 – TC project cycle^a

The Bank does not have a formal system to categorise its TCs. Therefore, it is only possible to refer to the five types of TC classified in the Bank's information systems, namely:

- (i) Project preparation (e.g. feasibility/market demand studies; financial, legal, technical, environmental due diligences; etc);
- (ii) Project implementation (institution building; training; PIU support; FOPIP; corporate governance; etc); and
- (iii) Advisory services (former TAM/BAS)
- (iv) Training (e.g. Trade Facilitation Programme, etc)
- (v) Studies/sector work (e.g. OCE researches, sector or country market studies, etc)^b.

The Bank's TC project cycle is described in the Operations Manual (table 10.2). Although not formalised in any document, it is possible to identify seven phases of the TC project cycle as visualised in the below figure.



The **programming** phase of TC operations is not currently a well defined stage in the TC project cycle. The Bank adopts its country and sector strategies within which projections of possible TC interventions are mentioned. TC is usually more taken into consideration when an investment is presented for Board. However proper programming guidelines for TC operations (linked or not to an investment) are currently missing.

The **identification** phase is meant to identify project ideas that are consistent with the client's and the Bank's priorities, and assess the relevance and feasibility of these project ideas. In parallel the operation team contacts OCU to identify possible donors interested in providing **funding**. In 2001 the TC Project

^a The following description of the Bank's TC project cycle is a summary of the main phases and comprises information gathered from various Bank documents. It is not meant to be an exhaustive description of all the rules, processes, roles and responsibilities for managing a TC project.

^b Normally, the Bank's use of TC is dominated by the various types of support to project implementation, but advisory, studies and training are also very significant. In 2010 the breakdown of TC commitment was: 14 per cent for project preparation; 41 per cent for project implementation; 45 per cent for advisory, studies and training. (Semi-Annual Report on Grant Co-Financing, May 2011, CS/BU/11-11, table 4, page 8CS/BU/11-11)

Pipeline has been introduced to provide donors and Bank's management with early notification of TC needs and requests. This exercise is carried out twice a year with updates made available to donors.

During the **formulation/design** stage the relevance and feasibility of the project idea as proposed in the identification stage should be confirmed. A detailed project design, including management and coordination arrangements, budget, identification of risks and mitigation measures, monitoring, and evaluation arrangements, is prepared. The TC project is presented to TC COM for approval. In the Bank this phase is mainly focussed on the approval of documentation related to the deployment of consultants in the field. The operation teams are advised by CSU and OCE on the design of TC projects and ToRs according to the Bank's Procurement Policies and Procedures. The donor **funding** procedure is run in parallel in order for funds to be available as soon as the TC operation is approved by TC COM.

The **selection and contracting** phase follows and is managed by CSU. Different selection procedures will be followed in accordance with the Bank's Procurement Policies and Procedures. Once the consultant is selected and the terms of the contract are agreed between the parties (the consultant on one side and the Bank or the client on the other side), the consultancy contract is signed.

The purpose of the **implementation** stage is to deliver the results efficiently, achieve the purpose(s) and contribute effectively to the overall objective of the project. The operation team must keep track of how the project is progressing in terms of expenditure, use of resources, implementation of activities, delivery of results and risk management. This should be achieved through appropriate monitoring, which is supposed to be achieved through the systematic and continuous collection, analysis and use of management information to support effective decision-making. In the Bank TC **monitoring** is an internal management responsibility led by the operation team and supported by OCU and CSU. The Consultant Assignment Reporting (CAR) - is an internally created system that allows the Bank to report to donors on the performance of TC assignments.

Every TC operation has to pass through a **self-assessment** phase. Though reporting is mandatory during the implementation of the project, there is a tendency in the Bank to focus on the reporting at the end of the implementation of a project, before its completion. The operation team is asked to complete a Project Completion Report (PCR) the quality of which is checked by OCU.

