

Special Study “Technical Cooperation Experience in New Countries of Operations – The Mongolia Cooperation Fund” Management Comments

1. Summary

- Management finds the objective and the scope of the study important, timely and highly relevant. The objective of this study is to examine the importance of the use of a multi-donor fund to finance technical cooperation activities in a new member country prior to its eligibility for regular EBRD operations. It analyses the role and effectiveness of the Mongolia Cooperation Fund (MCF) in contributing to the development of Bank operations by both identifying and tackling the country’s transition challenges. This is particularly relevant for the newly established multi-donor funds for the Bank’s potential recipient countries in the South and Eastern Mediterranean (SEMED).
- The study raises important and relevant questions in relation to the different components of the Bank’s engagement through MCF, such as MCF’s governance structure, design, approach and instruments used to fund activities, and resources. One of the main objectives of this study is to draw lessons and “identify potential issues relevant to EBRD’s early engagement in the SEMED countries.” Management acknowledges the study’s limitations and constraints that are well identified and articulated in the study (such as staff and information availability), as well as the limits to the ability of drawing general conclusions from a single evaluation. Nevertheless, it would have been useful if the study had sought to identify which of the components and characteristics analysed were the most important success factors for MCF while drawing direct parallels between the MCF and those of the funds for new SEMED countries.
- Management agrees with the main findings of the Study. Management will focus on the main recommendation which in its view encompasses the other three recommendations. This relates to the importance of designing a results framework at the ex-ante stage. The existence of a results framework would identify expected results for the main objective that also anchor the use of policy dialogue, and help with monitoring and taking possible corrective actions in relation to the effectiveness and efficiency of TCs and overall fund utilisation.

2. Designing a Results Framework for multi-donor funds

Management acknowledges the importance and value of results frameworks designed at an ex-ante stage. A results framework enables monitoring and a regular on-going assessment of progress with achieving the main identified objectives of a strategy or operation or, as the case may be, of a donor fund. The Bank has already designed, together with donors, a first results framework for the multi-donor SEMED MDA. The EU is seeking to develop a results framework for its blending facilities, while striving to design it in a way that is harmonised for all participating institutions.

Overall, the Bank already has a results framework for its investments and monitors the implementation of its transition objectives set out for the investments through TIMS. As of July 2013 it introduced results framework for the TC operations, while adequate resources for its proper functioning are being built up. Operational performance indicators and results

frameworks have started being introduced in sector strategies and strategic initiatives. Results frameworks are also being designed for the country strategies.

As the new results frameworks are rolled out and monitoring/reporting against tracking indicators is being delivered, the Management will regularly consider their effectiveness and efficiency and propose necessary adjustments and streamlining. Further consideration will be given in the future on how to set up 'over-lapping results frameworks', as appropriate, for donor funds. However, the added value of results frameworks at a donor fund level will also be weighed against resource and information system costs for their design and monitoring.

2. Further comments

Cost-sharing

- Management considers it important to keep in mind that Mongolia was a new country of operation, not eligible for regular EBRD operations at the time MCF was set up, and therefore seeking cost sharing at the outset would probably not have been appropriate. This may be relevant in the case of other potential countries of operations.

Ensuring efficient TC commitment

- As the study indicates, major MCF resources were used for the public infrastructure sector. Management notes that such resources were used for transport, municipal infrastructure, telecommunications and energy utilities and have helped the Bank to identify potential areas of co-operation, including on issues related to legal framework. Less successful projects in the area of infrastructure were duly closed down or readjusted. Management would wish to point out that some of the investments in the public sector could not materialise due to the availability of financing from other sources, e.g. other IFIs and donors, typically using concessional financing or grants. PPP investment opportunities have not yet been fully developed for EBRD to consider financing.

Closure of MCF

- Management considers that the full utilisation of the donor fund may not be a relevant issue. MCF has accomplished all major activities. There is only one sub-window left open at a donor's request to finance further legal transition related projects.