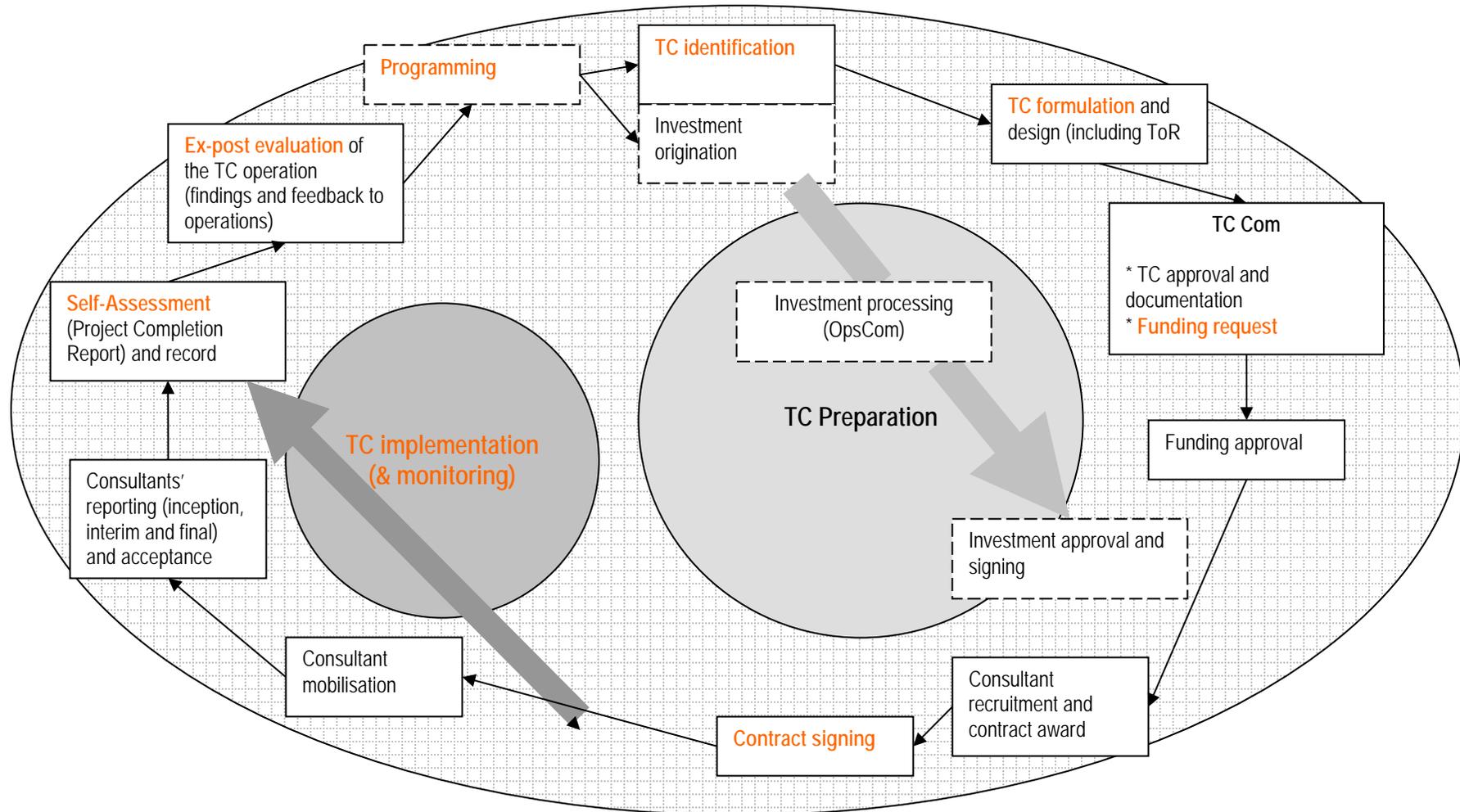
The purpose of **ex-post evaluation** is to make as systemic and objective an assessment as possible, of a completed project, its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons and findings into the decision-making process (back to the programming phase).

The cycle highlights that: "decision making criteria and procedures are defined at each phase (...); the phases in the cycle are progressive – each phase should be completed for the next to be tackled with success; and new programming and project identification draws on the results of monitoring and evaluation as part of a structured process of feedback and institutional learning".^c

The figure below shows an expanded version of the TC project cycle in the Bank for TC operations linked with an investment.

^c European Commission, Project Cycle Management Guidelines, March 2004, page 16.

TC project cycle (TC linked with an investment)



Annex 2 – Technical Cooperation Review Committee, Terms of Reference 2009

INTRODUCTION

In May 1998 EBRD revised its procedures for approval of Technical Cooperation operations (TCs) by delegating approval of most TCs to a newly created Technical Cooperation Review Committee (TC Com). The new procedures were to enable a specialised committee to better focus on the structure of TCs, thereby enhancing the quality of proposals, while at the same time reducing the workload of the Operations Committee. In 2004 the Terms of Reference for TC Com were amended with the aim to further streamline the approval process. These 2009 Terms of Reference reflect organisational changes in the Bank and make necessary clarifications. They were approved by the Executive Committee on 13 May 2009.

EBRD administers donor funds, contributed bilaterally or through multilateral donor funds as well as its own EBRD Shareholder Special Fund. Such funds provide grant assistance to support EBRD operations including, financing for TC operations, and financing for non-TC grants, such as investment grants and incentive payments. TC Com is only concerned with the approval of TC operations. Non-TC grants are approved through the Operations Committee and/or the Board.

It should also be noted that from time to time EBRD administers cooperation funds that fall outside the TC Com process. In these cases, the establishment of the cooperation fund is normally approved by the Board, with an express recognition that such fund will be subject to alternative approval processes described within the Board report and/or incorporated in the General Conditions. Decisions concerning the use of the resources of such funds are taken by the contributors to the fund and in accordance with the terms and conditions that established such fund. The Nuclear Safety Account, the various International Decommissioning Support Funds and the MCCF Cooperation Fund are examples of such cooperation funds.

PURPOSE

Sound management of TC funds is essential for the Bank's operations, not only in terms of accountability to donors and the members of EBRD (with respect to the EBRD Shareholder Special Fund) which provide funding for TC operations, but also to enhance the effective and efficient use of the funds and to ensure compliance with EBRD's mandate. TC Com assists in providing accountability to TC donors and the members of EBRD in respect of the decisions to use TC funds and ensuring the integration of and compliance with all key aspects of the Bank's operations, policies and procedures, including the involvement of relevant support departments and units within the Bank.

TC Com is a decision body, which does not preclude informal consultation between operation leaders and support units; such active early-stage involvement of the support units is encouraged. However, the operation leader remains responsible for the design and implementation of effective TC operations.

For the purposes of these Terms of Reference:

“Transactional TC operations” means those TC operations in support of an existing or proposed Bank operation.

“Non-Transactional TC operations” means those TC operations which are “stand-alone” and may not necessarily be in support of a particular Bank operation. Legal Transition TCs and TAM/BAS TCs are examples of Non-Transactional TC operations.

TERMS OF REFERENCE:

TC Com:

- a) decides on all Transactional TC operations, except those donor funded activities which are expressly approved by the Board as not falling within the Bank’s internal approval process^d;
- b) decides on all Non-Transactional TC operations, except those expressly excluded as referred to in a) above;
- c) decides on material changes to already approved TC operations referred to in a) and b) above;
- d) refers Non-Transactional TC operations to the Executive Committee for approval in cases where the committee considers that (i) the Executive Committee should confirm that the proposed TC operation falls within the mandate and policies of the EBRD; or (ii) the budget for a Non-Transactional TC operation is a significant amount (normally considered to be in excess of EUR 1,500,000) and is not covered by an approved strategy^e;
- e) before taking a decision reviews TC proposals to ensure compliance with the Bank’s strategy as set forth in the latest Capital Resources Review, the various country and sector strategies, transition impact objectives, the Environment and Social Policy, the Procurement Policy and Rules and other relevant policies and procedures of the Bank;
- f) before taking a decision reviews budget, procurement, contracting and implementation arrangements, and funding strategies related to individual TC proposals, in compliance with the Bank’s TC policy (BDS95-18(Final)), as may be reviewed and/or revised from time to time, and Procurement Policies and Rules;
- g) uses a fast track procedure for TC operations below EUR 100,000. Such TC operations are submitted to TC Com members electronically and are approved on a no-objection basis after three working days. However, each member of TC Com has the right to request that a fast track proposal be discussed in the weekly pre-TC Com meeting prior to approval. TC Com has the right to abolish or reinstate the fast track procedure in which case Excom should be informed of such decision and the reasons for it; and

^d In particular the Nuclear Safety funds and the Decommissioning funds are subject to approval by their respective assembly of contributors and are not subject to TC Com approval.

^e e.g. TAM/BAS is non-transactional but is covered by the TAM/BAS Strategy 2008-2010.

- h) reviews and revises, as required, the relevant sections of the Operations Manual, existing TC guidelines, and sample documents.

COMPOSITION OF THE TC REVIEW COMMITTEE

TC Com is constituted as follows:

Members

- Chair: a Vice President, appointed by the President
- Deputy Chair: appointed by the Vice President (Chair)
- A senior representative from Banking appointed by the First Vice President
- Director of Official Cofinancing Unit (OCU) or a senior member of the Unit appointed by the Director
- Director of Consultancy and Corporate Procurement Department (C&CPD) or a senior member of the Department appointed by the Director
- A senior member from the Office of the Chief Economist (OCE) appointed by the Chief Economist
- A senior member from the Office of General Counsel (OGC) appointed by the General Counsel

TC Com members will be expected to designate an alternate when necessary.

TC Com Secretariat

The Director of OCU acts as the TC Com Secretariat. The Secretariat:

- confirms that all conditions for submission to TC Com have been met, including whether a TC request has been signed off by the relevant Business Group Director in Banking for Transactional TC operations, or the relevant Business Group Director or equivalent in case of non-Transactional TC operations, and whether, in the case of a Transactional TC operation estimated to cost €50,000 or more, the underlying banking operation has been reviewed with positive outcome by Ops Com or exceptionally by the Chair of Ops Com;
- ensures that all documentation has been properly completed and submitted by the teams for consideration by TC Com;
- prepares the agenda and circulates the necessary documentation for TC Com;
- establishes an A/B list system at a weekly pre-TC Com meeting held with members of the TC Com and chaired by a person appointed by the Chair of TC Com so that TC Com meetings can

focus on essential issues. Any member of TC Com has the right to request that B-listed projects be discussed in a TC Com meeting.

- prepares a list of issues for discussion prior to each TC Com meeting;
- keeps the minutes of TC Com meetings. The minutes will be copied to Ops Com together with the list of approved TC operations; and
- follows up with the respective teams on the outstanding issues listed in the minutes of the TC Com meetings and brings unresolved issues to the attention of TC Com.

PROCEDURES

TC Com will hold weekly meetings. Decisions of TC Com shall be valid for a period of one year, provided that if there are material changes in the proposed TC operation, the related EBRD operation (where applicable) and/or the business, economic or financial environment in the relevant country or countries of operations prior to contracting, the TC operation shall be re-submitted to TC Com.

The operations team submits the relevant documents to TC Com through the TC Com Secretariat four working days before the TC Com review date.

At the review meeting, the operations team answers any questions raised by TC Com members. Any change to the design of the TC or revisions to the terms of reference relating to TCs are decided during the meeting. When major revisions to the TC terms of reference are required by TC Com, the operations team shall be required to submit the revised TC terms of reference to TC Com, or as TC Com may delegate, for approval prior to inviting proposals from consultants.

TC Com decisions are taken on the basis of a simple majority of the members present at the TC Com meeting. Members who disagree with the majority decision have the option to accept the decision, with their views noted in the minutes, or to request that the TC proposal be submitted to the Executive Committee for consideration.

In case the Department requesting the TC disagrees with a decision of TC Com, the Chair of TC Com and the Head of the requesting Department will together submit the matter to the Executive Committee for discussion.

Annex 3 – Technical Cooperation Request template

1. BASIC DATA

- 1.1 TC Project Country
- 1.2 TC Project Title
- 1.3 Client
- 1.4 Currency of Request
- 1.5 Total Amount Requested
- 1.6 TC Com Date Proposed
- 1.7 DTM Op ID (of this TC)
- 1.8 TCS Commitment ID (auto-generated)
- 1.9 Sector
- 1.10 Contracting Type (Standard / Framework / Call off)
- 1.11 Main Rationale for the Proposed TC Project
- 1.12 Short Description of Services to be provided (main components/tasks)
- 1.13 Expected Funding Source and Details of Donor Contacts
- 1.14 Planned Duration
- 1.15 When is the consultant's work expected to start?

2. TRANSITION IMPACT AND RISK

- 2.1 Expected Transition Impact of this TC
- 2.2 Expected Transition Impact of the related investment
- 2.3 Quantitative and Qualitative Success Indicators of this TC
- 2.4 What are the risks and any mitigating actions?

3. RELATED INVESTMENTS AND TCs

- 3.1 Description of Related Bank Investment
- 3.2 DTM Op IDs for Related Bank Investments
- 3.3 Relation to Previous & Planned TCs including parallel TC agreements
- 3.4 DTM Op IDs for Related TC Projects

4. CLIENT

- 4.1 Describe the cash contribution of the Client to the assignment. If there is no Client Contribution in cash, explain the reason for this.
- 4.2 Total Amount of Client Contribution in cash (in the currency of this request)
- 4.3 Describe the Client involvement and in kind Client Contribution to the assignment

4.4 If the Client cannot obtain any exemption in the Country of Assignment, does the client accept to pay VAT?

5. CONSULTANT

5.1 Contracting Entity (Bank / Client)

5.2 Justification for choice of Contracting Entity

5.3 Role of EBRD/Client in Developing TC

5.4 List involvement of other consultant(s) (contracted by Bank, Client, or third parties) in the Project and provide a brief description of consultant's role

5.5 Consultant Profile

5.6 Selection Method (Direct selection/ Selection from short list/ Evaluation of proposal/ Call off/ Mini proposal/ Mini RFP/ Simplified RFP)

5.7 Comments on Selection & Contract Type (Justification for selection method and contract type)

5.8 Type of expertise required

5.9 Planned Date for Contract Signing

6. TEAM

6.1 Managing Director

6.2 Alternate Invoice Approver

6.3 Operation leader

6.4 Principal Team Member

6.5 Secretary (other)

6.6 Team Leader

6.7 Team Member

6.8 Name of the TC Management Team that is managing this TC assignment

7. APPROVAL (for TC Com Secretariat use)

7.1 Approved by Team Leader

7.2 Approved by Managing Director

7.3 Approved by Head of RO (when relevant)

7.4 TC Com Approved

7.5 Approval Type

7.6 Comment on Approval Type

7.7 Username of First Save

7.8 Username of Last Save

7.9 Date of Last Save

7.10 Request record locked by OCU (Yes / No)

8. DOCUMENTATION

- 8.1 The latest OpsCom document
- 8.2 Ops Com minutes
- 8.3 Terms of Reference
- 8.4 Cost Estimate
- 8.5 TC Com Minutes
- 8.6 Miscellaneous Document

9. COMMENTS

- 9.1 Surname, Name (date) Comment
- 9.2 Surname, Name (date) Comment